SOUTHERN CALIFORNIA
LOGISTICS RAIL AUTHORITY
AGENDA

REGULAR MEETING
SEPTEMBER 5, 2006
7:00 P.M.

MOJAVE DESERT AIR QUALITY
MANAGEMENT DISTRICT - BOARDROOM
14306 PARK AVENUE
www.ci.victorville.ca.us

NOTICE TO THE PUBLIC: PERSONS WHO WISH TO ADDRESS THE AUTHORITY ON AN AGENDA ITEM ARE REQUESTED TO COMPLETE ONE OF THE **WHITE CARDS** WHICH HAVE BEEN PLACED ON THE AGENDA STAND IN THE COUNCIL CHAMBERS LOBBY AND GIVE IT TO THE BOARD SECRETARY FOR THE RECORD

ANY INDIVIDUAL WITH A DISABILITY WHO REQUIRES REASONABLE ACCOMMODATION TO PARTICIPATE IN A SCLRA MEETING MAY REQUEST ASSISTANCE AND/OR RECEIVE THE AGENDA IN AN ALTERNATIVE FORMAT BY CONTACTING THE VICTORVILLE CITY CLERK'S OFFICE (760) 955-5026 NO LATER THAN 72 HOURS PRIOR TO THE MEETING

CALL TO ORDER

INVOCATION & PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

1. PUBLIC COMMENT ON ITEMS OF INTEREST TO THE PUBLIC

CONSENT CALENDAR

2. PRESENTATION OF REQUEST TO APPROVE THE MINUTES FROM THE REGULAR MEETING HELD MAY 2, 2006

WRITTEN COMMUNICATIONS

3. PRESENTATION OF REQUEST TO ADOPT RESOLUTION NO. SCLRA-06-002 ENTITLED:

   A RESOLUTION OF THE SOUTHERN CALIFORNIA LOGISTICS RAIL AUTHORITY ESTABLISHING THE MEETING PLACE, DATE AND TIME OF THE REGULAR MEETINGS FOR THE SOUTHERN CALIFORNIA LOGISTICS RAIL AUTHORITY AND RESCINDING RESOLUTION NO. SCLRA 05-01

***ADJOURNMENT

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AGENDA ITEM

SCLRA REGULAR MEETING
MEETING OF: SEPTEMBER 5, 2006

SUBMITTED BY: Carolee Bates
Authority Secretary

DATE: 8/28/06

SUBJECT: PUBLIC COMMENT ON ITEMS OF INTEREST TO THE PUBLIC

RECOMMENDATION: N/A

FISCAL IMPACT: N/A
Budget Amount:
Budget Acct. No.:

--Finance Department Use Only--
Additional Appropriation:

____No
____Yes/$ Amt.:

Finance Director Review and Approval____

DISCUSSION: State law requires that each agenda of a governing body provide an opportunity for members of the public to address the legislative body on items of interest to the public within the body's subject matter of jurisdiction.

Accordingly, this item has been placed on the agenda to afford an opportunity for public comment at this time.

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REGULAR MEETING
OF THE SOUTHERN CALIFORNIA
LOGISTICS RAIL AUTHORITY
MAY 2, 2006

The regular meeting of the Southern California Logistics Rail Authority was called to order by Chairman Caldwell at 7 p.m. in the Boardroom of the Mojave Desert Air Quality Management District, 14306 Park Avenue, Victorville, California.

INVOCATION AND PLEDGE OF ALLEGIANCE

The invocation was delivered by Minister Robert Harper of Burning Bush Baptist Church followed by the Pledge of Allegiance to the flag of our country led by Victorville Police Captain Taylor.

ROLL CALL

PRESENT: Board Members Almond, Cabriales, Caldwell, Hunter and Rothschild

ABSENT: None

Also present were Jon Roberts, Executive Director; Carolee Bates, Authority Secretary; John Becker, Fire Chief; Andre de Bortnowsky, Assistant City Attorney; Jon Gargan, Director of Community Services; Yvonne Hester, Director of Public Information & Community Affairs; Chris Borchert, Senior Planner; Sean McGlade, City Engineer; Keith Metzler, Director of Economic Development; Adair Patterson, Director of Finance; Rod Sorensen, Acting Director of Public Works; Mark Taylor, Victorville Police Captain; Diana Ramirez, Director of Human Resources; Doug Robertson, Deputy City Manager/Acting Director of Municipal Utilities; Peter Soderquist, Airport Director; Chris Stathis, Director of Information Services; and Kevin Collins, Plan Check Manager.

PUBLIC COMMENT

PUBLIC COMMENT ON ITEMS OF INTEREST TO THE PUBLIC

There was no public comment.

ADJOURNMENT

There being no business to come before the Authority, Chairman Caldwell duly adjourned the meeting.

_____
CHAIRMAN OF THE BOARD OF DIRECTORS

ATTEST:

_____
AUTHORITY SECRETARY

Consent
#2
9-5-06

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AGENDA ITEM

SCLRA MEETING OF: 9/5/06

SUBMITTED BY: Andre de Bortnowsky
SCLAA Legal Counsel

DATE: 8/29/06

SUBJECT: PRESENTATION OF REQUEST TO ADOPT RESOLUTION NO. SCLRA 06-002 – ESTABLISHING MEETING PLACE, DATE AND TIME OF REGULAR MEETINGS FOR SCLRA AND RESCINDING RESOLUTION NO. SCLRA 05-01

RECOMMENDATION: That the Board adopt Resolution No. SCLRA 06-002.

FISCAL IMPACT: None.
Budget Amount:
Budget Acct. No.:

--Finance Department Use Only--
Additional Appropriation:

_____No
_____Yes/$ Amt.:

Finance Director Review and Approval_____

DISCUSSION: Attached is proposed Resolution No. SCLRA 06-002 which if adopted would change the regular meeting date for the Rail Authority from the first Tuesday of each month to the first and third Tuesday of each month.

/cb
Attachment

SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY
18374 PHANTOM, VICTORVILLE, CA 92394
TEL 760.246.6115 FAX 760.246.3108
www.logisticsairport.com

Written
#3
9-5-06

RESOLUTION NO. SCLRA 06-002

A RESOLUTION OF THE SOUTHERN CALIFORNIA LOGISTICS RAIL AUTHORITY ESTABLISHING THE MEETING PLACE, DATE AND TIME OF THE REGULAR MEETINGS FOR THE SOUTHERN CALIFORNIA LOGISTICS RAIL AUTHORITY AND RESCINDING RESOLUTION NO. SCLRA 05-01

WHEREAS, the Southern California Logistics Rail Authority (the "Authority") has been created pursuant to a certain joint exercise of powers agreement (the "Agreement") entered into by and between the Redevelopment Agency of the City of Victorville, the City of Victorville and the Southern California Logistics Airport Authority in accordance with California Government Code Section 6500, et seq.; and

WHEREAS, the Southern California Logistics Rail Authority was formed to coordinate, oversee and cause the acquisition, construction and development of rail facilities on and adjacent and in proximity to Southern California Logistics Airport which rail facilities are deemed critical to facilitate the further economic redevelopment of Southern California Logistics Airport; and

WHEREAS, pursuant to a duly adopted Resolution, the Authority has previously established that the regular meetings of the Authority were to be held on the first Tuesday of every month at 7 p.m. at City Hall, City of Victorville, unless some other time and/or place is otherwise established by the Authority; and

WHEREAS, there has been an increase in activity with respect to redevelopment issues affecting the economic redevelopment of Southern California Logistics Airport, the Authority deems it desirable to hold its regular meetings on the first and third Tuesday of each month.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE SOUTHERN CALIFORNIA LOGISTICS RAIL AUTHORITY AS FOLLOWS:

1. The Authority hereby establishes that its regular meetings shall be held on the first and third Tuesday of each month at City Hall, City of Victorville at 7 p.m., unless otherwise indicated.

2. This Resolution shall take effect immediately upon adoption by the Authority.

SOUTHERN CALIFORNIA LOGISTICS
AIRPORT AUTHORITY AGENDA

REGULAR MEETING
SEPTEMBER 5, 2006
7:00 P.M.

MOJAVE DESERT AIR QUALITY
MANAGEMENT DISTRICT - BOARDROOM
14306 PARK AVENUE
www.ci.victorville.ca.us

THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY MEETING IS SCHEDULED TO BEGIN AT 7 P.M. OR AS SOON THEREAFTER AS POSSIBLE UPON THE CONCLUSION OF THE MEETING OF THE SOUTHERN CALIFORNIA LOGISTICS RAIL AUTHORITY

ANY INDIVIDUAL WITH A DISABILITY WHO REQUIRES REASONABLE ACCOMMODATION TO PARTICIPATE IN A SCLAA MEETING MAY REQUEST ASSISTANCE AND/OR RECEIVE THE AGENDA IN AN ALTERNATIVE FORMAT BY CONTACTING THE VICTORVILLE CITY CLERK'S OFFICE (760) 955-5026 NO LATER THAN 72 HOURS PRIOR TO THE MEETING

CALL TO ORDER

INVOCATION & PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

1. PUBLIC COMMENT ON ITEMS OF INTEREST TO THE PUBLIC

PUBLIC HEARING

2. A PUBLIC HEARING CALLED TO HEAR ARGUMENTS FOR OR AGAINST THE ADOPTION OF RESOLUTION NO. SCLAA-06-011 ENTITLED:

   A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY APPROVING A GROUND LEASE AGREEMENT (PARCEL B) BY AND BETWEEN THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY AND KND AFFILIATES, LLC

3. A PUBLIC HEARING CALLED TO HEAR ARGUMENTS FOR OR AGAINST THE ADOPTION OF RESOLUTION NO. SCLAA-06-010 ENTITLED:

A RESOLUTION OF THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY ESTABLISHING AND ADOPTING THE STIRLING AIRPORTS INTERNATIONAL, LLC. ANNUAL BUDGET FOR FISCAL YEAR 2006-2007

CONSENT CALENDAR

4. PRESENTATION OF REQUEST TO APPROVE THE MINUTES FROM THE SPECIAL MEETING HELD APRIL 25, 2006

WRITTEN COMMUNICATIONS

5. PRESENTATION OF REQUEST TO ADOPT RESOLUTION NO. SCLAA-06-012 ENTITLED:

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY APPROVING (I) THE THIRD AMENDED AND RESTATED MASTER AGREEMENT, (II) THE ASSUMPTION AND ASSIGNMENT OF THIRD AMENDED AND RESTATED MASTER AGREEMENT, (III) THE FIRST AMENDED AND RESTATED MASTER RAIL DEVELOPMENT AGREEMENT, (IV) THE ASSUMPTION AND ASSIGNMENT OF FIRST AMENDED AND RESTATED MASTER RAIL DEVELOPMENT AGREEMENT, (V) THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT PROPOSED BUDGET FISCAL YEAR 2006/2007 AND (VI) THE PROPOSED DISPOSITION AND DEVELOPMENT AGREEMENT BUDGET FOR PHASE 1A

6. PRESENTATION OF REQUEST TO ADOPT THE ENVIRONMENTAL ASSESSMENT FOR THE CONSTRUCTION OF A NEW FUEL FARM AT SCLA

7. PRESENTATION OF REQUEST TO APPROVE THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT CAPITAL IMPROVEMENT BUDGET FOR 2006/2007

CLOSED SESSION

8. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (B)

CONFERENCE WITH LEGAL COUNSEL: THREATENED LITIGATION - ONE POTENTIAL CASE

9. CONFERENCE WITH REAL PROPERTY NEGOTIATORS PURSUANT TO GOVERNMENT CODE SECTION 54956.8

CONFERENCE WITH REAL PROPERTY NEGOTIATOR:

NEGOTIATING PARTIES: STIRLING / AIRPORT AUTHORITY
PROPERTY LOCATION: SCLA

*****ADJOURNMENT

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AGENDA ITEM

SCLAA REGULAR MEETING
MEETING OF: SEPTEMBER 5, 2006

SUBMITTED BY: Carolee Bates
Authority Secretary

DATE: 8/28/06

SUBJECT: PUBLIC COMMENT ON ITEMS OF INTEREST TO THE PUBLIC

RECOMMENDATION: N/A

FISCAL IMPACT: N/A
Budget Amount:
Budget Acct. No.:

--Finance Department Use Only--
Additional Appropriation:

____No
____Yes/$ Amt.:

Finance Director Review and Approval____

DISCUSSION: State law requires that each agenda of a governing body provide an opportunity for members of the public to address the legislative body on items of interest to the public within the body's subject matter of jurisdiction.

Accordingly, this item has been placed on the agenda to afford an opportunity for public comment at this time.

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SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY

MEETING OF: September 5, 2006

SUBMITTED BY: Andre de Bortnowsky
Authority Counsel

DATE: August 29, 2006

TO: Southern California Logistics Airport Authority
Board of Directors

SUBJECT: PUBLIC HEARING ON PROPOSED RESOLUTION NO. SCLAA 06-011 APPROVING A GROUND LEASE AGREEMENT BY AND BETWEEN SCLAA AND KND AFFILIATES, LLC

BACKGROUND:

The Airport Authority, CBS Aviation Development, LLC ("CBS") and KND Affiliates, LLC ("KND") entered into that certain Mutual Release and Settlement Agreement dated on or about August 11th, 2006, under the terms of which KND agreed to purchase CBS' interest in that certain Ground Lease between CBS and the Airport Authority dated September 30th, 2005 (including Hangers 681 and 678 and related improvements), CBS's interest in subleases executed with Pratt and Whitney for Hanger 681 and Liberty-West for Hanger 678, and CBS' interest in certain materials to develop additional hanger facilities. These purchases and assumptions were previously approved by the Airport Authority Board. In connection with these activities, KND also desires to enter into a ground lease for additional property (designated as the Parcel B Ground Lease Agreement) with the Airport Authority and to cause the construction thereupon of two additional hangar facilities for lease to tenants who are engaged in the business of aircraft maintenance and development. Development of the hangars will improve the Airport Authority's ability to attract more international and domestic aircraft industry companies to Southern California Logistics Airport.

STAFF RECOMMENDATION:

Staff recommends that the Authority adopt Resolution No. SCLAA 06-011 approving the Parcel B Ground Lease Agreement with KND and authorizing the execution of the ground lease by the Authority's Executive Director, subject to certain conditions.

SCAA/0058/DOC/081.doc

SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY

RESOLUTION NO. SCLAA 06-011

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY APPROVING A GROUND LEASE AGREEMENT (PARCEL B) BY AND BETWEEN THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY AND KND AFFILIATES, LLC

WHEREAS, the United States Air Force ("Air Force") and the Victor Valley Economic Development Authority ("VVDA") have previously entered into certain Department of the Air Force Leases pertaining to portions of former George Air Force Base which is now known as Southern California Logistics Airport ("SCLA"); and

WHEREAS, pursuant to the Fourth Amended and Restated Joint Powers Agreement forming VVEDA dated June 21, 2000, VVEDA has delegated its decision-making authority with respect to SCLA to the Southern California Logistics Airport Authority (the "SCLAA") which now has the authority to enter into transactions on behalf of VVEDA; and

WHEREAS, KND Affiliates, LLC ("KND") has proposed to lease from the SCLAA certain property located on SCLA and subject to the Department of Air Force Leases and cause the construction thereupon of certain aircraft hangar facilities (collectively referred to herein from time to time as the "Hangars"); and

WHEREAS, upon completion of the Hangars, KND seeks to lease the Hangars to prospective tenants who are engaged in the business of aircraft maintenance and development, and then sell the leased facilities to one or more institutional investors; and

WHEREAS, KND and SCLAA (collectively, the "Parties") seek to memorialize the development of the Hangars in the ground lease agreement attached hereto as Exhibits "A" and incorporated herein by this reference (the "Ground Lease"); and

WHEREAS, the Board of Directors of the SCLAA deems it to be desirable, beneficial and appropriate to approve the Ground Lease by and between the Parties and to authorize the Authority's Executive Director to execute the Ground Lease.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY, DOES HEREBY FIND, RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. All of the foregoing recitals are hereby incorporated by reference as though fully set forth herein.

SECTION 2. The Ground Lease by and between the SCLAA and KND attached hereto as Exhibit "A" is hereby approved with such changes as may be approved by the Authority's Executive Director and Authority Counsel and as may be required in order to ensure compliance with State Law and further authorizes the execution of the Ground Lease by the Executive Director and Authority Secretary.

SECTION 3. The Secretary shall certify as to the adoption of this Resolution and shall cause the same to be processed in the manner required by law.

SECTION 4. This Resolution shall take effect upon its adoption.

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EXHIBIT "A"

(GROUND LEASE FOR PARCEL B)

CITY OF
VICTORVILLE

(760) 955-5000
FAX (760) 245-7243
E-mail: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, CA 92393-5001

AGENDA ITEM

SCLAA MEETING OF: September 5, 2006

SUBMITTED BY: Jon Roberts
Executive Director, SCLAA

DATE: August 28, 2006

SUBJECT: **PUBLIC HEARING - ADOPTION OF RESOLUTION NO. SCLAA-06-010.**

RECOMMENDATION: That the Board adopt Resolution No. SCLAA-06-010 and appropriate funds from the 2005 SCLA Bonds.

FISCAL IMPACT: $2,150,746

Budget Amount: $2,150,746

Budget Account: No.

---Finance Dept. Use Only---
Additional Appropriation:
+--+
+--+ No
+--+
+X+ Yes/$Amount: $2,150,746 Finance Director Review &
Approval ap/aon

DISCUSSION:

As the Board will recall at its meeting of June 20, 2006, continuing Resolution No. SCLAA 06-005 was adopted. The attached resolution sets forth the final budget for Stirling Airports International.

Public Hearing
#3
9-5-06

RESOLUTION NO. SCLAA-06-010

A RESOLUTION OF THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY ESTABLISHING AND ADOPTING THE STIRLING AIRPORTS INTERNATIONAL, LLC. ANNUAL BUDGET FOR FISCAL YEAR 2006-2007

WHEREAS, the Southern California Logistics Airport Authority was created as a joint powers authority pursuant to California Government Code Section 6500 et. seq. for the purpose of causing the reuse and redevelopment of former George Air Force Base, now known as Southern California Logistics Airport (SCLA); and

WHEREAS, Southern California Logistics Airport Authority derives its powers and authority with respect to SCLA, in part through a delegation of authority from the Victor Valley Economic Development Authority (VEDA); and

WHEREAS, VVEDA previously caused the adoption of the 1993 Victor Valley Redevelopment Plan (the Redevelopment Plan) which encompasses SCLA and significant areas adjacent thereto; and

WHEREAS, the Southern California Logistics Airport Authority is responsible for the redevelopment of SCLA in accordance with the provisions of the Redevelopment Plan and has the ability to allocate land use tax increment revenues derived from the Redevelopment Plan for such purposes; and

WHEREAS, Executive Director of the Southern California Logistics Airport Authority did heretofore submit to the Southern California Logistics Airport Authority an estimate of the expenses and revenues of the proposed budget for the fiscal year 2006-2007; and

WHEREAS, the proposed budget contemplates, among other things, the use of tax increment revenues to fund redevelopment activities at SCLA in order to cause the reuse and redevelopment at SCLA and eliminate blighting conditions and encourage and facilitate economic development; and

WHEREAS, copies of said budget were prepared and distributed to the Board of Directors and have been available for the inspection by the public in the office of the City Clerk of the City of Victorville; and

WHEREAS, the Board of Directors did fix September 5, 2006, at the hour of 7:00 p.m., in the Board Room, MDAQMD, 14306 Park Avenue, Victorville, California, as the time and place for discussion upon said budget; and

WHEREAS, the Board of Directors did hold such discussion at said place upon said budget and all persons desiring to be heard by the City Council at said

discussion on the budget were heard and the City Council, after due consideration, has determined that said budget should be approved.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Southern California Logistics Airport Authority is authorized to use and allocate tax increment revenues attributable to the Redevelopment Plan for the purposes of causing the reuse and redevelopment of SCLA and facilitating the economic development of SCLA.

Section 2. That the annual budget for the fiscal year 2006-2007 now in the hands of the City Clerk, is hereby adopted in the amount of $_____.

Section 3. That copies of such annual budget, certified by the City Clerk, shall be filed with the auditors of the Southern California Logistics Airport Authority and in the office of the City Clerk for public inspection and certified copies thereof shall be made available for use by Southern California Logistics Airport Authority.

Southern California Logistics Airport

Proposed Budget Fiscal Year 2006/2007

Off Airport Operations & Maintenance

Provider of Info.	Line #	Account #		APPROVED FY 2005-06	ACTUAL TO MARCH 31, 2006	FY 2006-07 REQUEST	
			Off Airport Operations & Maintenance				
			Revenues				
AS	1	50100	Facility Leases Off Airport	$907,490		1,348,171	(a)
AS	2	51010	Military Exercises	$410,000		225,000	(b)
SAI	3	51500	Land Sales Off Airport	$0		17,810,400	(c)
AS	4	51050	Special Use Revenue	$10,000		12,000	(d)
			Sub-Total Revenues	$1,327,490		$19,395,571	(e)
			Commissions				
SAI	5	52315	JP Commission on Special Use Revenue	$300	5412	$360	
SAI	6	52320	SAI Commission on Special Use Revenue	$4,850	6,662	5,820	
SAI	7	52215	JP Commission on Military Exercises	$12,300	10,170	6,750	
SAI	8	52220	SAI Commission on Military Exercises	$198,850	109,981	109,125	
SAI	9	52115	JP Commission on Lease Revenues	$18,150	8,969	26,963	
SAI	10	52120	SAI Commission on Lease Revenues	$177,868	86,912	264,241	
SAI	11	52915	JP Commission on Sales	$0	0	534,312	
SAI	12	52920	SAI Commission on Sales	$0	0	16,424,583	
SAI	13	52940	Sales Transaction Costs (Broker Comm. + Sales Costs)	$0	0	450,000	
SAI	14	52930	Land Purchase Price	$0	0	309,936	
			Sub-Total Commissions	$412,318	$432,610	18,132,091	(f)
			Operating Costs				
	15	55400	Building Repair & Maintenance	$12,100	12,058	14,950	
	16	55410	Building Roof Repair & Replacement	$6,500	0	8,000	
	17	55420	Military Repair & Maintenance	$37,500	6,436	2,250	
	18	56000	Electric	$73,230	59,850	83,880	
	19	56010	Gas	$15,000	8,641	16,680	
	20	56020	Water	$9,228	4,644	9,456	
	21	56030	Military Utilities	$0	(2,867)	0	
	22	56300	Janitorial	$600	6,004	13,520	
	23	56320	Military Janitorial	$12,000	12,936	10,500	
			Military Ancillary Services	$0	(114,616)	0	
	24	56400	Landscaping Contract	$55,800	37,224	56,416	
	25	56420	Landscaping Water	$13,590	12,211	13,590	
	26	56710	Maintenance Man Contract	$39,336	25,856	38,720	
	27	56720	Maintenance Man Vehicles	$14,400	11,933	15,900	
	28	56730	Maintenance Man Phones	$1,200	703	1,020	
	29	57000	Painting & Refurbishment	$343,500	272,758	318,000	
	30	57200	Fire Life Safety	$8,888	6,941	9,710	
	31	57300	Signs & Flags	$2,500	3,759	3,250	
	32	57400	Security	$54,000	38,100	87,000	
	33	57700	Trash & Tumbleweed Removal	$5,000	2,933	5,920	
	34	58000	Hazardous Materials Consultants	$50,000	50,000	0	
			Sub-Total Operating Costs	$754,372	$455,301	$708,762	(g)
			Total Off Airport Operations & Maintenance Surplus/(Deficit)	$160,800		$554,718	

Southern California Logistics Airport

Proposed Budget Fiscal Year 2006/2007

Off Airport Development

Provider of Info.	Line #	Account #		APPROVED FY 2005 - 06	ACTUALS TO MARCH 31, 2006	FY 2006-07 REQUEST	
			Off Airport Development				
			Pre-Development Costs				
SAI	35	60050	Architecture & Planning	$60,000	86,790	42,000	
SAI	36	60150	Engineering - Public Facilities	$165,000	123,167	270,000	
			Engineering -Land Development	$125,000	152,935	150,000	
SAI	37	60950	Legal / Administrative	$10,000	3,321	5,000	
			Sub-Total Pre-Development Costs	$360,000	366,213	**467,000**	
			Marketing Costs				
SAI	38	63100	Marketing	$201,000	194,478	280,500	
			Community Event	$0	0	20,000	
SAI	39	63900	Industry Relations	$227,950	258,236	347,350	
			Sub-Total Marketing Costs	428,950	452,714	**647,850**	
			Project Development Costs				
SAI	40	69020	SAI Services	$575,049	480,333	712,610	
			New Government Affairs Hire	$0	0	60,800	
SAI	41	69130	Office Expense-Excl. Property Mgmt	$12,000	5,010	10,000	
AS	42	69140	Office Expense- Property Mgmt	$12,000	14,639	20,000	
SAI	43	69150	Office Equipment & Support	$5,200	3,077	5,200	
SAI	44	69400	Insurance	$50,000	19,640	50,000	
SAI	45	69500	Legal & Accounting	$3,200	47	1,500	
SAI	46	69610	Travel & Related Expenses	$3,000	1,117	2,000	
SAI	47		Construction Trailers	$0	0	46,626	
SAI	48	69620	Meals	$8,000	2,960	4,000	
			Sub-Total Project Development Costs	$668,449	526,823	**912,736**	
			Total Off Airport Development Surplus/(Deficit)	($1,457,399)	$ (1,345,750)	**$ (2,027,586)**	(i) (h2)

On Airport Operations and Marketing

Provider of Info.	Line #	Account #		APPROVED FY 2005 - 06	ACTUALS TO MARCH 31, 2006	FY 2006-07 REQUEST	
			On Airport Operations and Marketing				
			General Costs				
SAI	49	81050	Aviation Consultants	$0	$0	$0	
SAI	50	69020	SAI Services	$226,932	214,369	319,578	
			New Government Affairs Hire	$0	0	60,800	
SAI	51	83200	Aviation Marketing	$0	0	0	
SAI	52	83100	Marketing	$225,000	193,491	277,500	
			Community Event	$0	0	20,000	
			Sub-Total General Costs	($451,932)	($407,860)	**($677,878)**	(k)

INCOME PROJECTIONS

LEASE REVENUES

Bldg. No.	Tenant	SF	PSF	Lease Commence	Lease Term	TOTAL
15	ICE ENERGY	7,000	0.40	11/21/05	11/30/06	14,000
	Assume: 1-Yr. Renewal		0.425	12/01/06	11/3/0/07	20,825
18	PREGO INDUSTRIES	7,550	0.40	06/01/05	05/31/06	18,120
	Assume: 1-yr. Renewal		0.43	07/01/06	06/30/07	38,952
64	VACANT	27,360				-
	Assume: New 1-Yr. Lease		0.350	02/01/07	01/31/10	47,880
70A	4-M WATERBEDS	12,000	0.400	03/07/05	08/31/07	57,600
						-
158	PRODUCT SYSTEMS	6,200	0.40	08/01/03	MTM	2,480
	Assume: 1-Yr. Renewal		0.425	08/01/06	07/30/07	28,985
167	CIVIL AIR PATROL	2,756	0.00	MTM	MTM	-
169	STOODY INDUSTRIAL	4,228	0.35	07/01/03	MTM	
	Assume: 1-Yr. Renewal		0.425	06/01/06	05/31/07	21,564
211	PTL ELECTRIC	4,000	0.50	08/05/05	07/31/06	2,000
	Assume: 1-Yr. Renewal		0.530	08/01/06	07/31/07	23,320
280	GTE CALIFORNIA/VERIZON	10,286	0.24	10/01/96	10/31/09	30,000
500	ENTERPRISE RENT A CAR			05/24/04	MTM	
	Assume: 1-Yr. Renewal			07/01/06	06/30/07	23,148
510-101	VACANT	3,018				-
						-
510-111	WEST COAST SURVEYS	477	1.35	04/01/06	3/31/2007	5,796
	Assume: 1-Yr. Renewal		1.45	4/1/2007	3/31/2008	2,076
510-113	LFG INVESTMENTS	348	1.25	10/01/05	9/30/2006	1,305
	Assume: 1-Yr. Renewal		1.35	10/01/06	9/30/2006	4,230
510-119	POWER PLUS	879	1.25	09/01/04	10/31/2006	4,396
	Assume: 1-Yr. Renewal		1.35	11/01/06	10/31/2007	9,496
510-122	VACANT	459	1.35	10/01/06	9/30/2007	5,580
	Assume: New 1-Yr. Lease					
510-132	VACANT	2130	1.25	02/01/07	1/31/2009	13,310
	Assume: New 2-Yr. Lease					
510-141	JIM AARTMAN, INC.	1,135	2.13	09/01/05	8/31/2006	4,838
	Assume: 1-Yr. Renewal		2.25	09/01/06	8/31/2007	25,540
510-144	ROYSTER ENGINEERING	1,084	1.35	01/01/06	12/31/2006	8,784
	Assume: 1-Yr. Renewal		1.45	01/01/07	12/31/2008	9,432
514	LAMPSON CRANE	2 Acres		05/01/04	MTM	-
	Assume 1-Yr. Lease Renewal			06/01/06	5/31/2007	20,400
518	Nutro Products	69,667				-
	Assume: New 1-Yr. Lease		0.38	06/01/06	05/30/07	313,502
520	MAY MANUFACTURING	58,842	0.126	09/01/96	08/31/06	16,350
	Assume: New 3-Yr. Lease		0.400	11/01/06	10/31/09	211,833
553	FLANNERY COMPANY	21,200	0.35	02/01/96	01/31/08	89,040
						-
562	WORLD OF LEISURE	5,027	0.275	08/01/01	07/31/06	3,042
	Assume: MTM thru 11/30/06					4,563
564	CON EX DRILL	3,821	0.375	03/01/04	MTM	-
	Assume: 1-Yr. Renewal		0.40	07/01/06	06/30/07	18,336
652	WEST COAST AEROSPACE	20,000	0.35	02/01/96	01/31/08	89,000
						-
686	VICTORVILLE AEROSPACE	29,343	0.30	03/07/06	MTM	52,818
	Assume: Tenant expand 01/01/07	58,684	0.30	01/01/07	MTM	105,630
	SUBTOTAL LEASE REVENUES:					1,348,171

MILITARY/LAW ENFORCEMENT REVENUE	225,000
SPECIAL USE REVENUE (Filming)	12,000

Land Sales Off Airport

Estimated Land Sales off airport calculation:	
SCI DDA sale 340 acres at $1.00/sf	$14,810,400
$1.00	
340	
Hospital Sale to Hart Security	$3,000,000
Total:	**$17,810,400**

LAND SALE COMMISSIONS

John Porter Commission	
3% of DDA Sale @$1/sf:	$444,312
3% of Hart Security Sale	$90,000
Total	**$534,312**

SAI Commissions on Sale	
$0.98 of DDA	$14,509,749
Hart Security	$1,914,834
Total	**$16,424,583**

Authority Commissions on Sale	
Hart Security	**$535,881**

Land Purchase Price	
$0.0203 of DDA Sale:	$300,651
$0.0203 of Hart Sale	$9,285
Total	**$309,936**

Hart Security Commission Breakdown

			price per acr
	10.5 acres		
	Total Sales Price:	$3,000,000	6.56
	Less Release Price	$9,285	0.0203
	Less Broker Commission to CBRE:	$450,000	0.98
	Less John Porter Commission:	$90,000	0.20
1st $	Revenue Split per MDA:	**$2,450,715**	5.36
	$1.0000 to SAI	$457,380	1.00
2nd $1	$0.5000 to City	$228,690	0.50
	$0.5000 to SAI	$228,690	0.50
3rd $1	$0.2000 to City	$91,476	0.20
	$0.8000 to SAI	$365,904	0.80
			2.36
Remaining	20% to City	$215,715	0.47
	80% to SAI	$862,860	1.89
	Total to City	$535,881	
	Total to SAI:	$1,914,834	

CBRE Commission:

6%	of 1st Million	$180,000
5%	of 2nd million	$150,000
4%	of 3rd million	120,000
Total:		$450,000

Off Airport Operations and Maintenance / Operating Costs

Account	Description	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	TOTAL
55400	Building R & M	1,050	3,050	2,150	2,000	900	550	800	450	1,100	2,500	350	50	**14,950**
55410	Roof Repairs	2,500	-	-	-	1,500	-	-	1,500	2,500	-	-	-	**8,000**
55420	Building R & M - Military	750	-	-	-	750	-	-	-	750	-	-	-	**2,250**
56000	Electricity	8,785	8,785	8,785	7,235	6,135	6,135	5,860	5,860	5,675	5,675	6,775	8,175	**83,880**
56010	Gas	865	865	865	1,915	1,915	1,915	1,915	1,915	1,915	865	865	865	**16,680**
56020	Water	828	828	828	828	768	768	768	768	768	768	768	768	**9,456**
56030	Military Utilities	-	-	5,000	-	-	-	3,500	-	-	-	3,500	(12,000)	**$0**
56300	Janitorial	1,000	740	1,000	1,300	1,060	800	1,060	1,100	1,880	1,100	1,380	1,100	**13,520**
56320	Janitorial - Military	3,500	-	-	-	3,500	-	-	-	3,500	-	-	-	**10,500**
56350	Military Ancillary Services	-	-	80,000	-	-	-	16,000	-	-	-	45,000	(141,000)	**$0**
56400	Landscaping - Contract	4,178	3,978	4,078	4,178	10,978	4,278	3,978	3,978	4,398	4,098	4,098	4,198	**56,416**
56420	Landscaping - Water	1,577	1,577	1,577	1,577	688	688	688	688	688	688	1,577	1,577	**13,590**
56710	Maintenance Man - Contract	2,950	2,950	4,220	2,950	2,950	2,950	3,075	3,075	4,375	3,075	3,075	3,075	**38,720**
56720	Maintenance Man - Vehicles	1,500	1,500	1,500	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,500	1,500	**15,900**
56730	Maintenance Man - Phones	85	85	85	85	85	85	85	85	85	85	85	85	**1,020**
57000	Painting & Refurbishment	5,000	5,000	-	2,500	100,000	100,000	100,000	5,500	-	-	-	-	**318,000**
57200	Fire Life Safety	1,273	623	1,523	773	623	773	737	587	737	737	587	737	**9,710**
57300	Signage	3,100	-	-	-	75	-	-	-	75	-	-	-	**3,250**
57400	Security	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	**87,000**
57700	Trash & Tumbleweed Removal	330	330	730	390	390	790	390	390	790	730	330	330	**5,920**
58000	Hazardous Materials Consultant	-	-	-	-	-	-	-	-	-	-	-	-	-
														-
	TOTAL OPERATING EXPENSES	**46,521**	**37,561**	**119,591**	**34,181**	**140,767**	**128,182**	**147,306**	**34,346**	**37,686**	**28,771**	**77,140**	**(123,290)**	**708,762**

SOUTHERN CALIFORNIA LOGISTICS AIRPORT
PROJECTED MARKETING BUDGET (July 2006 - June 2007)

Category	Description	Units	Unit Cost	Total	OFF AIRPORT	ON AIRPORT
MARKETING						
	SCLA Overview Piece Development	1	20000	$20,000	$10,000	$10,000
	Marketing Collateral Final Revisions and Build Out (branding strategy, stationary package, signage, marketing flyer template)	1	7000	$7,000	$3,500	$3,500
	Marketing Collateral for Individual Business Units (logistics)	1	3,000	$3,000	$3,000	$0
	Marketing Collateral for Air Cargo building, Intermodal	2	3,000	$6,000	$3,000	$3,000
	Newsletter Development (July '06)	1	20,000	$20,000	$10,000	$10,000
	Visual Presentation Development and Revisions (Creating New Slides and Updates)	5	1,000	$5,000	$2,500	$2,500
	Visual Presentation Coordination and Set Up --(Peter Totays)	5	500	$2,500	$1,250	$1,250
	Revisions / Update Current Collateral (maps, pocket folders, etc.)	6	1,000	$6,000	$3,000	$3,000
	Website Modifications & Maintenance (Monthly Service and Management including revisions, updates, edits and/or changes)	7	1,500	$10,500	$5,250	$5,250
	Entry Monument / Directional / Airport Operations	1	45,000	$45,000	$22,500	$22,500
	Marketing Gifts for Dignitaries & General Audiences (Includes pens, shirts, hats, coasters, leather padfolios, etc.)	1	5,000	$5,000	$2,500	$2,500
	Marketing Pieces Printing (flyers, posters, boards, binders, newsletters, brochures, postcards, business cards, brochure, letterhead etc.)	On going expense	30,000	30,000	$15,000	$15,000
PUBLIC RELATIONS	Monthly standard fee for various services*	12	10,000	$60,000	$30,000	$30,000
	Press Releases & Distribution (Various/Events/Closed Deals, etc.)	3	3,500	$10,500	$5,250	$5,250
	Media Alerts & Distribution (Events)	3	2,000	$6,000	$3,000	$3,000
	Press Conference / Rail Event	1	5,000	$5,000	$2,500	$2,500
	Advertorials	2	5,000	$10,000	$5,000	$5,000
SCLA EVENTS	(Including Rail Ground Breaking & Agile Port.)					
	Event Expenses (catering, event props, flowers, etc.)	2	15,000	$30,000	$15,000	$15,000
	Event Coordination (Invitations, RSVPs, vendors, securing speakers, speeches, program agenda, set up, etc.) - Amies Time	2	6,000	$12,000	$6,000	$6,000
	Event Marketing Development (pre-event postcards, email invitation design, etc.)	2	5,000	$10,000	$5,000	$5,000
	Video / Photography	1	2,000	$2,000	$1,000	$1,000
	Printing	2	1,000	$2,000	$1,000	$1,000

ADVERTISING or SPONSORSHIPS	Advertisement Design	2	3,000	$6,000	$3,000	$3,000
	Advertorials / Insertions Yearly	1	5,000	$5,000	$2,500	$2,500
CONFERENCES						
	Conference Sponsorship and Booth (CSCMP)	1	15,000	$15,000	$7,500	$7,500
SPEAKERS BUREAU	Research, Recommendations, Coordination, Attendance - Amies Time	5	1,500	$7,500	$3,750	$3,750
	Pre-event Marketing Collateral Development	5	1,000	$5,000	$2,500	$2,500
	Registration Fees and Travel Expenses	5	300	$1,500	$750	$750
CUSTOMER OUTREACH & PRESENTATIONS	Presentations to Groups/Hosted Events/Meetings with Potential Business Users	10	1,500	$15,000	$7,500	$7,500
	Logistics Focus Group Meetings	2	2,000	$4,000	$2,000	$2,000
	Travel & Tour Expenses (helicopter/bus rentals, aircraft)	10	4,000	$40,000	$20,000	$20,000
				$0	$0	$0
SOCAL LEADERSHIP COUNCIL	Presentation / Tours of SCLA with Members (Coalition for Goods Movement Initiative)	2	3,000	$6,000	$3,000	$3,000
	Meetings & Coordination (monthly expense) -Amies Time	6	2,500	$15,000	$7,500	$7,500
	Annual Fee	1	50,000	$35,000	$17,500	$17,500
	Travel Expenses (bus rentals, food, etc.)	3	3,000	$9,000	$4,500	$4,500
PUBLIC AFFAIRS	SCLA Public Affairs Package Development	1	2,500	$2,500	$1,250	$1,250
	Presentations & Tours to Officials/Meetings/Hosted Events	3	3,000	$9,000	$4,500	$4,500
	Meetings / Coordination / Standing Meetings (monthly expense) -Amies Time	6	2,500	$15,000	$7,500	$7,500
	Governor's Protocal Fund	1	50,000	$50,000	$25,000	$25,000
	Travel Expenses (bus rentals, food, DC and Sacramento Trip, etc.)	4	2,500	$10,000	$5,000	$5,000
Total:				**$558,000**	**$280,500**	**$277,500**
Category	**Description**	**Units**	**Unit Cost**	**Total**	**OFF AIRPORT**	**ON AIRPORT**
COMMUNITY EVENT	(SCLA "State of the State" Event) Possibly 500 attendees!					
	Event Expenses (catering, event props, flowers, etc.)	1	20,000	$20,000	$10,000	$10,000
	Event Coordination (Invitations, RSVPs, vendors, securing speakers, speeches, program agenda, set up, etc.) - Amies Time	1	7,000	$7,000	$3,500	$3,500
	Visual Presentation Development and Revisions (New version with Mayor Mike)	1	10,000	$10,000	$5,000	$5,000
	Video / Photography	1	2,000	$2,000	$1,000	$1,000
	Printing	1	1,000	$1,000	$500	$500
Total Community Event				**$40,000**	**$20,000**	**$20,000**

Off Airport Administration and Development

Industry Relations

		Months	Cost / mo.	2005-06 Request	Notes
Consultants					
	California Strategies	12	$20,000	**$240,000**	
	Mark Watts	12	$7,500	**$90,000**	
Participation in Industry Events					
	High Desert Opportunity			**$1,100**	
	Sponsorships			**$2,600**	Regional broker events
	CSCMP			**$300**	
Industry Memberships					
	IEEP			**$2,900**	
	CSULB			**$100**	
	VV Chamber			**$350**	
	NAIOP			**$7,500**	
	LA Chamber of Commerce			**$1,500**	
	International Air Cargo Assoc.			**$1,000**	
TOTAL:				**$347,350**	

RAIL

Rail Planning

		Months	cost / mo.		Notes
	Larry Mallon	12	$1,250	**$15,000**	
	Manalytics (D. Coats)	12	$7,500	**$90,000**	
	Logistics Study	1	$30,000	**$30,000**	
TOTAL:				**$135,000**	

SOUTHERN CALIFORNIA LOGISTICS
AIRPORT AUTHORITY

TAX ALLOCATION PARITY BONDS
SERIES 2005 A

$42,185,000
Fund 76947

Prog #	Fund 76947 Program	Budget Private Participation	Other	Total	Actual Expended as of 8/29/06	Encumbered as of 8/29/06	TOTAL AS OF 8/29/06
CARRY OVER OF BOND PROCEEDS - FUND 76944 and 76945		-294,366.91	14,531,669.20	14,237,302.29			17,347,461.79
TOTAL AVAILABLE/BOND PROCEEDS FOR SERIES 2005A		4,218,500.00	32,827,714.93	37,046,214.93			37,046,214.93
	Projects Completed						
65047	Land purchased at I15 and Nisqualli	2,365,000.00	1,939,795.00	4,304,795.00	4,304,795.00		4,304,795.00
90056	New Roof (Bldg 552)		55,330.00	55,330.00	55,330.00		55,330.00
90076	Environmental & Safety Upgrades (Hgr 756)		430,100.00	430,100.00	450,810.25		450,810.25
96063	Helicopter Op Area - Site Prep		5,900.00	5,900.00	5,900.00		5,900.00
00000	2006 Stirling Budget (Transfer to Stirling)		672,331.00	672,331.00	672,331.00		672,331.00
00000	VVEDA Land Purchase (near City Hall)		1,898,988.84	1,898,988.84	1,898,988.84		1,898,988.84
96065	Imprvm of common areas-Hangars 1,2 & 676		2,246,575.00	2,246,575.00	2,246,575.00		2,246,575.00
	Total Projects Completed	2,365,000.00	7,249,019.84	9,614,019.84	9,634,730.09		9,634,730.09
	Council Approved - Work in Progress						
90059	Modifications to Hangar 676	1,434,638.00		1,434,638.00	1,592,039.34	361,646.25	1,953,685.59
00000	Airport DCB Loan - Principal & Interest		647,000.00	647,000.00	284,220.47		284,220.47
90501	Airport Business Development		545,400.00	545,400.00	118.59		118.59
90601	Rail Right of Way Acq (Transfer to Rail Auth)		2,258,541.92	2,258,541.92	3,049,682.74		3,049,682.74
70708	SCLA Power Plant #1 Expansion		6,840,530.11	6,840,530.11	3,283,709.32	898,179.72	4,181,889.04
96058	Automatic Weather Observation System		60,000.00	60,000.00			
96066	Fire Suppression & Water Related Equipment		1,000,000.00	1,000,000.00	911,181.00		911,181.00
00000	2007 Stirling Budget (Transfer to Stirling)		2,150,746.00	2,150,746.00			
	1st Phase Buildout of Airport Projects		5,380,834.00	5,380,834.00			
	Land Purchase		1,450.00	1,450.00			
	Eng Design-SCLA Power Plant #2		500,000.00	500,000.00			
	Total Work in Progress	1,434,638.00	19,384,502.03	20,819,140.03	9,120,951.46	1,259,825.97	10,380,777.43
	Possible Projects						
	Cargo Vehicle Gate*		50,000.00	50,000.00			
	3,000 ARFF Truck*		46,500.00	46,500.00			
	Taxiway Charlie 3*		25,000.00	25,000.00			
	Perimeter Improvements						

Prog #	Fund 76947 Program	Budget Private Participation	Other	Total	Actual Expended as of 8/29/06	Encumbered as of 8/29/06	TOTAL AS OF 8/29/06
	Road*		91,900.00	91,900.00			
	Fence*		11,000.00	11,000.00			
	Modif. to Fire Sprinkler (Bldg 683)		40,000.00	40,000.00			
	Re-roof of Hangar 756		150,000.00	150,000.00			
	Re-roof of Upper Roof for Hangar 683		150,000.00	150,000.00			
	Re-roof of Bldg 551		60,000.00	60,000.00			
	LAV Truck Dump Station		25,000.00	25,000.00			
	Test Heli Pad		20,000.00	20,000.00			
	Runway Sweeper*		15,000.00	15,000.00			
	3,000 gal ARFF Truck*		50,000.00	50,000.00			
	Temporary Power - Hangar 3		1,500,000.00	1,500,000.00			
	Temporary Power - Hangar 4		283,000.00	283,000.00			
	Natural Gas Metering Station		1,200,000.00	1,200,000.00			
	Total Possible Projects		3,717,400.00	3,717,400.00			
	TOTAL PROGRAMMED	3,799,638.00	30,350,921.87	34,150,559.87	18,755,681.55	1,259,825.97	20,015,507.52
	Remaining Amount For Fund 76947	**418,862.00**	**2,476,793.06**	**2,895,655.06**			**17,030,707.41**
TOTAL REMAINING FROM FUNDS 76944, 76945 & 76947		**124,495.09**	**17,008,462.26**	**17,132,957.35**			**34,378,169.20**

***Matching Portion; balance from grant**

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SPECIAL MEETING OF THE
SOUTHERN CALIFORNIA LOGISTICS
AIRPORT AUTHORITY
APRIL 25, 2006

The special meeting of the Southern California Logistics Airport Authority was called to order by Vice Chairman Rothschild at 5:20 p.m. at Victorville City Hall, Conference Room "E," 14343 Civic Drive, Victorville, California.

ROLL CALL

PRESENT: Board Members Almond, Cabriales and Rothschild
(Chairman Caldwell's arrival was noted at 6:00 p.m.)

OFF-SITE: Board Member Hunter participated via teleconference from Extended Stay America, 4870 Calle Real, Santa Barbara, CA (805) 692-1882

ABSENT: None

Also present were Jon Roberts, Executive Director; Carolee Bates, Authority Secretary; and Andre de Bortnowsky, Assistant City Attorney.

PUBLIC COMMENT

PUBLIC COMMENT ON ITEMS OF INTEREST TO THE PUBLIC

Chris Cox, Cox Plumbing, 9659 SVL Box, addressed the Board regarding the non-payment for services performed for California Building Systems. He was hired to do work on hangars 1, 2, 3 and 4. Mr. Cox said that he is on the verge of losing his business. Mr. Cox reported that his supplier is demanding payment and if he is not paid in order to pay his supplier, he will have to vacate the job. He reported that he is owed over $250,000.00.

Dean Howard, Dean Howard Heat & Air, Inc., 13182 Paraiso Road, also addressed the Board regarding non-payment for services performed for California Building Systems. Mr. Howard reported that on the first hangar which has been completed, he has received 19 percent of the payment, but is still owed $263,054.00. On the second hangar, he is 90 percent finished and has not received any portion of the $354,700.00 owed to him. He is in the process of hiring legal counsel and anticipates walking off the job.

Both parties were told the Board is doing everything they legally can to mitigate this ordeal for the contractors.

Both Mr. Cox and Mr. Howard left the room and the Board went into closed session.

RECESS TO CLOSED SESSION/ADJOURNMENT

There being no further business to come before the Board, Vice Chairman Rothschild duly recessed the meeting to closed session at 5:30 p.m. to discuss the following item, announced that no reportable action was anticipated and the meeting would stand adjourned at the conclusion thereof:

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(B):

CONFERENCE WITH LEGAL COUNSEL: THREATENED LITIGATION – ONE POTENTIAL CASE

_____
CHAIRMAN OF THE BOARD OF DIRECTORS

ATTEST:

_____
AUTHORITY SECRETARY

GLOBAL ACCESS
@SOUTHERN CALIFORNIA LOGISTICS AIRPORT

AGENDA ITEM

SCLAA MEETING OF: 9/5/06

SUBMITTED BY: Andre de Bortnowsky
SCLAA Legal Counsel

DATE: 8/29/06

SUBJECT: PRESENTATION OF REQUEST TO ADOPT RESOLUTION NO. SCLAA 06-012 – APPROVING VARIOUS DOCUMENTS IN CONJUNCTION WITH THE MASTER RAIL AGREEMENT

RECOMMENDATION: That the Board adopt Resolution No. SCLAA 06-012.

FISCAL IMPACT: Undetermined.
Budget Amount:
Budget Acct. No.:

--Finance Department Use Only--
Additional Appropriation:

____No
____Yes/$ Amt.:

Finance Director Review and Approval____

DISCUSSION: Attached is proposed Resolution No. SCLAA 06-012 which if adopted would approve 1) the Third Amended and Restated Master Agreement, 2) the Assumption and Assignment of Third Amended and Restated Master Agreement, 3) the First Amended and Restated Master Rail Development Agreement, 4) the Assumption and Assignment of First Amended and Restated Master Rail Development Agreement, 5) the Southern California Logistics Airport proposed budget fiscal year 2006/2007 and 6) the proposed Disposition and Development Agreement Budget for Phase 1A.

/cb
Attachment

SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY
18374 PHANTOM, VICTORVILLE, CA 92394
TEL 760.246.6115 FAX 760.246.3108
www.logisticsairport.com

Written
#5
9-5-06

SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY

RESOLUTION NO. SCLAA-06-012

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY APPROVING (i) THE THIRD AMENDED AND RESTATED MASTER AGREEMENT, (ii) THE ASSUMPTION AND ASSIGNMENT OF THIRD AMENDED AND RESTATED MASTER AGREEMENT, (iii) THE FIRST AMENDED AND RESTATED MASTER RAIL DEVELOPMENT AGREEMENT, (iv) THE ASSUMPTION AND ASSIGNMENT OF FIRST AMENDED AND RESTATED MASTER RAIL DEVELOPMENT AGREEMENT, (v) THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT PROPOSED BUDGET FISCAL YEAR 2006/2007 AND (vi) THE PROPOSED DISPOSITION AND DEVELOPMENT AGREEMENT BUDGET FOR PHASE 1A

WHEREAS, the Southern California Logistics Airport Authority (the "Authority") and Stirling Airports International, LLC ("Stirling Airports"), previously entered into that certain Second Amended and Restated Master Agreement, dated November 21, 2001 (the "Master Agreement"); and

WHEREAS, the Authority and Stirling Airports desire to amend the Master Agreement by execution of a Third Amended and Restated Master Agreement (the "Third Amendment") in order to clarify some of the rights and obligations of the parties thereto; and

WHEREAS, Stirling Airports desires to execute the Assignment and Assumption of Third Amended and Restated Master Agreement (the "Assignment and Assumption"), thereby assigning to Stirling Capital Investments, LLC ("Stirling Capital"), all of its development rights, obligations and interests under the Master Agreement and the Third Amendment; and

WHEREAS, Stirling Capital desires to execute the Assignment and Assumption, thereby assuming all of Stirling Airports' development rights, obligations and interests under the Master Agreement and the Third Amendment; and

WHEREAS, the Authority and Stirling Airports previously entered into that certain Master Rail Development Agreement, executed by the Authority on July 8, 2003 (the "Master Rail Agreement"); and

WHEREAS, the Authority and Stirling Airports desire to amend the Master Rail Agreement by execution of a First Amended and Restated Master Rail Agreement (the "First Rail Amendment") in order to, among other things, extend the term of the Restated Master Rail Agreement to make its term equal to the term of the Master Agreement, as amended; and

WHEREAS, Stirling Airports desires to execute the Assignment and Assumption of First Amended and Restated Master Rail Development Agreement (the "Rail Assignment and Assumption"), thereby assigning to Stirling Capital all of its development rights, obligations and interests under the Master Rail Agreement and the First Rail Amendment; and

WHEREAS, Stirling Capital desires to execute the Rail Assignment and Assumption, thereby assuming all of Stirling Airports' development rights, obligations and interests under the Master Rail Agreement and the First Rail Amendment;

WHEREAS, the Authority and Stirling Capital have proposed to enter into a Disposition and Development Agreement (the "DDA") to provide for the disposition of certain property to Stirling Capital and to cause the development of such property in a manner consistent with the terms of the Southern California Logistics Airport Specific Plan; and

WHEREAS, in connection with its ongoing activities at Southern California Logistics Airport, Stirling Airports has caused the preparation of an annual budget to cover its activities at Southern California Logistics Airport. Stirling Airports is now seeking the Authority's approval of the Southern California Logistics Airport Proposed Budget Fiscal Year 2006/2007 (the "2006/2007 Budget"); and

WHEREAS, Stirling Airports is seeking that the Authority specifically approve that portion of the 2006/2007 Budget, which allocates Seventeen Million One Hundred Seventy One Thousand Five Hundred Thirty Eight Dollars ($17,171,538.00) for the DDA.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY DOES HEREBY FIND, RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. All of the foregoing recitals are true and correct.

SECTION 2. The "Third Amended and Restated Master Agreement" as on file with the Authority Secretary is hereby approved and the Chairman and Secretary of the Authority are hereby

authorized to execute any documents reasonably necessary to effect the "Third Amended and Restated Master Agreement," subject to the approval of the Authority Counsel.

SECTION 3. The "Assumption and Assignment of Third Amended and Restated Master Agreement" as on file with the Authority Secretary is hereby approved and the Chairman and Secretary of the Authority are hereby authorized to execute any documents reasonably necessary to effect the "Assumption and Assignment of Third Amended and Restated Master Agreement," subject to the approval of the Authority's Executive Director and Authority Counsel.

SECTION 4. The "First Amended and Restated Master Rail Development Agreement" as on file with the Authority Secretary is hereby approved and the Chairman and Secretary of the Authority are hereby authorized to execute any documents reasonably necessary to effect the "First Amended and Restated Master Rail Development Agreement," subject to the approval of the Authority's Executive Director and Authority Counsel.

SECTION 5. The "Assumption and Assignment of First Amended and Restated Master Rail Development Agreement" as on file with the Authority Secretary is hereby approved and the Chairman and Secretary of the Authority are hereby authorized to execute any documents reasonably necessary to effect the "Assumption and Assignment of First Amended and Restated Master Rail Development Agreement," subject to the approval of the Authority's Executive Director and Authority Counsel.

SECTION 6. The "Southern California Logistics Airport Proposed Budget Fiscal Year 2006/2007" as on file with the Authority Secretary is hereby approved and the Chairman and Secretary of the Authority are hereby authorized to execute any documents reasonably necessary to effect the "Southern California Logistics Airport Proposed Budget Fiscal Year 2006/2007," subject to the approval of the Authority's Executive Director and Authority Counsel.

SECTION 7. The "Southern California Logistics Airport Proposed Budget Fiscal Year 2006/2007 Disposition and Development Agreement Budget for Phase 1A" as on file with the Authority Secretary is hereby approved and the Chairman and Secretary of the SCLAA are hereby authorized to execute any documents reasonably necessary to effect the "Southern California Logistics Airport Proposed Budget Fiscal Year 2006/2007 Disposition and Development Agreement Budget for Phase 1A," subject to the approval of the Authority's Executive Director and Authority Counsel.

SECTION 8. The Secretary shall certify as to the adoption of this Resolution and shall cause the same to be processed in the manner required by law.

SECTION 9. This Resolution shall take effect upon its adoption.

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GLOBAL ACCESS
@SOUTHERN CALIFORNIA LOGISTICS AIRPORT

AGENDA ITEM

SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY

MEETING OF: September 5, 2006

SUBMITTED BY: Peter Soderquist
Airport Director

DATE: August 24, 2006

SUBJECT: SCLA FUEL FARM ENVIRONMENTAL ASSESSSMENT

RECOMMENDATION: Request the airport Authority adopt the Environmental Assessment for the construction of a new fuel farm at SCLA.

FISCAL IMPACT: There is no fiscal impact associated with this action.

BUDGETED AMOUNT:
BUDGET ACCT:

Finance Dept. Use Only
Additional Appropriation
No
Yes/$Amount _____
Finance Director Review
$ Approval_____

DISCUSSION

In cooperation with the Federal Aviation Administration (FAA), SCLA has completed preliminary engineering for a new fuel farm at the airport. The FAA has set aside over $6 million to support the construction of this new essential facility. Part of the process in obtaining FAA funding is to complete an environmental assessment (EA) in order to comply with the National Environmental Policy Act (NEPA).

An EA was prepared that determined that the proposed fuel farm would not result in a substantial adverse effect on the environment. This document was subsequently distributed for a 30-day public review. Having received no comments, the FAA has issued a Finding of No Significant Impact (FONSI), which is equivalent to a Negative Declaration under California Environmental Quality Act (CEQA).

It is respectfully requested the Airport Authority adopt the Environmental Assessment for the construction of a new fuel farm at SCLA.

CITY OF
VICTORVILLE

(760) 955-5000
FAX (760) 245-7243
E-mail: vville@ci.victorville.ca.us

14343 Civic Drive
P.O. Box 5001
Victorville, CA 92393-5001

AGENDA ITEM

SCLAA MEETING OF: September 5, 2006

SUBMITTED BY: Jon Roberts
Executive Director, SCLAA

DATE: August 28, 2006

SUBJECT: **REQUEST APPROVAL OF THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT CAPITAL IMPROVEMENT BUDGET FOR 2006/2007.**

RECOMMENDATION: That the Honorable City Council approve the Capital Improvement Project at the Southern California Logistics Airport for the first phase of Stirling Capital Investments' build-out and appropriate funds from the 2005 SCLA Bonds.

FISCAL IMPACT: $5,380,834

Budget Amount: $5,380,834

Budget Account: No.

---Finance Dept. Use Only---
Additional Appropriation:
+--+
+--+ No
+--+
+--+ Yes/$Amount: $5,380,834 Finance Director Review &
Approval ap/aom

DISCUSSION:

The Capital Improvement Project for the Southern California Logistics Airport will encompass the first phase build-out as stated in the DDA with Stirling Capital Investments. The proposed budget of $5,380,834 will include engineering and design ($1,000,000), building demolition ($2,000,000), and utilities, storm drain and water installation (2,380,834).

Written
#7
9-5-06

BLDG NO	OTHER	10% ENG	ROAD	SEWER	TOTAL
1	730,061	272,136	2,673,601	319,892	3,995,690
13A	919,409	184,174	1,561,624	464,295	3,129,502
15A, B, C, D	731,364	173,908	1,593,684	319,308	2,818,265
18A & 19B	978,855		1,289,083	389,725	2,657,662
19A & B	806,372		1,937,284	147,907	2,891,564
43 & 44 "A" St (Air Express to Auburn)	4,112,424		6,410,043	2,216,789	12,739,256
43 & 44 Auburn & Crippen (Adelanto to A)	1,653,782		1,793,966	597,340	4,045,087
43 & 44 Innovation (Adelanto to A)	1,126,467		2,285,622	330,017	3,742,106
43 & 44 Adelanto (Innovation to Auburn)	3,915,513		4,159,132	381,254	8,455,899
TOTAL	14,974,247		23,704,039	5,166,525	44,475,031

NOTE: Changed Drainage to Roads and Reclaimed to Sewer

PROJECTS TO BE ADDED TO 06/07 CAPITAL IMPROVEMENT PROGRAM

BLDG NO	OTHER	10% Eng	ROAD	SEWER	TOTAL	
1	730,061	272,136	2,673,601	319,892	3,995,690	Phantom W. to 1770' west
13A	919,409	184,174	1,561,624	464,295	3,129,502	Aerospace from Phantom W to 2400' east
15A, B, C, D	731,364	173,908	1,593,684	319,308	2,818,265	George Blvd from Phantom W. to Sabre
	2,380,834	630,219	5,828,909	1,103,495	9,943,456	

SOUTHERN CALIFORNIA LOGISTICS
AIRPORT AUTHORITY

TAX ALLOCATION PARITY BONDS
SERIES 2005 A

$42,185,000
Fund 76947

	Fund 76947	Budget			Actual		
Prog #	Program	Private Participation	Other	Total	Expended as of 8/29/06	Encumbered as of 8/29/06	TOTAL AS OF 8/29/06
CARRY OVER OF BOND PROCEEDS - FUND 76944 and 76945		-294,366.91	14,531,669.20	14,237,302.29			17,347,461.79
TOTAL AVAILABLE/BOND PROCEEDS FOR SERIES 2005A		4,218,500.00	32,827,714.93	37,046,214.93			37,046,214.93
	Projects Completed						
65047	Land purchased at I15 and Nisqualli	2,365,000.00	1,939,795.00	4,304,795.00	4,304,795.00		4,304,795.00
90056	New Roof (Bldg 552)		55,330.00	55,330.00	55,330.00		55,330.00
90076	Environmental & Safety Upgrades (Hgr 756)		430,100.00	430,100.00	450,810.25		450,810.25
96063	Helicopter Op Area - Site Prep		5,900.00	5,900.00	5,900.00		5,900.00
00000	2006 Stirling Budget (Transfer to Stirling)		672,331.00	672,331.00	672,331.00		672,331.00
00000	VVEDA Land Purchase (near City Hall)		1,898,988.84	1,898,988.84	1,898,988.84		1,898,988.84
96065	Imprvm of common areas-Hangars 1,2 & 676		2,246,575.00	2,246,575.00	2,246,575.00		2,246,575.00
	Total Projects Completed	2,365,000.00	7,249,019.84	9,614,019.84	9,634,730.09		9,634,730.09
	Council Approved - Work in Progress						
90059	Modifications to Hangar 676	1,434,638.00		1,434,638.00	1,592,039.34	361,646.25	1,953,685.59
00000	Airport DCB Loan - Principal & Interest		647,000.00	647,000.00	284,220.47		284,220.47
90501	Airport Business Development		545,400.00	545,400.00	118.59		118.59
90601	Rail Right of Way Acq (Transfer to Rail Auth)		2,258,541.92	2,258,541.92	3,049,682.74		3,049,682.74
70708	SCLA Power Plant #1 Expansion		6,840,530.11	6,840,530.11	3,283,709.32	898,179.72	4,181,889.04
96058	Automatic Weather Observation System		60,000.00	60,000.00			
96066	Fire Suppression & Water Related Equipment		1,000,000.00	1,000,000.00	911,181.00		911,181.00
00000	2007 Stirling Budget (Transfer to Stirling)		2,150,746.00	2,150,746.00			
	1st Phase Buildout of Airport Projects		5,380,834.00	5,380,834.00			
	Land Purchase		1,450.00	1,450.00			
	Eng Design-SCLA Power Plant #2		500,000.00	500,000.00			
	Total Work in Progress	1,434,638.00	19,384,502.03	20,819,140.03	9,120,951.46	1,259,825.97	10,380,777.43
	Possible Projects						
	Cargo Vehicle Gate*		50,000.00	50,000.00			
	3,000 ARFF Truck*		46,500.00	46,500.00			
	Taxiway Charlie 3*		25,000.00	25,000.00			
	Perimeter Improvements						

SOUTHERN CALIFORNIA LOGISTICS
AIRPORT AUTHORITY

TAX ALLOCATION PARITY BONDS
SERIES 2005 A

$42,185,000
Fund 76947

Prog #	Fund 76947 Program	Budget Private Participation	 Other	 Total	Actual Expended as of 8/29/06	 Encumbered as of 8/29/06	TOTAL AS OF 8/29/06
	Road*		91,900.00	91,900.00			
	Fence*		11,000.00	11,000.00			
	Modif. to Fire Sprinkler (Bldg 683)		40,000.00	40,000.00			
	Re-roof of Hangar 756		150,000.00	150,000.00			
	Re-roof of Upper Roof for Hangar 683		150,000.00	150,000.00			
	Re-roof of Bldg 551		60,000.00	60,000.00			
	LAV Truck Dump Station		25,000.00	25,000.00			
	Test Heli Pad		20,000.00	20,000.00			
	Runway Sweeper*		15,000.00	15,000.00			
	3,000 gal ARFF Truck*		50,000.00	50,000.00			
	Temporary Power - Hangar 3		1,500,000.00	1,500,000.00			
	Temporary Power - Hangar 4		283,000.00	283,000.00			
	Natural Gas Metering Station		1,200,000.00	1,200,000.00			
	Total Possible Projects		3,717,400.00	3,717,400.00			
	TOTAL PROGRAMMED	3,799,638.00	30,350,921.87	34,150,559.87	18,755,681.55	1,259,825.97	20,015,507.52
	Remaining Amount For Fund 76947	**418,862.00**	**2,476,793.06**	**2,895,655.06**			**17,030,707.41**
TOTAL REMAINING FROM FUNDS 76944, 76945 & 76947		**124,495.09**	**17,008,462.26**	**17,132,957.35**			**34,378,169.20**

***Matching Portion; balance from grant**

VICTORVILLE REDEVELOPMENT AGENCY
AGENDA

REGULAR MEETING
SEPTEMBER 5, 2006
7:00 P.M.

MOJAVE DESERT AIR QUALITY
MANAGEMENT DISTRICT - BOARDROOM
14306 PARK AVENUE
www.ci.victorville.ca.us

THE REDEVELOPMENT AGENCY MEETING IS SCHEDULED TO BEGIN AT 7:00 P.M. OR AS SOON THEREAFTER AS POSSIBLE UPON THE CONCLUSION OF THE MEETING OF THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY

ANY INDIVIDUAL WITH A DISABILITY WHO REQUIRES REASONABLE ACCOMMODATION TO PARTICIPATE IN A RDA MEETING MAY REQUEST ASSISTANCE AND/OR RECEIVE THE AGENDA IN AN ALTERNATIVE FORMAT BY CONTACTING THE VICTORVILLE CITY CLERK'S OFFICE (760) 955-5026 NO LATER THAN 72 HOURS PRIOR TO THE MEETING

CALL TO ORDER

INVOCATION & PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

1. PUBLIC COMMENT ON ITEMS OF INTEREST TO THE PUBLIC

PUBLIC HEARINGS

2. A PUBLIC HEARING CALLED TO HEAR ARGUMENTS FOR OR AGAINST THE ADOPTION OF RESOLUTION NO. R-06-009 ENTITLED:

   RESOLUTION OF THE VICTORVILLE REDEVELOPMENT AGENCY APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE VICTORVILLE REDEVELOPMENT AGENCY AND G & P PROPERTIES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

3. A PUBLIC HEARING CALLED TO HEAR ARGUMENTS FOR OR AGAINST THE ADOPTION OF RESOLUTION NO. R-06-010 ENTITLED:

   RESOLUTION OF THE VICTORVILLE REDEVELOPMENT AGENCY APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE VICTORVILLE REDEVELOPMENT AGENCY AND COSTCO WHOLESALE CORPORATION

CONSENT CALENDAR

4. PRESENTATION OF REQUEST THAT THE BOARD OF DIRECTORS AUTHORIZE THE EXECUTION, BY THE DIRECTOR OF ECONOMIC DEVELOPMENT, OF A SUBSTITUTION OF TRUSTEE AND DEED OF RECONVEYANCE IN REGARD TO THE FOLLOWING MORTGAGE ASSISTANCE CASES:

- **A.** MAP CASE NO. 00-04-06 (SANCHEZ)
- **B.** MAP CASE NO. 03-02-09 (LOPEZ)
- **C.** MAP CASE NO. 04-09-03 (WELCH AND DOUGLAS)
- **D.** MAP CASE NO. 01-08-04 (ALVAREZ)

***ADJOURNMENT

VICTORVILLE
California

AGENDA ITEM

RDA REGULAR MEETING
MEETING OF: SEPTEMBER 5, 2006

SUBMITTED BY: Carolee Bates
Agency Secretary

DATE: 8/28/06

SUBJECT: PUBLIC COMMENT ON ITEMS OF INTEREST TO THE PUBLIC

RECOMMENDATION: N/A

FISCAL IMPACT: N/A
Budget Amount:
Budget Acct. No.:

--Finance Department Use Only--
Additional Appropriation:

____No
____Yes/$ Amt.:

Finance Director Review and Approval____

DISCUSSION: State law requires that each agenda of a governing body provide an opportunity for members of the public to address the legislative body on items of interest to the public within the body's subject matter of jurisdiction.

Accordingly, this item has been placed on the agenda to afford an opportunity for public comment at this time.

CB/dl

Public Comment
#1
9-5-06

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VICTORVILLE
California

JOINT PUBLIC HEARING
VICTORVILLE CITY COUNCIL AND
VICTORVILLE REDEVELOPMENT AGENCY
MEETING OF: September 5, 2006

SUBMITTED BY: Keith C. Metzler
Director of Economic Development

DATE: August 22, 2006

SUBJECT: Disposition and Development Agreement – G&P Properties LLC (formerly 7 Jays LLC) – Saturn of Victorville

RECOMMENDATION: That Your Honorable Board of Directors adopt Resolution No. R-06.009 and that the City Council adopt Resolution No. 06-149 approving the Disposition and Development Agreement.

FISCAL IMPACT: $790,000 (Revenue)

--FINANCE DEPARTMENT USE ONLY—
Budget:
Budget Account No.:
Additional Appropriation:
No____
Yes/$Amount_____
Approved_____

DISCUSSION: Your Honorable Board of Directors has been involved directly in the build-out of what has been recognized as the Auto Park at Valley Center. This development was undertaken as a result of the redevelopment of the former Roy Rogers Museum and the City's realignment project for Civic Drive. As a result, the Agency took a lead role in acquiring nearly 30-acres of property along the west side of I-15 south of Roy Rogers Drive. Within that 30-acres there were eight separate parcels created to serve auto related uses. Among those eight parcels, one remains available and is the subject of this DDA. For approximately six months now, staff has been negotiating with Mr. Lou Gonzales, Principal in the Saturn of Antelope Valley Dealership, and Principal of G&P Properties of whom will be the developer of a Saturn Dealership for our Auto Park.

Very generally this transaction proposes the sale of the subject site at the determined fair market value as established by an independent MAI appraiser (Marshall Stevens Valuation Consulting). To facilitate the transaction the Agency has agreed to carry a loan against the property in an amount that bears terms that are comparable and competitive in the private market. The loan will be retired fully within 18-months or upon completion of the project, which ever occurs first. The developer will be required to

CITY OF VICTORVILLE
14343 Civic Drive • Victorville, CA 92392 • 760.955.5032 760.955.5042 *Fax*

build approximately 18,000 square feet of building space, which will include sales display and service area. New employment is expected to be in the order of 35 new full-time employees.

Staff believes this transaction is an appropriate transaction that compliments the Auto Park and therefore recommends that the City Council and Board of Directors adopt the appropriate resolution approving the proposed transaction.

Staff remains available for any questions or comments you might have.

KCM:jrt

Attachments: Resolution No. 06-149
Resolution No. R-06-009
Disposition and Development Agreement
Summary Report
Site Map

VICTORVILLE REDEVELOPMENT AGENCY

RESOLUTION NO. R-06-009

RESOLUTION OF THE VICTORVILLE REDEVELOPMENT AGENCY APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE VICTORVILLE REDEVELOPMENT AGENCY AND G & P PROPERTIES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

WHEREAS, the Victorville Redevelopment Agency (the "Agency") has been duly created and activated pursuant to the provisions of Section 33100, et seq. of the Health and Safety Code of the State of California by a duly adopted Ordinance of the City of Victorville, California; and

WHEREAS, the City Council of the City of Victorville, California (the "City Council") along with the Agency have caused the adoption of a Redevelopment Plan for the Bear Valley Road Redevelopment Project area, as amended; and

WHEREAS, G & P Properties, LLC, a California limited liability company(hereinafter referred to as the "Developer") seeks to acquire and develop property as an approximately 18,000 square foot SATURN new vehicle sales and service facility; and

WHEREAS, the Agency owns certain property (the "Property") which is located within the duly established Bear Valley Road Redevelopment Project Area of the City; and

WHEREAS, the Developer has indicated that Developer desires to acquire the Property from the Agency in order to cause development thereof in accordance with the Redevelopment Plan; and

WHEREAS, the Agency deems it desirable to enter into a Disposition and Development Agreement (the "Agreement") with the Developer in the form attached hereto as Exhibit "A" and incorporated herein by this reference; and

WHEREAS, the Agency and City Council have held a duly noticed public hearing on September 5, 2006, in accordance with Section 33431 of the California Health and Safety Code pertaining to the Agreement; and

WHEREAS, the Agency and City Council have held a duly noticed public hearing on September 5, 2006, in accordance with Section 33433 of the California Health and Safety Code and have caused the preparation of, and made available for public inspection, a report including a summary of the transaction; and

WHEREAS, the Agency and the City Council have evaluated the Agreement and all evidence and testimony for and against the approval of the Agreement.

NOW, THEREFORE, THE VICTORVILLE REDEVELOPMENT AGENCY DOES HEREBY FIND, RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The foregoing Recitals are true and correct and are incorporated herein by this reference.

Section 2. The Agency hereby adopts the findings and determinations as set forth herein and finds that the Agreement is within the redevelopment goals and objectives of the Agency.

Section 3. The Agency, having held a duly noticed public hearing, finds and determines that the disposition of the Property to the Developer, pursuant to the Agreement, will be of benefit to the Agency and the City and will also promote redevelopment within the Project Area of the Agency.

Section 4. The Agency hereby finds that the Agreement is consistent with the Implementation Plan previously adopted by the Agency.

Section 5. The Agency hereby finds that the purchase of the Property by Developer from the Agency is equivalent to the estimated fair reuse value at the Property=s highest uses permitted.

Section 6. The Agency hereby approves the Agreement and authorizes the execution of the Agreement by the Chairman and Secretary of the Agency with such changes as may be approved by the Agency Chairman and Agency legal counsel.

Section 7. This Resolution shall take effect upon its adoption.

VICTORVILLE REDEVELOPMENT AGENCY

AGENDA

September 5, 2006

Item: **RESOLUTION OF THE VICTORVILLE REDEVELOPMENT AGENCY APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE VICTORVILLE REDEVELOPMENT AGENCY AND G & P PROPERTIES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY**

Exhibit "A" - Disposition and Development Agreement

Action to be Taken: Adopt Resolution append Exhibit A.

Certified copy of Resolution to be returned to Green, de Bortnowsky & Quintanilla, LLP

EXHIBIT "A"

DISPOSITION AND DEVELOPMENT AGREEMENT
(G & P Properties, LLC)

SUMMARY REPORT OF THE VICTORVILLE REDEVELOPMENT AGENCY CONCERNING THE PROPOSED DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE VICTORVILLE REDEVELOPMENT AGENCY AND 7 JAYS, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY (HEALTH AND SAFETY CODE SECTION 33433)

This Summary Report has been prepared pursuant to Health and Safety Code Section 33433 with respect to an agreement to, among other things, enable the disposition of certain real property pursuant to a Disposition and Development Agreement (the "Agreement") by and between the Victorville Redevelopment Agency (the "Agency") and 7 Jays, LLC, a California limited liability company (the "Developer").

Background

The Agency has acquired, by negotiated purchase, certain real property located within the duly established Bear Valley Road Redevelopment Project Area of the City (the "Property"). The Property is more particularly described in the Agreement. The Agency intends to sell the Property to the Developer. The Developer intends to develop the Property as an approximately 18,000 square foot SATURN new vehicle sales and service facility in accordance with, and within the limitations established in, the Scope of Development.

Cost to the Agency

The original and continuing costs of this Agreement to the Agency are provided below:

Agency's prior acquisition of the Property:	$3.30 per square foot
Agency's cost for improvements to the Property	$1.08 per square foot

Estimated Value

The estimated fair market value of the interest to be conveyed at the highest uses permitted, is approximately $6.80 per square foot, given the Property's proximity to major intersections and the I-15 freeway off-ramps, as well as its visibility from the I-15 freeway.

Value of Interest Conveyed

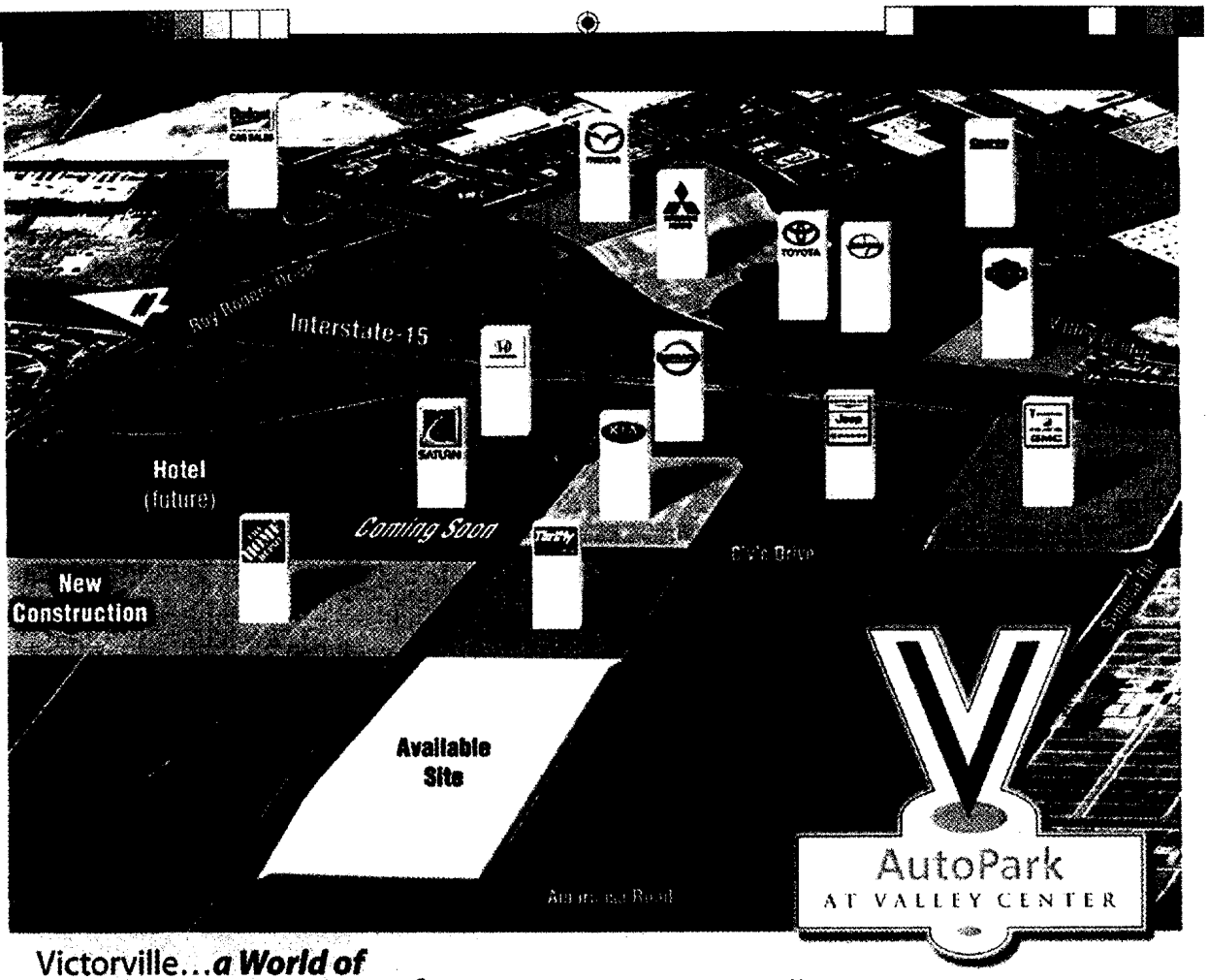
It is the Agency's belief that the fair market value of the interest in the Property to be conveyed to the Developer, at the Property's highest and best use permitted under the Redevelopment Plan, is equal to the fair reuse value to be paid by Developer. The transaction constitutes the disposition of the Property to the Developer at fair market value.

Project will Eliminate Blight

The proposed Project will be developed on a parcel of property that is presently vacant and in a blighted condition. Upon completion of the Project the Property will be subject to an increased assessed valuation. In addition, the completed Project will result in the creation of new jobs in the area and generate additional sales tax revenue for the City of Victorville (the "City"). The increased employment opportunities, additional City sales tax revenues, and the increased assessed valuation will help the elimination of blight. A project of this nature will encourage other economic development and investment in the Project Area thereby also eliminating blighting factors that plague the Project Area.

Dated: August 22, 2006 VICTORVILLE REDEVELOPMENT AGENCY

By: _____
Director of Economic Development



Victorville...*a World of* **Opportunity**

Growth is booming in the *"new center of town"*, with retail, office and government development taking place in this area called Valley Center. At the heart and the very beginnings of this development area is the Auto Park at Valley Center.

The Auto Park at Valley Center has attracted a wide variety of dealerships. Dealerships in the Auto Park include Victorville Motors (Dodge, Jeep, and Chrysler), Greiner Motors (Buick, Pontiac, and GMC), Hi Desert Kia, Victorville Mitsubishi, and Valley- Hi Toyota/Scion.

Site / Victor Valley Market Data:

- Prime retail and office area located in the Hook Boulevard Redevelopment Area, Victorville, along Interstate 15
- Victor Valley area population is growing at a faster rate than the state, and has experienced 15 percent growth over the last two years.
- Median age in the Victor Valley market is 33.8 years
- Nearly 60 percent of Victor Valley households own their home

Home to:

- High Desert Kia
- Valley-Hi Toyota/Scion
- Greiner GMC, Buick & Pontiac
- Victorville Motors- Chrysler, Jeep & Dodge
- Victorville Mitsubishi

Under construction:

- Victorville Mazda
- Valley-Hi Honda
- Victorville Nissan

For more information, please contact:
Collette Hanna, Business Development Manager
City of Victorville, Economic Development, 14343 Civic Drive, Victorville, CA 92392
Phn: 760.955.5032 · Email: channa@ci.victorville.ca.us · www.victorvillecity.com

VICTORVILLE
California

RECORDING REQUESTED BY:

VICTORVILLE REDEVELOPMENT AGENCY

WHEN RECORDED MAIL TO:

CITY OF VICTORVILLE
14343 Civic Drive
Victorville, Ca 92392

(Space above for Recorder's Use)

DISPOSITION AND DEVELOPMENT AGREEMENT

(SATURN PROJECT)

DISPOSITION AND DEVELOPMENT AGREEMENT

BY AND BETWEEN

VICTORVILLE REDEVELOPMENT AGENCY

AND

G&P INVESTMENTS, LLC

THIS AGREEMENT is entered into by and between the Victorville Redevelopment Agency (the "Agency"), and G&P INVESTMENTS, LLC, a California limited liability company (hereinafter referred to as the "Developer"). The Agency and the Developer agree as follows:

ARTICLE I

SUBJECT OF AGREEMENT

Section 1.01. Purposes of Agreement. The purpose of this Disposition and Development Agreement (the "Agreement") is to effectuate redevelopment within the boundaries of the City of Victorville (the "City") by providing for the purchase and the redevelopment by the Developer of certain real property located within the duly established Bear Valley Road Redevelopment Project Area of the City and as described in Exhibit "A" attached hereto and incorporated herein by reference (the "Property"). The purchase and the redevelopment of the Property by the Developer pursuant to this Agreement, and the fulfillment generally of the Agreement, are in the vital and best interests of the City, the Agency, and the health, safety, morals, and welfare of the City's residents, and are in accord with the public purposes and provisions of applicable federal, state and local laws and requirements.

Section 1.02. The Redevelopment Plan. The Redevelopment Plan for the Bear Valley Road Redevelopment Project (the "Redevelopment Plan") was approved and adopted by the City Council of the City of Victorville by duly adopted Ordinance in accordance with the provisions of the Community Redevelopment Law of the State of California (the "Community Redevelopment Law"). This Agreement shall be subject to the provisions of the Community Redevelopment Law. The Agency represents and warrants that the uses and improvements to be constructed on the Property in accordance with the Scope of Development attached hereto as Exhibit "B" and incorporated herein by reference (the "Project") comply with the provisions of the Community Redevelopment Law.

Section 1.03. Parties to the Agreement.

a. The Agency is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under Chapter 2 of the Community Redevelopment Law, Health and Safety Code Section 33000, et seq. The principal office of the Agency is located at 14343 Civic Drive, Victorville, California 92392. As used in this Agreement, the term "Agency" shall be deemed to include the Agency and any assignee and/or successor to the Agency or to its rights, powers and responsibilities under this Agreement.

b. The Developer is comprised of G&P INVESTMENTS, LLC, a California limited liability company. The principal office of the Developer for purposes of this Agreement is located at 461 Auto Vista Drive, Palmdale, CA 93551 (Telephone Number: _____), and for purposes of Section 6.01 hereof, any and all notices, demands or communications shall be sent to the Developer addressed to the attention of Lou Gonzales. Prior to the close of escrow, as set forth hereafter, the Developer shall provide to the Agency satisfactory evidence of the legal formation and existence of the Developer and the good standing of the Developer with the State of California (the "State") to transact business within the State, to hold title to the Property and to develop the Project, as hereinafter defined.

Section 1.04. Prohibition Against Change in Ownership, Management and Control of Developer, for Assignment of Agreement.

a. The qualifications and identities of the persons and entities comprising the Developer are of particular concern to the Agency. It is because of these qualifications and identities of the Developer that the Agency has entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement, except as expressly set forth herein.

b. Except as otherwise provided in this Agreement, the Developer shall not assign all or any part of this Agreement prior to the issuance of a Certificate of Completion applicable to all portions of the Property without the prior written approval of the Agency, which approval shall not be unreasonably withheld.

c. The Developer shall promptly notify the Agency in writing of any and all changes whatsoever in the identity of the parties either comprising or in control of the Developer of which information the Developer or any of its members, officers or shareholders has been notified or may otherwise have knowledge or information. This Agreement may be terminated by the Agency if there is any significant or material change, whether voluntary or

involuntary, in membership, ownership, management or control of the Developer (other than such changes occasioned by the death or incapacity of any individual) that has not been approved by the Agency at the time of such change, prior to issuance of a Certificate of Completion for the Property as hereinafter provided; provided, however, that: (a) the Agency shall first notify the Developer in writing of its intention to terminate this Agreement pursuant hereto, and (b) the Developer shall have twenty (20) calendar days following the date of receipt of such written notice to commence and thereafter diligently and continuously proceed with the cure of the default of the Developer hereunder, and (c) the Developer shall submit evidence of the satisfactory completion of such cure to the Agency within thirty (30) calendar days following the receipt of such written notice in a form and substance deemed satisfactory to the Agency, in its reasonable discretion.

ARTICLE II

DISPOSITION OF PROPERTY

Section 2.01. Purchase of Property. The Developer shall purchase and the Agency shall sell the Property under the terms of this Agreement, and the attachments hereto, for the purposes of facilitating the development of the Project, as hereinafter defined, on the Property by the Developer.

Section 2.02. Developer's Purchase Price. As the purchase price for the Property, the Developer shall pay on or before the Close of Escrow, as hereinafter defined, and by means of the escrow hereunder a sum equal to Seven Hundred Ninety Thousand Dollars ($790,000.00), which amount is based upon a square foot price of Six Dollars and Eighty Cents ($6.80) (the "Purchase Price").

The Developer shall deposit into Escrow on or before the Close of Escrow a promissory note (the "Promissory Note") in the principal amount of the Purchase Price less a ten percent (10%) down payment (the "Down Payment") which shall be paid cash as a condition to Close of Escrow, dated as of the Close of Escrow. The Promissory Note shall be in the form of Exhibit "C" attached hereto and incorporated herein by this reference. The Promissory Note shall be secured by a deed of trust against the Property in the form of Exhibit "D" attached hereto and incorporated herein by this reference (the "Deed of Trust"). The Deed of Trust shall be subordinate to the approved title conditions as hereinafter defined. The Agency shall subordinate the Deed of Trust to a construction loan to be secured by a construction deed of trust to be issued by GMAC, or such other lender as may be approved by the Agency in its reasonable discretion, which subordination

arrangement shall be reflected in that certain Subordination Agreement, a copy of which is attached hereto as Exhibit "E" and incorporated herein by this reference (the "Subordination Agreement").

The Promissory Note shall bear interest at a rate equal to the ten-year U.S. Treasury Bond Rate plus one point. The term of the loan will commence upon the date of Close of Escrow and shall expire at the earlier of (i) eighteen (18) months after its date of execution; or (ii) upon issuance of a Certificate of Completion for the Project, as hereinafter defined. All principal and interest shall be due and payable in full upon expiration of the term of the Note.

Section 2.03. Damages and Remedies for Agency's Failure to Convey Property. In the event that the Agency through its own action or inaction fails to convey title to the Property to the Developer pursuant to the terms of this Agreement, then that certain Deposit set forth in Section 2.04 hereof shall be returned in full to the Developer or Developer's sole remedy hereunder.

Section 2.04. Good Faith Deposit.

a. As part of the Purchase Price and not in addition thereto, the Developer shall provide to the escrow at opening a good faith cash deposit (the "Deposit") in the amount of Ten Thousand Dollars ($10,000). The Deposit shall be separate from the Down Payment, but at the Close of Escrow, the Deposit may be applied as part of the Down Payment or be returned to the Developer upon payment otherwise by the Developer of the Purchase Price. In the event that the escrow for the sale of the Property is canceled or terminated by the Agency in accordance with Section 5.06(b)(1) to (b)(4) hereof, or if the escrow is canceled because of a failure on the part of the Developer to obtain adequate financing commitments for the Project and the conditions contained in Section 2.10(b) have been otherwise satisfied or waived, then the Agency shall have the right to retain the Deposit.

b. In the event that this Agreement is terminated by the Developer at any time during the Due Diligence Period (as defined in Section 2.05 hereof) or pursuant to Section 5.06(a) of this Agreement, the Deposit shall be returned in full to the Developer.

Section 2.05. Due Diligence Inspections. As used in this Agreement "Due Diligence Period" shall mean a period commencing on the opening of escrow and expiring one hundred twenty (120) days thereafter. During the Due Diligence Period, with reasonable advance notice to the Agency, Developer, its agents and representatives, shall be entitled to enter onto the Property

during reasonable business hours to perform inspections and tests on the Property (the "Inspections"). After making such Inspections, Developer agrees to promptly restore the Property to its condition prior to the Inspections (which obligation shall survive the termination of this Agreement). Developer agrees to promptly deliver to the Agency, upon receipt of written request from the Agency, copies of all reports, studies and results of the Inspection obtained or conducted by the Developer with respect to the Property.

The Agency agrees to use best faith efforts to provide all documentation and information regarding the Property and the development potential of the Property to the Developer during the Due Diligence Period.

Developer agrees to keep the Property free from all liens and to indemnify, defend and hold harmless the Agency, its officers, directors, agents and employees and their respective successors and assigns from and against all claims, actions, losses, liabilities, damages, costs and expense (including, but not limited to, reasonable attorneys' fees and costs) incurred, suffered or claimed against the Agency by reason of any damage to the Property or injuries to persons caused by the Developer and/or its agents, employees or contractors in exercising its rights under this Section 2.05, provided, however, that Developer shall not be required to indemnify, defend or hold harmless the Agency, and shall have no liability to the Agency relating to (i) any claims, actions, losses, liabilities, damages, costs and expenses (including reasonable attorneys' fees and costs) relating to or arising out of hazardous materials (including any release or migration thereof) discovered or existing in, on or adjacent to the Property prior to the time of such Inspections; or (ii) any injury, property damage or liability relating to negligence of the Agency.

Developer may terminate this Agreement at any time prior to the end of the Due Diligence Period for any reason or no reason at all, upon written notification to the Agency and the Escrow Agent of the termination.

Section 2.06. Escrow.

a. The Agency and the Developer agree to establish an escrow for the purchase and sale of the Property at Chicago Title Company, 17330 Bear Valley Road, Victorville, CA 92395, Attention: Kerry McCall, Escrow Officer (760) 843-2753 (the "Escrow Agent"). The escrow shall be opened within five (5) days after the Agency has formally approved this Agreement.

b. The Agency and the Developer shall provide and execute such additional escrow instructions consistent with this

Agreement as shall be necessary. The Escrow Agent hereby is empowered to act under this Agreement, and, upon indicating its acceptance of this Section in writing, delivered to the Agency and the Developer, within five (5) calendar days after the establishment of the escrow, shall carry out its duties as the Escrow Agent hereunder.

c. The Agency and the Developer shall deliver to the Escrow Agent all documents necessary for the conveyance of title to the Property, to the extent provided in this Agreement, in conformity with, within the times, and in the manner provided in this Agreement.

d. The Developer shall pay one half of any escrow fees related to the transfer of the Property from the Agency to the Developer, promptly after the Escrow Agent has notified the Developer of the amount of such fees, charges and costs, but in any event, prior to closing of escrow. The Agency shall pay one half of any escrow fees and any State, County or City documentary transfer taxes.

e. The Agency, at its own cost, shall prepare, timely and properly execute, acknowledge and deliver to the Escrow Agent a grant deed conveying to the Developer title to the Property in accordance with the requirements of this Agreement.

f. The Escrow Agent shall cause a Preliminary Title Report to be prepared and issued by Chicago Title Insurance Company (the "Title Company") and shall promptly provide the Agency and the Developer with copies thereof along with legible copies of all reported title exceptions. The Agency shall pay only for that portion of the title insurance premiums attributable to a C.L.T.A. standard form policy of title insurance in an amount equal to the Purchase Price. The Developer shall pay for all other premiums for title insurance coverage or special endorsements. The Agency and the Developer must approve the Preliminary Title Report in writing as a condition precedent to close of escrow.

g. All funds received in escrow shall be deposited by the Escrow Agent in an insured account with any state or national bank doing business in the State of California, and such funds may be combined with other escrow funds of the Escrow Agent. Such funds shall draw the highest reasonable rate of interest and such interest shall accrue to the party to this Agreement who shall have made the deposit thereof with the Escrow Agent.

h. All communications from the Escrow Agent to the Agency or the Developer shall be directed to the respective parties at the addresses set forth in Section 1.03 of this Agreement for

notices, demands and communications between the Agency and the Developer.

Section 2.07. Conveyance of Title and Delivery of Possession.

a. Subject to the conditions set forth in Section 2.10 hereof and to any mutually agreed upon written extension of time or extensions otherwise authorized by this Agreement, conveyance to the Developer of title to the Property in accordance with the provisions of this Section and Section 2.09 of this Agreement shall be completed on or prior to within one hundred twenty (120) days of the opening of escrow ("Close of Escrow"). The Agency and the Developer agree to perform all acts necessary for conveyance of title to the Property, in the form and to the extent required herein, in sufficient time for title to be conveyed in accordance with this provision.

b. Possession of the Property shall be delivered to the Developer concurrently with the conveyance of title. The Developer shall accept title and possession to the Property on the date established therefor in this Section.

c. In the event that the date for Close of Escrow cannot be met due to one or more of the conditions for Close of Escrow set forth in Section 2.10 of this Agreement having not been satisfied or waived, this Agreement shall be automatically extended for an additional period of sixty (60) days to permit the satisfaction or waiver of such unsatisfied conditions, the Agency and Developer may agree to such additional extensions not to exceed an additional thirty (30) days, provided there is a reasonable likelihood that such additional time will permit the satisfaction of the unsatisfied condition or conditions. The acquisition of the Property must occur prior to March 5, 2007.

Section 2.08. Form of Deed. The Agency shall convey to the Developer title to the Property in the condition provided in Section 2.09 of this Agreement by a grant deed substantially in the form attached hereto as Exhibit "F".

Section 2.09. Condition of Title. The Title to the Property conveyed by the Agency to the Developer shall be a marketable title free and clear of encumbrances and exceptions, except for: (a) the agreements, covenants and conditions of this Agreement and the Grant Deed, (b) such pre-existing easements or rights-of-way as may be disclosed by the Preliminary Title Report and approved by the Developer and (c) real property taxes for the fiscal year in which escrow closes which constitute a lien not yet payable.

Section 2.10. Conditions for Close of Escrow.

a) The Agency's obligation to convey the Property to the Developer and the Close of Escrow shall be expressly conditioned upon satisfaction or waiver by the Agency of each of the following:

1. The Developer shall have deposited into the escrow the Purchase Price in the form of the Deposit the Down Payment and the Promissory Note and all other sums required to be deposited by it into the escrow pursuant to this Agreement;

2. The Developer shall have provided to the Agency satisfactory evidence of the legal formation and existence of (i) the Developer, and (ii) the entity that will be running business operations on the Project and such entities' good standing of the Developer with the State of California to transact business within the State, to hold title to the Property and to develop and operate the Project, as provided in Section 3.01(a) hereof; and

3. The Developer shall have received approval from the Agency of financing commitments as set forth in Section 2.17 hereof.

4. Developer shall have delivered to the Agency an executed copy of a Franchise Agreement between Saturn Corporation and Developer pertaining to the development and occupancy of the Property. A Letter of Intent from Saturn Corporation must be received by the Agency within forty five (45) days of the Opening of Escrow in order for this Agreement to remain in effect.

b) The Developer's obligation to purchase the Property from the Agency and the Close of Escrow shall be expressly conditioned upon satisfaction or waiver by the Developer of each of the following:

1. The Agency shall be able to convey good, marketable and insurable title to the Property to Developer, subject only to those exceptions as set forth in Section 2.09 of this Agreement and delivery of title insurance evidencing such title as set forth in Section 2.13 of this Agreement.

2. There shall be no moratorium in existence which would impact or inhibit the Developer's ability to develop the Property.

Section 2.11. Time and Place for Delivery of Documents to Escrow. Subject to any mutually agreed upon written extensions of time or any extensions otherwise authorized by this Agreement, the parties shall deposit with the Escrow Agent promptly at such time as such documents have been fully prepared and executed, but in no event later than five (5) calendar days before the date established for the conveyance of the Property, any and all documents including but not limited to Certificates of Non Foreign Status which are required in order for escrow to close in accordance with this Agreement. The grant deed conveying the Property from the Agency to the Developer hereunder shall be prepared by the Agency, at the Agency's expense. The legal descriptions regarding the Property will be supplied by the Agency. All other documents required to be recorded in order to permit the Close of Escrow shall be prepared by the Developer at its cost and expense.

Section 2.12. Payment of the Consideration and Recordation of the Grant Deed(s) and other Documents. Subject to the provisions of Section 2.07 and 2.10 hereof, payment of the Purchase Price shall be made by the Developer to the Escrow Agent within three (3) business days following the date that the Escrow Agent submits notice to the Developer in writing that the grant deed conveying the Property to the Developer has been delivered to the Escrow Agent, that title is in the condition to be conveyed in conformity with the provisions of this Agreement and that escrow otherwise is in a condition to close. When the parties have deposited into escrow all documents and funds as required by this Agreement and all conditions for the Close of Escrow have been satisfied, the Escrow Agent shall promptly file for recordation among the land records in the Office of the County Recorder where the Property is located: (i) the grant deed to the Property, (ii) the Deed of Trust, and (iii) this Agreement. The Escrow Agent shall thereafter promptly provide a copy of said recorded documents to both parties, shall promptly deliver the Purchase Price to the Agency and shall promptly deliver to the Developer a title insurance policy insuring title in conformity with this Agreement.

Section 2.13. Title Insurance. Concurrently with recordation of the grant deed to the Property, the Title Company shall provide and deliver to the Developer a C.L.T.A. or at Developer=s option and cost, an ALTA owners policy of title insurance issued by the Title Company insuring that the title to the Property is as required pursuant to the terms of this Agreement. The title insurance policy shall be in the amount of the Purchase Price of the Property.

Section 2.14. Taxes and Assessments. Ad valorem taxes and assessments, if any, on the Property and taxes upon this Agreement or any rights hereunder levied, assessed or imposed as to any period prior to conveyance of title through the escrow, shall be borne by the Agency.

Section 2.15. Zoning of the Property and Environmental Approvals. The Agency represents and warrants that the City's general plan and zoning ordinance permit the contemplated development, construction and operation of the Property in accordance with this Agreement, subject to the Developer obtaining any and all necessary conditional use permits required pursuant to the zoning ordinance, and further subject to the Developer obtaining any and all modifications or variances including, but not limited to, those modifications or variances necessary for height, parking, signs and any and all other matters.

The Developer shall use best efforts to cause compliance with all environmental requirements of the California Environmental Quality Act ("CEQA") applicable to this Agreement and the Project. All applicable environmental requirements pursuant to CEQA pertinent to the development of the Project shall have been completed, to the extent feasible, on or before Close of Escrow. The Developer will be responsible, at its sole cost, for causing the completion of a Negative Declaration with respect to the filing of a Site Plan for the Property. The Developer shall apply for any and all other necessary permits applicable to the Project.

Section 2.16. Condition of the Property.

a. The Property shall be conveyed in an "as is" condition with no warranty or liability, except as otherwise provided herein, express or implied on the part of the Agency as to the condition of the soil, its geology or the presence of known or unknown faults or defects.

b. It shall be the responsibility solely of the Developer, at the Developer's expense, to investigate and determine the soil and seismic conditions of the Property and its suitability for the development to be constructed thereon. It shall be the responsibility solely of the Developer, at the Developer's expense, to perform all work necessary to prepare the Property for development.

Section 2.17. Submission of Evidence of Financing Commitments.

a. Within forty five (45) days of the Opening of Escrow, the Developer shall submit to the Agency evidence reasonably satisfactory to the Agency that the Developer: (a) has

obtained sufficient equity capital and/or firm and binding commitments for land purchase financing; (b) either has obtained or can obtain, as evidenced by a letter of intent or similar instrument, sufficient equity capital and/or firm and binding commitments for construction financing; and (c) either has obtained or can obtain, as evidenced by a letter of intent or similar instrument, sufficient equity capital and/or firm and binding commitments for permanent financing; all as may be necessary for the purchase of the Property and construction of the Project on the Property in accordance with this Agreement. In lieu of the foregoing, the Developer may submit evidence to the Agency that it has sufficient funds of its own for the purposes set forth in this Section.

b. Any and all financing for the development of the Property shall be obtained from reputable, recognized and well-established financial institutions or lending sources including, but not limited to, banks, savings and loan institutions, insurance companies, real estate investment trusts, pension programs and the like. Whenever the source of financing for all or any part of the development is from other than the Developer, the Developer shall promptly submit the following to the Agency:

1. Copies of all construction and/or land purchase financing commitments received by the Developer; and

2. Proof of acceptance of each such loan commitment by the Developer and proof of payment of all up-front loan commitment fees, if any.

c. The Executive Director of the Agency or his or her designee shall approve or disapprove such documents and/or financing commitments or sources within fifteen (15) business days of receipt by the Agency of the documents and information required hereunder; provided, however, that the failure of the Executive Director or his or her designee to disapprove any of the foregoing matters in writing within said fifteen (15) business day period shall be deemed to constitute approval thereof.

d. Prior to submitting documents and evidence to the Agency as required by this Section, the Developer shall obtain approval by its lender for the Project of the form and manner of conveyance of the Property by the Agency to the Developer, as set forth in Sections 2.07, 2.08 and 2.09 hereof. In the event that said lender for the Project selected by the Developer disapproves of the form and manner of conveyance of the Property, as set forth in Sections 2.07, 2.08 and 2.09 hereof, the Developer shall in good faith use its best efforts to obtain the necessary financing for

the Project from such other lender or lenders who approve said form and manner of conveyance.

ARTICLE III

DEVELOPMENT OF THE SITE

Section 3.01. Development by Developer.

a. Scope of Development. The parties agree that the Property shall be developed as an approximately 18,000 square foot SATURN vehicle sales and service facility to be occupied by Saturn of Victorville in accordance with and within the limitations established in the Scope of Development set forth in Exhibit "B" and the Schedule of Performance set forth in Exhibit "G", both as attached hereto and incorporated herein by reference.

b. The City's zoning ordinance including, but not limited to, parking and height requirements, and the City's building requirements are applicable to the use and development of the Property pursuant to this Agreement. The Developer acknowledges that any change in the plans for development or the use of the Property as set forth in the Scope of Development shall be subject to the City's zoning ordinance and building requirements. No action by the Agency or the City with reference to this Agreement or related documents shall be deemed to constitute a waiver of any City parking, height or other requirements which are applicable to the Project or to the Developer, any successor in interest or tenant of the Developer or any tenant or successor in interest pertaining to the Property, except by modification or variance approved by the City consistent with this Agreement. The Agency shall cooperate with and shall assist the Developer in order to obtain modifications or variances from City zoning regulations necessary to develop the Project consistent with this Agreement and, in particular, with the Scope of Development, within sixty (60) calendar days following written application therefor by the Developer. Any failure by the City either to approve or disapprove any of such modifications or variances within said sixty (60) calendar day period shall constitute an enforced delay hereunder, and the Schedule of Performance, as defined hereinafter, shall be extended by that period of time beyond said sixty (60) calendar day period in which the City approves or disapproves such modifications or variances.

c. The Scope of Development set forth in Exhibit "B" is hereby approved by the Agency upon its execution of this Agreement. The Project shall be developed and completed in conformance with the approved Scope of Development and any and all other plans, specifications and similar development documents required by this

Agreement, except for such changes as may be mutually agreed upon in writing by and between the Developer and the Agency. The Agency agrees to approve preliminary and final construction plans and preliminary and final landscaping plans, if reasonably consistent with the approved Scope of Development.

d. The approval of the Scope of Development by the Agency hereunder shall not be binding upon the City Council or the Planning Commission of the City with respect to any approvals of the Project required by such other bodies. If any revisions of the Scope of Development as approved by the Agency shall be required by another government official, agency, department or bureau having jurisdiction over the development of the Property, the Developer and the Agency shall cooperate in efforts to obtain waivers of such revisions, or to obtain approvals of any such revisions which have been made by the Developer and have thereafter been approved by the Agency. The Agency shall not unreasonably withhold approval of such revisions.

e. Notwithstanding any provision to the contrary in this Agreement, the Developer agrees to accept and comply fully with any and all reasonable conditions of approval applicable to all permits and actions of governmental entities other than the Agency, affecting the Project and consistent with this Agreement.

f. The Developer shall cause landscaping plans for the Project to be prepared by a licensed landscape architect acceptable to the Developer and the Agency. The Developer shall prepare and submit to the Agency for its approval, preliminary and final landscaping plans for the Property. These plans shall be prepared, submitted and approved within the times respectively established therefor in the Schedule of Performance as shown on Exhibit "G" attached hereto and incorporated herein by reference and shall be consistent with the Scope of Development. The Developer shall prepare and submit development plans, construction drawings and related documents for the development of the Property consistent with the Scope of Development to the City and the Agency for review (including, but not limited to, architectural review of the exterior of structures); provided, however, that the Agency shall not have the right or responsibility to approve development plans, construction drawings or related documents for purposes of the issuance of a building permit or otherwise on behalf of the City, but shall only have the right of review and approval of such plans, drawings and documents for purposes of: (a) architecture and design of structures and the overall development of the Project, and (b) conformity of such plans, drawings and documents with the terms and conditions of this Agreement. The development plans, construction drawings and related documents shall be submitted in two stages -- preliminary and final drawings (i.e., working drawings), plans and specifications. Final drawings, plans and specifications are

hereby defined as those which contain sufficient detail necessary to obtain a building permit from the City. Any such items submitted to and approved in writing by the Agency shall not be subject to subsequent disapproval by the Agency, and any such Agency approval shall not be unreasonably withheld.

g. During the preparation of all drawings and plans for the Project and during the construction of the Project, the Agency Staff and the Developer shall hold regular progress meetings to coordinate the preparation by the Developer, and the submission to and review by the City and the Agency of construction plans and related documents. The Agency Staff and the Developer shall communicate and consult informally as frequently as is necessary to ensure that any such plans and related documents submitted by the Developer to the City and the Agency can receive prompt and speedy consideration.

h. The Agency shall have the right of reasonable architectural review and approval of building exteriors and design of the Project. The Agency shall also have the right to review all plans, drawings and related documents pertinent to the development of the Property, including but not limited to, any monuments, signs and related advertising applicable to the Property, in order to ensure that they are consistent with this Agreement and with the Scope of Development set forth in Exhibit AB".

i. The Developer shall timely submit to the City for its review and approval any and all plans, drawings and related documents pertinent to the development of the Property, as required by the City. The Agency shall cooperate with and shall assist the Developer in order for the Developer to obtain the approval of any and all development plans, construction drawings and related documents submitted by the Developer to the City consistent with this Agreement within thirty (30) calendar days following the City's receipt of said plans. Any failure by the City to approve any of such plans or to issue necessary permits for the development of the Property within said thirty (30) calendar day period shall constitute an enforced delay hereunder, and the Schedule of Performance shall be extended by that period of time beyond said thirty (30) calendar day period in which the City approves said plans; provided, however, that in the event that the City disapproves of any of such plans, the Developer shall within thirty (30) calendar days after receipt of such disapproval revise and resubmit such plans in accordance with the City's requirements and in such form and substance so as to obtain the City's approval thereof.

j. The Agency shall in good faith use its best efforts to cause the City to approve in a timely fashion any and all plans, drawings and documents submitted by the Developer hereunder and to cause the City not to impose new conditions inconsistent with: (a) prior plans, drawings and documents approved by the City or (b) the Scope of Development.

k. The Agency shall approve any modified or revised plans, drawings and related documents to which reference is made in this Agreement within the times established in the Schedule of Performance as long as such plans, drawings and related documents are generally consistent with the Scope of Development and any other plans which have been approved by the Agency. Upon any disapproval of plans, drawings or related documents, the Agency shall state in writing the reasons for such disapproval. The Developer, upon receipt of notice of any disapproval, shall promptly revise such disapproved portions of the plans, drawings or related documents in a manner that addresses the reasons for disapproval and reasonably meets the requirements of the Agency in order to obtain the Agency's approval thereof. The Developer shall resubmit such revised plans, drawings and related documents to the Agency as soon as possible after its receipt of the notice of disapproval and, in any event, no later than thirty (30) calendar days thereafter. The Agency shall approve or disapprove such revised plans, drawings and related documents in the same manner and within the same times as provided in this Section for approval or disapproval of plans, drawings and related documents initially submitted to the Agency.

l. If the Developer desires to make any change in the final construction drawings, plans and specifications and related documents after their approval by the Agency and/or the City, the Developer shall submit the proposed change in writing to the Agency and/or the City for approval. The Agency shall notify the Developer of approval or disapproval thereof in writing within thirty (30) calendar days after submission to the Agency. This thirty (30) calendar day period may be extended by mutual consent of the Developer and the Agency. Any such change shall, in any event, be deemed to be approved by the Agency unless rejected, in whole or in part, by written notice thereof submitted by the Agency to the Developer, setting forth in detail the reasons therefor, and such rejection shall be made within said thirty (30) calendar day period unless extended as permitted herein. The Agency shall use its best efforts to cause the City to review and approve or disapprove any such change as provided in Section 3.01(b) hereof.

m. The Developer, upon receipt of a notice of disapproval by the Agency and/or the City, may revise such portions of the proposed change in construction drawings, plans and specifications and related documents as are rejected and shall

thereafter resubmit such revisions to the Agency and/or the City for approval in the manner provided in Section 3.01(b) hereof.

n. The Developer shall have the right during the course of construction to make changes in construction concerning the interior of structures and "minor field changes" without seeking the approval of the Agency; provided, however, that such changes do not affect the type of use to be conducted within all or any portion of a structure. Said "minor field changes" shall be defined as those changes from the approved final construction drawings, plans and specifications which have no substantial effect on the improvements and are made in order to expedite the work of construction in response to field conditions. Nothing contained in this Section shall be deemed to constitute a waiver of or change in the City's Building Code requirements governing such "minor field changes" or in any and all approvals by the City otherwise required for such "minor field changes."

o. The costs of developing the Property and of constructing all improvements thereon as set forth in the Scope of Development shall be borne by the Developer.

p. The Developer shall at its expense cause to be prepared, and shall pay any and all fees pertaining to the review and approval thereof by the City, all required construction, planning and other documents reasonably required by governmental bodies pertinent to the development of the Property hereunder including, but not limited to, specifications, drawings, plans, maps, permit applications, land use applications, zoning applications and design review documents, and any documents prepared pursuant to CEQA in connection with the approval of a Negative Declaration for the filing of the Site Plan and shall cause the preparation by consultants selected or approved by the Agency and/or the City, at the cost and expense solely of the Developer, any and all documents required pursuant to CEQA for any change in the Scope of Development applicable to the Project.

q. The Developer shall pay for any and all costs concerning the design, construction, relocation and securing of permits for utility improvements and connections, including sewers and sewer lines, power lines and poles, water lines, gas lines, cable lines and related vaults, storm drains and vaults, traffic access ways, lighting poles and standards, handicapped access ramps, construction of tree wells and planting of trees. The Developer shall obtain any and all necessary approvals prior to the commencement of applicable portions of said construction, and the Developer shall take reasonable precautions to ensure the safety and stability of surrounding properties during said construction.

r. The Developer shall begin and complete all construction and development and undertake all obligations and responsibilities of the Developer within the times specified in the Schedule of Performance shown in Exhibit "G" attached hereto, or within such reasonable extensions of such times as may be granted by the Agency or as otherwise provided for in this Agreement. The Schedule of Performance shall be subject to revision from time to time as mutually agreed upon in writing by and between the Developer and the Agency. Any and all deadlines for performance by the parties shall be extended for any times attributable to delays which are not the fault of the performing party and are caused by the other party, other than periods for review and approval or reasonable disapprovals of plans, drawings and related documents, specifications or applications for permits as provided in this Agreement.

s. Prior to and during the period of construction of the Project, the Developer shall submit to the Agency written progress reports when and as reasonably requested by the Agency but in no event more frequently than every two (2) weeks. The reports shall be in such form and detail as may reasonably be required by the Agency, and shall include a reasonable number of construction photographs taken since the last such report submitted by the Developer.

t. Prior to the commencement of construction on the Property, the Developer shall furnish, or shall cause to be furnished, to the Agency duplicate originals or appropriate certificates of public indemnity and liability insurance in the amount of One Million Dollars ($1,000,000.00) combined single limit, naming the Agency and the City as additional insureds. Said insurance shall cover comprehensive general liability including, but not limited to, contractual liability; acts of subcontractors; premises-operations; explosion, collapse and underground hazards, if applicable; broad form property damage, and personal injury including libel, slander and false arrest. In addition, the Developer shall provide to the Agency adequate proof of comprehensive automobile liability insurance covering owned, non-owned and hired vehicles, combined single limit in the amount of One Million Dollars ($1,000,000.00) each occurrence; and proof of workers' compensation insurance. Any and all insurance policies required hereunder shall be obtained from insurance companies admitted in the State of California and rated at least B+: XII in Best's Insurance Guide. All said insurance policies shall provide that they may not be canceled unless the Agency and the City receive written notice of cancellation at least thirty (30) calendar days prior to the effective date of cancellation. Any and all insurance obtained by the Developer hereunder shall be primary to any and all insurance which the Agency and/or City may otherwise carry, including self insurance, which for all purposes of this

Agreement shall be separate and apart from the requirements of this Agreement. Any insurance policies governing the Property as obtained by the Agency shall not be transferred from the Agency to the Developer. Appropriate insurance means those insurance policies approved by the Agency Counsel consistent with the foregoing. Any and all insurance required hereunder shall be maintained and kept in force until the Agency has issued the Certificate of Completion for the Property.

u. The Developer for itself and its successors and assigns agrees that in the construction of the improvements on the Property provided for in this Agreement, the Developer will not discriminate against any employee or applicant for employment because of sex, marital status, race, color, religion, creed, national origin, or ancestry.

v. The Developer shall carry out its construction of the improvements on and off the Property in conformity with all applicable laws, including all applicable federal and state labor standards and requirements.

w. Before commencement of construction and development of any buildings, structures or other work or improvements upon the Property, the Developer shall, at its own expense, secure or shall cause to be secured, any and all permits which may be required for such construction, development or work by the City or any other governmental agency having jurisdiction thereof. The Agency shall cooperate in good faith with the Developer in the Developer's efforts to obtain from the City or any other appropriate governmental agency any and all such permits and, upon completion of applicable portions of the Project, certificates of occupancy.

x. Officers, employees, agents or representatives of the Agency and the City shall have the right of reasonable access to the Property, without the payment of charges or fees, during normal construction hours during the period of construction of the Project for the purposes of this Agreement including, but not limited to, the inspection of the work being performed in constructing the Project. The Agency and City shall, to the extent reasonable under the circumstances, provide twenty-four (24) hours notice prior to such access. Such officers, employees, agents or representatives of the Agency and/or the City shall be those persons who are so identified by the Executive Director. Any and all officers, employees, agents or representatives of the Agency and the City who enter the Property pursuant hereto shall identify themselves at the job site office upon their entrance on to the Property and shall at all times be accompanied by a representative of the Developer while on the Property; provided, however, that the Developer shall make a representative of the Developer available for this purpose at all times during normal construction hours upon

reasonable notice from the Agency. The Agency shall indemnify and hold the Developer harmless from injury, property damage or liability arising out of the exercise by the Agency and/or the City of this right of access, other than injury, property damage or liability relating to the negligence of the Developer or its officers, agents or employees.

Section 3.02. Responsibility of the Agency. The Agency, without any expense of the Developer therefor and without the creation of the assessments or claims against the Property as a result thereof, shall perform the work specified for the Agency to perform, if any, and shall assume the other obligations imposed on the Agency, if any, as set forth in the Scope of Development.

Section 3.03. Taxes, Assessments, Encumbrances and Liens. The Developer shall pay prior to the delinquency all real property taxes and assessments assessed and levied on or against the Property subsequent to the close of the escrow and the conveyance to the Developer of title to the Property hereunder. The Developer shall not place and shall not allow to be placed on the Property any mortgage, trust deed, deed of trust, encumbrance or lien not otherwise authorized by this Agreement. The Developer shall remove, or shall have removed, any levy or attachment made on the Property such as a materialmans claim, or shall assure the satisfaction thereof, within a reasonable time but in any event prior to a sale of the Property by the Agency to the Developer, or any portion thereof, thereunder. Nothing herein contained shall be deemed to prohibit the Developer from contesting the validity or amounts of any tax assessment, encumbrance or lien, nor to limit the remedies available to the Developer in respect thereto. The covenants of the Developer set forth in this Section relating to the placement of any unauthorized mortgage, trust deed, deed of trust, encumbrance or lien, shall remain in effect only until all Certificates of Completion have been recorded with respect to the Property.

Section 3.04. Prohibition Against Transfer.

a. Prior to the recordation of all Certificates of Completion with respect to the Property as set forth in Section 3.07 of this Agreement, the Developer shall not, without prior written approval of the Agency, or except as permitted by this Agreement, (i) assign or attempt to assign this Agreement or any right herein or (ii) make any total or partial sale, transfer, conveyance, lease, leaseback, or assignment of the whole or any part of the Property or the improvements thereon. This prohibition shall not apply to any of the following: (i) the reasonable grant of limited easements or permits to facilitate the development of the Property; (ii) leases, other than ground leases, to prospective tenants whose use of the Property is in conformity with the Community Redevelopment Law and all applicable zoning laws or ordinances.

b. It is understood and agreed by the Developer that neither the Developer, nor its assigns or successors in interest to the Property or this Agreement, shall use or otherwise sell, transfer, convey, assign, lease, leaseback or hypothecate the Property or any portion thereof to any entity or party, or for any use of the Property, that is partially or wholly exempt from the payment of real property taxes pertinent to the Property, or any portion thereof, or which would cause the exemption of the payment of all or any portion of such real property taxes.

c. In the absence of specific written agreement or approval by the Agency, no unauthorized sale, transfer, conveyance, lease, leaseback or assignment of the Property shall be deemed to relieve the Developer or any other party from any obligations under this Agreement. This condition shall remain in effect for a period of ten (10) years from the date of completion of the Project.

Section 3.05. Security Financing; Right of Holders.

a. Notwithstanding any provision set forth in Section 3.04 hereof to the contrary, mortgages, deeds of trust, or any other form of lien required for any reasonable method of financing are permitted before the recordation of the Certificate of Completion (referred to in Section 3.07 of this Agreement), but only for the purpose of securing loans of funds to be used for financing the acquisition of the Property, and any other expenditures necessary and appropriate to develop the Property under this Agreement. The Developer shall notify the Agency in writing in advance of any mortgage, deed of trust, or other form of lien for financing if the Developer proposes to enter into the same before the recordation of the Certificate of Completion. The Developer shall not enter into any such conveyance for financing without prior written approval of the Agency, which approval the

Agency agrees to grant if any such conveyance is given to a responsible financial or lending institution including, without limitation, banks, savings and loan institutions, insurance companies, real estate investment trusts, pension programs and the like, or other acceptable persons or entities. Such lender shall be deemed approved unless rejected in writing by the Agency within seven (7) calendar days following its receipt of notice from the Developer, subject to written extension or shortening of time signed by both parties. Any lender approved by the Agency pursuant to this Section shall not be bound by any amendment, implementation agreement or modification to this Agreement occurring after recordation of said lender's lien.

b. In any event, the Developer shall promptly notify the Agency of any mortgage, deed of trust or other refinancing, encumbrance or lien that has been created or attached thereto prior to completion of the construction of the improvements on the Property whether by voluntary act of the Developer or otherwise; provided, however, that no notice of filing of preliminary notices or mechanic's liens need be given by the Developer to the Agency prior to suit being filed to foreclose such mechanic's lien.

c. The words "mortgage" and "deed of trust" as used herein shall be deemed to include all other customary and appropriate modes of financing real estate acquisition, construction and land development. The Agency agrees to make such amendments regarding the rights of any lender as the approved lender shall reasonably require.

d. The holder of any mortgage, deed of trust or other security interest authorized by this Agreement shall in no manner be obligated by the provisions of this Agreement to construct or complete the improvements or to guarantee such construction or completion; nor shall any covenant or any other provision in the grant deed for the Property be construed so to obligate such holder. Nothing in this Agreement shall be deemed to permit or authorize any such holder to devote the Property to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

e. Whenever the Agency shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer in the completion of construction of the improvements, or any breach or default of any other obligations which might entitle the Agency to terminate this Agreement or exercise its right to re-enter under Section 5.07 hereof, the Agency shall at the same time deliver to each holder of record of any mortgage, deed of trust or other security interest authorized by this Agreement a copy of such notice or demand. Each such holder shall (insofar as the rights of the Agency are concerned)

have the right, at its option, to commence the cure or remedy of any such default and to diligently and continuously proceed with such cure or remedy, within ninety (90) calendar days after the receipt of the notice; and to add the cost thereof to the security interest debt and the lien of its security interest. If such default shall be a default which can only be remedied or cured by such holder upon obtaining possession, such holder shall seek to obtain possession with diligence and continuity through a receiver or otherwise, and shall remedy or cure such default within sixty (60) calendar days after obtaining possession; provided that in the case of a default which cannot with diligence be remedied or cured, or the remedy or cure of which cannot be commenced, within such sixty (60) calendar day period, such holder shall have such additional time as is reasonably necessary to remedy or cure such default of the Developer. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the improvements (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations 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 and must submit evidence satisfactory to the Agency that it has the qualifications and financial responsibility necessary to perform such obligations. Any such holder completing such improvements in accordance herewith shall be entitled, upon written request made to the Agency, to be issued a Certificate of Completion by the Agency.

f. In any case where, one hundred eighty (180) calendar days after default by the Developer in the completion of construction of improvements under this Agreement, the holder of any mortgage, deed of trust or other security interest creating a lien or encumbrance upon the Property or any portion thereof has not exercised the option to construct the applicable portions of the Project, or has exercised the option but has not proceeded diligently and continuously with construction, the Agency may purchase the mortgage, deed of trust or other security interest by payment to the holder of the amount of the unpaid debt, including principal, accrued and unpaid interest, late charges, costs, expenses and other amounts payable to the holder by the Developer under the loan documents between holder and the Developer. If the ownership of the Property 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:

1. The unpaid mortgage, deed of trust or other security interest debt, including principal, accrued and unpaid interest, late charges, costs,

expenses and other amounts payable to the holder by the Developer under the loan documents between the holder and the Developer, 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.)

2. All expenses, if any, incurred by the holder with respect to foreclosure.

3. The net expenses, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent ownership or management of the Property, such as insurance premiums and real estate taxes.

4. The cost of any improvements made by such holder.

5. An amount equivalent to the interest that would have accrued on the aggregate on 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.

6. After expiration of the aforesaid one hundred eighty (180) calendar day period, the holder of any mortgage, deed of trust or other security affected by the option created by this Section, may demand, in writing, that the Agency act pursuant to the option granted hereby. If the Agency fails to exercise the right herein granted within ninety (90) calendar days from the date of such written demand, the Agency shall be conclusively deemed to have waived such right of purchase of the applicable portion of the Property or the mortgage, deed of trust or other security interest.

g. In the event of a default or breach by the Developer of a mortgage, deed of trust or other security interest with respect to the Property (or any portion thereof) prior to the issuance of a Certificate of Completion for the applicable portion or portions of the Property, and the holder has not exercised its option to complete the development, the Agency may cure the default prior to completion of any foreclosure. In such event, the Agency shall be entitled to reimbursement from the Developer of all costs and expenses incurred by the Agency in curing the default. The Agency shall also be deemed to have a lien upon the Property (or any portion thereof) to the extent of such costs and disbursements. Any such lien shall be subordinate and subject to mortgages, deeds

of trust or other security instruments executed for the sole purpose of obtaining funds to purchase and develop the Property as authorized herein.

Section 3.06. Right of the Agency to Satisfy Other Liens on the Property after Conveyance of Title. After the conveyance of title to the Property by the Agency to the Developer and prior to the recordation of the Certificate of Completion (referred to in Section 3.07 of this Agreement), and after the Developer has had a reasonable time to challenge, cure or satisfy any unauthorized liens or encumbrances on the Property, the Agency shall after sixty (60) calendar days prior written notice to the Developer have the right to satisfy any such liens or encumbrances; provided, however, that nothing in this Agreement shall require the Developer to pay or make provisions for the payment of any tax, assessment, lien or charge so long as the Developer in good faith shall contest the validity or amount thereof, and so long as such delay in payment shall not subject the Property, or any portion thereof, to forfeiture or sale.

Section 3.07. Certificate of Completion.

a. Following the written request therefor by the Developer and the completion of construction and development of the improvements, excluding any normal and customary tenant improvements and minor building "punch-list" items, to be completed by the Developer upon the Property, the Agency shall furnish the Developer with a Certificate of Completion for the Property, substantially in the form in Exhibit "H" attached hereto. Notwithstanding any provision set forth herein to the contrary, the completion of construction and development of improvements on the Property shall be deemed to include the completion of construction and development of any and all buildings on said Property and any and all parking, landscaping and related improvements necessary to support or which meet the requirements applicable to the building and its use and occupancy on said Property.

b. The Agency shall not unreasonably withhold the issuance of such Certificate of Completion. The Certificate of Completion shall be, and shall so state, that it is a conclusive determination of satisfactory completion of all of the obligations of this Agreement with respect to the development of the Property. After the recordation of the Certificate of Completion, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Property shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement, except that such party shall be bound by any covenants contained in the grant deed, lease or other instrument of transfer which grant deed, lease or other instrument of transfer shall include the provisions of Section 4.01 through

4.05, inclusive, of this Agreement. Neither the Agency nor any other person, after the recordation of the Certificate of Completion, shall have any rights remedies or controls that it would otherwise have or be entitled to exercise under this Agreement with respect to the Property, as a result of a default in or breach of any provision of this Agreement, and the respective rights and obligations of the parties shall be limited to those set forth in the grant deed.

c. The Certificate of Completion shall be in such form as to permit it to be recorded in the Recorder's Office of the County where the Property is located.

d. If the Agency refuses or fails to furnish a Certificate of Completion for the Property after written request from the Developer, the Agency shall, within fifteen (15) calendar days of the written request or within three (3) calendar days after the next regular meeting of the Agency, whichever date occurs later, provide to the Developer a written statement setting forth the reasons with respect to the Agency's refusal or failure to furnish a Certificate of Completion. The statement shall also contain the Agency's opinion of the action the Developer must take to obtain a Certificate of Completion. If the reason for such refusal is confined to the immediate unavailability of specific items or materials for construction or landscaping at a price reasonably acceptable to the Developer or other minor building "punch-list" items, the Agency will issue its Certificate of Completion upon the posting of a bond or irrevocable letter of credit, reasonably approved as to form and substance by the Agency Counsel and obtained by the Developer in an amount representing a fair value of the work not yet completed as reasonably determined by the Agency. If the Agency shall have failed to provide such written statement within the foregoing period, the Developer shall be deemed conclusively and without further action of the Agency to have satisfied the requirements of this Agreement with respect to the applicable portion of the Property as if a Certificate of Completion had been issued therefor.

e. Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage, or any insurer of a mortgage securing money loaned to finance the improvements described herein, or any part thereof. Such Certificate of Completion shall not be deemed to constitute a notice of completion as referred to in Section 3093 of the California Civil Code, nor shall it act to terminate the continuing covenants or conditions subsequent contained in the Grant Deed attached hereto as Exhibit "F".

ARTICLE IV

USE OF THE SITE

Section 4.01. Uses. The Developer covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property, or any part thereof, that upon completion of construction, Developer shall cause to be opened on the Property a fully fixtured and inventoried automobile dealership facility to be opened and operated as a fully inventoried Saturn Motor Cars new car dealership. Only new auto franchise operations may occur on the Property.

It is understood and agreed by the Developer that neither the Developer, nor its assigns or successors in interest to the Property or this Agreement, shall use or otherwise sell, transfer, convey, assign, lease, leaseback or hypothecate the Property or any portion thereof to any entity or party, or for any use of the Property, that is partially or wholly exempt from the payment of real property taxes pertinent to the Property, or any portion thereof, or which would cause the exemption of the payment of all or any portion of such real property taxes.

The parties agree that upon completion of the Project, the Property will have an assessed valuation equal to Four Million Dollars ($4,000,000.00) (the "Threshold Amount"). For the duration of the Redevelopment Plan, the Developer agrees that it shall not challenge or appeal any real property assessed valuation amount for the Property established by the County of San Bernardino which would result in an Assessed Valuation that is less than the Threshold Amount.

The Developer estimates that when open and fully operational, the Project will result in the creation of at least thirty five (35) new jobs. The Developer shall use its best efforts to create at least said thirty five (35) new jobs; provided, however, that Agency acknowledges and agrees that the actual number of new jobs created may be greater or less than said number and that said number is only the Developer=s best estimate of the approximate number of new jobs likely to be created.

Section 4.02. Maintenance of the Property. The Developer covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property, or any part thereof, that the Developer, such successors and such assigns shall maintain in good condition the improvements on the Property, shall keep the Property free from any accumulation of debris or waste material, subject to normal construction job-site conditions, and shall maintain in a neat, orderly, healthy and good condition the landscaping required to be planted in accordance with the Scope

of Development. In the event the Developer, or its successors or assigns, fails to perform the maintenance as required herein, the Agency and/or the City shall have the right, but not the obligation, to enter the Property and undertake, such maintenance activities. In such event, the Developer shall reimburse the Agency and/or City for all reasonable sums incurred by it for such maintenance activities.

Section 4.03. Obligation to Refrain from Discrimination. The Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property; nor shall the 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, sublessee or vendees of the Property.

Section 4.04. Form of Nondiscrimination and Nonsegregation Clauses. The Developer covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property, or any part thereof, that the Developer, such successors and such assigns shall refrain from restricting the sale, lease, sublease, rental, transfer, use, occupancy, tenure or enjoyment of the Property (or any part thereof) on the basis of sex, marital status, race, color, religion, creed, ancestry or national origin of any person. All deeds, leases or contracts pertaining thereto shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

a. In deeds: "The grantee herein covenants by and for itself, its successors 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, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee 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, sublessee, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

b. In leases: "The Lessee herein covenants by and for itself, its successors and assigns, and all persons claiming under

or through them, and this lease is made and accepted upon and subject to the following conditions: 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, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee 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, sublessee, subtenants, or vendees in the premises herein leased."

c. In contracts: "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, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed or leased, nor shall the transferee 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, sublessees, subtenants, or vendees of the premises herein transferred." The foregoing provision shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the instrument.

Section 4.05. Effect and Duration of Covenants. The covenants established against discrimination shall remain in effect in perpetuity. The covenants respecting uses of the Property shall remain in effect from the date of the Grant Deed until that date which is ten (10) years following the date of the Grant Deed. Said covenants shall run with the land and shall constitute equitable servitudes thereon, and 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.

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 rights and for the purposes of protecting the interests of the community. The Agency shall have the right, if such covenants are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or such other proper proceedings to enforce the curing of such breaches to which it or any other beneficiary of such covenants may be entitled, including, without limitation, to specific performance, damages and injunctive relief. The Agency shall have the right to assign all of its rights and benefits hereunder to the City.

ARTICLE V

DEFAULTS, REMEDIES AND TERMINATION

Section 5.01. Defaults - General.

a. Subject to the extensions of time set forth in Section 6.05 hereof, failure or delay by either party to perform any term or provision of this Agreement shall constitute a default under this Agreement; provided, however, that if a party otherwise in default commences to cure, correct or remedy such default within thirty (30) calendar days after receipt of written notice specifying such default and shall diligently and continuously prosecute such cure, correction or remedy to completion (and where any time limits for the completion of such cure, correction or remedy are specifically set forth in this Agreement, then within said time limits), such party shall not be deemed to be in default hereunder.

b. The injured party shall give written notice of default to the party in default, specifying the default complained of by the nondefaulting party. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

c. Any failure 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. Delays by either party in asserting any of its rights and remedies shall not deprive either 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.

Section 5.02. Legal Actions.

a. In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purposes of this Agreement. Such legal actions must be instituted in the Superior Court of the County of San Bernardino, State of California, in any other appropriate court in that County, or in the Federal District Court in the Eastern District of California.

b. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

c. 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 or

Chairman or the Agency, or in such other manner as may be provided by law.

d. In the event that any legal action is commenced by the Agency against the Developer, service of process on the Developer shall be made by personal service on Lou Gonzales (or such other Agent for service of process and at such address as may be specified in written notice to the Agency), or in such other manner as may be provided by law, and shall be valid whether made within or without the State of California.

Section 5.03. Rights and Remedies are Cumulative. Except with respect to any rights and remedies expressly declared to be exclusive 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.

Section 5.04. Damages. If either party defaults with regard to any provision of this Agreement, the nondefaulting party shall serve written notice of such default upon the defaulting party. If the defaulting party does not diligently commence to cure such default within thirty (30) calendar days after service of the notice of default and promptly complete the cure of such default within a reasonable time, not to exceed ninety (90) calendar days (or such shorter period as may otherwise be specified in this Agreement for any specific default), after the service of written notice of such default, the defaulting party shall be liable to the other party for damages caused by such default.

Section 5.05. Specific Performance. If either party defaults under any of the provisions of this Agreement, the nondefaulting party shall serve written notice of such default upon such defaulting party. If the defaulting party does not commence to cure the default and diligently and continuously proceed with such cure within thirty (30) calendar days after service of the notice of default, and such default is not cured within a reasonable time thereafter (and where any time limits for the completion of such cure, correction or remedy are specifically set forth in this Agreement, then within said time limits), the nondefaulting party, at its option, may institute an action for specific performance of the terms of this Agreement, except as otherwise provided in Section 5.04 hereof.

Section 5.06. Rights and Remedies of Termination.

a. Termination by the Developer.

The Developer may terminate this Agreement if the Agency does not tender conveyance of title to and possession of the Property to the Developer in the manner and condition and by the date provided in this Agreement (or any and all extensions thereof as authorized by this Agreement), and if any such failure is not cured within thirty (30) calendar days after written demand therefor submitted by the Developer to the Agency. Such written demand shall specify the Agency's default and the action required to cure same. Developer may also terminate this Agreement if one or more of the conditions set forth in Section 2.10(b) of this Agreement have not been satisfied or otherwise waived by Developer by the date set for Close of Escrow, such termination to be effective thirty (30) calendar days after receipt by Agency of written notice from Developer specifying the one or more conditions set forth in Section 2.10(b) which have not been satisfied or waived by Developer. In the event of such termination by the Developer, the Deposit described in Section 2.04 hereof shall be returned to the Developer.

b. Termination by the Agency.

1. Notwithstanding any provision set forth in this Agreement to the contrary, upon written notice of default which shall specify the Developer's default and the action required to cure same and upon thirty (30) calendar days notice to the Developer of the Agency's intent to terminate this Agreement pursuant to this Section, the Agency at its option may terminate this Agreement if following satisfaction of all conditions precedent for conveyance of the Property by the Agency to the Developer and at the time the Developer is required to deposit into escrow the Promissory Note and the Deposit, the Developer has not in fact done so.

2. Subject to written notice of default which shall specify the Developer's default and the action required to cure same and upon thirty (30) calendar days notice to the Developer of the Agency's intent to terminate this Agreement pursuant to this Section, the Agency at its option may terminate this Agreement if the Developer in breach of this Agreement assigns or attempts to assign this Agreement, or any right therein, or attempts to make any total or partial sale, lease or leaseback, transfer or conveyance of the whole or any part of

the Property or the improvements to be developed thereon in violation of the terms of this Agreement, and the Developer does not correct such violation within thirty (30) calendar days from the date of receipt of such notice.

3. Subject to written notice of default, which shall specify the Developer's default and the action required to cure same and upon thirty (30) calendar days notice to the Developer of the Agency's intent to terminate this Agreement pursuant to this Section, the Agency at its option may terminate this Agreement if the Developer: (a) does not within the time limits set forth in this Agreement or as specifically provided in the Schedule of Performance, subject to extensions authorized by this Agreement due to force majeure or otherwise, submit development plans, construction drawings and related documents acceptable to the Planning Department and Building Division of the City for plan check purposes and in order to obtain building permits for the Project, together with applicable fees therefor, all prepared to the minimum acceptable standards as required by the Planning Department and Building Division of the City for commencement of formal review of such documents and as required by this Agreement, or (b) does not carry out its other responsibilities under this Agreement or in accordance with any modification or variance, precise plan, design review and other environmental or governmental approvals and such default is not cured or the Developer does not commence and diligently and continuously proceed with such cure within thirty (30) calendar days after the date of receipt of written demand therefor from the Agency.

4. Subject to written notice of default which shall specify the Developer's default and the action required to cure same and upon thirty (30) calendar days notice to the Developer of the Agency's intent to terminate this Agreement pursuant to this Section, the Agency at its option may terminate this Agreement if upon satisfaction of all conditions precedent and concurrent therefor under this Agreement, the Developer does not take title to the Property under tender of conveyance by the Agency, and such breach is not cured within thirty (30) calendar days after the date of receipt by the

Developer of written demand therefor from the Agency.

Section 5.07. Right to Reenter, Repossess, Terminate and Revest.

a. The Agency shall, upon thirty (30) calendar days notice to the Developer which notice shall specify this Section, have the right, at its option, to re-enter and take possession of all or any portion of the Property, together with all improvements thereon, and to terminate and revest in the Agency the estate conveyed to the Developer hereunder, if after conveyance of title, the Developer (or its successors in interest) shall:

1. Fail to commence construction of all or any portion of the improvements as required by this Agreement for a period of ninety (90) calendar days after written notice to proceed from the Agency; provided that the Developer shall not have obtained an extension or postponement to which the Developer may be entitled pursuant to Section 6.05 hereof; or

2. Abandon or substantially suspend construction of all or any portion of the improvements for a period of ninety (90) calendar days after written notice of such abandonment or suspension from the Agency; provided that the Developer shall not have obtained an extension or postponement to which the Developer may be entitled to pursuant to Section 6.05 hereof; or

3. Assign or attempt to assign this Agreement, or any rights herein, or transfer, or suffer any involuntary transfer, of the Property or any part thereof, in violation of this Agreement, and such violation shall not have been cured within thirty (30) calendar days after the date of receipt of written notice thereof from the Agency to the Developer.

b. The thirty (30) calendar day written notice specified in this Section shall specify that the Agency proposes to take action pursuant to this Section and shall specify which of the Developer's obligations set forth in Subsections (1) through (3) herein have been breached. The Agency shall proceed with its remedy set forth herein only in the event that the Developer continues in default of said obligation(s) for a period of thirty (30) calendar days following such notice or, upon commencing to cure such default, fails to diligently and continuously prosecute said cure to satisfactory conclusion.

c. The right of the Agency to reenter, repossess, terminate, and revest shall be subject and subordinate to, shall be limited by and shall not defeat, render invalid or limit:

1. Any mortgage, deed of trust or other security interest permitted by this Agreement;

2. Any rights or interests provided in this Agreement for the protection of the holders of such mortgages, deeds of trust or other security interests;

3. Any leases, declarations of covenants, conditions and restrictions, easement agreements or other recorded documents applicable to the Property.

d. The grant deed or ground lease to any portion of the Property conveyed or leased by the Developer to another party shall contain appropriate references and provisions to give effect to the Agency's right, as set forth in this Section under specified circumstances prior to the recordation of the Certificate of Completion, to reenter and take possession of such parcel, or any part thereof, with all improvements thereon, and to terminate and revest in the Agency the estate conveyed to the Developer.

e. Upon the revesting in the Agency of title to the Property, or any part thereof, as provided in this Section, the Agency shall, pursuant to its responsibilities under State law, use its best efforts to resell the Property, or any part thereof, at fair market value as soon and in such manner as the Agency shall find feasible and consistent with the objectives of such law, to a qualified and responsible party or parties (as determined by the Agency) who will assume the obligations of making or completing the improvements, or such other improvements in their stead as shall be satisfactory to the Agency and in accordance with the uses specified for the Property, or any part thereof. Upon such resale of the Property, or any part thereof, the proceeds thereof shall be applied:

1. First, to make any payment made or necessary to be made to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations incurred with respect to the making or completion of the agreed improvements or any part thereof on the Property, or part thereof; next to reimburse the Agency on its own behalf or on behalf of the City for all actual costs and expenses incurred by the Agency and the City, including but not limited to customary and

reasonable fees or salaries to third party personnel engaged in such action (but excluding the Agency's or the City's general overhead expense), in connection with the recapture, management and resale of the Property or part thereof; all taxes, assessments and water and sewer charges paid by the City and/or the Agency with respect to the Property or part thereof; any amounts otherwise owing to the Agency by the Developer and its successor transferee; and

2. Second, to the extent that any and all funds which are proceeds from such resale are thereafter available, to reimburse the Developer, or its successor transferee, up to the amount equal to the sum of: (1) the Purchase Price paid by the Developer for the Property (or allocable to the applicable part thereof); and (2) the costs incurred for the development of the Property, or applicable part thereof, or for the construction of the improvements thereon including, but not limited to, costs of carry, taxes and items set forth in the Developer's cost statement which shall be submitted to and approved by the Agency.

3. Any balance remaining after the foregoing application of proceeds shall be retained by the Agency.

ARTICLE VI

GENERAL PROVISIONS

Section 6.01. Notices, Demands and Communications Between the Parties.

a. Any and all notices, demands or communications submitted by any party to another party pursuant to or as required by this Agreement shall be proper if in writing and dispatched by messenger for immediate personal delivery, or by registered or certified United States mail, postage prepaid, return receipt requested, to the principal office of the Agency and the Developer, as applicable, as designated in Section 1.03(a) and Section 1.03(b) hereof. 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 as provided in this Section. Any such notice, demand or communication shall be deemed to be received by the addressee, regardless of whether or when any return receipt is received by the sender or the date set forth on such return

receipt, on the day that it is dispatched by messenger for immediate personal delivery, or four (4) calendar days after it is placed in the United States mail as heretofore provided.

b. In addition to the submission of notices, demands or communications to the parties as set forth above, copies of all notices to any party shall also be sent to:

(if the Developer)	G&P INVESTMENTS, LLC 461 Auto Vista Drive Palmdale, CA 93551 Attn: Lou Gonzales
(if the Agency)	Victorville Redevelopment Agency 14343 Civic Drive Victorville, California 92392 Attn: Executive Director
(with copy to)	Green, de Bortnowsky & Quintanilla, LLP A Limited Liability Partnership 23801 Calabasas Rd., Ste.1015 Calabasas, California 91302 Attn: Andre de Bortnowsky

Section 6.02. Conflict of Interest. No member, official or employee of the Agency having any conflict of interest, direct or indirect, related to this Agreement and the development of the Property shall participate in any decision relating to the Agreement. The parties represent and warrant that they do not have knowledge of any such conflict of interest.

Section 6.03. Warranty Against Payment of Consideration for Agreement. The Developer warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement. Third parties, for the purposes of this Section, shall not include persons to whom fees are paid for professional services if rendered by attorneys, financial consultants, accountants, engineers, architects and the like when such fees are considered necessary by the Developer.

Section 6.04. Nonliability of Agency Officials and Employees. No member, official or employee of the Agency 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 to its successor, or on any obligations under the terms of this Agreement, except for gross negligence or willful acts of such member, officer or employee.

Section 6.05. Enforced Delay: Extension of Time of Performance. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of public enemy; epidemics; quarantine restrictions; freight embargoes or lack of transportation; weather-caused delays; inability to secure necessary labor, materials or tools; delays of any contractors, subcontractor or supplier; acts of the other party other than as permitted or required by the terms of this Agreement; acts or failure to act of any public or governmental agency or entity other than as permitted or required by the terms of this Agreement (except that action or failure to act by the City or the Agency shall not extend the time for the Agency to act unless such extension is otherwise expressly authorized herewith unless such action or failure to act is the result of a lawsuit or injunction including by way of illustration, but not limited to, lawsuits pertaining to the adoption of the Agreement, the appraisal of environmental documentation eminent domain, and the like) or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. Any extension of time for any such cause hereunder 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 thirty (30) calendar days of the commencement of the cause. Times of performance under this Agreement may also be extended by mutual agreement in writing by and between the Agency and the Developer.

Section 6.06. Inspection of Books and Records. The Agency shall have the right at all reasonable times prior to the date of the issuance of the Certificate of Completion for the Property, and at the Agency's sole cost and expense, to inspect the books and records of the Developer pertaining to the Property and/or the development thereof as necessary for the Agency, in its reasonable discretion, to enforce its rights under this Agreement. Matters discovered by the Agency shall not be disclosed to third parties unless required by law or unless otherwise resulting from or related to the pursuit of any remedies or the assertion of any rights of the Agency hereunder. The Developer shall also have the right at all reasonable times prior to the date of the issuance of the Certificate of Completion for the Property, and at the Developer's sole cost and expense, to inspect the books and records of the Agency pertaining to the Property and/or the development thereof as pertinent to the purposes of this Agreement.

Section 6.07. Approvals.

a. Approvals required of the Agency or the Developer, or any officers, agents or employees of either the Agency or the Developer, shall not be unreasonably withheld and approval or disapproval shall be given within the time set forth in the Schedule of Performance or, if no time is given, within a reasonable time.

b. The Director of Economic Development of the Agency is authorized to sign on his own authority amendments to this Agreement which are of routine or technical nature, including minor adjustments to the Schedule of Performance.

Section 6.08. Real Estate Commissions. The Agency shall not be liable for any real estate commissions, brokerage fees or finders fees which may arise from or which are related to this Agreement.

The Agency represents to Developer that it has not retained or entered into any Agreement with any broker in connection with the sale of the Property or negotiation of this Agreement.

Section 6.09. Indemnification. The Developer agrees to indemnify and hold the City and the Agency, and their officers, employees and agents, harmless from and against all damages, judgments, costs, expenses and fees arising from or related to any act or omission of the Developer in performing its obligations hereunder. The Agency agrees to indemnify and hold the Developer and its officers, employees and agents, harmless from and against all damages, judgments, costs, expenses and fees arising from or related to any act or omission of the Agency in performing its obligations hereunder.

Section 6.10. Release of Developer from Liability. Notwithstanding any provision herein to the contrary, the Developer shall be relieved of any and all liability for the obligations of the Developer hereunder with regard to the Property when a Certificate of Completion has been issued by the Agency hereunder, other than any covenants and obligations which run with the land pursuant to Section 4.05 hereof, or contained within the grant deed by which the Property is conveyed to the Developer hereunder.

Section 6.11. Attorneys' Fees. If either party hereto files any action or brings any action or proceeding against the other arising out of this Agreement, or is made a party to any action or proceeding brought by the Escrow Agent, then as between the Developer and the Agency, the prevailing party shall be entitled to recover as an element of its costs of suit, and not as damages, its reasonable attorneys' fees as fixed by the Court or other forum for resolution of disputes, in such action or proceeding or in a separate action or proceeding brought to recover such attorneys' fees.

Section 6.12. Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns.

ARTICLE VII

ENTIRE AGREEMENT, WAIVERS AND AMENDMENT

Section 7.01. Entire Agreement.

a. This Agreement shall be executed in four (4) duplicate originals each of which is deemed to be an original. This Agreement includes __ pages and __ attachments, which constitute the entire understanding and Agreement of the parties.

b. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes

all negotiations or previous agreements between the parties with respect to all or any part of the Property and the development thereof.

c. None of the terms, covenants, agreements or conditions set forth in this Agreement shall be deemed to be merged with the grant deed conveying title to the Property, and this Agreement shall continue in full force and effect before and after such conveyance until issuance of the Certificate of Completion for the Property.

d. All waivers of the provisions of this Agreement and all amendments hereto must be in writing and signed by the appropriate authorities of the Agency and the Developer.

ARTICLE VIII

TIME FOR ACCEPTANCE OF AGREEMENT BY AGENCY AND RECORDATION

Section 8.01. Execution and Recordation.

a. Following its execution by the Developer and prompt delivery thereafter to the Agency, this Agreement must be approved, executed and delivered by the Agency to the Developer within forty-five (45) calendar days after the date of signature by the Developer. In the event that the Agency has not approved, executed and delivered the Agreement to the Developer within the foregoing period, then this Agreement shall be deemed to be of no further force or effect unless the time for such approval, execution and delivery is extended by written notice from the Developer to the Agency. The date of this Agreement shall be the date when the Agreement shall have been approved by the Agency.

b. The Developer and the Agency agree to permit recordation of this Agreement against the Property in the Office of the County Recorder for the County where the Property is located.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the dates set forth below.

VICTORVILLE REDEVELOPMENT AGENCY

Date: _____ By: _____
Chairman

(SEAL)

By: _____
Secretary

APPROVED AS TO FORM:

_____
GREEN, DE BORTNOWSKY & QUINTANILLA, LLP,
Agency Counsel

DEVELOPER:

G&P INVESTMENTS, LLC, a California limited liability company

Date: _____ By: _____
Lou Gonzales

Its: _____

(All Signatures Must Be Notarized)

VICT\0023\DOC\050-3.DOC
08\28\06 100 law

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California)
) ss.
County of _____)

On _____, before me, _____,
Date Name and Title of Officer (e.g., AJane Doe, Notary Public")

personally appeared _____
Name(s) of Signer(s)

9 personally known to me

9 provided 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.

Place Notary Seal Above

_____
Signature of Notary Public

OPTIONAL

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

Description of Attached Document
Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer
Signer=s Name: _____

Right Thumbprint of Signer

9 Individual
9 Corporate Officer - Title(s):_____
9 Partner - 9 Limited 9 General
9 Attorney in Fact
9 Trustee
9 Guardian or Conservator
9 Other: _____

Signer is Representing: _____

ACKNOWLEDGMENTS AS APPROPRIATE BY DEVELOPER

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California)
) ss.
County of _____)

On _____, before me, _____,
Date Name and Title of Officer (e.g., AJane Doe, Notary Public")

personally appeared _____
Name(s) of Signer(s)

9 personally known to me

9 provided 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.

Place Notary Seal Above

_____
Signature of Notary Public

OPTIONAL

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

Description of Attached Document
Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer
Signer=s Name: _____

Right Thumbprint of Signer

9 Individual
9 Corporate Officer - Title(s):_____
9 Partner - 9 Limited 9 General
9 Attorney in Fact
9 Trustee
9 Guardian or Conservator
9 Other: _____

Signer is Representing: _____

EXHIBIT "A"

(TO BE SUPPLIED UNDER SEPARATE COVER)

Parcel 1 of Parcel Map 16292, in Book 206 of Parcel Maps, pages 71 through 73, in the City of Victorville, County of San Bernardino, State of California.

EXHIBIT "A-1"

SITE PLAN

EXHIBIT "B"

SCOPE OF DEVELOPMENT

The Property shall be developed as a Saturn automotive sales and service facility consisting of 18,000 square feet and 10 service stalls, all as described herein. Structures on the Property shall generally be located as shown on the Site Plan in Exhibit A1. The Property may be developed in accordance with this Agreement, but subject to the requirements of the Zoning ordinance of the City and any variances or modifications therefrom as approved by the City.

The Developer shall cause the design and construction of the approximately 2.66 acre Property in accordance with the Schedule of Performance (Exhibit "G") and this Agreement as follows:

An 18,000 square foot automotive sales and service facility constructed with a concrete exterior finish covering at least 80% of the exterior of the building.

The development shall be, constructed of quality materials, to City Code, and shall be unified in architectural theme and treatment throughout the Property.

All improvements to be constructed by the Developer shall be constructed or installed in accordance with the technical specifications, standards and practices of the City and in accordance with plans and specifications approved by the City.

The Developer shall cause the proper documents to be filed and fees paid to all governmental or regulatory agencies, including utilities, for applications for all required permits and approvals.

The Project shall include on-site landscaping and parking in accordance with applicable City regulations. Said landscaping shall include three foot grass planter strips along all private areas abutting a public right-of-way or public easements. The Developer shall design all structures, landscaping and parking areas to achieve a commercially reasonable degree of attractiveness and compatibility with the Property and area in which the Property is located.

Additionally, on site free standing signage shall be limited to low level monumentation constructed to dimensions of not to exceed 6 feet in height by 8 feet in width in accordance with the City of Victorville Municipal Code and principally constructed upon the Property's northwest corner and identical to the monument sign constructed at the southwest corner of the Greiner Pontiac-Buick site. Said monument sign shall include the Auto Park at Valley Center logo. With respect to free standing off-site signage, the

Developer shall enter into a lease agreement for the purchase of free standing advertising upon the Agency=s message center identified in such license agreement.

Other than any documents provided by the Agency, the Developer has heretofore at its cost and expense undertaken and completed any and all soils, utility and drainage studies, plans and reports pertinent to the development of the Property and has provided a copy of said studies and reports to the Agency.

EXHIBIT "C"

PROMISSORY NOTE

For value received, G&P INVESTMENTS LLC, a California limited liability company (the "Maker"), hereby promises to pay to the Victorville Redevelopment Agency (the "Agency") or order, in United States currency, the principal sum of not to exceed _____ Dollars ($_____) together with interest thereon, as provided below.

1. Disposition and Development Agreement. This Promissory Note ("Note") is entered into in connection with and pursuant to that certain Disposition and Development Agreement (the "Agreement") by and between the Agency and G&P INVESTMENTS, LLC, a California limited liability partnership (the "Developer"), dated _____, 2006.

2. Security. As security for payment of this Note, the Maker has granted to the Agency a Deed of Trust on the Property and the improvements thereon which Deed of Trust will be subordinate only to a first trust deed for construction financing from Developer's lender, unless otherwise agreed by the Agency or as otherwise provided in the Agreement. The Deed of Trust secures the repayment of this Note and also the covenants and use restrictions related to the use of the Property and contained in the Grant Deed and the Agreement.

3. Delivery of Note. This Note will be delivered to the Agency at the Close of Escrow.

4. Interest. This Note shall accrue interest at a rate equal to the Federal Interest Rate for Ten (10) Year Treasury Notes as established on the first day of each calendar quarter, plus one point.

5. Term. The term of this Note shall be the earlier of (i) issuance by the Agency of all Certificates of Completion for the Property as described in Section 3.07 of the Agreement, or (ii) eighteen (18) months from the date hereof. All principal and accrued interest shall be due and payable upon expiration of the term.

6. A failure to pay any sum provided for in this Note when due, or other material default of this Note or the Deed of Trust which secures this Note, which failure has not been timely cured in the notice period provided for herein, shall entitle the Agency to declare all sums due hereunder due and payable.

7. Miscellaneous Provisions.

a. The Maker waives notice of non-payment and protest, presentment and notice of dishonor.

b. In the event of any legal action with respect to the terms or enforcement of this Note, the prevailing party shall be entitled to an award of its attorneys' fees and costs of suit.

c. Notwithstanding any language herein to the contrary, this Note shall become immediately due and payable in the amount of all unpaid principal, together with interest thereon as provided above, upon any transfer in violation of the Agreement or Grant Deed of title to the Property and/or the Project to any person, firm or corporation other than the Maker and except as provided in said Agreement, whether such transfer of title be voluntary, involuntary, or by operation of law.

d. All payments on this Note shall be applied first to the interest due on the Note and then to the principal due on the Note.

e. In the event the Maker shall fail to pay the payments when due, and if such failure be subsisting ten (10) days, for monetary breaches hereof, or thirty (30) days for other breaches hereof, after written notice given in accordance with Section 6.01 of the Agreement the unpaid principal amount of this Note, together with accrued interest and late charges, shall become due and payable, at the option of the Agency, without further notice to the undersigned. Failure of the Agency to exercise such option shall not constitute a waiver of such default. If the payments on this Note are not paid within ten (10) days of the due date, the undersigned shall pay to the Agency a late charge of five percent (5%) on the amount past due and remaining unpaid.

f. Maker may pay all or a portion of this Note at any time prior to the Term, without any penalty or premium.

g. In the event that no advances are made under this Note, and the parties agree that none shall be made, the Agency shall return the original of this Note to the Maker upon written demand by the Maker to do so.

h. This Note shall be non-recourse. In the event of a default under this Note, the Agency shall look solely to the Property under the Deed of Trust and not seek other recourse against the Maker.

MAKER:

G&P INVESTMENTS, LLC, a California limited liability company

Date:_____ By:_____
Lou Gonzales

EXHIBIT "D"

DEED OF TRUST

RECORDING REQUESTED BY:

VICTORVILLE REDEVELOPMENT AGENCY

AND WHEN RECORDED RETURN TO:

OFFICE OF THE CITY CLERK
P.O. BOX 5001
VICTORVILLE, CA 92393-5001

(Space Above for Recorder's Use)

DEED OF TRUST WITH ASSIGNMENT OF RENTS

This Deed of Trust made on _____, by G&P INVESTMENTS, LLC, a California limited liability company, hereinafter called "Trustor", whose current address is 461 Auto Vista Drive, Palmdale, CA 93551, _____ a California corporation, hereinafter referred to as "Trustee", whose business address is _____, in favor of the Victorville Redevelopment Agency, hereinafter referred to as "Beneficiary", whose address is 14343 Civic Drive, Victorville, CA 92392.

Trustor irrevocably grants, transfers and assigns to Trustee in trust, with power of sale, all that property, including all easements and rights-of-way used in connection therewith, or as a means of access thereto, in the City of Victorville, County of San Bernardino, State of California, described as follows:

That certain property located in the City of Victorville, County of San Bernardino, State of California (the "Property"), more particularly described as:

SEE EXHIBIT "A"

together with the rents, issues and profits thereof, subject however to the right reserved by Trustor to collect and apply such rents, issues and profits, prior to any default hereunder; for the purpose of securing performance in a timely manner of all of Trustor's obligations under that certain Promissory Note dated as of even date herewith (the "Promissory Note") in the amount of _____ Dollars ($_____) and performance of each agreement to Trustor incorporated herein by reference or contained herein.

In the event of a default under the Promissory Note which is being secured by this Deed of Trust, the Beneficiary shall look solely to the Property and shall not seek other recourse against the Trustor.

A. To protect the security of this Deed of Trust, Trustor agrees:

1. To maintain the property in good condition and repair; not to remove or demolish any building or improvement thereon; to complete promptly in workmanlike manner any improvement hereafter constructed thereon and to restore promptly in workmanlike manner any improvement thereon that is damaged or destroyed, and to pay when due all costs incurred therefor or in connection therewith or in lieu thereof, to post adequate security or bonds therefore, as determined by Trustor, to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property; not to commit or permit any waste thereof or any act upon the property in violation of law or of covenants, conditions or restrictions affecting the property.

2. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and also, if at any time Beneficiary or Trustee is a party to or appears in any such action or proceeding, or in any action or proceeding to enforce any obligation hereby secured, to pay all cost and expenses paid or incurred by them or either of them in connection therewith, including, but not limited to, cost of evidence of title and attorneys' fees in a reasonable sum.

3. To pay (a) at least ten (10) days before delinquency, all taxes and assessments affecting the property; (b) when due, all encumbrances, charges and liens, with interest, on the property or any part thereof, which appear to be prior or superior hereto; and (c) all costs, fees and expenses of this trust, provided, however, Trustor shall have the right to contest any such taxes and assessments to the extent Trustor otherwise provides adequate bonds an/or other security.

4. If Trustor fails to make any payment or to do any act as herein provided after the ten (10) day written notice, then Beneficiary or Trustee (but without obligation so to do, and with or without demand upon Trustor, and without releasing Trustor from any obligation hereof) may (a) make or do the same in such manner and to such extent as either deems necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the property for such purpose; (b) appear in or commence any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (c) pay, purchase, contest, or compromise any encumbrance, charge or lien that, in the judgment of either, appears to be superior hereto; and in

exercising any such power, Beneficiary or Trustee may incur necessary expenses, including reasonable attorneys' fees.

5. To pay immediately and without demand all sums expended hereunder by Beneficiary or Trustee, with interest from date of expenditure at the annual rate of six (6)percent.

B. It is mutually agreed that:

Except as may be provided pursuant to the DDA (as hereinafter defined), in the event that Trustor shall, directly or indirectly, voluntarily or involuntarily, sell, enter into a contract of sale, convey, assign, transfer, lease with an option to purchase, dispose of, alienate or further encumber or agree to sell, or suffer to exist any other lien against all of any portion of or any of Trustor's interest in the property, or change, or suffer the change of, the character or use of the property which is not otherwise encumbered under the terms of that certain Disposition and Development Agreement by and between Trustor and Beneficiary dated _____, 2006 (the "DDA") which is incorporated herein by this reference, Beneficiary, at its option, may then, or any time thereafter, declare all sums due hereunder immediately due and payable.

Any award of damages made in connection with the condemnation for public use of or injury to the property or any part thereof is hereby assigned and shall be paid to Beneficiary, who may apply or release such moneys received therefor upon any indebtedness secured hereby in such order as Beneficiary determines, or at the option of Beneficiary the entire amount so received or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

1. The acceptance by Beneficiary of any payment less than the amount then due shall be deemed an acceptance on account only and shall not constitute a waiver of the obligation of Trustor to pay the entire sum then due or of Beneficiary's right either to require prompt payment of all sums then due or to declare default. The acceptance of payment of any sum secured hereby after its due date will not waive the right of Beneficiary either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay. No waiver of any default shall be a waiver of any preceding or succeeding default of any kind.

2. At any time upon the occurrence of a default, without liability therefor and with or without notice, upon written request of Beneficiary and presentation of this deed for endorsement, and without effecting the personal liability of any person, Trustee may reconvey any part of the property, consent to

the making of any map or plat thereof, join in granting any easement or join in any extension agreement or any agreement subordinating the lien or charge thereof.

3. Upon written request of Beneficiary, surrender of this deed to Trustee for cancellation and retention, and payment of its fees, Trustee shall reconvey, without warranty the property held hereunder. The recitals in such reconveyance shall be conclusive proof of the truthfulness thereof. The grantee may be designated in such reconveyance as "the person or persons legally entitled thereto."

4. Trustor may give such notice to Beneficiary at any time before there is a Trustee's sale of the property. At any time Trustor is in default in payments to be made to Beneficiary hereunder, any amounts paid to and received by Beneficiary for execution of releases pursuant to the terms of this paragraph after notice of default and election to sell has been recorded shall not, unless the requirements of Section 2924c of the Civil Code are fully met by or on behalf of Trustor, waive the right of Beneficiary to continue its plans to have the property sold, nor shall they have any effect on the exercise by Beneficiary of the acceleration privilege contained herein, except to entitle the person effecting such payment to the release of the property for which the release amount was paid, and insofar as Beneficiary is concerned, to constitute a credit against the secured debt.

5. If Trustor shall occupy the property, or any part thereof, after any default, Trustor or such owner shall pay to Beneficiary in advance on the first day of each month a reasonable rental for the premises so occupied. On failure to pay such reasonable rental, Trustor or such owner may be removed from the premises by summary dispossession proceedings or by any other appropriate action or proceeding.

6. If default is made in performance of any agreement hereby secured, then Beneficiary, with or without notice to Trustor, may institute suit for the foreclosure of this deed, or by delivering to Trustee a written declaration of default and demand for sale, as well as a written notice of default and of election to cause the property to be sold, which notice Trustee shall cause to be filed for record. If such declaration is delivered to Trustee, Beneficiary shall deposit with Trustee this deed, and all documents evidencing expenditures secured hereby.

7. After the time then required by law has elapsed after recordation of such notice of default, and notice of sale having been given as then required by law, Trustee, with or without demand on Trustor, shall sell the property at the time and place fixed in the notice of sale, either as a whole or in separate parcels and in such order as Trustee determines, at public auction,

to the highest bidder, for cash in lawful money of the United States, payable at the time of sale. Trustee may postpone from time to time sale of all or any portion of the property by public announcement at the time and place of sale originally fixed or at the last preceding postponed time. Trustee shall deliver to the purchaser its deed conveying the property sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustor, Trustee, Beneficiary or any other person may purchase at the sale.

8. After deducting all costs, fees and expenses of Trustee and of this trust, including cost of evidence of title and reasonable attorneys' fees in connection with sale, Trustee shall apply the proceeds of sale to payment of (a) all sums expended under the terms hereof and not theretofore repaid, with accrued interest at five percentage points over Bank of America's published prime rate per annum, and (b) all other sums then secured hereby in such order as Beneficiary, in the exercise of its sole discretion, directs. The remainder, if any, shall be paid to the person or persons legally entitled thereto.

9. Before Trustee's sale, Beneficiary may rescind such notices of default and of election to cause the property to be sold by delivering to Trustee a written notice of rescission, which notice, when recorded, shall cancel any prior declaration of default, demand for sale and acceleration of maturity. The exercise of such a right of rescission shall not constitute a waiver of any default then existing or subsequently occurring, or impair the right of Beneficiary to deliver to Trustee other declarations of default and demands for sale or notices of default and of election to cause the property to be sold, or otherwise affect any provision of the secured note or of this deed or any of the rights, obligations or remedies of Beneficiary or Trustee hereunder.

10. Beneficiary may, from time to time as provided by statute, or by a writing signed and acknowledged by him and recorded in the office of the county recorder of the county in which the land or such party thereof as is then affected by this deed of trust is situated, appoint another trustee in stead and of Trustee herein named; and thereupon, the Trustee herein named shall be discharged, and the trustee so appointed shall be substituted as Trustee hereunder with the same effect as if originally named Trustee herein.

11. If two or more persons are designated as Trustee herein, any or all powers granted herein to Trustee may be exercised by any of such persons if the other person or persons is unable, for any reason, to act. Any recital of such inability in

any instrument executed by any of such persons shall be conclusive against Trustor, his heirs and assigns.

12. All leases of any structures on the Property, now or hereafter affecting the property are hereby assigned and transferred to Beneficiary by Trustor. Trustor hereby covenants that none of such leases will be modified or terminated without the written consent of Beneficiary.

13. If a default is made in the performance of any agreement hereby secured, Trustor when requested to do so, shall give such further written assignments of rents, royalties, issues and profits; of all security for the performance of leases; and of all money payable under any option to purchase, and shall give executed originals of all leases, now or hereafter on or affecting the property.

14. Trustor reserves the right, prior to any default in payment of any indebtedness or performance of any obligation secured hereby, to collect all such rents, royalties, issues and profits, as but not before they become due. Upon any such default, Trustor's right to collect such moneys shall cease, not only as to amounts accruing thereafter, but also as to amounts then accrued and unpaid. In the event of default, Beneficiary, with or without notice and without regard to the adequacy of security for the indebtedness hereby secured, either in person or by agent, or by a receiver to be appointed by the court, (a) may enter upon and take possession of the property at any time and manage and control it in Beneficiary's discretion, and (b) with or without taking possession, may sue for or otherwise collect the rents, issues and profits thereof, whether past due or coming due thereafter, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any obligation secured hereby and in such order as Beneficiary determines. None of the aforesaid acts shall cure or waive any default hereunder or invalidate any act done pursuant to such notice. Beneficiary shall not be required to act diligently in the care or management of the property or in collecting any rents, royalties or other profits that it is hereby authorized to collect, and shall be accountable only for sums actually received.

15. Without affecting the liability of Trustor or of any other party now or hereafter bound by the terms hereof, from time to time and with or without notice, Beneficiary may release any person now or hereafter liable for performance of such obligation, and may extend the time for payment or performance, accept additional security, and alter, substitute or release any security.

16. In any judicial action brought to foreclose this deed or to enforce any right of Beneficiary or of Trustee

hereunder, Trustor shall pay to Beneficiary and to Trustee attorneys' fees in a reasonable sum, to be fixed by the court.

17. No remedy hereby given to Beneficiary or Trustee is exclusive of any other remedy hereunder or under any present or future law.

18. The pleading of any statute of limitations as a defense to any and all obligations secured by this deed is hereby waived, to the full extent permissible by law.

19. The restrictions pertaining to the property will automatically terminate if title to the mortgaged property is transferred by foreclosure or deed-in-lieu of foreclosure, or if the mortgage is assigned to the Secretary of the Department of Housing and Urban Development.

20. Trustor shall, upon request made by Beneficiary, furnish the Beneficiary with annual statements covering the operations of the property which have been prepared in the ordinary course of business.

21. Beneficiary may collect a "late charge" not to exceed an amount equal to five percent (5%) on the amount past due and remaining unpaid on any installment that is not paid within ten (10) days from the due date thereof, to cover the extra expense involved in handling delinquent payments.

22. This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, successors in interest, and assigns. The term "Beneficiary" means the owner and holder, including pledgees, of the Agreement secured hereby, whether or not named as Beneficiary herein. In this deed, whenever the context so requires, the masculine gender includes the feminine and neuter, and the singular number includes the plural, and all obligations of each Trustor hereunder are joint and several.

23. Trustee accepts this trust when this deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee is a party unless brought by Trustee.

Trustor requests that a copy of notice of default and of any notice of sale hereunder shall be mailed to him at the address indicated in the first paragraph of this Deed of Trust.

Executed at Victorville, California, on the date first above written.

TRUSTOR:

G&P INVESTMENTS, LLC,

a California limited liability

corporation

By: _____

Lou Gonzales

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California)
) ss.
County of _____)

On _____, before me, _____,
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared _____
Name(s) of Signer(s)

- ☐ personally known to me
- ☐ provided 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.

Place Notary Seal Above

_____
Signature of Notary Public

OPTIONAL

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

Description of Attached Document
Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer
Signer's Name: _____

- ☐ Individual
- ☐ Corporate Officer - Title(s): _____
- ☐ Partner - ☐ Limited ☐ General
- ☐ Attorney in Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: _____

Signer is Representing: _____

Right Thumbprint of Signer

EXHIBIT "E"

SUBORDINATION AGREEMENT

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT, made this _____ day of _____, 20____, by _____, Owner of the land hereinafter described and hereinafter referred to as "Owner," and

present creditor hereinafter described and hereinafter referred to as "Beneficiary".

WITNESSETH

THAT WHEREAS, _____ did execute a Deed of Trust dated _____, covering:

to secure a security agreement dated, _____, in favor of _____ recorded _____, as Instrument No. _____, Official Records of said county; and

WHEREAS, Owner has executed, or is about to execute, a Deed of Trust and Note in the sum of $_____, described therein, which Deed of Trust is to be recorded concurrently herewith; and

WHEREAS, Owner and Beneficiary previously entered into a certain Disposition and Development Agreement dated as of _____, 2006 (the "DDA") which is incorporated herein by this reference; and

WHEREAS, it is a condition precedent to obtaining said loan that said Deed of Trust last above mentioned shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lien or charge of the Deed of Trust first above mentioned; and

WHEREAS, Lender is willing to make said loan provided the Deed of Trust securing the same is a lien or charge upon the above described property prior and superior to the Deed of Trust lien first above mentioned and provided that the Beneficiary will specifically and unconditionally subordinate the Deed of Trust Statement lien first above mentioned to the lien or charge of the Deed of Trust in favor of Lender; and

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such loan to Owner; and Beneficiary is willing that the Deed of Trust securing the same shall, when recorded, constitute a lien or charge upon said land which Is unconditionally prior and superior to the Deed of Trust first above mentioned.

NOW THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Lender to make the loan above referred to, it is hereby declared, understood and agreed as follows:

1) That said Deed of Trust securing said note in favor of Lender, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the Deed of trust first and the DDA above mentioned.

2) That Lender would not make its loan above described without this subordination agreement.

3) That this agreement shall be the whole and only agreement with regard to the subordination of the Deed of Trust first above mentioned to the lien or charge of the deed of trust in favor of Lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the deeds of trust hereinbefore specifically described, any prior agreement as to such subordination including, but not limited to, those provisions, if any, contained in the Deed of Trust first above mentioned, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

Beneficiary declares, agrees and acknowledges that

(a) He consents to and approved (i) all provisions of the note and deed of trust in favor of Lender above referred to and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Lender for the disbursement of the proceeds of Lender's loan;

(b) Lender in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other that those provided for in such agreement or agreements shall nit defeat the subordination herein made in whole or in part;

(c) He intentionally and unconditionally waives, relinquishes and subordinates the Deed of Trust first above mentioned in favor of the lien or charge upon said land of the deed of trust in favor of Lender above referred to and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination specific loans and advances are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination; and

(d) An endorsement has been placed upon the Deed of Trust first above mentioned that said Deed of Trust has by this instrument been subordinated to the lien or charge of the deed of trust in favor of Lender as referred to.

(e) All efforts will be made to work with the Owner to avoid calling for a demand of the Note if there is a balance outstanding at maturity.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION IF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

_____	_____
_____	_____
Beneficiary	Owner

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

EXHIBIT "F"

GRANT DEED

Recording Requested by:

After Recordation, Mail to:

Victorville Redevelopment Agency

Mail Tax Statements to:

GRANT DEED

For valuable consideration, the receipt of which is hereby acknowledged,

THE VICTORVILLE REDEVELOPMENT AGENCY, a public body, corporate and politic, of the State of California (the "Grantor"), pursuant to and in accordance with the Community Redevelopment Law of the State of California, hereby grants to G&P INVESTMENTS, LLC, a California limited liability company (the "Grantee"), the real property (the "Property") legally described in the document attached hereto, labeled Exhibit A, and incorporated herein by this reference.

1. The Property is conveyed subject to the Disposition and Development Agreement entered into between the Grantor and the Grantee, dated _____, 200__ (herein referred to as the AAgreement"). The provisions of the Agreement are incorporated herein by this reference and shall be deemed to be a part hereof as if set forth at length herein.

2. The Grantee covenants by and for itself, its 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, age, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, 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 in the Property.

All deeds, leases or contracts made relative to the Property, shall contain the following nondiscrimination clauses:

(a) In deeds: "The grantee herein covenants by and for himself, 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, age, marital status, 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 any person claiming under or through him, 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, his heirs, executors, administrators and assigns, and all persons claiming under or through him, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, age, marital status, national origin or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee himself, or any person claiming under or through him, 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 leased."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, age, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself, or any person claiming under or through him, 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 land."

3. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or

security instrument permitted by the Agreement; provided, however, that any successor of Grantee to the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise. Grantor=s rights under Section 3 of the Agreement to purchase any mortgage, deed of trust or other security interest and obtain conveyance of the Property in the event of a default by the Developer and its rights to reenter, repossess, terminate and revest under Section 5 of the Agreement in the event of a default by Developer shall be subject and subordinate to, shall be limited by and shall not defeat, render invalid or limit any mortgage, deeds of trust or other security interest permitted by this Agreement or any rights permitted in the Agreement for the protection of the holders of such mortgages, deeds of trust or other security interests.

4. After the recordation of the Certificate of Completion, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Property shall not (because of such ownership, purchase, lease or acquisition) incur any obligation under the Agreement, except that any such party shall be bound by the covenants set forth in Article IV of the Agreement which shall remain in effect for a period of 10 years from the date of this Grant Deed, except for the covenants against discrimination set forth in Article IV which shall remain in effect in perpetuity. All rights of Grantor or any other person or entity to exercise any rights, remedies or controls granted to Grantor under the terms of the Agreement, including the right of Grantor to reenter and take possession of all or any portion of the Property and to terminate and revest in the Grantor or any other person or entity the estate conveyed to Grantee under this Grant Deed pursuant to Article 5 of the Agreement, shall terminate and be of no further force or effect after recordation of the Certificate of Completion pursuant to Section 3.07 of the Agreement.

5. The covenants contained in this Grant Deed shall be binding for the benefit of the Grantor and its successors and assigns, and such covenants shall run in favor of the Grantor for the entire period during which such covenants shall be in full force and effect, without regard to whether the Grantor is or remains an owner of any land or interest herein to which such covenants relate. The grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach as provided in the Agreement or by law. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor and its successor.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized, this ____ day of _____, 20___.

Grantor:

VICTORVILLE REDEVELOPMENT AGENCY

By: _____
Chairperson

By: _____
Secretary

APPROVED AS TO FORM:

By: _____
Counsel for Grantor

The provisions of this Grant Deed are hereby approved and accepted.

Grantee:

_____

By: _____

Title: _____

By: _____

Title: _____

APPROVED AS TO FORM:

By: _____
Counsel for Grantee

EXHIBIT "G"

SCHEDULE OF PERFORMANCE

(Days shall be calendar days, and all dates herein are subject to change due to force majeure in accordance with Section 6.05 of the Agreement)

(1) Agency execution of DDA	September __, 2006
(2) Agency opens Escrow; Developer commences Due Diligence Inspections	Within 5 days of Step 1
(3) Developer submits for site plan approval from the Planning Commission; Developer submits financing plan to Agency; Developer submits franchise Letter of Intent	Within 45 days of Step 2
(4) City and Agency review and approve or disapprove site plan, concept elevations, landscape plans, construction and related documents	Within 90 days of Step 2 above
(5) Agency prepares and deposits in escrow the grant deed	No later than 5 days before close of escrow
(6) Due Diligence Period ends; Escrow closes	Within 120 days of Step 2
(7) Developer submits construction documents to city Building Department for approval	Within 60 days of Step 6
(8) Developer pulls permits	Within 60 days of Step 7
(9) Developer commences construction	Within 70 days of Step 8
(10) Developer completes construction	Within 18 months of Step 6

CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA

RESOLUTION NO. 06-149

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA, APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE VICTORVILLE REDEVELOPMENT AGENCY AND G & P PROPERTIES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

WHEREAS, the Victorville Redevelopment Agency (the "Agency") has been duly created and activated pursuant to the provisions of Section 33100, et seq. of the Health and Safety Code of the State of California by a duly adopted Ordinance of the City of Victorville, California; and

WHEREAS, the City Council of the City of Victorville, California (the "City Council") along with the Agency have caused the adoption of a Redevelopment Plan for the Bear Valley Road Redevelopment Project area, as amended; and

WHEREAS, G & P Properties, LLC, a California limited liability company (hereinafter referred to as the "Developer") seeks to acquire and develop property as an approximately 18,000 square foot SATURN new vehicle sales and service facility; and

WHEREAS, the Agency owns certain property (the "Property") which is located within the duly established Bear Valley Road Redevelopment Project Area of the City; and

WHEREAS, the Developer has indicated that Developer desires to acquire the Property from the Agency in order to cause development thereof in accordance with the Redevelopment Plan; and

WHEREAS, the Agency has deemed it desirable to enter into a Disposition and Development Agreement (the "Agreement") with the Developer in the form attached hereto as Exhibit "A" and incorporated herein by this reference; and

WHEREAS, the Agency and City Council have held a duly noticed public hearing on September 5, 2006, in accordance with Section 33431 of the California Health and Safety Code pertaining to the Agreement; and

WHEREAS, the Agency and City Council have held a duly noticed public hearing on September 5, 2006, in accordance with Section 33433 of the California Health and Safety Code and have caused the preparation of, and made available for public inspection, a report including a summary of the transaction; and

WHEREAS, the Agency and the City Council have evaluated the Agreement and all evidence and testimony for and against the approval of the Agreement.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA, DOES HEREBY FIND, RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The foregoing Recitals are true and correct and are incorporated herein by this reference.

Section 2. The City Council hereby adopts the findings and determinations as set forth herein and finds that the Agreement is within the redevelopment goals and objectives of the Agency.

Section 3. The City Council, having held a duly noticed public hearing, finds and determines that the disposition of the Property to the Developer, pursuant to the Agreement, will be of benefit to the Agency and the City and will also promote redevelopment within the Project Area of the Agency.

Section 4. The City Council hereby finds that the Agreement is consistent with the Implementation Plan previously adopted by the Agency.

Section 5. The City Council hereby finds that the purchase of the Property by the Developer from the Agency is equivalent to the estimated fair reuse value at the Property's highest uses permitted.

Section 6. The City Council hereby approves the Agreement.

Section 7. This Resolution shall take effect upon its adoption.

CITY COUNCIL OF THE
CITY OF VICTORVILLE

AGENDA

September 5, 2006

Item: **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA, APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE VICTORVILLE REDEVELOPMENT AGENCY AND G & P PROPERTIES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY**

Exhibit "A" - Disposition and Development Agreement

Action to be Taken: Adopt Resolution append Exhibit A.

Certified copy of Resolution to be returned to Green, de Bortnowsky & Quintanilla, LLP

EXHIBIT "A"

DISPOSITION AND DEVELOPMENT AGREEMENT
(G & P PROPERTIES, LLC)

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VICTORVILLE
California

JOINT PUBLIC HEARING
VICTORVILLE CITY COUNCIL AND
VICTORVILLE REDEVELOPMENT AGENCY
MEETING OF: September 5, 2006

SUBMITTED BY: Keith C. Metzler
Director of Economic Development

DATE: August 22, 2006

SUBJECT: Disposition and Development Agreement – Costco Wholesale Corporation (Costco Retail Project)

RECOMMENDATION: That Your Honorable City Council and Redevelopment Agency Board of Directors adopt Resolution No. 06-150 & R-06-010 respectively, approving the Disposition and Development Agreement (DDA).

FISCAL IMPACT: $5,750,000 (Revenue)

Budget:
Budget Account No.:

--FINANCE DEPARTMENT USE ONLY--
Additional Appropriation:
No___
Yes/$Amount_____
Approved_____

DISCUSSION: On December 30, 2005 the Redevelopment Agency entered into a Purchase and Sale Agreement for the purposes of acquiring the former Home Base building with the ultimate intent of preserving that property to accommodate a Costco expansion. On February 28, 2006 the Agency closed escrow and became the owner of the currently vacant 104,000 square foot retail building, which sits on 10.02 acres of property. On June 21, 2006 the RDA entered into a Letter of Intent with Costco Wholesale, which served as a general framework for terms to be incorporated into the ultimate DDA. Before the City Council and Board of Directors is a DDA which will cause the sale of the subject site to Costco Wholesale. As a condition to the close of escrow, the Agency will be required to demolish the existing 104,000 square foot building and cap the utilities at the property line to the best extent possible. In exchange for the sales price, Costco will build-out approximately 160,000 square feet of new retail space within 12-months. Preliminarily, Costco is considering accelerating that schedule for a June or July, 2007 grand opening.

Public Hearing
#3
9-5-06

CITY OF VICTORVILLE
14343 Civic Drive • Victorville, CA 92392 • 760.955.5032 760.955.5042 *Fax*

Costco proposes to continue to operate out of there existing warehouse until the grand opening date, upon which, once the new facility becomes operational, Costco proposes to demolish their existing building and cause the construction of 50,000 square feet of new retail space to be made available for retain users to be mutually agreed upon by both the Agency and Costco. Staff believes that redevelopment of the former Home Base site enhances our ability to remove blight from the Project Area, that it pumps new economic life into the entire retail center, and that this is an opportunity to retail nearly 315 jobs within the Hook Redevelopment Project Area. Therefore, staff recommends approval.

Staff remains available for any questions or comments you might have.

KCM:jrt

Attachments: Resolution No. 06-150
Resolution No. R-06-010
Disposition and Development Agreement
Summary Report
Site Map

CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA

RESOLUTION NO. 06-150

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA, APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE VICTORVILLE REDEVELOPMENT AGENCY AND COSTCO WHOLESALE CORPORATION

WHEREAS, the Victorville Redevelopment Agency (the "Agency") has been duly created and activated pursuant to the provisions of Section 33100, et seq. of the Health and Safety Code of the State of California by a duly adopted Ordinance of the City of Victorville, California; and

WHEREAS, the City Council of the City of Victorville, California (the "City Council") along with the Agency have caused the adoption of a Redevelopment Plan for the Bear Valley Road Redevelopment Project area, as amended; and

WHEREAS, Costco Wholesale Corporation (hereinafter referred to as the "Developer") seeks to acquire and develop property as an approximately 160,000 square foot Costco wholesale commercial center (the "Warehouse"); and

WHEREAS, the Agency owns certain property (the "Property") which is located within the duly established Hook subarea of the Bear Valley road Redevelopment Project Area of the City; and

WHEREAS, the Developer has indicated that Developer desires to acquire the Property from the Agency in order to cause development thereof in accordance with the Redevelopment Plan; and

WHEREAS, the Agency has deemed it desirable to enter into a Disposition and Development Agreement (the "Agreement") with the Developer in the form attached hereto as Exhibit "A" and incorporated herein by this reference; and

WHEREAS, the Agency and City Council have held a duly noticed public hearing on September 5, 2006, in accordance with Section 33431 of the California Health and Safety Code pertaining to the Agreement; and

WHEREAS, the Agency and City Council have held a duly noticed public hearing on September 5, 2006, in accordance with Section 33433 of the California Health and Safety Code and have caused the preparation of, and made available for public inspection, a report including a summary of the transaction; and

WHEREAS, the Agency and the City Council have evaluated the Agreement and all evidence and testimony for and against the approval of the Agreement.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA, DOES HEREBY FIND, RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The foregoing Recitals are true and correct and are incorporated herein by this reference.

Section 2. The City Council hereby adopts the findings and determinations as set forth herein and finds that the Agreement is within the redevelopment goals and objectives of the Agency.

Section 3. The City Council, having held a duly noticed public hearing, finds and determines that the disposition of the Property to the Developer, pursuant to the Agreement, will be of benefit to the Agency and the City and will also promote redevelopment within the Project Area of the Agency.

Section 4. The City Council hereby finds that the Agreement is consistent with the Implementation Plan previously adopted by the Agency.

Section 5. The City Council hereby finds that the purchase of the Property by the Developer from the Agency is above fair market value at the Property's highest uses permitted.

Section 6. The City Council hereby approves the Agreement.

Section 7. This Resolution shall take effect upon its adoption.

CITY COUNCIL OF THE
CITY OF VICTORVILLE

AGENDA

September 5, 2006

Item: **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA, APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE VICTORVILLE REDEVELOPMENT AGENCY AND COSTCO WHOLESALE CORPORATION**

Exhibit "A" - Disposition and Development Agreement

Action to be Taken: Adopt Resolution append Exhibit A.

Certified copy of Resolution to be returned to Green, de Bortnowsky & Quintanilla, LLP

EXHIBIT "A"

DISPOSITION AND DEVELOPMENT AGREEMENT
(Costco Wholesale Corporation)

VICTORVILLE REDEVELOPMENT AGENCY

RESOLUTION NO. R-06-010

RESOLUTION OF THE VICTORVILLE REDEVELOPMENT AGENCY APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE VICTORVILLE REDEVELOPMENT AGENCY AND COSTCO WHOLESALE CORPORATION

WHEREAS, the Victorville Redevelopment Agency (the "Agency") has been duly created and activated pursuant to the provisions of Section 33100, et seq. of the Health and Safety Code of the State of California by a duly adopted Ordinance of the City of Victorville, California; and

WHEREAS, the City Council of the City of Victorville, California (the "City Council") along with the Agency have caused the adoption of a Redevelopment Plan for the Bear Valley Road Redevelopment Project area, as amended; and

WHEREAS, Costco Wholesale Corporation (hereinafter referred to as the "Developer") seeks to acquire and develop property as an approximately 160,000 square foot Costco wholesale commercial center (the "Warehouse"); and

WHEREAS, the Agency owns certain property (the "Property") which is located within the duly established Hook subarea of the Bear Valley Road Redevelopment Project Area of the City; and

WHEREAS, the Developer has indicated that Developer desires to acquire the Property from the Agency in order to cause development thereof in accordance with the Redevelopment Plan; and

WHEREAS, the Agency deems it desirable to enter into a Disposition and Development Agreement (the "Agreement") with the Developer in the form attached hereto as Exhibit "A" and incorporated herein by this reference; and

WHEREAS, the Agency and City Council have held a duly noticed public hearing on September 5, 2006, in accordance with Section 33431 of the California Health and Safety Code pertaining to the Agreement; and

WHEREAS, the Agency and City Council have held a duly noticed public hearing on September 5, 2006, in accordance with Section 33433 of the California Health and Safety Code and have caused the preparation of, and made available for public inspection, a report including a summary of the transaction; and

WHEREAS, the Agency and the City Council have evaluated the Agreement and all evidence and testimony for and against the approval of the Agreement.

NOW, THEREFORE, THE VICTORVILLE REDEVELOPMENT AGENCY DOES HEREBY FIND, RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The foregoing Recitals are true and correct and are incorporated herein by this reference.

Section 2. The Agency hereby adopts the findings and determinations as set forth herein and finds that the Agreement is within the redevelopment goals and objectives of the Agency.

Section 3. The Agency, having held a duly noticed public hearing, finds and determines that the disposition of the Property to the Developer, pursuant to the Agreement, will be of benefit to the Agency and the City and will also promote redevelopment within the Project Area of the Agency.

Section 4. The Agency hereby finds that the Agreement is consistent with the Implementation Plan previously adopted by the Agency.

Section 5. The Agency hereby finds that the purchase of the Property by Developer from the Agency is above fair market value at the Property=s highest uses permitted.

Section 6. The Agency hereby approves the Agreement and authorizes the execution of the Agreement by the Chairman and Secretary of the Agency with such changes as may be approved by the Agency Chairman and Agency legal counsel.

Section 7. This Resolution shall take effect upon its adoption.

VICTORVILLE REDEVELOPMENT AGENCY

AGENDA

September 5, 2006

Item: **RESOLUTION OF THE VICTORVILLE REDEVELOPMENT AGENCY APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE VICTORVILLE REDEVELOPMENT AGENCY AND COSTCO WHOLESALE CORPORATION**

Exhibit "A" - Disposition and Development Agreement

Action to be Taken: Adopt Resolution append Exhibit A.

Certified copy of Resolution to be returned to Green, de Bortnowsky & Quintanilla, LLP

EXHIBIT "A"

DISPOSITION AND DEVELOPMENT AGREEMENT
(Costco Wholesale Corporation)

RECORDING REQUESTED BY:

VICTORVILLE REDEVELOPMENT AGENCY

WHEN RECORDED MAIL TO:

CITY OF VICTORVILLE
14343 Civic Drive
Victorville, Ca 92392

(Space above for Recorder's Use)

DISPOSITION AND DEVELOPMENT AGREEMENT

(COSTCO PROJECT)

DISPOSITION AND DEVELOPMENT AGREEMENT

BY AND BETWEEN

VICTORVILLE REDEVELOPMENT AGENCY

AND

COSTCO WHOLESALE CORPORATION

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THIS AGREEMENT is entered into by and between the Victorville Redevelopment Agency (the "Agency"), and Costco Wholesale Corporation, a Washington corporation (hereinafter referred to as the "Developer"). The Agency and the Developer agree as follows:

ARTICLE I

SUBJECT OF AGREEMENT

Section 1.01. Purposes of Agreement. The purpose of this Disposition and Development Agreement (the "Agreement") is to effectuate redevelopment within the boundaries of the City of Victorville (the "City") by providing for the purchase and the redevelopment by the Developer of certain real property located within the duly established Hook subarea of the Bear Valley Road Redevelopment Project Area of the City and as described in Exhibit "A" attached hereto and incorporated herein by reference (the "Property"). The purchase and the redevelopment of the Property by the Developer pursuant to this Agreement, and the fulfillment generally of the Agreement, are in the vital and best interests of the City, the Agency, and the health, safety, morals, and welfare of the City's residents, and are in accord with the public purposes and provisions of applicable federal, state and local laws and requirements.

Section 1.02. The Redevelopment Plan. The Redevelopment Plan for the Bear Valley Road Redevelopment Project (the "Redevelopment Plan") was approved and adopted by the City Council of the City of Victorville by duly adopted Ordinance in accordance with the provisions of the Community Redevelopment Law of the State of California (the "Community Redevelopment Law"). This Agreement shall be subject to the provisions of the Community Redevelopment Law. The Agency represents and warrants that the uses and improvements to be constructed on the Property in accordance with the Scope of Development attached hereto as Exhibit "B" and incorporated herein by reference (the "Project") comply with the provisions of the Community Redevelopment Law.

Section 1.03. Parties to the Agreement.

a. The Agency is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under Chapter 2 of the Community Redevelopment Law, Health

and Safety Code Section 33000, et seq. The principal office of the Agency is located at 14343 Civic Drive, Victorville, California 92392. As used in this Agreement, the term "Agency" shall be deemed to include the Agency and any assignee and/or successor to the Agency or to its rights, powers and responsibilities under this Agreement.

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b. The Developer is Costco Wholesale Corporation, a Washington Corporation. The principal office of the Developer for purposes of this Agreement is located at 999 Lake Drive, Issaquah, WA 98027 (Telephone Number: 425 313-8100, and for purposes of Section 6.01 hereof, any and all notices, demands or communications shall be sent to the Developer addressed to the parties set forth in Section 6.01.b below. Prior to the date hereof, the Developer shall provide to the Agency satisfactory evidence of the legal formation and existence of the Developer and the good standing of the Developer with the State of California (the "State") to transact business within the State, to hold title to the Property and to develop the Project, as hereinafter defined.

Section 1.04. Prohibition Against Change in Ownership, Management and Control of Developer, for Assignment of Agreement.

a. The qualifications and identity of the Developer is of particular concern to the Agency. It is because of these qualifications and identity that the Agency has entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement, except as expressly set forth herein.

b. The Developer shall not assign all or any part of this Agreement prior to the issuance of a Certificate of Completion for the Property without the prior written approval of the Agency, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, or any other provision of this Agreement, Developer may assign all or any part of this Agreement to a wholly-owned affiliate without the consent of the Agency so long as the Developer is not released from its liability hereunder. In the event of such an assignment, Developer shall provide written notice to the Agency within five (5) days of such assignment. Further, notwithstanding the foregoing, or any other provision of this Agreement, subject to the prior written consent of Agency, which consent shall not be unreasonably withheld or delayed, Developer may assign its rights and obligations under this Agreement as they relate to the "Residual Outparcel" (as defined in Section 3.01.b below) and in such case, Developer shall be released

from all of its duties and obligations hereunder as they relate to the Residual Outparcel.

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c. The Developer shall promptly notify the Agency in writing of any and all changes whatsoever in the identity of the parties either comprising or in control of the Developer of which information the Developer or any of its members, officers or shareholders has been notified or may otherwise have knowledge or information. This Agreement may be terminated by the Agency if there is any significant or material change, whether voluntary or involuntary, in membership, ownership, management or control of the Developer (other than such changes occasioned by the death or incapacity of any individual) that has not been approved by the Agency at the time of such change, prior to issuance of a Certificate of Completion for the Property as hereinafter provided; provided, however, that: (a) the Agency shall first notify the Developer in writing of its intention to terminate this Agreement pursuant hereto, and (b) the Developer shall have twenty (20) calendar days following the date of receipt of such written notice to commence and thereafter diligently and continuously proceed with the cure of the default of the Developer hereunder, and (c) the Developer shall submit evidence of the satisfactory completion of such cure to the Agency within thirty (30) calendar days following the receipt of such written notice in a form and substance deemed satisfactory to the Agency, in its reasonable discretion.

ARTICLE II

DISPOSITION OF PROPERTY

Section 2.01. Purchase of Property. The Developer shall purchase and the Agency shall sell the Property under the terms of this Agreement, and the attachments hereto, for the purposes of facilitating the development of the Project on the Property by the Developer.

Section 2.02. Developer's Purchase Price. As the purchase price for the Property, the Developer shall pay on or before the Close of Escrow, as hereinafter defined, and by means of the escrow hereunder a sum equal to Five Million Seven Hundred Fifty Thousand Dollars ($5,750,000.00) (the "Purchase Price").

Section 2.03. Damages and Remedies for Agency's Failure to Convey Property. In the event that the Agency through its own action or inaction fails to convey title to the Property to the

Developer pursuant to the terms of this Agreement, then that certain Deposit set forth in Section 2.04 hereof shall be returned in full to the Developer. In such event, Developer shall also have all other remedies available at law or in equity.

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Section 2.04. Good Faith Deposit.

a. As part of the Purchase Price and not in addition thereto, the Developer shall provide to the escrow a good faith cash deposit (the "Deposit") in the amount of One Hundred Thousand Dollars ($100,000.00).

b. In the event that this Agreement is terminated by the Developer pursuant to Section 5.06(a) of this Agreement, the Deposit shall be returned in full to the Developer.

c. The Deposit shall be remitted by the Developer concurrently with the opening of escrow and the Deposit shall be either: (a) applied to the Purchase Price at the Close of Escrow, solely upon the written notice and instruction of the Developer to the Escrow Agent and to the Agency, or (b) returned to the Developer through the escrow concurrently with the close of escrow, if the Developer otherwise pays the full Purchase Price through the escrow.

Section 2.05. Due Diligence Inspections. As used in this Agreement "Due Diligence Period" shall mean a period commencing on the opening of escrow and expiring one hundred twenty (120) days thereafter. During the Due Diligence Period, with reasonable advance notice to the Agency, Developer, its agents and representatives, shall be entitled to enter onto the Property during reasonable business hours to perform inspections and tests on the Property (the "Inspections"). After making such Inspections, Developer agrees to the extent possible to promptly restore the Property to substantially the condition that existed prior to the Inspections (which obligation shall survive the termination of this Agreement). Developer agrees to promptly deliver to the Agency, upon receipt of written request from the Agency, copies of all reports, studies and results of the physical Inspection obtained or conducted by the Developer with respect to the Property.

The Agency agrees to use best faith efforts to provide all documentation and information regarding the Property and the development potential of the Property to the Developer orbefore its execution of this Agreement.

Developer agrees to keep the Property free from all liens and to indemnify, defend and hold harmless the Agency, its officers, directors, agents and employees and their respective successors and assigns from and against all claims, actions, losses, liabilities, damages, costs and expense (including, but not limited to, reasonable attorneys' fees and costs) incurred, suffered or claimed against the Agency by reason of any damage to the Property or injuries to persons caused by the Developer and/or its agents, employees or contractors in exercising its rights under this Section 2.05, provided, however, that Developer shall not be required to indemnify, defend or hold harmless the Agency, and shall have no liability to the Agency relating to (i) any claims, actions, losses, liabilities, damages, costs and expenses (including reasonable attorneys' fees and costs) relating to or arising out of hazardous materials (including any release or migration thereof) discovered or existing in, on or adjacent to the Property prior to the time of such Inspections, including, without limitation, any claim for diminution in value of the Property; (ii) any injury, property damage or liability relating to negligence or willful misconduct of the Agency; or (iii) any claims, actions, losses, liabilities, damages, costs, or expenses arising out of or in connection with the discovery or reporting of any adverse physical condition, title condition, or other defect with respect to the Property.

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Developer may terminate this Agreement at any time prior to the end of the Due Diligence Period for any reason or no reason at all, upon written notification to the Agency and the Escrow Agent of the termination.

Section 2.06. Escrow.

a. The Agency and the Developer agree to establish an escrow for the purchase and sale of the Property at First American Title Insurance Company (the "Escrow Agent"). The escrow shall be opened within ten (10) business days after the Agency has formally approved this Agreement.

b. The Agency and the Developer shall provide and execute such additional escrow instructions consistent with this Agreement as shall be necessary. The Escrow Agent hereby is empowered to act under this Agreement, and, upon indicating its acceptance of this Section in writing, delivered to the Agency and the Developer, within five (5) calendar days after the establishment of the escrow, shall carry out its duties as the Escrow Agent hereunder.

c. The Agency and the Developer shall deliver to the Escrow Agent all documents necessary for the conveyance of title to the Property, to the extent provided in this Agreement, in conformity with, within the times, and in the manner provided in this Agreement.

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d. The Developer shall pay one half of any escrow fees related to the transfer of the Property from the Agency to the Developer, promptly after the Escrow Agent has notified the Developer of the amount of such fees, charges and costs, but in any event, prior to closing of escrow. The Agency shall pay one half of any escrow fees and any and all State, County or City documentary transfer taxes.

e. The Agency, at its own cost, shall prepare, timely and properly execute, acknowledge and deliver to the Escrow Agent a grant deed conveying to the Developer title to the Property in accordance with the requirements of this Agreement.

f. The Escrow Agent shall cause a Preliminary Title Report to be prepared and issued by First American Title Insurance Company (the "Title Company") and shall promptly provide the Agency and the Developer with copies thereof along with legible copies of all reported title exceptions. The Agency shall pay only for that portion of the title insurance premiums attributable to a C.L.T.A. standard form policy of title insurance in an amount equal to the Purchase Price. The Developer shall pay for all other premiums for title insurance coverage or special endorsements. The Agency and the Developer must approve the Preliminary Title Report in writing as a condition precedent to close of escrow.

g. All funds received in escrow shall be deposited by the Escrow Agent in an insured account with any state or national bank doing business in the State of California, and such funds may be combined with other escrow funds of the Escrow Agent. Such funds shall draw the highest reasonable rate of interest and such interest shall accrue to the party to this Agreement who shall have made the deposit thereof with the Escrow Agent.

h. All communications from the Escrow Agent to the Agency or the Developer shall be directed to the respective parties at the addresses set forth in Section 1.03 of this Agreement for notices, demands and communications between the Agency and the Developer.

Section 2.07. Conveyance of Title and Delivery of Possession.

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a. Subject to the conditions set forth in Section 2.10 hereof and to any mutually agreed upon written extension of time or extensions otherwise authorized by this Agreement, conveyance to the Developer of title to the Property in accordance with the provisions of this Section and Section 2.09 of this Agreement shall be completed upon the date thirty (30) days after the satisfaction or waiver by Developer of the conditions set forth in Section 2.10, but in no event later than _____ (AClose of Escrow"). The Agency and the Developer agree to perform all acts necessary for conveyance of title to the Property, in the form and to the extent required herein, in sufficient time for title to be conveyed in accordance with this provision.

b. Possession of the Property shall be delivered to the Developer concurrently with the conveyance of title. The Developer shall accept title and possession to the Property on the date established therefor in this Section.

Section 2.08. Form of Deed. The Agency shall convey to the Developer title to the Property in the condition provided in Section 2.09 of this Agreement by a grant deed substantially in the form attached hereto as Exhibit "C".

Section 2.09. Condition of Title. The Title to the Property conveyed by the Agency to the Developer shall be a marketable title free and clear of encumbrances and exceptions, except for: (a) the agreements, covenants and conditions of this Agreement and the Grant Deed, (b) such pre-existing easements or rights-of-way as may be disclosed by the Preliminary Title Report and approved by the Developer as provided herein, and (c) real property taxes for the fiscal year in which escrow closes which constitute a lien not yet payable. Developer shall approve or disapprove such pre-existing matters on or before the end of the Due Diligence Period. In the event any new matter arises after the Due Diligence Period, Agency shall provide Developer with notice of such matter and Developer shall have twenty (20) calendar days thereafter to approve or disapprove the matter. In the event Developer disapproves the matter, Developer shall have the right to terminate this Agreement and receive the return of the Deposit. Notwithstanding the foregoing, all monetary liens and encumbrances shall be deemed disapproved and Agency shall cause the Property to be conveyed to Developer at the Close of Escrow free and clear of all such matters. From and after the date of this Agreement, the Agency agrees not to voluntarily create any encumbrances or exceptions without the prior consent of Developer.

Section 2.10. Conditions for Close of Escrow. DRAFT

a. The Agency's obligation to convey the Property to the Developer and the Close of Escrow shall be expressly conditioned upon Developer's deposit into the escrow of the Purchase Price and all other sums required to be deposited by it into the escrow pursuant to this Agreement.

b. The Developer's obligation to purchase the Property from the Agency and the Close of Escrow shall be expressly conditioned upon satisfaction or waiver by the Developer of each of the following:

1. During the Due Diligence Period, Developer shall have the right to inspect the Property, evaluate the transaction which is the subject of this Agreement and terminate this Agreement for any reason or for no reason. Developer's right to inspect the Property and evaluate the transaction shall include, without limitation, the right to (i) conduct such soils, engineering, hazardous waste, geotechnical, wetlands and other studies in connection with the Property and Developer's proposed development of the Property, in its sole and absolute discretion, deems necessary or desirable, and (ii) determine in Developer's sole and absolute discretion, that the site plan, parking plan and access plan for the Property are acceptable, that utilities of adequate capacity serve the Property, that construction of the improvements contemplated by Developer will not require extraordinary, excessive or unusually costly design elements or construction techniques, that drainage of both surface and subsurface water can be accomplished by ordinary construction techniques not involving unusual or excessive costs, that the Property will satisfy Developer's financial and competitive objectives in the trade area, and that the Property is economically and otherwise feasible for Developer's intended use.

2. The Agency shall be able to convey good, marketable and insurable title to the Property to Developer, subject only to those exceptions approved by the Developer as provided in this Agreement and delivery of title insurance evidencing such title as set forth in Section 2.13 of this Agreement.

3. The Developer shall have received final approval of any changes in zoning, variances, special or conditional use permits, site plan approvals, parcel maps, lot line adjustments, environmental approvals, signage approvals,

grading and building permits, operating permits and licenses or other approvals under applicable law, or as may be required by the covenants, conditions and restrictions affecting the Property, as are necessary or desirable for Developer's intended use and development of the Property (the "Intended Use"). For the purposes of this Agreement, "final approval" shall mean approval by the applicable governmental agency authorized to grant such approval and expiration of any and all appeal or challenge periods with respect to any such approval without any appeal being taken or judicial challenge to such approval being filed or threatened. All such approvals shall be being subject to such conditions as are reasonably acceptable to Developer in its sole and absolute discretion.

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4. The Property shall constitute two separate legal parcels as described in Exhibit "A" and shall be in compliance with all of the applicable provisions of the Subdivision Map Act.

5. The results of any hazardous substance site assessment to be performed at Developer's expense on the Property does not disclose evidence suggesting the presence of any hazardous materials or environmental contamination, or if present, the same shall have been approved by Developer based on such assessment. To the best of the Agency's knowledge, the Agency is unaware of the presence of any environmental contamination.

6. The Agency shall have completed the Clearing and Grading, as hereinafter defined.

7. The representations and warranties of Agency contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

8. Agency shall have performed all agreements, undertakings and obligations and complied with all conditions required by this Agreement to be performed and/or complied with by Agency.

9. As of the date of the Close of Escrow, there shall have been no material adverse change in the condition of the Property or in the Developer's ability to develop, construct, open and operate the Project in accordance with Developer's schedule.

10. No litigation, referendum, moratorium, statute, order, regulation, ordinance, legislation, judgment, ruling or decree shall have been enacted, adopted, issued or entered, or shall be pending or in effect, that could adversely affect the Property, the approvals or Developer's ability to develop, construct, open and operate its Property in accordance with Developer's schedule.

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Section 2.11. Time and Place for Delivery of Documents to Escrow. Subject to any mutually agreed upon written extensions of time or any extensions otherwise authorized by this Agreement, the parties shall deposit with the Escrow Agent promptly at such time as such documents have been fully prepared and executed, but in no event later than five (5) calendar days before the date established for the conveyance of the Property, any and all documents including but not limited to Certificates of Non Foreign Status which are required in order for escrow to close in accordance with this Agreement. The grant deed conveying the Property from the Agency to the Developer hereunder shall be prepared by the Agency, at the Agency's expense. The legal descriptions regarding the Property will be supplied by the Agency. All other documents required to be recorded in order to permit the Close of Escrow shall be prepared by the Developer at its cost and expense.

Section 2.12. Payment of the Consideration and Recordation of the Grant Deed(s) and other Documents. Payment of the Purchase Price shall be made by the Developer to the Escrow Agent prior to the Close of Escrow. When the parties have deposited into escrow all documents and funds as required by this Agreement and all conditions for the Close of Escrow have been satisfied or waived, the Escrow Agent shall promptly file for recordation among the land records in the Office of the County Recorder where the Property is located: (i) the grant deed to the Property, and (ii) this Agreement. The Escrow Agent shall thereafter promptly provide a copy of said recorded documents to both parties, shall promptly deliver the Purchase Price to the Agency and shall promptly deliver to the Developer a title insurance policy insuring title in conformity with this Agreement.

Section 2.13. Title Insurance. Concurrently with recordation of the grant deed to the Property, the Title Company shall provide and deliver to the Developer an A.L.T.A. Form B-1970 (revised 10/17/70) owner's policy of title insurance issued by the Title Company insuring that the title to the Property is as required pursuant to the terms of this Agreement. The title insurance policy shall be in the amount of the Purchase Price of the Property. The cost of the policy shall be allocated in accordance with the provisions of Section 2.06(f) of this Agreement.

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Section 2.14. Taxes and Assessments. Ad valorem taxes and assessments, if any, on the Property and taxes upon this Agreement or any rights hereunder levied, assessed or imposed as to any period prior to conveyance of title through the escrow, shall be borne by the Agency. Such amounts shall be prorated by escrow as of the Close of Escrow. Agency's obligation hereunder shall survive the Close of Escrow.

Section 2.15. Zoning of the Property and Environmental Approvals. The Agency represents and warrants that, subject to compliance with any and all conditions as may be approved by the City's Planning Commission, the City's general plan, zoning ordinance and all other applicable City rules, regulations, ordinances, standards and policies permit the contemplated development, construction and operation of the Property in accordance with this Agreement.

Except with respect to the Clearing and Grading, as hereinafter defined, which are the Agency's sole responsibility, the Developer shall use its commercially reasonably best efforts to cause compliance with any environmental requirements of the California Environmental Quality Act ("CEQA") applicable to this Agreement and the Project. The Developer shall apply for any and all other necessary permits applicable to the Project.

Section 2.16. Condition of the Property.

a. The Property shall be free and clear of all vertical improvements which shall be demolished by the Agency at its sole cost. Such improvements include, but are not limited to, the existing Home Base building, the outdoor garden center and all asphalt, lighting fixtures and other related improvements. It is the intent of the parties that parking lot improvements shall not be removed. The Agency may leave on the Property certain building materials in a crushed state at a location approved by Developer, which can be used by Developer as base soil material and backfill (e.g., asphalt and concrete) in accordance with the specifications

set forth in Exhibit "B" (the "Clearing and Grading"). All existing utilities will be capped and left in place at their current locations on the Property.

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b. Except as provided in subparagraph a. above, the Property shall be conveyed in an "as is" condition with no warranty or liability, except as otherwise provided herein, express or implied on the part of the Agency as to the condition of the soil, its geology or the presence of known or unknown faults or defects.

c. It shall be the responsibility solely of the Developer, at the Developer's expense, to investigate and determine the soil and seismic conditions of the Property and its suitability for the development to be constructed thereon. Except as provided in subparagraph a. above, it shall be the responsibility solely of the Developer, at the Developer's expense, to perform all work necessary to prepare the Property for development.

Section 2.17. Submission of Evidence of Financing Commitments.

a. Developer submitted to the Agency evidence reasonably satisfactory to the Agency that the Developer has sufficient funds of its own for land purchase and construction, all as may be necessary for the purchase of the Property and construction of the Project on the Property in accordance with this Agreement.

b. Any and all financing for the development of the Property shall be obtained from reputable, recognized and well-established financial institutions or lending sources including, but not limited to, banks, savings and loan institutions, insurance companies, real estate investment trusts, pension programs and the like. Whenever the source of financing for all or any part of the development is from other than the Developer, the Developer shall promptly submit the following to the Agency:

1. Copies of all construction and/or land purchase financing commitments received by the Developer; and

2. Proof of acceptance of each such loan commitment by the Developer and proof of payment of all up-front loan commitment fees, if any.

c. The Executive Director of the Agency or his or her designee shall approve or disapprove such documents and/or financing commitments or sources within fifteen (15) business days of receipt by the Agency of the documents and information required hereunder; provided, however, that the failure of the Executive Director or his or her designee to disapprove any of the foregoing matters in writing within said fifteen (15) business day period shall be deemed to constitute approval thereof. Any disapproval shall be in writing and shall specify in detail the basis for the disapproval.

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ARTICLE III

DEVELOPMENT OF THE SITE

Section 3.01. Development by Developer.

a. The parties agree that the Property shall be developed as an approximately 160,000 square foot Costco wholesale commercial center (the "Warehouse") within the limitations established in the Scope of Development set forth in Exhibit "B" attached hereto and incorporated herein by reference. Development of the Warehouse will also require acreage from the immediately adjacent site which is controlled by Developer and whereupon Developer's existing operations are located. To facilitate this requirement, Developer may cause, at its sole cost and expense, the demolition of all improvements and clearing of the adjacent site and may use a portion of said existing site, as may be reasonably necessary, to facilitate construction of the Warehouse. The development of the Warehouse facility is sometimes hereinafter referred to as the "Project".

b. Upon completion of construction of the Warehouse Facility, it is anticipated that there will be a significant portion of the currently existing Costco site (consisting of approximately [to be determined] acres) which shall be available for future retail development (the "Residual Outparcel"). Developer intends for the Residual Outparcel to be developed with related uses consisting of at least 50,000 square feet of retail space (the "Retail Center"), provided, however, that in the event that the Residual Outparcel is not developed for such retail uses within twenty four (24) months following the Close of Escrow, the Agency shall have the option to repurchase the Residual Outparcel on the terms set forth below for a purchase price equal to ninety percent (90%) of its then fair market value as determined by an independent MAI appraiser selected through mutual agreement of the parties. Such option must be exercised by the Agency within

three (3) months of the date that a determination has been made by the parties that the Residual Outparcel will not be developed, otherwise the option shall automatically terminate and be of no further force and effect. Such option shall be exercised by written notice from the Agency to Developer of the exercise of the option. If the parties are unable to agree within seven (7) business days upon an appraiser, each shall appoint an appraiser within three (3) business days, and the two so selected shall appoint a third appraiser; if the two so selected are unable to agree within seven(7)business days on a third appraiser, the third appraiser shall be appointed by the presiding judge of the Superior Court in Los Angeles County, California, upon application of either party, and the average of the appraisals of the two closest appraisers shall be binding on both parties. All appraisal decisions shall be rendered within thirty (30) days after the appointment of the necessary appraiser(s). The cost of the appraisals shall be paid one-half (1/2) by Agency and one-half (1/2) by Developer. All appraisers shall be MAI appraisers or equivalent. In the event that Agency exercises its option pursuant to the terms hereof, the closing shall occur on or before ninety (90) days after the Agency exercises its right to purchase. All closing costs shall be split fifty-fifty (50/50) by Developer and the Agency. The transfer shall be as-is, without any representations and warranties. Upon the closing, the Developer shall be released from all duties and obligations under this Agreement related to the Residual Outparcel.

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c. The City's zoning ordinance including, but not limited to, parking and height requirements, and the City's building requirements are applicable to the use and development of the Property pursuant to this Agreement. The Developer acknowledges that any change in the plans for development or the use of the Property as set forth in the Scope of Development shall be subject to the City's zoning ordinance and building requirements. No action by the Agency or the City with reference to this Agreement or related documents shall be deemed to constitute a waiver of any City parking, height or other requirements which are applicable to the Project or to the Developer, any successor in interest or tenant of the Developer or any tenant or successor in interest pertaining to the Property, except by modification or variance approved by the City consistent with this Agreement. The Agency shall cooperate with and shall assist the Developer in order to obtain modifications or variances from City zoning regulations necessary to develop the Property consistent with this Agreement and, in particular, with the Scope of Development, within sixty (60) calendar days following written application therefor by the Developer. Any failure by the City either to approve or disapprove any of such modifications or

variances within said sixty (60) calendar day period shall constitute an enforced delay hereunder, and the Schedule of Performance, as defined hereinafter, shall be extended by that period of time beyond said sixty (60) calendar day period in which the City approves or disapproves such modifications or variances.

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d. The Scope of Development set forth in Exhibit "B" is hereby approved by the Agency upon its execution of this Agreement. The development of the Project shall be developed and completed in substantial conformance with the approved Scope of Development and any and all other plans, specifications and similar development documents required by this Agreement, except for such changes as may be mutually agreed upon in writing by and between the Developer and the Agency. The Agency agrees to approve preliminary and final construction plans and preliminary and final landscaping plans, if reasonably consistent with the approved Scope of Development.

e. The approval of the Scope of Development by the Agency hereunder shall not be binding upon the City Council or the Planning Commission of the City with respect to any approvals of the Project required by such other bodies. If any revisions of the Scope of Development as approved by the Agency shall be required by another government official, agency, department or bureau having jurisdiction over the development of the Property, the Developer and the Agency shall cooperate in efforts to obtain waivers of such revisions, or to obtain approvals of any such revisions which have been made by the Developer and have thereafter been approved by the Agency. The Agency shall not unreasonably withhold approval of such revisions.

f. Notwithstanding any provision to the contrary in this Agreement, but subject to the satisfaction of Developer's conditions set forth in Section 2.10, the Developer agrees to accept and comply fully with any and all reasonable conditions of approval applicable to all permits and actions of governmental entities other than the Agency, affecting the Project and consistent with this Agreement.

g. The Developer shall cause landscaping plans for the Project to be prepared by a licensed landscape architect acceptable to the Developer and the Agency. The Developer shall prepare and submit to the Agency for its approval, preliminary and final landscaping plans for the Property. These plans shall be prepared, submitted and approved within the times respectively established therefor in the Schedule of Performance as shown on Exhibit "D" attached hereto and incorporated herein by reference and shall be consistent with the Scope of Development. The Developer shall prepare and submit development plans, construction drawings and

related documents for the development of the Property consistent with the Scope of Development to the City and the Agency for review (including, but not limited to, architectural review of the exterior of structures); provided, however, that the Agency shall not have the right or responsibility to approve development plans, construction drawings or related documents for purposes of the issuance of a building permit or otherwise on behalf of the City, but shall only have the right of review and approval of such plans, drawings and documents for purposes of: (a) architecture and design of structures and the overall development of the Project, and (b) conformity of such plans, drawings and documents with the terms and conditions of this Agreement. The development plans, construction drawings and related documents shall be submitted in two stages -- preliminary and final drawings (i.e., working drawings), plans and specifications. Final drawings, plans and specifications are hereby defined as those which contain sufficient detail necessary to obtain a building permit from the City. Any such items submitted to and approved in writing by the Agency shall not be subject to subsequent disapproval by the Agency, and any such Agency approval shall not be unreasonably withheld.

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h. During the preparation of all drawings and plans for the Project and during the construction of the Project, the Agency Staff and the Developer shall hold regular progress meetings to coordinate the preparation by the Developer, and the submission to and review by the City and the Agency of construction plans and related documents. The Agency Staff and the Developer shall communicate and consult informally as frequently as is necessary to ensure that any such plans and related documents submitted by the Developer to the City and the Agency can receive prompt and speedy consideration.

i. The Agency shall have the right of reasonable architectural review and approval of building exteriors and design of the Project. The Agency shall also have the right to review all plans, drawings and related documents pertinent to the development of the Property, including but not limited to, any monuments, signs and related advertising applicable to the Property, in order to ensure that they are reasonably consistent with this Agreement and with the Scope of Development set forth in Exhibit "B".

j. The Developer shall timely submit to the City for its review and approval any and all plans, drawings and related documents pertinent to the development of the Property, as required by the City. The Agency shall cooperate with and shall assist the Developer in order for the Developer to obtain the approval of any and all development plans, construction drawings and related documents submitted by the Developer to the City consistent with

this Agreement within thirty (30) calendar days following the City's receipt of said plans. Any failure by the City to approve any of such plans or to issue necessary permits for the development of the Property within said thirty (30) calendar day period shall constitute an enforced delay hereunder, and the Schedule of Performance shall be extended by that period of time beyond said thirty (30) calendar day period in which the City approves said plans; provided, however, that in the event that the City disapproves of any of such plans, the Developer shall within thirty (30) calendar days after receipt of such disapproval revise and resubmit such plans in accordance with the City's requirements and in such form and substance so as to obtain the City's approval thereof.

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k. The Agency shall in good faith use its best efforts to cause the City to approve in a timely fashion any and all plans, drawings and documents submitted by the Developer hereunder and to cause the City not to impose new conditions inconsistent with: (a) prior plans, drawings and documents approved by the City or (b) the Scope of Development.

l. The Agency shall approve any modified or revised plans, drawings and related documents to which reference is made in this Agreement within the times established in the Schedule of Performance as long as such plans, drawings and related documents are generally consistent with the Scope of Development and any other plans which have been approved by the Agency. Upon any disapproval of plans, drawings or related documents, the Agency shall state in writing the reasons for such disapproval. The Developer, upon receipt of notice of any disapproval, shall promptly revise such disapproved portions of the plans, drawings or related documents in a manner that addresses the reasons for disapproval and reasonably meets the requirements of the Agency in order to obtain the Agency's approval thereof. The Developer shall resubmit such revised plans, drawings and related documents to the Agency as soon as possible after its receipt of the notice of disapproval and, in any event, no later than thirty (30) calendar days thereafter. The Agency shall approve or disapprove such revised plans, drawings and related documents in the same manner and within the same times as provided in this Section for approval or disapproval of plans, drawings and related documents initially submitted to the Agency.

m. If the Developer desires to make any material change in the final construction drawings, plans and specifications and related documents after their approval by the Agency and/or the City, the Developer shall submit the proposed change in writing to the Agency and/or the City for approval. The Agency shall notify

the Developer of approval or disapproval thereof in writing within thirty (30) calendar days after submission to the Agency. This thirty (30) calendar day period may be extended by mutual consent of the Developer and the Agency. Any such change shall, in any event, be deemed to be approved by the Agency unless rejected, in whole or in part, by written notice thereof submitted by the Agency to the Developer, setting forth in detail the reasons therefor, and such rejection shall be made within said thirty (30) calendar day period unless extended as permitted herein. The Agency shall use its best efforts to cause the City to review and approve or disapprove any such change as provided in Section 3.01(k) hereof.

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n. The Developer, upon receipt of a notice of disapproval by the Agency and/or the City, may revise such portions of the proposed change in construction drawings, plans and specifications and related documents as are rejected and shall thereafter resubmit such revisions to the Agency and/or the City for approval in the manner provided in Section 3.01(m) hereof.

o. The Developer shall have the right during the course of construction to make changes in construction concerning the interior of structures and "minor field changes" without seeking the approval of the Agency; provided, however, that such changes do not affect the type of use to be conducted within all or any portion of a structure. Said "minor field changes" shall be defined as those changes from the approved final construction drawings, plans and specifications which have no substantial effect on the improvements and are made in order to expedite the work of construction in response to field conditions. Nothing contained in this Section shall be deemed to constitute a waiver of or change in the City's Building Code requirements governing such "minor field changes" or in any and all approvals by the City otherwise required for such "minor field changes."

p. Except with respect to the Clearing and Grading, the costs of developing the Property and of constructing all improvements thereon as set forth in the Scope of Development shall be borne by the Developer.

q. Except with respect to the Clearing and Grading, the Developer shall at its expense cause to be prepared, and shall pay any and all fees pertaining to the review and approval thereof by the City, all required construction, planning and other documents reasonably required by governmental bodies pertinent to the development of the Property hereunder including, but not limited to, specifications, drawings, plans, maps, permit applications, land use applications, zoning applications and design review documents, and any documents prepared pursuant to CEQA in

connection with the filing of the Site Plan and shall cause the preparation by consultants selected or approved by the Agency and/or the City, at the cost and expense solely of the Developer, any and all documents required pursuant to CEQA for any change in the Scope of Development applicable to the Project.

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r. Except with respect to the Clearing and Grading, the Developer shall pay for any and all costs concerning the design, construction, relocation and securing of permits for utility improvements and connections, including sewers and sewer lines, power lines and poles, water lines, gas lines, cable lines and related vaults, storm drains and vaults, traffic access ways, lighting poles and standards, handicapped access ramps, construction of tree wells and planting of trees. The Developer shall obtain any and all necessary approvals prior to the commencement of applicable portions of said construction, and the Developer shall take reasonable precautions to ensure the safety and stability of surrounding properties during said construction.

s. The Developer shall use its commercially reasonable efforts to begin and complete all construction and development and undertake all obligations and responsibilities of the Developer within the times specified in the Schedule of Performance shown in Exhibit "D" attached hereto, or within such reasonable extensions of such times as may be granted by the Agency or as otherwise provided for in this Agreement. The Schedule of Performance shall be subject to revision from time to time as mutually agreed upon in writing by and between the Developer and the Agency. Any and all deadlines for performance by the parties shall be extended for any times attributable to delays which are not the fault of the performing party and are caused by the other party, other than periods for review and approval or reasonable disapprovals of plans, drawings and related documents, specifications or applications for permits as provided in this Agreement.

t. Prior to and during the period of construction of the Project, the Developer shall submit to the Agency written progress reports when and as reasonably requested by the Agency but in no event more frequently than every four (4) weeks. The reports shall be in such form and detail as may reasonably be required by the Agency, and shall include a reasonable number of construction photographs taken since the last such report submitted by the Developer.

u. Prior to the entry on the Property for the purpose of Inspection, the Developer shall furnish to the Agency certificates of insurance in the amount of One Million Dollars ($1,000,000.00), naming the Agency and the City as additional

insureds. Said insurance shall cover commercial general liability. In addition, the Developer shall provide to the Agency adequate proof of commercial automobile liability insurance covering owned, non-owned and hired vehicles, combined single limit in the amount of One Million Dollars ($1,000,000.00) each occurrence; and proof of workers' compensation insurance. Any and all insurance policies required hereunder shall be obtained from insurance companies admitted in the State of California and rated at least B+: XII in Best's Insurance Guide. Policy limits may not be reduced, terms changed or policy cancelled with less than thirty (30) days' prior written notice to City and Agency. Any and all insurance obtained by the Developer hereunder shall be primary to any and all insurance which the Agency and/or City may otherwise carry, including self insurance, which for all purposes of this Agreement shall be separate and apart from the requirements of this Agreement. Any insurance policies governing the Property as obtained by the Agency shall not be transferred from the Agency to the Developer. Any and all insurance required hereunder shall be maintained and kept in force until the Close of Escrow.

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Developer shall have the right to satisfy its insurance obligations hereunder by means of self-insurance to the extent of all or part of the insurance required hereunder, but only so long as: (i) Developer (or an Affiliate providing the insurance) shall have a net worth of at least $25,000,000; and (ii) Developer (or an Affiliate providing the insurance) shall, upon request, provide a financial statement, prepared in accordance with generally accepted accounting principles, showing the required net worth Developer shall be deemed to have obtained the insurance for which Developer is self-insuring.

v. The Developer for itself and its successors and assigns agrees that in the construction of the improvements on the Property provided for in this Agreement, the Developer will not discriminate against any employee or applicant for employment because of sex, marital status, race, color, religion, creed, national origin, or ancestry.

w. The Developer shall carry out its construction of the improvements on and off the Property in conformity with all applicable laws, including all applicable federal and state labor standards and requirements.

x. Before commencement of construction and development of any buildings, structures or other work or improvements upon the Property, the Developer shall, at its own expense, secure or shall cause to be secured, any and all permits which may be required for

such construction, development or work by the City or any other governmental agency having jurisdiction thereof. The Agency shall cooperate in good faith with the Developer in the Developer's efforts to obtain from the City or any other appropriate governmental agency any and all such permits and, upon completion of applicable portions of the Project, certificates of occupancy.

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y. Officers, employees, agents or representatives of the Agency and the City shall have the right of reasonable access to the Property, without the payment of charges or fees, during normal construction hours during the period of construction of the Project for the purposes of this Agreement including, but not limited to, the inspection of the work being performed in constructing the Project. The Agency and City shall, to the extent reasonable under the circumstances, provide twenty-four (24) hours notice prior to such access. Such officers, employees, agents or representatives of the Agency and/or the City shall be those persons who are so identified by the Executive Director. Any and all officers, employees, agents or representatives of the Agency and the City who enter the Property pursuant hereto shall identify themselves at the job site office upon their entrance on to the Property and shall at all times be accompanied by a representative of the Developer while on the Property; provided, however, that the Developer shall make a representative of the Developer available for this purpose at all times during normal construction hours upon reasonable notice from the Agency. The Agency shall indemnify and hold the Developer harmless from injury, property damage or liability arising out of the exercise by the Agency and/or the City of this right of access, other than injury, property damage or liability relating to the negligence of the Developer or its officers, agents or employees.

Section 3.02. Responsibility of the Agency. The Agency, without any expense of the Developer therefor and without the creation of the assessments or claims against the Property as a result thereof, shall perform the work comprising the Clearing and Grading, and shall assume any other obligations imposed on the Agency, if any, as set forth in the Scope of Development.

Section 3.03. Taxes, Assessments, Encumbrances and Liens. The Developer shall pay prior to the delinquency all real property taxes and assessments assessed and levied on or against the Property subsequent to the close of the escrow and the conveyance to the Developer of title to the Property hereunder. The Developer shall not place and shall not allow to be placed on the Property any mortgage, trust deed, deed of trust, encumbrance or lien not otherwise authorized by this Agreement. The Developer shall remove, or shall have removed, any levy or attachment made on the Property such as a materialmans claim, or shall assure the satisfaction thereof, within a reasonable time but in any event prior to a sale of the Property by the Agency to the Developer, or any portion thereof, thereunder. Nothing herein contained shall be deemed to prohibit the Developer from contesting the validity or amounts of any tax assessment, encumbrance or lien, nor to limit the remedies available to the Developer in respect thereto. The covenants of the Developer set forth in this Section relating to the placement of any unauthorized mortgage, trust deed, deed of trust, encumbrance or lien, shall remain in effect only until the Certificate of Completion has been recorded with respect to the Property.

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Section 3.04. Prohibition Against Transfer.

a. Prior to the recordation of all Certificates of Completion with respect to each portion of the Property as set forth in Section 3.07 of this Agreement, the Developer shall not, without prior written approval of the Agency, or except as permitted by this Agreement, (i) assign or attempt to assign this Agreement or any right herein or (ii) make any total or partial sale, transfer, conveyance, lease, leaseback, or assignment of the whole or any part of the Property or the improvements thereon. This prohibition shall not apply to any of the following: (i) the reasonable grant of limited easements or permits to facilitate the development of the Property; (ii) leases, other than ground leases, to prospective tenants whose use of the Property is in conformity with the Community Redevelopment Law and all applicable zoning laws or ordinances; and (iii) a transfer authorized by Section 1.04 hereof.

b. It is understood and agreed by the Developer that neither the Developer, nor its assigns or successors in interest to the Property or this Agreement, shall use or otherwise sell, transfer, convey, assign, lease, leaseback or hypothecate the Property or any portion thereof to any entity or party, or for any use of the Property, that is partially or wholly exempt from the payment of real property taxes pertinent to the Property, or any

portion thereof, or which would cause the exemption of the payment of all or any portion of such real property taxes.

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c. In the absence of specific written agreement or approval by the Agency, and except as otherwise specifically provided herein, no unauthorized sale, transfer, conveyance, lease, leaseback or assignment of the Property shall be deemed to relieve the Developer or any other party from any obligations under this Agreement. This condition shall remain in effect until recordation of the Certificate of Completion for the applicable portion of the Property.

Section 3.05. Security Financing; Right of Holders.

a. Notwithstanding any provision set forth in Section 3.04 hereof to the contrary, prior to recordation of the Certificate of Completion, Agency approval is required for any mortgages, deeds of trust, or any other form of lien required for any reasonable method of financing. The Agency shall grant approval if the purpose of securing loans of funds is for financing the acquisition of the Property, and any other expenditures necessary and appropriate to develop, occupy or use the Property under this Agreement. The Developer shall notify the Agency in writing in advance of any mortgage, deed of trust, or other form of lien for financing if the Developer proposes to enter into the same before the recordation of the Certificate of Completion. The Developer shall not enter into any such conveyance for financing without prior written approval of the Agency, which approval the Agency agrees to grant if any such conveyance is given to a responsible financial or lending institution including, without limitation, banks, savings and loan institutions, insurance companies, real estate investment trusts, pension programs and the like, or other acceptable persons or entities. Such lender shall be deemed approved unless rejected in writing by the Agency within seven (7) calendar days following its receipt of notice from the Developer, subject to written extension or shortening of time signed by both parties. Any disapproval shall be in writing and shall specify in detail the basis for the disapproval. Any lender approved by the Agency pursuant to this Section shall not be bound by any amendment, implementation agreement or modification to this Agreement occurring after recordation of said lender's lien.

b. In any event, the Developer shall promptly notify the Agency of any mortgage, deed of trust or other refinancing, encumbrance or lien that has been created or attached thereto prior to recordation of the Certificate of Completion on the Property whether by voluntary act of the Developer or otherwise; provided, however, that no notice of filing of preliminary notices or

mechanic's liens need be given by the Developer to the Agency prior to suit being filed to foreclose such mechanic's lien.

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c. The words "mortgage" and "deed of trust" as used herein shall be deemed to include all other customary and appropriate modes of financing real estate acquisition, construction and land development. The Agency agrees to make such amendments regarding the rights of any lender as the approved lender shall reasonably require.

d. The holder of any mortgage, deed of trust or other security interest authorized by this Agreement shall in no manner be obligated by the provisions of this Agreement to construct or complete the improvements or to guarantee such construction or completion; nor shall any covenant or any other provision in the grant deed for the Property be construed so to obligate such holder. Nothing in this Agreement shall be deemed to permit or authorize any such holder to devote the Property to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

e. Whenever the Agency shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer in the completion of construction of the improvements, or any breach or default of any other obligations which might entitle the Agency to terminate this Agreement or exercise its right to re-enter under Section 5.07 hereof, the Agency shall at the same time deliver to each holder of record of any mortgage, deed of trust or other security interest authorized by this Agreement a copy of such notice or demand. Each such holder shall (insofar as the rights of the Agency are concerned) have the right, at its option, to commence the cure or remedy of any such default and to diligently and continuously proceed with such cure or remedy, within ninety (90) calendar days after the receipt of the notice; and to add the cost thereof to the security interest debt and the lien of its security interest. If such default shall be a default which can only be remedied or cured by such holder upon obtaining possession, such holder shall seek to obtain possession with diligence and continuity through a receiver or otherwise, and shall remedy or cure such default within ninety (90) calendar days after obtaining possession; provided that in the case of a default which cannot with diligence be remedied or cured, or the remedy or cure of which cannot be commenced, within such ninety (90) calendar day period, such holder shall have such additional time as is reasonably necessary to remedy or cure such default of the Developer. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the improvements (beyond

the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations 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 and must submit evidence satisfactory to the Agency that it has the qualifications and financial responsibility necessary to perform such obligations. Any such holder completing such improvements in accordance herewith shall be entitled, upon written request made to the Agency, to be issued a Certificate of Completion by the Agency.

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f. Prior to recordation of the Certificate of Completion, in any case where, one hundred twenty (120) calendar days after default by the Developer in the completion of construction of improvements under this Agreement, the holder of any mortgage, deed of trust or other security interest creating a lien or encumbrance upon the Property or any portion thereof has not exercised the option to construct the applicable portions of the Project, or has exercised the option but has not proceeded diligently and continuously with construction, the Agency may purchase the mortgage, deed of trust or other security interest by payment to the holder of the amount of the unpaid debt, including principal, accrued and unpaid interest, late charges, costs, expenses and other amounts payable to the holder by the Developer under the loan documents between holder and the Developer. If the ownership of the Property 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:

1. The unpaid mortgage, deed of trust or other security interest debt, including principal, accrued and unpaid interest, late charges, costs, expenses and other amounts payable to the holder by the Developer under the loan documents between the holder and the Developer, 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.)

2. All expenses, if any, incurred by the holder with respect to foreclosure.

3. The net expenses, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent ownership or management of

the Property, such as insurance premiums and real estate taxes.

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4. The cost of any improvements made by such holder.

5. An amount equivalent to the interest that would have accrued on the aggregate on 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.

6. After expiration of the aforesaid one hundred twenty (120) calendar day period, the holder of any mortgage, deed of trust or other security affected by the option created by this Section, may demand, in writing, that the Agency act pursuant to the option granted hereby. If the Agency fails to exercise the right herein granted within thirty (30) calendar days from the date of such written demand, the Agency shall be conclusively deemed to have waived such right of purchase of the applicable portion of the Property or the mortgage, deed of trust or other security interest.

g. In the event of any other default or breach by the Developer of a mortgage, deed of trust or other security interest with respect to the Property (or any portion thereof) prior to the issuance of a Certificate of Completion for the applicable portion or portions of the Property, and the holder has not exercised its option to complete the development, the Agency may cure the default prior to completion of any foreclosure. In such event, the Agency shall be entitled to reimbursement from the Developer of all costs and expenses incurred by the Agency in curing the default. The Agency shall also be deemed to have a lien upon the Property (or any portion thereof) to the extent of such costs and disbursements. Any such lien shall be subordinate and subject to mortgages, deeds of trust or other security instruments executed for the sole purpose of obtaining funds to purchase and develop the Property as authorized herein.

Section 3.06. Right of the Agency to Satisfy Other Liens on the Property after Conveyance of Title. After the conveyance of title to the Property by the Agency to the Developer and prior to the recordation of the Certificate of Completion (referred to in Section 3.07 of this Agreement), and after the Developer has had a reasonable time to challenge, cure or satisfy any liens or encumbrances on the Property, the Agency shall after sixty (60) calendar days prior written notice to the Developer have the right

to satisfy any such liens or encumbrances; provided, however, that nothing in this Agreement shall require the Developer to pay or make provisions for the payment of any tax, assessment, lien or charge so long as the Developer in good faith shall contest the validity or amount thereof, and so long as such delay in payment shall not subject the Property, or any portion thereof, to forfeiture or sale.

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Section 3.07. Certificate of Completion.

a. Immediately following the written request therefor by the Developer and the completion of construction and development of the improvements, excluding any normal and customary tenant improvements and minor building and site development "punch-list" items, to be completed by the Developer upon the applicable portion of the Property, the Agency shall furnish the Developer with a Certificate of Completion for the Warehouse Facility or Retail Center, as applicable, substantially in the form in Exhibit "E" attached hereto. Notwithstanding any provision set forth herein to the contrary, the completion of construction and development of improvements on the applicable Property shall be deemed to include the completion of construction and development of any and all buildings on said Property and any and all parking, landscaping and related improvements necessary to support or which meet the requirements applicable to the building and its use and occupancy on said Property.

b. The Agency shall not unreasonably withhold the issuance of such Certificate of Completion. The Certificate of Completion shall be, and shall so state, that it is a conclusive determination of satisfactory completion of all of the applicable obligations of this Agreement with respect to the development of the applicable portion of the Property. After the recordation of the Certificate of Completion, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in such portion of the Property shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement, except that such party shall be bound by any covenants contained in the grant deed, lease or other instrument of transfer which grant deed, lease or other instrument of transfer shall include the provisions of Section 4.01 through 4.05, inclusive, of this Agreement. Neither the Agency nor any other person, after the recordation of a Certificate of Completion, shall have any rights remedies or controls that it would otherwise have or be entitled to exercise under this Agreement with respect to the applicable Property, as a result of a default in or breach of any provision of this Agreement, and the respective rights and

obligations of the parties shall be limited to those set forth in the grant deed.

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c. Each Certificate of Completion shall be in such form as to permit it to be recorded in the Recorder's Office of the County where the Property is located.

d. If the Agency refuses or fails to furnish a Certificate of Completion after written request from the Developer, the Agency shall, within fifteen (15) calendar days of the written request or within three (3) calendar days after the next regular meeting of the Agency, whichever date occurs later, provide to the Developer a written statement setting forth the reasons with respect to the Agency's refusal or failure to furnish a Certificate of Completion. The statement shall also contain the Agency's opinion of the action the Developer must take to obtain a Certificate of Completion. If the reason for such refusal is confined to the immediate unavailability of specific items or materials for construction or landscaping at a price reasonably acceptable to the Developer or other minor building or site development "punch-list" items, the Agency will issue its Certificate of Completion upon the posting of a bond or irrevocable letter of credit, reasonably approved as to form and substance by the Agency Counsel and obtained by the Developer in an amount representing a fair value of the work not yet completed as reasonably determined by the Agency. If the Agency shall have failed to provide such written statement within the foregoing period, the Developer shall be deemed conclusively and without further action of the Agency to have satisfied the requirements of this Agreement with respect to the applicable portion of the Property as if a Certificate of Completion had been issued therefor.

e. Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage, or any insurer of a mortgage securing money loaned to finance the improvements described herein, or any part thereof. Such Certificate of Completion shall not be deemed to constitute a notice of completion as referred to in Section 3093 of the California Civil Code, nor shall it act to terminate the continuing covenants or conditions subsequent contained in the Grant Deed attached hereto as Exhibit "C".

ARTICLE IV

USE OF THE SITE

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Section 4.01. Uses. The Developer covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property, or any part thereof, that upon completion of construction, the Property shall only be used for retail purposes. The Developer shall cooperate with the Agency in good faith to identify appropriate retail users for the Residual Outparcel.

It is understood and agreed by the Developer that neither the Developer, nor its assigns or successors in interest to the Property or this Agreement, shall use or otherwise sell, transfer, convey, assign, lease, leaseback or hypothecate the Property or any portion thereof to any entity or party, or for any use of the Property, that is partially or wholly exempt from the payment of real property taxes pertinent to the Property, or any portion thereof, or which would cause the exemption of the payment of all or any portion of such real property taxes.

The Developer has estimated that upon completion of the Warehouse Facility, the Warehouse Facility will have an assessed valuation equal to _____ Dollars ($_____). The Agency acknowledges and agrees that the actual assessed valuation may be greater or less than said number and that said number is only Developer's best estimate of the proposed assessed valuation.

The Developer further estimates that when open and fully operational, the Warehouse Facility will result in the creation of approximately _____ (__) new jobs. The Agency acknowledges and agrees that the actual number of new jobs created may be greater or less than said number and that said number is only the Developer's best estimate of the approximate number of new jobs likely to be created.

Section 4.02. Maintenance of the Property. The Developer covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property, or any part thereof, that the Developer, such successors and such assigns shall maintain in good condition the improvements on the Property, shall keep the Property free from any accumulation of debris or waste material, subject to normal construction job-site conditions, and shall maintain in a neat, orderly, healthy and good condition the landscaping required to be planted in accordance with the Scope of Development. In the event the Developer, or its successors or assigns, fails to perform the maintenance as required herein, the

Agency and/or the City shall have the right, but not the obligation, to enter the Property and undertake such maintenance activities. In such event, the Developer shall reimburse the Agency and/or City for all reasonable sums incurred by it for such maintenance activities.

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Section 4.03. Obligation to Refrain from Discrimination. The Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property; nor shall the 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, sublessee or vendees of the Property.

Section 4.04. Form of Nondiscrimination and Non-segregation Clauses. The Developer covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property, or any part thereof, that the Developer, such successors and such assigns shall refrain from restricting the sale, lease, sublease, rental, transfer, use, occupancy, tenure or enjoyment of the Property (or any part thereof) on the basis of sex, marital status, race, color, religion, creed, ancestry or national origin of any person. All deeds, leases or contracts pertaining thereto shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

a. In deeds: "The grantee herein covenants by and for itself, its successors 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, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee 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, sublessee, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

b. In leases: "The Lessee herein covenants by and for itself, its successors and assigns, and all persons claiming under

or through them, and this lease is made and accepted upon and subject to the following conditions: 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, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee 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, sublessee, subtenants, or vendees in the premises herein leased."

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c. In contracts: "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, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed or leased, nor shall the transferee 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, sublessees, subtenants, or vendees of the premises herein transferred." The foregoing provision shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the instrument.

Section 4.05. Effect and Duration of Covenants. The covenants established against discrimination shall remain in effect in perpetuity. All other covenants respecting the Property shall remain in effect from the date of the Grant Deed until that date which is ten (10) years following the date of the Grant Deed. Said covenants shall run with the land and shall constitute equitable servitudes thereon, and 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.

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 rights and for the purposes of protecting the interests of the community. The Agency shall have the right, if such covenants are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or such other proper proceedings to enforce the curing of such breaches to which it or any other beneficiary of such covenants may be entitled, including, without limitation, to specific performance, damages and injunctive relief. The Agency shall have the right to assign all of its rights and benefits hereunder to the City.

ARTICLE V

DEFAULTS, REMEDIES AND TERMINATION

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Section 5.01. Defaults - General.

a. Subject to the extensions of time set forth in Section 6.05 hereof, failure or delay by either party to perform any term or provision of this Agreement shall constitute a default under this Agreement; provided, however, that if a party otherwise in default commences to cure, correct or remedy such default within thirty (30) calendar days, or such other time period specified in this Agreement, after receipt of written notice specifying such default and shall diligently and continuously prosecute such cure, correction or remedy to completion (and where any time limits for the completion of such cure, correction or remedy are specifically set forth in this Agreement, then within said time limits), such party shall not be deemed to be in default hereunder.

b. The injured party shall give written notice of default to the party in default, specifying the default complained of by the non-defaulting party. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

c. Any failure 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. Delays by either party in asserting any of its rights and remedies shall not deprive either 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.

Section 5.02. Legal Actions.

a. Except as otherwise provided in this Agreement, in addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purposes of this Agreement. Such legal actions must be instituted in the Superior Court of the County of San Bernardino, State of California, in any other appropriate court in that County, or in the Federal District Court in the Eastern District of California.

b. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

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c. 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 or Chairman or the Agency, or in such other manner as may be provided by law.

d. In the event that any legal action is commenced by the Agency against the Developer, service of process on the Developer shall be made by personal service on CT Corporation System (or such other Agent for service of process and at such address as may be specified in written notice to the Agency), or in such other manner as may be provided by law, and shall be valid whether made within or without the State of California.

Section 5.03. Rights and Remedies are Cumulative. Except with respect to any rights and remedies expressly declared to be exclusive or limited 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.

Section 5.04. Damages. If either party defaults with regard to any provision of this Agreement, the non-defaulting party shall serve written notice of such default upon the defaulting party. If the defaulting party does not diligently commence to cure such default within thirty (30) calendar days after service of the notice of default and promptly complete the cure of such default within a reasonable time, generally not to exceed ninety (90) calendar days (or such shorter period as may otherwise be specified in this Agreement for any specific default), after the service of written notice of such default, then, except as limited by the terms of this Agreement, the defaulting party shall be liable to the other party for damages caused by such default.

NOTWITHSTANDING THE FOREGOING, OR ANY OTHER PROVISION OF THIS AGREEMENT TO THE CONTRARY, AGENCY AND DEVELOPER AGREE THAT THE DAMAGES THAT WOULD BE SUFFERED BY AGENCY IN THE EVENT OF A DEFAULT BY DEVELOPER HEREUNDER IN CLOSING ON ITS PURCHASE OF THE PROPERTY AFTER THE SATISFACTION OF ALL OF DEVELOPER'S CONDITIONS OF CLOSING, BUT PRIOR TO AGENCY'S COMMENCEMENT OF DEMOLITION WORK ON THE PROPERTY, WOULD BE EXTREMELY DIFFICULT AND IMPRACTICABLE TO ASCERTAIN, AND THAT THE DEPOSIT REPRESENTS THE REASONABLE ESTIMATE BY THE PARTIES OF THE AMOUNT OF THE DAMAGES THAT AGENCY WOULD SUFFER BY REASON OF DEVELOPER'S DEFAULT. DEVELOPER AND AGENCY UNDERSTAND AND AGREE THAT THE VALUE OF THE PROPERTY IS SUBJECT TO CHANGE BY REASON OF GENERAL ECONOMIC CONDITIONS, THE LOCAL REAL

ESTATE MARKET, THE AVAILABILITY OF MORTGAGE FINANCING AND OTHER FACTORS BEYOND THE CONTROL OF DEVELOPER AND AGENCY AND THAT THE DEPOSIT IS A REASONABLE LIQUIDATED DAMAGE AMOUNT UNDER SUCH CIRCUMSTANCES. ACCORDINGLY, PROVIDED THE AGENCY HAS NOT COMMENCED ANY DEMOLITION WORK ON THE PROPERTY, THEN IN THE EVENT THE CLOSING DOES NOT OCCUR BECAUSE OF A DEFAULT BY DEVELOPER HEREUNDER, AND PROVIDED THAT ALL CONDITIONS TO DEVELOPER'S OBLIGATIONS HAVE BEEN SATISFIED AND AGENCY HAS COMPLIED WITH ALL OF ITS OBLIGATIONS HEREUNDER AND IS READY, WILLING AND ABLE TO CLOSE, AGENCY SHALL BE ENTITLED TO RECEIVE AND RETAIN THE DEPOSIT THEN HELD BY TITLE COMPANY AS LIQUIDATED DAMAGES, AND NOT AS A PENALTY OR FORFEITURE, AS AGENCY'S SOLE AND EXCLUSIVE REMEDY FOR DEVELOPER'S DEFAULT AT LAW OR IN EQUITY. IN SUCH EVENT, UPON RECEIPT OF SUCH AMOUNT BY AGENCY, THIS AGREEMENT SHALL AUTOMATICALLY TERMINATE AND DEVELOPER AND AGENCY SHALL BE RELIEVED OF ANY FURTHER OBLIGATIONS OR LIABILITY HEREUNDER. DEVELOPER AND AGENCY SHALL SIGN BELOW THIS PARAGRAPH INDICATING THEIR AGREEMENT TO THE LIQUIDATED DAMAGE CLAUSE HEREIN CONTAINED. IN THE EVENT THAT THE AGENCY HAS COMMENCED THE DEMOLITION OF STRUCTURES ON THE PROPERTY, AS CONTEMPLATED BY THIS AGREEMENT, THEN THIS LIQUIDATED DAMAGES PROVISION SHALL NO LONGER BE APPLICABLE AND THE PARTIES WILL INSTEAD BE ENTITLED TO PURSUE ANY OF THE OTHER REMEDIES SET FORTH IN THE AGREEMENT OR AS MAY BE OTHERWISE PROVIDED IN LAW OR EQUITY, INCLUDING, BUT NOT LIMITED TO, SEEKING REIMBURSEMENT FOR COSTS INCURRED OR VALUE LOST AS A RESULT OF THE AGENCY'S COMMENCEMENT OF THE CLEARING AND GRADING WORK.

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AGENCY _____ DEVELOPER _____

Section 5.05. Specific Performance. If either party defaults under any of the provisions of this Agreement, the non-defaulting party shall serve written notice of such default upon such defaulting party. If the defaulting party does not commence to cure the default and diligently and continuously proceed with such cure within thirty (30) calendar days after service of the notice of default, and such default is not cured within a reasonable time thereafter (and where any time limits for the completion of such cure, correction or remedy are specifically set forth in this Agreement, then within said time limits), the non-defaulting party, at its option, may institute an action for specific performance of the terms of this Agreement. Notwithstanding the foregoing, Agency's sole remedy in the event of a default by Developer prior to the Close of Escrow and Agency's commencement of the Grading and Clearing shall be the liquidated

damages as set forth in Section 5.04 above, and Agency shall have no right of specific performance.

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Section 5.06. Rights and Remedies of Termination.

a. Termination by the Developer.

The Developer may terminate this Agreement if the Agency does not tender conveyance of title to and possession of the Property to the Developer in the manner and condition and by the date provided in this Agreement (or any and all extensions thereof as authorized by this Agreement), and if any such failure is not cured within fifteen (15) calendar days after written demand therefor submitted by the Developer to the Agency. Such written demand shall specify the Agency's default and the action required to cure same. Developer may also terminate this Agreement if one or more of the conditions set forth in Section 2.09(b) of this Agreement have not been satisfied or otherwise waived by Developer by the date set for Close of Escrow, such termination to be effective fifteen (15) calendar days after receipt by Agency of written notice from Developer specifying the one or more conditions set forth in Section 2.09(b) which have not been satisfied or waived by Developer. In the event of such termination by the Developer, the Deposit described in Section 2.04 hereof shall be returned to the Developer. Developer shall, in addition to the right to terminate, have available all other remedies against Agency available at law or in equity.

b. Termination by the Agency.

1. Notwithstanding any provision set forth in this Agreement to the contrary, upon written notice of default which shall specify the Developer's default and the action required to cure same and upon thirty (30) calendar days notice to the Developer of the Agency's intent to terminate this Agreement pursuant to this Section, the Agency at its option may terminate this Agreement if following satisfaction of all conditions precedent for conveyance of the Property by the Agency to the Developer and at the time the Developer is required to deposit into escrow the Purchase Price, the Developer has not in fact made such deposit.

2. Subject to written notice of default which shall specify the Developer's default and the action required to cure same and upon thirty (30) calendar days notice to the Developer of the Agency's intent

to terminate this Agreement pursuant to this Section, the Agency at its option may terminate this Agreement if the Developer in breach of this Agreement assigns or attempts to assign this Agreement, or any right therein, or attempts to make any total or partial sale, lease or leaseback, transfer or conveyance of the whole or any part of the Property or the improvements to be developed thereon in violation of the terms of this Agreement, and the Developer does not correct such violation within thirty (30) calendar days from the date of receipt of such notice.

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3. Subject to written notice of default, which shall specify the Developer's default and the action required to cure same and upon thirty (30) calendar days notice to the Developer of the Agency's intent to terminate this Agreement pursuant to this Section, the Agency at its option may terminate this Agreement if the Developer: (a) does not within the time limits set forth in this Agreement or as specifically provided in the Schedule of Performance, subject to extensions authorized by this Agreement due to force majeure or otherwise, submit development plans, construction drawings and related documents acceptable to the Planning Department and Building Division of the City for plan check purposes and in order to obtain building permits for the Project, together with applicable fees therefor, all prepared to the minimum acceptable standards as required by the Planning Department and Building Division of the City for commencement of formal review of such documents and as required by this Agreement, or (b) does not carry out its other responsibilities under this Agreement or in accordance with any modification or variance, precise plan, design review and other environmental or governmental approvals and such default is not cured or the Developer does not commence and diligently and continuously proceed with such cure within thirty (30) calendar days after the date of receipt of written demand therefor from the Agency.

4. Subject to written notice of default which shall specify the Developer's default and the action required to cure same and upon thirty (30) calendar days notice to the Developer of the Agency's intent to terminate this Agreement pursuant to this Section, the Agency at its option may terminate this Agreement if upon satisfaction of all conditions precedent and concurrent therefor under this Agreement, the Developer does not take title to the Property under tender of conveyance by the Agency, and such breach is not cured within thirty (30) calendar days after the date of receipt by the Developer of written demand therefor from the Agency.

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Section 5.07. Right to Reenter, Repossess, Terminate and Revest. After the Close of Escrow and prior to recordation of the Certificate of Completion for each portion of the Property, the Agency shall have, at its sole and exclusive remedy, the following rights:

a. The Agency shall, upon thirty (30) calendar days notice to the Developer which notice shall specify this Section, have the right, at its option, to re-enter and take possession of all or any portion of the Property, together with all improvements thereon, and to terminate and revest in the Agency the estate conveyed to the Developer hereunder, if after conveyance of title, the Developer (or its successors in interest) shall:

1. Fail to commence construction of all or any portion of the Warehouse facility as required by this Agreement for a period of ninety (90) calendar days after written notice to proceed from the Agency; provided that the Developer shall not have obtained an extension or postponement to which the Developer may be entitled pursuant to Section 6.05 or other provisions hereof; or

2. Abandon or substantially suspend construction of all or any portion of the Warehouse facility for a period of ninety (90) calendar days after written notice of such abandonment or suspension from the Agency; provided that the Developer shall not have obtained an extension or postponement to which the Developer may be entitled to pursuant to Section 6.05 or other provisions hereof; or

3. Assign or attempt to assign this Agreement, or any rights herein, or transfer, or suffer any involuntary transfer, of the Property or any part thereof, in violation of this Agreement, and such violation shall not have been cured within thirty (30) calendar days after the date of receipt of written notice thereof from the Agency to the Developer.

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b. The thirty (30) calendar day written notice specified in this Section shall specify that the Agency proposes to take action pursuant to this Section and shall specify which of the Developer's obligations set forth in Subsections (1) through (3) herein have been breached. The Agency shall proceed with its remedy set forth herein only in the event that the Developer continues in default of said obligation(s) for a period of thirty (30) calendar days following (i) such notice or, (ii) upon commencing to cure such default, the date Developer receives written notice that it failed to diligently and continuously prosecute said cure to satisfactory conclusion.

c. The right of the Agency to reenter, repossess, terminate, and revest shall be subject and subordinate to, shall be limited by and shall not defeat, render invalid or limit:

1. Any mortgage, deed of trust or other security interest permitted by this Agreement;

2. Any rights or interests provided in this Agreement for the protection of the holders of such mortgages, deeds of trust or other security interests;

3. Any leases, declarations of covenants, conditions and restrictions, easement agreements or other recorded documents applicable to the Property.

d. The grant deed or ground lease to any portion of the Property conveyed or leased by the Developer to another party shall contain appropriate references and provisions to give effect to the Agency's right, as set forth in this Section under specified circumstances prior to the recordation of a Certificate of Completion, to reenter and take possession of such parcel, or any part thereof, with all improvements thereon, and to terminate and revest in the Agency the estate conveyed to the Developer.

e. Upon the revesting in the Agency of title to the Property, or any part thereof, as provided in this Section, the

Agency shall, pursuant to its responsibilities under State law, use its best efforts to resell the Property, or any part thereof, at fair market value as soon as reasonably possible and in such manner as the Agency shall find feasible and consistent with the objectives of such law, to a qualified and responsible party or parties (as determined by the Agency) who will assume the obligations of making or completing the improvements, or such other improvements in their stead as shall be satisfactory to the Agency and in accordance with the uses specified for the Property, or any part thereof. Upon such resale of the Property, or any part thereof, the proceeds thereof shall be applied:

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1. First, to make any payment made or necessary to be made to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations incurred with respect to the making or completion of the agreed improvements or any part thereof on the Property, or part thereof; next to reimburse the Agency on its own behalf or on behalf of the City for all actual costs and expenses incurred by the Agency and the City, including but not limited to customary and reasonable fees or salaries to third party personnel engaged in such action (but excluding the Agency's or the City's general overhead expense), in connection with the recapture, management and resale of the Property or part thereof, less any income received by the Agency; all taxes, assessments and water and sewer charges paid by the City and/or the Agency with respect to the Property or part thereof; any amounts otherwise owing to the Agency by the Developer and its successor transferee; and

2. Second, to the extent that any and all funds which are proceeds from such resale are thereafter available, to reimburse the Developer, or its successor transferee, up to the amount equal to the sum of: (1) the Purchase Price paid by the Developer for the Property (or allocable to the applicable part thereof); and (2) the costs incurred for the development of the Property, or applicable part thereof, or for the construction of the improvements thereon including, but not limited to, costs of carry, taxes and items set forth in the Developer's cost statement which shall be submitted to and approved by the Agency.

3. Any balance remaining after the foregoing application of proceeds shall be retained by the Agency.

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ARTICLE VI

GENERAL PROVISIONS

Section 6.01. Notices, Demands and Communications Between the Parties.

a. Any and all notices, demands or communications submitted by any party to another party pursuant to or as required by this Agreement shall be proper if in writing and dispatched by messenger for immediate personal delivery, or by Federal Express or similar overnight delivery service, or by registered or certified United States mail, postage prepaid, return receipt requested, to the principal office of the Agency and the Developer, as applicable, as designated in Section 1.03(a) and Section 1.03(b) hereof. 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 as provided in this Section. Any such notice, demand or communication shall be deemed to be received by the addressee, regardless of whether or when any return receipt is received by the sender or the date set forth on such return receipt, on the day that it is dispatched by messenger for immediate personal delivery, or the day after the timely delivery to the overnight delivery service for next day delivery, or four (4) calendar days after it is placed in the United States mail as heretofore provided.

b. In addition to the submission of notices, demands or communications to the parties as set forth above, copies of all notices to any party shall also be sent to:

(if the Developer) Costco Wholesale Corporation
999 Lake Drive
Issaquah, WA 98027
Attn: V. Anthony Unan

(with a copy to)	Voss, Cook & Thel LLP 895 Dove Street, Suite 450 Newport Beach, CA 92660 Attn: David A. Lurker
(if the Agency)	Victorville Redevelopment Agency 14343 Civic Drive Victorville, CA 92392 Attn: Executive Director
(with copy to)	Green, de Bortnowsky & Quintanilla, LLP A Limited Liability Partnership 23801 Calabasas Rd., Ste.1015 Calabasas, CA 91302 Attn: Andre de Bortnowsky

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Section 6.02. Conflict of Interest. No member, official or employee of the Agency having any conflict of interest, direct or indirect, related to this Agreement and the development of the Property shall participate in any decision relating to the Agreement. The parties represent and warrant that they do not have knowledge of any such conflict of interest.

Section 6.03. Warranty Against Payment of Consideration for Agreement. The Developer warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement. Third parties, for the purposes of this Section, shall not include persons to whom fees are paid for professional services if rendered by attorneys, financial consultants, accountants, engineers, architects, general contractors, developers and the like when such fees are considered necessary by the Developer.

Section 6.04. Nonliability of Agency Officials and Employees. No member, official or employee of the Agency 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 to its successor, or on any obligations under the terms of this Agreement, except for gross negligence or willful acts of such member, officer or employee.

Section 6.05. Enforced Delay: Extension of Time of Performance. In addition to specific provisions of this Agreement, providing for enforced delay, performance by either party hereunder shall not be deemed to be in default where delays or defaults are

due to war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of public enemy; epidemics; quarantine restrictions; freight embargoes or lack of transportation; weather-caused delays; inability to secure necessary labor, materials or tools; delays of any contractors, subcontractor or supplier; acts of the other party other than as permitted or required by the terms of this Agreement; acts or failure to act of any public or governmental agency or entity other than as permitted or required by the terms of this Agreement (except that action or failure to act by the City or the Agency shall not extend the time for the Agency to act unless such extension is otherwise expressly authorized herewith unless such action or failure to act is the result of a final judgment in a lawsuit or injunction including by way of illustration, but not limited to, lawsuits pertaining to the adoption of the Agreement, the appraisal, environmental documentation, eminent domain, and the like) or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. Any extension of time for any such cause hereunder 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 thirty (30) calendar days of the commencement of the cause. Times of performance under this Agreement may also be extended by mutual agreement in writing by and between the Agency and the Developer.

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Section 6.06. Approvals.

a. Approvals required of the Agency or the Developer, or any officers, agents or employees of either the Agency or the Developer, shall not be unreasonably withheld and approval or disapproval shall be given within the time set forth in the Schedule of Performance or, if no time is given, within a reasonable time.

b. The Executive Director of the Agency is authorized to sign on his own authority amendments to this Agreement which are of routine or technical nature, including minor adjustments to the Schedule of Performance.

Section 6.07. Real Estate Commissions. The Agency agrees that upon the successful Close of Escrow it shall pay to NWAP II a commission equal to Two Hundred Fifty Thousand Dollars ($250,000). Except for said commission, each party represents to the other that it has not retained or entered into any Agreement with any broker in connection with the sale of the Property or negotiation of this Agreement. In the event any other claims for real estate commissions, fees or compensation arise in connection

with this transaction, the party so incurring or causing such claims agrees to indemnify, defend and hold harmless the other party from any loss or damage, including attorneys' fees, which said other party suffers because of said claims.

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Section 6.08. Indemnification. Subject to the limitation on damages set forth in Section 5.04 and subject to any other limitation on Developer's liabilities or remedies set forth herein, the Developer agrees to indemnify and hold the City and the Agency, and their officers, employees and agents, harmless from and against all damages, judgments, costs, expenses and fees arising from or related to any act or omission of the Developer in performing its obligations hereunder. The Agency agrees to indemnify and hold the Developer and its officers, employees and agents, harmless from and against all damages, judgments, costs, expenses and fees arising from or related to any act or omission of the Agency in performing its obligations hereunder.

Section 6.09. Release of Developer from Liability. Notwithstanding any provision herein to the contrary, the Developer shall be relieved of any and all liability for the obligations of the Developer hereunder with regard to the Property when a Certificate of Completion has been issued by the Agency hereunder, other than any covenants and obligations which run with the land pursuant to Section 4.05 hereof, or contained within the grant deed by which the Property is conveyed to the Developer hereunder.

Section 6.10. Attorneys' Fees. If either party hereto files any action or brings any action or proceeding against the other arising out of this Agreement, or is made a party to any action or proceeding brought by the Escrow Agent, then as between the Developer and the Agency, the prevailing party shall be entitled to recover as an element of its costs of suit, and not as damages, its reasonable attorneys' fees, costs and expenses as fixed by the Court or other forum for resolution of disputes, in such action or proceeding or in a separate action or proceeding brought to recover such attorneys' fees.

Section 6.11. Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns.

Section 6.12. Valuation. The Agency has caused the preparation of an appraisal for the Property and based upon such appraisal, the Agency believes that the Purchase Price for the Property represents the fair market value of the Property and that this Agreement and the Purchase Price does not include any subsidy,

discount, rebate, credit, or other similar economic benefit to Developer.

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ARTICLE VII

ENTIRE AGREEMENT, WAIVERS AND AMENDMENT

Section 7.01. Entire Agreement.

a. This Agreement shall be executed in four (4) duplicate originals each of which is deemed to be an original. This Agreement includes __ pages and __ attachments, which constitute the entire understanding and Agreement of the parties.

b. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the Property and the development thereof.

c. None of the terms, covenants, agreements or conditions set forth in this Agreement shall be deemed to be merged with the grant deed conveying title to the Property, and this Agreement shall continue in full force and effect before and after such conveyance until issuance of the Certificate of Completion for the Property.

d. All waivers of the provisions of this Agreement and all amendments hereto must be in writing and signed by the appropriate authorities of the Agency and the Developer.

ARTICLE VIII

TIME FOR ACCEPTANCE OF AGREEMENT BY AGENCY AND RECORDATION

Section 8.01. Execution and Recordation.

a. Following its execution by the Developer and prompt delivery thereafter to the Agency, this Agreement must be approved, executed and delivered by the Agency to the Developer as soon as possible, but not later than five (5) calendar days after the date of signature by the Developer. In the event that the Agency has not approved, executed and delivered the Agreement to the Developer within the foregoing period, then this Agreement shall be deemed to be of no further force or effect unless the time for such approval, execution and delivery is extended by written notice from the

Developer to the Agency. The date of this Agreement shall be the date when the Agreement shall have been approved by the Agency.

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b. The Developer and the Agency agree to permit recordation of this Agreement against the Property in the Office of the County Recorder for the County where the Property is located.

[END OF PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the dates set forth below.

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VICTORVILLE REDEVELOPMENT AGENCY

Date: _____ By: _____
Chairman

(SEAL)

By: _____
Secretary

APPROVED AS TO FORM:

_____
GREEN, DE BORTNOWSKY & QUINTANILLA, LLP,
Agency Counsel

DEVELOPER:

COSTCO WHOLESALE CORPORATION,
a Washington corporation

Date: _____ By: _____

Its: _____

(All Signatures Must Be Notarized)

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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State of California)
) ss.
County of _____)

On _____, before me, _____,
Date Name and Title of Officer (e.g., AJane Doe, Notary Public")

personally appeared _____
Name(s) of Signer(s)

9 personally known to me

9 provided 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.

Place Notary Seal Above

_____
Signature of Notary Public

OPTIONAL

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

Description of Attached Document
Title or Type of Document: _____
Document Date: _____ Number of Pages: _____
Signer(s) Other Than Named Above: _____
Capacity(ies) Claimed by Signer
Signer=s Name: _____ Right Thumbprint of Signer
9 Individual
9 Corporate Officer - Title(s):_____
9 Partner - 9 Limited 9 General
9 Attorney in Fact
9 Trustee
9 Guardian or Conservator
9 Other: _____
Signer is Representing: _____

ACKNOWLEDGMENTS AS APPROPRIATE BY DEVELOPER

DRAFT

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

DRAFT

State of California)
) ss.
County of _____)

On _____, before me, _____,
Date Name and Title of Officer (e.g., AJane Doe, Notary Public")

personally appeared _____
Name(s) of Signer(s)

9 personally known to me

9 provided 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.

Place Notary Seal Above

_____
Signature of Notary Public

OPTIONAL

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

Description of Attached Document
Title or Type of Document: _____
Document Date: _____ Number of Pages: _____
Signer(s) Other Than Named Above: _____
Capacity(ies) Claimed by Signer
Signer=s Name: _____ Right Thumbprint of Signer
9 Individual
9 Corporate Officer - Title(s):_____
9 Partner - 9 Limited 9 General
9 Attorney in Fact
9 Trustee
9 Guardian or Conservator
9 Other: _____

Signer is Representing: _____

EXHIBIT "A"

DRAFT

PARCEL ONE:

ALL OF PARCEL 3 OF PARCEL MAP NO. 11233, IN THE CITY OF VICTORVILLE, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 126 OF PARCEL MAPS, PAGES 98, 99 AND 100, RECORDS OF SAID COUNTY AND AMENDED BY CERTIFICATE OF CORRECTION RECORDED JULY 29, 1991 AS INSTRUMENT NO. 91-285715, OFFICIAL RECORDS, TOGETHER WITH THAT PORTION OF PARCEL 2 OF SAID PARCEL MAP NO. 11233, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEASTERLY CORNER OF SAID PARCEL 2; THENCE ALONG THE EASTERLY LINE OF SAID PARCEL 2, NORTH 00° 53' 50" WEST, 30 FEET TO THE TRUE POINT OF BEGINNING. SAID TRUE POINT OF BEGINNING IS ALSO AN ANGLE POINT IN SAID EASTERLY LINE; THENCE ALONG THE NORTHERLY PROLONGATION OF SAID EASTERLY LINE, NORTH 00° 53' 50" WEST, 178 FEET; THENCE NORTH 40° 46' 25" EAST, 146.60 FEET TO A POINT ON THE NORTHEASTERLY LINE OF SAID PARCEL 2; THENCE SOUTH 49° 13' 35" EAST, 118.34 FEET TO THE EASTERLY CORNER OF SAID PARCEL 2; THENCE ALONG THE SOUTHEASTERLY LINE OF SAID PARCEL 2, SOUTH 40° 46' 25" WEST, 279.57 FEET TO SAID TRUE POINT OF BEGINNING, SAID DESCRIPTION IS PURSUANT TO A LOT LINE ADJUSTMENT RECORDED MARCH 22, 1993 AS INSTRUMENT NO. 93-124980, OFFICIAL RECORDS.

EXCEPTING THEREFROM 50% OF ANY AND ALL MINERAL, GAS, AND OTHER HYDROCARBON SUBSTANCES BELOW A DEPTH OF 500 FEET UNDER THE REAL PROPERTY WITHOUT, HOWEVER, THE RIGHT OF SURFACE ENTRY AS RESERVED IN DEEDS RECORDED JUNE 24, 1980 AS INSTRUMENT NOS. 80-143406, 80-143407 AND 80-143410, ALL OF OFFICIAL RECORDS.

THIS LEGAL IS MADE PURSUANT TO THAT CERTAIN CERTIFICATE APPROVING A LOT LINE ADJUSTMENT CERTIFICATE NO. LA-6-93, RECORDED MARCH 22, 1993 AS INSTRUMENT NO. 93-124980, OFFICIAL RECORDS.

PARCEL TWO:

ALL OF PARCEL 2 OF PARCEL MAP NO. 11233, IN THE CITY OF VICTORVILLE, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 126 OF PARCEL MAPS, PAGES 98, 99 AND 100, RECORDS OF SAID COUNTY AND AMENDED BY CERTIFICATE OF CORRECTION RECORDED JULY 29, 1991 AS INSTRUMENT NO. 91-285715, OFFICIAL RECORDS, TOGETHER WITH THAT PORTION OF PARCEL 2 OF SAID PARCEL MAP NO. 11233, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEASTERLY CORNER OF SAID PARCEL 2; THENCE ALONG THE EASTERLY LINE OF SAID PARCEL 2, NORTH 00° 53' 50" WEST, 30 FEET TO THE TRUE POINT OF BEGINNING. SAID TRUE POINT OF BEGINNING IS ALSO AN ANGLE POINT IN SAID EASTERLY LINE; THENCE ALONG THE NORTHERLY PROLONGATION OF SAID EASTERLY LINE, NORTH 00° 53' 50" WEST, 178 FEET; THENCE NORTH 40° 46' 25" EAST, 146.60 FEET TO A POINT ON THE NORTHEASTERLY LINE OF SAID PARCEL 2; THENCE SOUTH 49° 13' 35" EAST, 118.34 FEET TO THE EASTERLY CORNER OF SAID PARCEL 2; THENCE ALONG THE SOUTHEASTERLY LINE OF SAID PARCEL 2, SOUTH 40° 46' 25" WEST, 279.57 FEET TO SAID TRUE POINT OF BEGINNING. SAID DESCRIPTION IS PURSUANT TO A LOT LINE ADJUSTMENT RECORDED MARCH 22, 1993 AS INSTRUMENT NO. 93-124979, OFFICIAL RECORDS.

DRAFT

EXCEPTING THEREFROM 50% OF ANY AND ALL MINERAL, GAS, AND OTHER HYDROCARBON SUBSTANCES BELOW A DEPTH OF 500 FEET UNDER THE REAL PROPERTY WITHOUT, HOWEVER, THE RIGHT OF SURFACE ENTRY AS RESERVED IN DEEDS RECORDED JUNE 24, 1980 AS INSTRUMENT NOS. 80-143406, 80-143407 AND 80-143410, ALL OF OFFICIAL RECORDS.

THIS LEGAL IS MADE PURSUANT TO THAT CERTAIN CERTIFICATE APPROVING A LOT LINE ADJUSTMENT CERTIFICATE NO. LA-6-93, RECORDED MARCH 22, 1993 AS INSTRUMENT NO. 93-124979, OFFICIAL RECORDS.

EXHIBIT "A-1"

SITE PLAN

DRAFT

EXHIBIT "B"

SCOPE OF DEVELOPMENT

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EXHIBIT "C"

GRANT DEED

DRAFT

Recording Requested by:

After Recordation, Mail to:

Victorville Redevelopment Agency

Mail Tax Statements to:

GRANT DEED

For valuable consideration, the receipt of which is hereby acknowledged,

THE VICTORVILLE REDEVELOPMENT AGENCY, a public body, corporate and politic, of the State of California (the "Grantor"), pursuant to and in accordance with the Community Redevelopment Law of the State of California, hereby grants to _____, a _____ corporation (the "Grantee"), the real property (the "Property") legally described in the document attached hereto, labeled Exhibit ", and incorporated herein by this reference.

1. The Property is conveyed subject to the Disposition and Development Agreement entered into between the Grantor and the Grantee, dated _____, 200__ (herein referred to as the "Agreement"). The provisions of the Agreement are incorporated herein by this reference and shall be deemed to be a part hereof as if set forth at length herein.

2. The Grantee covenants by and for itself, its 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, age, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, 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 in the Property.

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This covenant against discrimination shall remain in effect in perpetuity.

All deeds, leases or contracts made relative to the Property, shall contain the following nondiscrimination clauses:

(a) In deeds: "The grantee herein covenants by and for himself, 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, age, marital status, 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 any person claiming under or through him, 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, his heirs, executors, administrators and assigns, and all persons claiming under or through him, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, age, marital status, national origin or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee himself, or any person claiming under or through him, 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 leased."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, age, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself, or any person claiming under or through him, 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 land." This covenant against discrimination shall remain in effect in perpetuity.

DRAFT

3. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument permitted by the Agreement; provided, however, that any successor of Grantee to the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise. Grantor=s rights under Section 3 of the Agreement to purchase any mortgage, deed of trust or other security interest and obtain conveyance of the Property in the event of a default by the Grantee and its rights to reenter, repossess, terminate and revest under Section 5 of the Agreement in the event of a default by Developer shall be subject and subordinate to, shall be limited by and shall not defeat, render invalid or limit any mortgage, deeds of trust or other security interest permitted by this Agreement or any rights permitted in the Agreement for the protection of the holders of such mortgages, deeds of trust or other security interests. Grantor's rights under Section 3 of the Agreement terminate upon the recordation of the Certificate of Completion.

4. The covenants set forth below shall remain in effect for a period of 10 years from the date of this Grant Deed:

(a) The Grantee covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property, or any part thereof, that upon completion of construction, Grantee shall devote the Property to warehouse/distribution facility uses with related office uses or any other permitted use specified in the Redevelopment Plan.

(b) It is understood and agreed by the Grantee that neither the Grantee, nor its assigns or successors in interest to the Property or this Agreement, shall use or otherwise sell, transfer, convey, assign, lease, leaseback or hypothecate the Property or any portion thereof to any entity or party, or for any use of the Property, that is partially or wholly exempt from the payment of real property taxes pertinent to the Property, or any portion thereof, or which

would cause the exemption of the payment of all or any portion of such real property taxes.

DRAFT

(c) The Grantee covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property, or any part thereof, that the Grantee, such successors and such assigns shall maintain in good condition the improvements on the Property, shall keep the Property free from any accumulation of debris or waste material, subject to normal construction job-site conditions, and shall maintain in a neat, orderly, healthy and good condition the landscaping required to be planted in accordance with the Scope of Development. In the event the Grantee, or its successors or assigns, fails to perform the maintenance as required herein, the Agency and/or the City shall have the right, but not the obligation, to enter the Property and undertake, such maintenance activities. In such event, the Grantee shall reimburse the Agency and/or City for all reasonable sums incurred by it for such maintenance activities.

5. The covenants contained in this Grant Deed shall be binding for the benefit of the Grantor and its successors and assigns, and such covenants shall run in favor of the Grantor for the entire period during which such covenants shall be in full force and effect, without regard to whether the Grantor is or remains an owner of any land or interest herein to which such covenants relate. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach as provided in the Agreement or by law. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor and its successor.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized, this ____ day of _____, 20___.

DRAFT

Grantor:

VICTORVILLE REDEVELOPMENT AGENCY

By: _____
Chairperson

By: _____
Secretary

APPROVED AS TO FORM:

By: _____
Counsel for Grantor

The provisions of this Grant Deed are hereby approved and accepted.

Grantee:

_____

By: _____

Title: _____

By: _____

Title: _____

APPROVED AS TO FORM:

By: _____
Counsel for Grantee

EXHIBIT "D"

DRAFT

SCHEDULE OF PERFORMANCE

(Days shall be calendar days, and all dates herein are subject to change due to force majeure in accordance with Section 6.05 of the Agreement)

(1) Agency execution of DDA	
(2) Escrow opens	Within __ days of Step 1
(3) Developer submits financing plan to Agency	Within __ days of Step 2
(4) Developer shall submit Site Plan and related planning documents for Planning Commission consideration	Within __ days of Step 2
(5) City and Agency review and approve or disapprove site plan, concept elevations, landscape plans, construction and related documents	Within ___ days of submittal
(6) Agency completes Clearing and Grading; Must occur prior to escrow closing and after approval of Step 5	Within __ days of Step 6, but not later than Step 8
(7) Agency prepares and deposits in escrow the grant deed	No later than __ days before close of escrow
(8) Escrow closes	Within ___ days of Step 2 and not before Step 6
(9) City approves and Developer pulls permits	Within __ days of submittal
(10) Developer commences construction of Warehouse	Within __ days of Step 9
(11) Developer completes construction of Warehouse	Within ___ days of Step 11

EXHIBIT "E"

DRAFT

When Recorded, Mail to:

CERTIFICATE OF COMPLETION

We, _____, Chairman and _____, Secretary of the Victorville Redevelopment Agency (the "Agency") hereby certify as follows:

By its Resolution No. _____, adopted and approved _____, 200_, the Agency has resolved as follows:

Section 1. The improvements required to be constructed in accordance with that certain Disposition and Development Agreement (the "Agreement") dated _____, by and between the Agency and _____, a California _____, (the "Developer") on that certain real property (the "Property") more fully described in Exhibit "A" attached hereto and incorporated herein by this reference, have been completed in accordance with the provisions of said Agreement.

Section 2. This Certificate of Completion shall constitute a conclusive determination of satisfaction of the agreements and covenants contained in the Agreement with respect to the obligations of the Developer, and its successors and assigns, to construct and develop the improvements on the Property, excluding any normal and customary tenant improvements and minor building "punch-list" items, and including any and all buildings and any and all parking, landscaping and related improvements necessary to support or which meet the requirements applicable to the building and its use and occupancy on the Property, whether or not said improvements are on the Property or on other property subject to the Agreement, all as described in the Agreement, and to otherwise comply with the Developer's obligations under the Agreement with respect to the Property and the dates for the beginning and completion of construction of improvements thereon under the Agreement; provided, however, that the Agency may enforce any covenant within the grant deed pursuant to which the Property was conveyed under the Agreement ("Grant Deed") in accordance with

the terms of the Grant Deed. Said Agreement is an official record of the Agency and a copy of said Agreement may be inspected in the office of the Secretary of the Victorville Redevelopment Agency located at the City Hall, 14343 Civic Drive, Victorville, California 92392, during regular business hours.

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Section 3. Upon recordation of the Certificate of Completion, the Agreement automatically terminates. Neither the Agency nor any other person, after the recordation of this Certificate of Completion, shall have any rights remedies or controls that it would otherwise have or be entitled to exercise under the Agreement with respect to the Property, as a result of a default in or breach of any provision of the Agreement, and the respective rights and obligations of the parties shall be limited to those set forth in the Grant Deed.

Section 4. The Property to which this Certificate of Completion pertains is more fully described in Exhibit "A" attached hereto.

DATED AND ISSUED this _____ day of _____, 200_.

Executive Director of the
Victorville Redevelopment Agency

TABLE OF CONTENTS

DRAFT

ARTICLE I SUBJECT OF AGREEMENT 1
Section 1.01. Purposes of Agreement 1
Section 1.02. The Redevelopment Plan 1
Section 1.03. Parties to the Agreement 1
Section 1.04. Prohibition Against Change in Ownership, Management and Control of Developer, for Assignment of Agreement. 2
ARTICLE II DISPOSITION OF PROPERTY 3
Section 2.01. Purchase of Property 3
Section 2.02. Developer's Purchase Price 3
Section 2.03. Damages and Remedies for Agency's Failure to Convey Property 3
Section 2.04. Good Faith Deposit 4
Section 2.04. Good Faith Deposit 4
Section 2.05. Escrow 5
Section 2.06. Conveyance of Title and Delivery of Possession 7
Section 2.07. Form of Deed 7
Section 2.08. Condition of Title 7
Section 2.09. Conditions for Close of Escrow 8
Section 2.10. Time and Place for Delivery of Documents to Escrow 10
Section 2.11. Payment of the Consideration and Recordation of the Grant Deed(s) and other Documents 10
Section 2.12. Title Insurance 11
Section 2.13. Taxes and Assessments 11
Section 2.14. Zoning of the Property and Environmental Approvals 11
Section 2.15. Condition of the Property 11
Section 2.16. Submission of Evidence of Financing Commitments 12
ARTICLE III DEVELOPMENT OF THE SITE 13
Section 3.01. Development by Developer 13
Section 3.02. Responsibility of the Agency 21
Section 3.03. Taxes, Assessments, Encumbrances and Liens 22
Section 3.04. Prohibition Against Transfer 22
Section 3.05. Security Financing; Right of Holders 23
Section 3.06. Right of the Agency to Satisfy Other Liens on the Property after Conveyance of Title 26
Section 3.07. Certificate of Completion 27
ARTICLE IV USE OF THE SITE 29
Section 4.01. Uses 29

DRAFT

Section 4.02. Maintenance of the Property 29
Section 4.03. Obligation to Refrain from Discrimination 30
Section 4.04. Form of Nondiscrimination and Nonsegregation Clauses 30
Section 4.05. Effect and Duration of Covenants 31
ARTICLE V DEFAULTS, REMEDIES AND TERMINATION 32
Section 5.01. Defaults - General 32
Section 5.02. Legal Actions 32
Section 5.03. Rights and Remedies are Cumulative 33
Section 5.04. Damages 33
Section 5.05. Specific Performance 34
Section 5.06. Rights and Remedies of Termination 35
Section 5.07. Right to Reenter, Repossess, Terminate and Revest 37
ARTICLE VI GENERAL PROVISIONS 40
Section 6.01. Notices, Demands and Communications Between the Parties 40
Section 6.02. Conflict of Interest 41
Section 6.03. Warranty Against Payment of Consideration for Agreement 41
Section 6.04. Nonliability of Agency Officials and Employees 41
Section 6.05. Enforced Delay: Extension of Time of Performance 41
Section 6.07. Approvals 42
Section 6.08. Real Estate Commissions 42
Section 6.09. Indemnification 43
Section 6.10. Release of Developer from Liability 43
Section 6.11. Attorneys' Fees 43
Section 6.12. Effect 43
Section 6.12. Prevailing Wage Requirements 43
ARTICLE VII ENTIRE AGREEMENT, WAIVERS AND AMENDMENT 44
Section 7.01. Entire Agreement 44
ARTICLE VIII TIME FOR ACCEPTANCE OF AGREEMENT BY AGENCY AND RECORDATION 44
Section 8.01. Execution and Recordation 44

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EXHIBIT "A"	-	LEGAL DESCRIPTION
EXHIBIT "B"	-	SCOPE OF DEVELOPMENT
EXHIBIT "B-1"	-	PUBLIC INFRASTRUCTURE
EXHIBIT "C"	-	GRANT DEED
EXHIBIT "D"	-	SCHEDULE OF PERFORMANCE
EXHIBIT "E"	-	CERTIFICATE OF COMPLETION

SUMMARY REPORT OF THE VICTORVILLE REDEVELOPMENT AGENCY CONCERNING THE PROPOSED DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE VICTORVILLE REDEVELOPMENT AGENCY AND COSTCO WHOLESALE CORPORATION (HEALTH AND SAFETY CODE SECTION 33433)

This Summary Report has been prepared pursuant to Health and Safety Code Section 33433 with respect to an agreement to, among other things, enable the disposition of certain real property pursuant to a Disposition and Development Agreement (the "Agreement") by and between the Victorville Redevelopment Agency (the "Agency") and Costco Wholesale Corporation (the "Developer").

Background

The Agency has acquired, by negotiated purchase, certain real property, consisting of two parcels (Parcels 2 and 3 of Parcel Map 11233), located within the duly established Hook subarea of the Bear Valley Road Redevelopment Project Area of the City (the "Property"). The Property is more particularly described in the Agreement. The Agency has tried aggressively to market the Property and made a determination based upon size and scope of structure that there appears to be no viable market for the building under its current configuration. The Agency has been unsuccessful in seeking prospective tenants. As a result, the Agency has independently determined that it is best to demolish the structure. The Agency intends to sell the Property in a cleared condition to the Developer. The Developer intends to develop the Property as an approximately 160,000 square foot Costco wholesale commercial center (the "Warehouse") in accordance with, and within the limitations established in, the Scope of Development.

Cost to the Agency

The original and continuing costs of this Agreement to the Agency are provided below:

Agency's prior acquisition of the Property: $7,500,000 for both parcels:

Parcel 2: 86,248 square feet

Parcel 3: 350,222 square feet

$17.18 per square foot

Agency's cost for improvements to the Property: Scope of service for demolition has not been completed, therefore, no dollar amount can be provided at this time.

Estimated Value

The estimated fair market value of the interest to be conveyed at the highest uses permitted has been appraised at approximately $4,000,000 for both parcels. As a condition of conveyance to the Developer, the Agency has agreed to clear and grade the parcels. The estimated market value is based on the parcels value after clearing and grading has been completed.

Value of Interest Conveyed

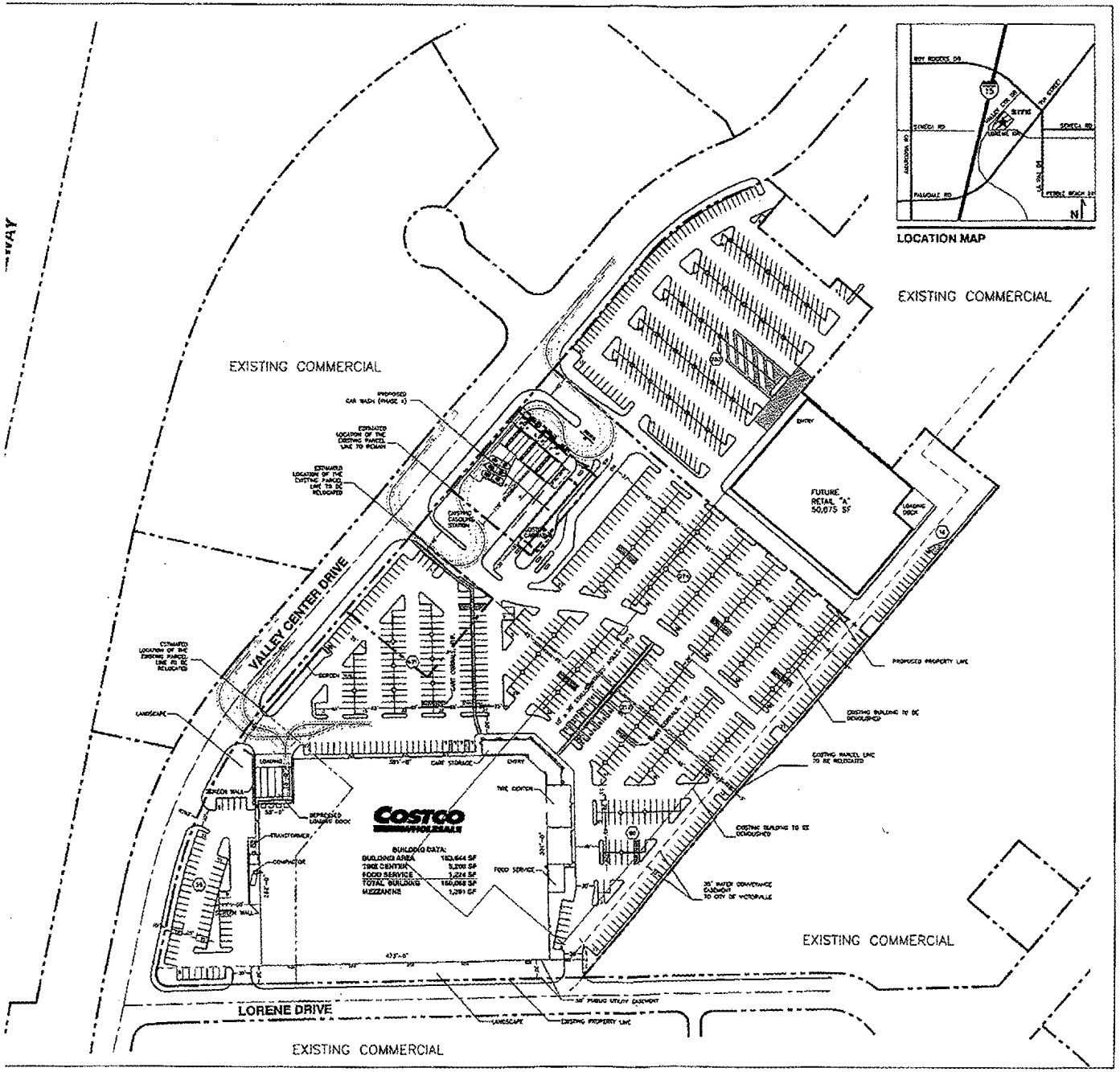
The value of the vacant land to be conveyed to the Developer has been appraised to be $4,000,000, for both parcels, according to fair market value. Both parcels are to be sold by the Agency to the Developer for $5,750,000 combined, therefore, higher than fair market value. The transaction constitutes the disposition of the Property to the Developer at above fair market value.

Project will Eliminate Blight

The proposed Project will be developed on both parcels of property that are presently vacant and in a blighted condition. Upon completion of the Project the Property will be subject to an increased assessed valuation. In addition, the completed Project will result in the creation of new jobs in the area and generate additional sales tax revenue for the City of Victorville (the "City"). The increased employment opportunities, additional City sales tax revenues, and the increased assessed valuation will help the elimination of blight. A project of this nature will encourage other economic development and investment in the Project Area thereby also eliminating blighting factors that plague the Project Area.

Dated: August 22, 2006 VICTORVILLE REDEVELOPMENT AGENCY

By: _____
Director of Economic Development



GreenbergFarrow

1920 Main Street, Suite 1150
Irvine, CA 92614
t: 949 296 0450 f: 949 296 0479

PROJECT INFORMATION

SITE AREA

COSTCO SITE AREA	±15.39 ACRES
FUTURE RETAIL A SITE AREA	±5.30 ACRES
TOTAL SITE AREA	±20.69 ACRES

COSTCO SITE COVERAGE: ±23.88% (10,401 SF/AC)

BUILDING AREA

COSTCO BUILDING AREA	153,644 SF
TIRE CENTER	5,200 SF
FOOD SERVICE	1,224 SF
TOTAL COSTCO BUILDING AREA:	160,068 SF
MEZZANINE	1,391 SF
FUTURE RETAIL A	50,075 SF

PARKING SUMMARY

USER	RATIO REQUIRED	SPACES REQ'D	SPACES PROV'D
COSTCO + MEZZ.	5 SP/1000 SF (1ST 6000 SF)	30	
	3.33 SP/1000 SF (FOR 149,635 SF)	498	526 776
TIRE CENTER	2.5 SP/1000 SF	13	13
FOOD SERVICE	10 SP/1000 SF	12	12
TOTAL		551	801
PARKING RATIO PROVIDED:			4.96 SP/1000 SF
COSTCO FRONT FIELD PROVIDED:			468 SPACES
FUTURE RETAIL A	5 SP/1000 SF (1ST 6000 SF)	30	
	3.33 SP/1000 SF (FOR 44,075 SF)	147	177 299
TOTAL		177	299
FUTURE RETAIL A PKG RATIO PROV:			5.97 SP/1000 SF

ZONING CLASSIFICATION

JURISDICTION	CITY OF VICTORVILLE
EXISTING ZONING	C-2 (GENERAL COMMERCIAL)
REQUIRED ZONING	COMMERCIAL

LANDSCAPE REGULATIONS

REQUIRED LANDSCAPING FOR SITE: 3%
PROVIDED LANDSCAPING FOR COSTCO SITE: 11%

BUILDING SETBACKS

FRONT	10'
SIDE	0'
REAR	10'

PROJECT NOTES

1. THIS CONCEPTUAL SITE PLAN IS FOR PLANNING PURPOSES ONLY. SITE SPECIFIC INFORMATION SUCH AS EXISTING CONDITIONS, ZONING, PARKING LANDSCAPE REQUIREMENTS MUST BE VERIFIED.
2. THIS SITE PLAN IS BASED ON A HARD COPY OF A PARCEL MAP AND A HARD COPY OF A DRAWING PREPARED BY MULVANNY DATED 06-02-06.
3. ALL CURB CUTS AND TRAFFIC SIGNALS SHOWN, EXISTING AND PROPOSED, MUST BE VERIFIED.

DRAWING ISSUE/REVISION RECORD

DATE	NARRATIVE	INITIALS
07/18/06	PREPARING COS_CA-9d PER CLIENT COMMENTS; MODIFY RETAIL A, LOADING, ADD SCREEN WALLS, CONFIGURE PARKING	CD
07/21/06	ADDED PROPOSED PARCEL AND NOTES.	S

SITE PLANNER CD
SITE DEV. COORDINATOR C. SUGY

VICTORVILLE, CA

COSTCO WHOLESALE 14661 VALLEY CTR DR VICTORVILLE, CA 92392

GW PROJECT NUMBER 04-0259
GFA PROJECT NUMBER 20060536.2

SCALE 1"=60'-0"
30 0 30 60 120 180 240

COS_CA-9d

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VICTORVILLE
California
AGENDA ITEM

VICTORVILLE REDEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING
OF: September 5, 2006

SUBMITTED BY: Keith C. Metzler
Director of Economic Development

DATE: 08/10/2006

SUBJECT: Substitution of Trustee and Deed of Reconveyance
MAP Case No. 00-04-06 - Luis M. Sanchez and Maria A. Sanchez

RECOMMENDATION: That Your Honorable Board of Directors authorize the execution, by the Director, of a Substitution of Trustee and Deed of Reconveyance attached herein and regarding the above referenced Mortgage Assistance Case Number.

FISCAL IMPACT:

-- FINANCE DEPARTMENT USE ONLY –

Additional Appropriation:
☐ No
☐ Yes/$Amount _____

Budget Amount: $
Budget Account No.

Finance Director Review & Approval

DISCUSSION: The Agency has been requested by Luis M. Sanchez and Maria A. Sanchez (hereinafter referred to as the participant) that a reconveyance to the Deed of Trust providing them with down payment assistance be granted. Within the attached you will find a Substitution of Trustee and Deed of Reconveyance and a copy of the Deed of Trust and Promissory Note executed and recorded against the residence. The Agency received from the participant a check in the amount of $3,170.96. Broken down and satisfying the requirements of the Deed of Trust, this amounts to $2,050.00 in principal and $1,104.96 in interest, and a $16.00 recording fee.

As known by this Board, the RDA was authorized to provide down payment assistance to first time homebuyers with very low, low and moderate income. To satisfy the request of the participant in paying off the outstanding loan, a Substitution of Trustee and Deed of Reconveyance is required prior to a formal reconveyance of the note. Given your authorization to execute the Substitution of Trustee and Deed of Reconveyance, the Agency will file the document with the County Recorder's Office and erase the loan as outstanding to the Agency.

Staff is requesting your favorable consideration on this item.

KCM:tlm
Attachments: Substitution of Trustee and Deed of Reconveyance

Consent
#4A
9-5-06

RECORDED AT THE REQUEST
OF THE CITY OF VICTORVILLE

WHEN RECORDED, MAIL TO:
VICTORVILLE REDEVELOPMENT AGENCY
ATTN: KEITH C. METZLER
P.O. BOX 5001
VICTORVILLE, CA 92393-5001

SUBSTITUTION OF TRUSTEE AND DEED OF RECONVEYANCE

Owner and Holder of the Note secured by the Deed of Trust dated April 26, 2000, executed by Luis M. Sanchez and Maria A. Sanchez as original Trustor; Cimarron Escrow, Inc. as original Trustee; and Victorville Redevelopment Agency, as original Beneficiary; which Deed of Trust recorded May 12, 2000, as Instrument No. 20000166192 of Official Records of San Bernardino County, in the State of California and

THE UNDERSIGNED being the present legal owner and holder of the indebtedness secured by said Deed of Trust, hereby substitutes himself as Trustee in lieu of above named Trustee under said Deed of Trust.

THE UNDERSIGNED hereby accepts said appointments as Trustee under said Deed of Trust and as Successor Trustee pursuant to request of said Owner and Holder and in accordance with the provisions of said Deed of Trust does HEREBY RECONVEY WITHOUT WARRANTY TO THE PERSON OR PERSONS LEGALLY ENTITLED THERETO all estate now held by him/her/them as Trustee under said Deed of Trust.

IN WITNESS WHEREOF OWNER AND SUCCESSOR TRUSTEE THE UNDERSIGNED has caused his presence to be executed on September 6, 2006.

City of Victorville Redevelopment Agency

Keith C. Metzler, Director of Economic Development

State of California
County of San Bernardino
On _____, 2006, before me, Terri L. Monteleone, Notary Public, personally appeared Keith C. Metzler, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.
WITNESS my hand and official seal.

_____
Signature

VICTORVILLE
California
AGENDA ITEM

VICTORVILLE REDEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING
OF: September 5, 2006

SUBMITTED BY: Keith C. Metzler
Director of Economic Development

DATE: 08/10/2006

SUBJECT: Substitution of Trustee and Deed of Reconveyance
MAP Case No. 03-02-09 - Cesar J. Lopez

RECOMMENDATION: That Your Honorable Board of Directors authorize the execution, by the Director, of a Substitution of Trustee and Deed of Reconveyance attached herein and regarding the above referenced Mortgage Assistance Case Number.

FISCAL IMPACT:

-- FINANCE DEPARTMENT USE ONLY --

Additional Appropriation:
☐ No
☐ Yes/$Amount _____

Budget Amount: $
Budget Account No.

Finance Director Review & Approval

DISCUSSION: The Agency has been requested by Cesar J. Lopez (hereinafter referred to as the participant) that a reconveyance to the Deed of Trust providing him with down payment assistance be granted. Within the attached you will find a Substitution of Trustee and Deed of Reconveyance and a copy of the Deed of Trust and Promissory Note executed and recorded against the residence. The Agency received from the participant a check in the amount of $5,127.70. Broken down and satisfying the requirements of the Deed of Trust, this amounts to $4,250.00 in principal and $861.70 in interest, and a $16.00 recording fee.

As known by this Board, the RDA was authorized to provide down payment assistance to first time homebuyers with very low, low and moderate income. To satisfy the request of the participant in paying off the outstanding loan, a Substitution of Trustee and Deed of Reconveyance is required prior to a formal reconveyance of the note. Given your authorization to execute the Substitution of Trustee and Deed of Reconveyance, the Agency will file the document with the County Recorder's Office and erase the loan as outstanding to the Agency.

Staff is requesting your favorable consideration on this item.

KCM:tlm
Attachments: Substitution of Trustee and Deed of Reconveyance

Consent
#4B
9-5-06

RECORDED AT THE REQUEST
OF THE CITY OF VICTORVILLE

WHEN RECORDED, MAIL TO:
VICTORVILLE REDEVELOPMENT AGENCY
ATTN: KEITH C. METZLER
P.O. BOX 5001
VICTORVILLE, CA 92393-5001

SUBSTITUTION OF TRUSTEE AND DEED OF RECONVEYANCE

Owner and Holder of the Note secured by the Deed of Trust dated March 22, 2003, executed by Cesar J. Lopez as original Trustor; United Title Company as original Trustee; and Victorville Redevelopment Agency, as original Beneficiary; which Deed of Trust recorded March 27, 2003, as Instrument No. 20030201345 of Official Records of San Bernardino County, in the State of California and

THE UNDERSIGNED being the present legal owner and holder of the indebtedness secured by said Deed of Trust, hereby substitutes himself as Trustee in lieu of above named Trustee under said Deed of Trust.

THE UNDERSIGNED hereby accepts said appointments as Trustee under said Deed of Trust and as Successor Trustee pursuant to request of said Owner and Holder and in accordance with the provisions of said Deed of Trust does HEREBY RECONVEY WITHOUT WARRANTY TO THE PERSON OR PERSONS LEGALLY ENTITLED THERETO all estate now held by him/her/them as Trustee under said Deed of Trust.

IN WITNESS WHEREOF OWNER AND SUCCESSOR TRUSTEE THE UNDERSIGNED has caused his presence to be executed on September 6, 2006.

City of Victorville Redevelopment Agency

Keith C. Metzler, Director of Economic Development

State of California
County of San Bernardino
On _____, 2006, before me, Terri L. Monteleone, Notary Public, personally appeared Keith C. Metzler, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.
WITNESS my hand and official seal.

_____
Signature

VICTORVILLE
California

AGENDA ITEM

VICTORVILLE REDEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING
OF: September 5, 2006

SUBMITTED BY: Keith C. Metzler
Director of Economic Development

DATE: 08/28/2006

SUBJECT: Substitution of Trustee and Deed of Reconveyance
MAP Case No. 04-09-03 - William N. Welch and Harold Shawn Douglas

RECOMMENDATION: That Your Honorable Board of Directors authorize the execution, by the Director, of a Substitution of Trustee and Deed of Reconveyance attached herein and regarding the above referenced Mortgage Assistance Case Number.

FISCAL IMPACT:

-- FINANCE DEPARTMENT USE ONLY –

Additional Appropriation:
☐ No
☐Yes/$Amount _____

Budget Amount: $
Budget Account No.

Finance Director Review & Approval

DISCUSSION: The Agency has been requested by William N. Welch and Harold Shawn Douglas (hereinafter referred to as the participant) that a reconveyance to the Deed of Trust providing them with down payment assistance be granted. Within the attached you will find a Substitution of Trustee and Deed of Reconveyance and a copy of the Deed of Trust and Promissory Note executed and recorded against the residence. The Agency received from the participant a check in the amount of $25,920.25. Broken down and satisfying the requirements of the Deed of Trust, this amounts to $23,200.00 in principal and $2,704.25 in interest, and a $16.00 recording fee.

As known by this Board, the RDA was authorized to provide down payment assistance to first time homebuyers with very low, low and moderate income. To satisfy the request of the participant in paying off the outstanding loan, a Substitution of Trustee and Deed of Reconveyance is required prior to a formal reconveyance of the note. Given your authorization to execute the Substitution of Trustee and Deed of Reconveyance, the Agency will file the document with the County Recorder's Office and erase the loan as outstanding to the Agency.

Staff is requesting your favorable consideration on this item.

KCM:tlm
Attachments: Substitution of Trustee and Deed of Reconveyance

Consent
#4C
9-5-06

RECORDED AT THE REQUEST
OF THE CITY OF VICTORVILLE

WHEN RECORDED, MAIL TO:
VICTORVILLE REDEVELOPMENT AGENCY
ATTN: KEITH C. METZLER
P.O. BOX 5001
VICTORVILLE, CA 92393-5001

SUBSTITUTION OF TRUSTEE AND DEED OF RECONVEYANCE

Owner and Holder of the Note secured by the Deed of Trust dated September 28, 2004, executed by William N. Welch and Harold Shawn Douglas as original Trustor; Orange Coast Title of the Inland Empire as original Trustee; and Victorville Redevelopment Agency, as original Beneficiary; which Deed of Trust recorded October 13, 2004, as Instrument No. 20040745004 of Official Records of San Bernardino County, in the State of California and

THE UNDERSIGNED being the present legal owner and holder of the indebtedness secured by said Deed of Trust, hereby substitutes himself as Trustee in lieu of above named Trustee under said Deed of Trust.

THE UNDERSIGNED hereby accepts said appointments as Trustee under said Deed of Trust and as Successor Trustee pursuant to request of said Owner and Holder and in accordance with the provisions of said Deed of Trust does HEREBY RECONVEY WITHOUT WARRANTY TO THE PERSON OR PERSONS LEGALLY ENTITLED THERETO all estate now held by him/her/them as Trustee under said Deed of Trust.

IN WITNESS WHEREOF OWNER AND SUCCESSOR TRUSTEE THE UNDERSIGNED has caused his presence to be executed on September 6, 2006.

City of Victorville Redevelopment Agency

Keith C. Metzler, Director of Economic Development

State of California
County of San Bernardino
On _____, 2006, before me, Terri L. Monteleone, Notary Public, personally appeared Keith C. Metzler, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.
WITNESS my hand and official seal.

_____
Signature

VICTORVILLE
California

AGENDA ITEM

VICTORVILLE REDEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING
OF: September 5, 2006

SUBMITTED BY: Keith C. Metzler
Director of Economic Development

DATE: 08/28/2006

SUBJECT: Substitution of Trustee and Deed of Reconveyance
MAP Case No. 01-08-04 - Cynthia Alvarez

RECOMMENDATION: That Your Honorable Board of Directors authorize the execution, by the Director, of a Substitution of Trustee and Deed of Reconveyance attached herein and regarding the above referenced Mortgage Assistance Case Number.

FISCAL IMPACT:

-- FINANCE DEPARTMENT USE ONLY –

Budget Amount: $
Budget Account No.

Additional Appropriation:
☐ No
☐Yes/$Amount _____

Finance Director Review & Approval

DISCUSSION: The Agency has been requested by Cynthia Alvarez (hereinafter referred to as the participant) that a reconveyance to the Deed of Trust providing her with down payment assistance be granted. Within the attached you will find a Substitution of Trustee and Deed of Reconveyance and a copy of the Deed of Trust and Promissory Note executed and recorded against the residence. The Agency received from the participant a check in the amount of $5,246.12. Broken down and satisfying the requirements of the Deed of Trust, this amounts to $3,703.00 in principal and $1,527.12 in interest, and a $16.00 recording fee.

As known by this Board, the RDA was authorized to provide down payment assistance to first time homebuyers with very low, low and moderate income. To satisfy the request of the participant in paying off the outstanding loan, a Substitution of Trustee and Deed of Reconveyance is required prior to a formal reconveyance of the note. Given your authorization to execute the Substitution of Trustee and Deed of Reconveyance, the Agency will file the document with the County Recorder's Office and erase the loan as outstanding to the Agency.

Staff is requesting your favorable consideration on this item.

KCM:tlm
Attachments: Substitution of Trustee and Deed of Reconveyance

Consent
#4D
9-5-06

RECORDED AT THE REQUEST
OF THE CITY OF VICTORVILLE

WHEN RECORDED, MAIL TO:
VICTORVILLE REDEVELOPMENT AGENCY
ATTN: KEITH C. METZLER
P.O. BOX 5001
VICTORVILLE, CA 92393-5001

SUBSTITUTION OF TRUSTEE AND DEED OF RECONVEYANCE

Owner and Holder of the Note secured by the Deed of Trust dated August 23, 2001, executed by Cynthia Alvarez as original Trustor; Frist American Title as original Trustee; and Victorville Redevelopment Agency, as original Beneficiary; which Deed of Trust recorded August 31, 2001, as Instrument No. 20010399096 of Official Records of San Bernardino County, in the State of California and

THE UNDERSIGNED being the present legal owner and holder of the indebtedness secured by said Deed of Trust, hereby substitutes himself as Trustee in lieu of above named Trustee under said Deed of Trust.

THE UNDERSIGNED hereby accepts said appointments as Trustee under said Deed of Trust and as Successor Trustee pursuant to request of said Owner and Holder and in accordance with the provisions of said Deed of Trust does HEREBY RECONVEY WITHOUT WARRANTY TO THE PERSON OR PERSONS LEGALLY ENTITLED THERETO all estate now held by him/her/them as Trustee under said Deed of Trust.

IN WITNESS WHEREOF OWNER AND SUCCESSOR TRUSTEE THE UNDERSIGNED has caused his presence to be executed on September 6, 2006.

City of Victorville Redevelopment Agency

Keith C. Metzler, Director of Economic Development

State of California
County of San Bernardino
On _____, 2006, before me, Terri L. Monteleone, Notary Public, personally appeared Keith C. Metzler, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.
WITNESS my hand and official seal.

_____
Signature

CITY OF VICTORVILLE
CITY COUNCIL
AGENDA

REGULAR MEETING
SEPTEMBER 5, 2006
7:00 P.M.

MOJAVE DESERT AIR QUALITY
MANAGEMENT DISTRICT - BOARDROOM
14306 PARK AVENUE
www.ci.victorville.ca.us

THE CITY COUNCIL MEETING IS SCHEDULED TO BEGIN AT 7:00 P.M. OR AS SOON THEREAFTER AS POSSIBLE UPON THE CONCLUSION OF THE MEETING OF THE VICTORVILLE REDEVELOPMENT AGENCY

ANY INDIVIDUAL WITH A DISABILITY WHO REQUIRES REASONABLE ACCOMMODATION TO PARTICIPATE IN A CITY COUNCIL MEETING MAY REQUEST ASSISTANCE AND/OR RECEIVE THE AGENDA IN AN ALTERNATIVE FORMAT BY CONTACTING THE VICTORVILLE CITY CLERK'S OFFICE (760) 955-5026 NO LATER THAN 72 HOURS PRIOR TO THE MEETING

CALL TO ORDER

INVOCATION & PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

1. PUBLIC COMMENT ON ITEMS OF INTEREST TO THE PUBLIC

PUBLIC HEARINGS

2. A PUBLIC HEARING CALLED TO HEAR ARGUMENTS FOR OR AGAINST THE ADOPTION OF RESOLUTION NO. 06-147 ENTITLED:

   A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VICTORVILLE FINDING AND DECLARING THAT THE PUBLIC CONVENIENCE AND NECESSITY JUSTIFY AND REQUIRE THE GRANTING OF A CERTIFICIATE OF PUBLIC CONVENIENCE AND NECESSITY TO WILLIAM C. LUCAS DBA XCAPE LIMOUSINE SERVICE

3. A PUBLIC HEARING CALLED TO HEAR ARGUMENTS FOR OR AGAINST THE ADOPTION OF RESOLUTION NO. 06-149 ENTITLED:

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA, APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE VICTORVILLE REDEVELOPMENT AGENCY AND G & P PROPERTIES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

4. A PUBLIC HEARING CALLED TO HEAR ARGUMENTS FOR OR AGAINST THE ADOPTION OF RESOLUTION NO. 06-150 ENTITLED:

   RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE VICTORVILLE REDEVELOPMENT AGENCY AND COSTCO WHOLESALE CORPORATION

5. PUBLIC HEARING CALLED TO HEAR AND CONSIDER ANY OBJECTIONS TO THE PROPOSED DISCONTINUANCE, DESTRUCTION OR REMOVAL OF SUCH CONDITIONS CONSTITUTING A NUISANCE, AND MAKE A DETERMINATION REGARDING WHETHER THE CONDITIONS ON THE PROPERTY LOCATED AT 16828 STODDARD WELLS ROAD, VICTORVILLE, CALIFORNIA SHOULD BE ABATED BY THE CITY

CONSENT CALENDAR

6. PRESENTATION OF REQUEST TO APPROVE THE CONSENT CALENDAR AS FOLLOWS:

   A. PRESENTATION OF REQUEST FOR APPROVAL OF COMMERCIAL DEMAND SCHEDULE NO. 4 IN THE AMOUNT OF $6,713,932.12 COVERING WARRANT NOS. 570606, 577439, 574620, 577308, 577482, 577961, 577968 AND 577330 THROUGH 578207 INCLUSIVE

   B. PRESENTATION OF REQUEST FOR APPROVAL OF PAYROLL DEMAND SCHEDULE NO. 2B FOR PAYROLL PERIOD JULY 29, 2006 THROUGH AUGUST 11, 2006, IN THE AMOUNT OF $1,221,864.44 COVERING WARRANT NOS. 20571 THROUGH 20643 AND ADVICE NOS. 103318 THROUGH 103862 INCLUSIVE. ADVICE NO. 103317 WAS NOT USED.

   C. PRESENTATION OF REQUEST TO APPROVE THE MINUTES FROM THE ADJOURNED REGULAR MEETING HELD MAY 2, 2006

   D. PRESENTATION OF REQUEST TO ACCEPT THE FOLLOWING DEPARTMENT STAFF REPORTS:

1. COMMUNITY SERVICES DEPARTMENT – JULY 2006
2. PUBLIC WORKS DEPARTMENT – JULY 2006
3. VICTORVILLE POLICE DEPARTMENT – JULY 2006
4. FINANCE DEPARTMENT – QUARTERLY TREASURER'S REPORT

E. PRESENTATION OF ORDINANCE NOS. 2171 AND 2172 FOR SECOND READING AND ADOPTION BY THE CITY COUNCIL

1. ORDINANCE NO. 2171 ENTITLED:

AN ORDINANCE OF THE CITY OF VICTORVILLE GRANTING A SIXTEENTH AMENDMENT TO SPECIFIC PLAN 2-88 (MESA VERDE) TO: A) REVISE THE CIRCULATION ELEMENT; AND B) TO REVISE THE LAND USE OVERLAY DESIGNATION IN PLANNING AREA 22 FROM MULTI-FAMILY RESIDENTIAL (HIGH DENSITY) AND SINGLE-FAMILY RESIDENTIAL (MEDIUM DENSITY) TO SINGLE-FAMILY RESIDENTIAL (MEDIUM DENSITY) – OVERLAND OPPORTUNITY FUND, LLC

2. ORDINANCE NO. 2171 ENTITLED:

AN ORDINANCE OF THE CITY OF VICTORVILLE ADOPTING A PLANNED UNIT DEVELOPMENT PUD-06-001 TO ALLOW FOR THE DEVELOPMENT OF A 286-LOT SINGLE-FAMILY PLANNED RESIDENTIAL DEVELOPMENT AND A TENTATIVE TRACT TO ALLOW FOR THE DEVELOPMENT OF A 286-LOT SINGLE-FAMILY RESIDENTIAL SUBDIVISION ON PROPERTY LOCATED NORTH OF SENECA ROAD, SOUTH OF HOOK BOULEVARD, EAST OF TOPAZ ROAD AND WEST OF DIAMOND ROAD, - BRENTWOOD INVESTORS, LP AND TAGGART INVESTMENTS, INC.

F. PRESENTATION OF REQUEST TO AWARD A CONTRACT TO GOLF VENTURES WEST COMPANY FOR THE PURCHASE OF VARIOUS GOLF EQUIPMENT UNDER CMAS IN THE AMOUNT OF $127,114.84

G. PRESENTATION OF REQUEST TO RELEASE 80% OF THE FAITHFUL PERFORMANCE BONDS FOR LMAD FOR TRACT 16479 – KB HOME GREATER LOS ANGELES, INC.

H. PRESENTATION OF REQUEST TO RELEASE 30% OF THE FAITHFUL PERFORMANCE BONDS FOR THE BRENTWOOD LMAD FOR TRACTS 15479-1 THRU 15479-4, 16197-1 & 2, 16220, 16280-1 & 2 AND 16283 – SUNCAL COMPANIES

I. PRESENTATION OF REQUEST TO RELEASE THE MONUMENTATION BOND FOR TRACTS 16138-1, 2 & 3 – FORECAST HOMES

J. PRESENTATION OF REQUEST TO RELEASE 100% OF THE GRADING BOND FOR TRACT 16856 – FRONTIER HOMES

K. PRESENTATION OF REQUEST TO RELEASE 80% OF THE SEWER BOND FOR TRACT 16696 – FRONTIER HOMES

L. PRESENTATION OF REQUEST TO RELEASE THE REMAINING 20% OF THE FAITHFUL PERFORMANCE BOND FOR SEWER AND ASSOCIATED LABOR AND MATERIALS BOND FOR TRACT 16122 – FRONTIER HOMES

M. PRESENTATION OF REQUEST TO RELEASE 80% OF THE SEWER BOND FOR 15363-1 & 2 – INNOVATION 1

N. PRESENTATION OF REQUEST TO RELEASE THE MONUMENTATION BOND FOR TRACTS 16107-1 & 2 – FORECAST HOMES

O. PRESENTATION OF REQUEST TO RELEASE THE REMAINING 20% OF STREET BONDS FOR TRACT 16247-1 & 2 – COVENANT DEVELOPMENT

P. PRESENTATION OF REQUEST TO RELEASE 80% OF THE STREET BONDS FOR TRACTS 16247-3, 4, 5 & 6 – COVENANT DEVELOPMENT

Q. PRESENTATION OF REQUEST TO RELEASE 20% OF THE FAITHFUL PERFORMANCE BOND AND ASSOCIATED LABOR AND MATERIALS BONDS FOR STREETS AND SEWERS FOR TRACT 13908-2 – AMERICAN HERITAGE

R. PRESENTATION OF REQUEST FOR FINAL MAP APPROVAL FOR TRACT 16861 – AMERICAN HOUSING GROUP

S. PRESENTATION OF REQUEST TO ACCEPT THE NOTICE OF COMPLETION FOR THE CONSTRUCTION OF MOJAVE VISTA PARK

WRITTEN COMMUNICATIONS

7. PRESENTATION OF REQUEST TO AWARD AWINDROW LLC ADDITIONAL APPROPRIATIONS IN THE AMOUNT OF $17, 550.00 FOR TIDEMARK CONSULTING SERVICES PLUS REIMBURSEMENT COSTS WITH PROJECT NOT TO EXCEED $20,000.00

8. PRESENTATION OF REQUEST TO AWARD A CONTRACT TO YEAGER-SKANSKA FOR THE IMPROVEMENT OF HESPERIA ROAD FROM SENECA ROAD TO "D" STREET FOR THE LOW BID OF $2,248,900.00

9. PRESENTATION OF REQUEST TO AWARD A CONTRACT TO RBF CONSULTING, INC. FOR THE SOUTHERN CALIFORNIA LOGISTIC AIRPORT WATER SYSTEM EVALUATION IN THE AMOUNT OF $267,923.00 AND TO APPROPRIATE FUNDS IN THE AMOUNT OF $295,000.00 FROM AN OEA GRANT

10. PRESENTATION OF REQUEST TO APPROVE THE AMENDMENT TO THE CAPITAL IMPROVEMENT PROGRAM

11. PRESENTATION OF REQUEST TO PROVIDE INPUT TO COUNTY OF SAN BERNARDINO'S REQUEST TO ESTABLISH A HIGH DESERT COUNTY GOVERNMENT CENTER

12. PRESENTATION OF REQUEST TO APPROVE A PROFESSIONAL SERVICES AGREEMENT WITH BLUEWATER ENERGY SOLUTIONS, MARIETTA, GA FOR OPERATIONS AND MAINTENANCE SERVICES AT THE ASPEN COGEN FACILITY AND THE FOXBOROUGH COGENERATION FACILITY IN THE AMOUNT OF $950,000.00

13. PRESENTATION OF REQUEST TO APPOINT REPRESENTATIVES TO R-2508 JOINT LAND USE STUDY ADVISORY (JLUS) COMMITTEES

COUNCIL REPORTS

14. PRESENTATION OF REPORTS FROM COUNCIL MEMBERS

CLOSED SESSION

15. CLOSED SESSION CALLED PURSUANT TO GOVERNMENT CODE SECTION 54956.8:

CONFERENCE WITH REAL PROPERTY NEGOTIATOR
PROPERTY LOCATION: Near Southern California Logistics Airport
CITY/AGENCY NEGOTIATOR: Green de Bortnowsky & Quintanilla; Inland Energy, Inc.
NEGOTIATING PARTIES: Property Owners, see below

Property Owner	APN	Property Address
Wu, Jian	0460-242-14	No street address
Rock Foundation, LLC	0460-232-16	No street address
Riego de Dios, Augusta & Pomeriau, Maria	0460-232-15	No street address
Brown, Coy	0460-231-16	No street address
Brown, Coy	0460-231-17	No street address

16. CLOSED SESSION CALLED PURSUANT TO GOVERNMENT CODE SECTION 54956.9

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
NEGOTIATING PARTIES: VICTORVILLE PROFESSIONAL FIREFIGHTERS V. THE CITY OF VICTORVILLE - CASE NO. CV06-3935 AHM (EX)

17. CLOSED SESSION CALLED PURSUANT TO GOVERNMENT CODE SECTION 54956.9

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
NEGOTIATING PARTIES: JOHN MARTIN V. CITY OF VICTORVILLE, UNITED STATES DISTRICT COURT CASE NO. CV06-03288

***ADJOURNMENT

CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL REGULAR MEETING
MEETING OF: SEPTEMBER 5, 2006

SUBMITTED BY: Carolee Bates
City Clerk

DATE: 8/28/06

SUBJECT: PUBLIC COMMENT ON ITEMS OF INTEREST TO THE PUBLIC

RECOMMENDATION: N/A

FISCAL IMPACT: N/A
Budget Amount:
Budget Acct. No.:

--Finance Department Use Only--
Additional Appropriation:

_____No
_____Yes/$ Amt.:

Finance Director Review and Approval____

DISCUSSION: State law requires that each agenda of a governing body provide an opportunity for members of the public to address the legislative body on items of interest to the public within the body's subject matter of jurisdiction.

Accordingly, this item has been placed on the agenda to afford an opportunity for public comment at this time.

CB/dl

Public Comment
#1
9-5-06

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CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: Carolee Bates
City Clerk

DATE: August 15, 2006

SUBJECT: PUBLIC HEARING – RESOLUTION NO. 06-147 – GRANTING A CERTIFICATE OF PUBLIC CONVENIENCE & NECESSITY TO WILLIAM C. LUCAS DBA XCAPE LIMOUSINE SERVICE

RECOMMENDATION: That the City Council adoption Resolution No. 06-147

FISCAL IMPACT: None

DISCUSSION: Attached is an Application for Certificate of Public Convenience & Necessity submitted by William C. Lucas dba Xcape Limousine Service for the operation of a limousine service business in the City of Victorville.

The applicant has met all of the requirements of the Business License Division and the Police Department and this matter is now presented to the City Council for consideration and final approval.

Resolution No. 06-147, if adopted at the conclusion of the public hearing, would grant a Certificate of Public Convenience & Necessity to William C. Lucas dba Xcape Limousine Service for the operation of a limousine service.

CB/mw
Attachments

Public Hearing
#2
9-5-06

$150
(2500-FF)

06-147

APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE & NECESSITY FOR TAXICAB SERVICES

Name of Applicant: WILLIAM C LUCAS

Business Address: 15264 SUNFLOWER LANE V.V. CA 92394

Residence Address: SAME AS ABOVE

Trade or Firm Name, or DBA as recorded: XCAPE LIMOUSINE SERVICE

Have you been convicted of a traffic violation in the last five (5) years? NO

If so, please list the date and violation:

Have you ever had a similar type of Certificate or license revoked by any governmental agency? NO

Please provide a statement of your experience in the operation of a taxicab service and your qualifications to render efficient service to the public:

I HAVE OVER FIVE YEARS OF LIMOUSINE DRIVING EXPERIENCE AS WELL AS OVER 15 YEARS OF CUSTOMER RELATED SERVICE.

Please provide a complete description of each vehicle operated by the applicant, including the capacity thereof:

2006 BLACK LINCOLN TOWNCAR 8 PASSENGER

Color Scheme of Vehicles:

BLACK

Insignia or identification other than color scheme:
TCP 20161-P

Vehicles to be garaged at:
15264 SUNFLOWER LN

Are taximeters installed? Yes____ No X

Schedule of rates or fares to be charged for carrying passengers:
50 - 75 / HR

Location of any taxi stands requested (indicate closed or open stands):

Please provide any further facts which you believe will tend to prove that public convenience and necessity require or justify the granting of a franchise to you:
BEST SERVICE AVAILABLE IN A LIMOUSINE COMPANY

I/We have received a copy of the City ordinance regulating taxicabs and agree to abide by all conditions therein and to abide by all laws and ordinances of the City, County and State. I/We further affirm under penalty of perjury that all statements herein stated are true and correct to the best of our knowledge.

_____ Title: OWNER

_____ Title: _____

RESOLUTION NO. 06-147

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VICTORVILLE FINDING AND DECLARING THAT THE PUBLIC CONVENIENCE AND NECESSITY JUSTIFY AND REQUIRE THE GRANTING OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO WILLIAM C. LUCAS DBA XCAPE LIMOUSINE SERVICE

THE CITY COUNCIL OF THE CITY OF VICTORVILLE DOES HEREBY RESOLVE AS FOLLOWS:

WHEREAS, Chapter 5.08 of the Victorville Municipal Code provides for the regulation of the use and operation of motor vehicles for hire upon the public streets in the City of Victorville; and

WHEREAS, on August 14, 2006, William C. Lucas dba Xcape Limousine Service made application for a Certificate of Public Convenience and Necessity; and

WHEREAS, on, September 5, 2006 the City Council of the City of Victorville held a Public Hearing to hear arguments for or against the issuance of a Certificate of Public Convenience and Necessity to William C. Lucas dba Xcape Limousine Service.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF VICTORVILLE DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That a Certificate of Public Convenience and Necessity be issued to William C. Lucas dba Xcape Limousine Service, subject to all conditions, restrictions and amendments to Chapter 5.08 of the Victorville Municipal Code.

SECTION 2. That William C. Lucas dba Xcape Limousine Service is hereby authorized to operate the following vehicle(s):

1. 2006 Black Lincoln Town Car Limousine, Seating Capacity: 8

SECTION 3. That said company shall not exceed the maximum rates so approved by the City Council as follows:

$75.00 per hour

All current rates being charged by the company shall be posted with the City Clerk of the City of Victorville, the Sheriff's Department, and on each vehicle in such a manner as approved by the City Manager before the rates become effective.

SECTION 4. That said company shall maintain in full force insurance to insure the public against loss of damage that may result from the operation of said vehicles as follows:

Maximum recovery of not less than One Million Five Hundred Thousand Dollars ($1,500,000) combined single limit bodily injury and property damage.

Prior to commencing operations hereunder, the applicant shall provide a policy of insurance, certificate of insurance, or such other proof of insurance as may be acceptable to the City, which shall show that a policy has actually been issued and which shall further contain a requirement that the insurer notify the City of the cancellation of said policy or policies at least (10) days prior to the effective date of such cancellation.

SECTION 5. Applicant shall comply with all applicable State, County and City codes and ordinances in conducting said business.

SECTION 6. In accordance with Section 5.08.130 of the Victorville Municipal Code, no person shall operate or drive an approved vehicle for hire in the City of Victorville without first having obtained a written permit from the San Bernardino County Sheriff's Department.

SECTION 7. That the Certificate of Public Convenience and Necessity shall be issued until amended, canceled, or suspended in accordance with Section 5.08.100 of the Victorville Municipal Code.

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VICTORVILLE
California

JOINT PUBLIC HEARING
VICTORVILLE CITY COUNCIL AND
VICTORVILLE REDEVELOPMENT AGENCY
MEETING OF: September 5, 2006

SUBMITTED BY: Keith C. Metzler
Director of Economic Development

DATE: August 22, 2006

SUBJECT: Disposition and Development Agreement – G&P Properties LLC (formerly 7 Jays LLC) – Saturn of Victorville

RECOMMENDATION: That Your Honorable Board of Directors adopt Resolution No. R-06.009 and that the City Council adopt Resolution No. 06-149 approving the Disposition and Development Agreement.

FISCAL IMPACT: $790,000 (Revenue)

--FINANCE DEPARTMENT USE ONLY—
Budget:
Budget Account No.:
Additional Appropriation:
No____
Yes/$Amount_____
Approved_____

DISCUSSION: Your Honorable Board of Directors has been involved directly in the build-out of what has been recognized as the Auto Park at Valley Center. This development was undertaken as a result of the redevelopment of the former Roy Rogers Museum and the City's realignment project for Civic Drive. As a result, the Agency took a lead role in acquiring nearly 30-acres of property along the west side of I-15 south of Roy Rogers Drive. Within that 30-acres there were eight separate parcels created to serve auto related uses. Among those eight parcels, one remains available and is the subject of this DDA. For approximately six months now, staff has been negotiating with Mr. Lou Gonzales, Principal in the Saturn of Antelope Valley Dealership, and Principal of G&P Properties of whom will be the developer of a Saturn Dealership for our Auto Park.

Very generally this transaction proposes the sale of the subject site at the determined fair market value as established by an independent MAI appraiser (Marshall Stevens Valuation Consulting). To facilitate the transaction the Agency has agreed to carry a loan against the property in an amount that bears terms that are comparable and competitive in the private market. The loan will be retired fully within 18-months or upon completion of the project, which ever occurs first. The developer will be required to

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build approximately 18,000 square feet of building space, which will include sales display and service area. New employment is expected to be in the order of 35 new full-time employees.

Staff believes this transaction is an appropriate transaction that compliments the Auto Park and therefore recommends that the City Council and Board of Directors adopt the appropriate resolution approving the proposed transaction.

Staff remains available for any questions or comments you might have.

KCM:jrt

Attachments: Resolution No. 06-149
Resolution No. R-06-009
Disposition and Development Agreement
Summary Report
Site Map

CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA

RESOLUTION NO. 06-149

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA, APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE VICTORVILLE REDEVELOPMENT AGENCY AND G & P PROPERTIES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

WHEREAS, the Victorville Redevelopment Agency (the "Agency") has been duly created and activated pursuant to the provisions of Section 33100, et seq. of the Health and Safety Code of the State of California by a duly adopted Ordinance of the City of Victorville, California; and

WHEREAS, the City Council of the City of Victorville, California (the "City Council") along with the Agency have caused the adoption of a Redevelopment Plan for the Bear Valley Road Redevelopment Project area, as amended; and

WHEREAS, G & P Properties, LLC, a California limited liability company (hereinafter referred to as the "Developer") seeks to acquire and develop property as an approximately 18,000 square foot SATURN new vehicle sales and service facility; and

WHEREAS, the Agency owns certain property (the "Property") which is located within the duly established Bear Valley Road Redevelopment Project Area of the City; and

WHEREAS, the Developer has indicated that Developer desires to acquire the Property from the Agency in order to cause development thereof in accordance with the Redevelopment Plan; and

WHEREAS, the Agency has deemed it desirable to enter into a Disposition and Development Agreement (the "Agreement") with the Developer in the form attached hereto as Exhibit "A" and incorporated herein by this reference; and

WHEREAS, the Agency and City Council have held a duly noticed public hearing on September 5, 2006, in accordance with Section 33431 of the California Health and Safety Code pertaining to the Agreement; and

WHEREAS, the Agency and City Council have held a duly noticed public hearing on September 5, 2006, in accordance with Section 33433 of the California Health and Safety Code and have caused the preparation of, and made available for public inspection, a report including a summary of the transaction; and

WHEREAS, the Agency and the City Council have evaluated the Agreement and all evidence and testimony for and against the approval of the Agreement.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA, DOES HEREBY FIND, RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The foregoing Recitals are true and correct and are incorporated herein by this reference.

Section 2. The City Council hereby adopts the findings and determinations as set forth herein and finds that the Agreement is within the redevelopment goals and objectives of the Agency.

Section 3. The City Council, having held a duly noticed public hearing, finds and determines that the disposition of the Property to the Developer, pursuant to the Agreement, will be of benefit to the Agency and the City and will also promote redevelopment within the Project Area of the Agency.

Section 4. The City Council hereby finds that the Agreement is consistent with the Implementation Plan previously adopted by the Agency.

Section 5. The City Council hereby finds that the purchase of the Property by the Developer from the Agency is equivalent to the estimated fair reuse value at the Property's highest uses permitted.

Section 6. The City Council hereby approves the Agreement.

Section 7. This Resolution shall take effect upon its adoption.

SEE
VICTORVILLE REDEVELOPMENT AGENCY
AGENDA FOR THE
DISPOSITION AND DEVELOPMENT
AGREEMENT

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VICTORVILLE
California

JOINT PUBLIC HEARING
VICTORVILLE CITY COUNCIL AND
VICTORVILLE REDEVELOPMENT AGENCY
MEETING OF: September 5, 2006

SUBMITTED BY: Keith C. Metzler
Director of Economic Development

DATE: August 22, 2006

SUBJECT: Disposition and Development Agreement – Costco Wholesale Corporation (Costco Retail Project)

RECOMMENDATION: That Your Honorable City Council and Redevelopment Agency Board of Directors adopt Resolution No. 06-150 & R-06-010 respectively, approving the Disposition and Development Agreement (DDA).

FISCAL IMPACT: $5,750,000 (Revenue)

Budget:
Budget Account No.:

--FINANCE DEPARTMENT USE ONLY—
Additional Appropriation:
No____
Yes/$Amount_____
Approved_____

DISCUSSION: On December 30, 2005 the Redevelopment Agency entered into a Purchase and Sale Agreement for the purposes of acquiring the former Home Base building with the ultimate intent of preserving that property to accommodate a Costco expansion. On February 28, 2006 the Agency closed escrow and became the owner of the currently vacant 104,000 square foot retail building, which sits on 10.02 acres of property. On June 21, 2006 the RDA entered into a Letter of Intent with Costco Wholesale, which served as a general framework for terms to be incorporated into the ultimate DDA. Before the City Council and Board of Directors is a DDA which will cause the sale of the subject site to Costco Wholesale. As a condition to the close of escrow, the Agency will be required to demolish the existing 104,000 square foot building and cap the utilities at the property line to the best extent possible. In exchange for the sales price, Costco will build-out approximately 160,000 square feet of new retail space within 12-months. Preliminarily, Costco is considering accelerating that schedule for a June or July, 2007 grand opening.

Public Hearing
#4
9-5-06

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Costco proposes to continue to operate out of there existing warehouse until the grand opening date, upon which, once the new facility becomes operational, Costco proposes to demolish their existing building and cause the construction of 50,000 square feet of new retail space to be made available for retain users to be mutually agreed upon by both the Agency and Costco. Staff believes that redevelopment of the former Home Base site enhances our ability to remove blight from the Project Area, that it pumps new economic life into the entire retail center, and that this is an opportunity to retail nearly 315 jobs within the Hook Redevelopment Project Area. Therefore, staff recommends approval.

Staff remains available for any questions or comments you might have.

KCM:jrt

Attachments: Resolution No. 06-150
Resolution No. R-06-010
Disposition and Development Agreement
Summary Report
Site Map

CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA

RESOLUTION NO. 06-150

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA, APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE VICTORVILLE REDEVELOPMENT AGENCY AND COSTCO WHOLESALE CORPORATION

WHEREAS, the Victorville Redevelopment Agency (the "Agency") has been duly created and activated pursuant to the provisions of Section 33100, et seq. of the Health and Safety Code of the State of California by a duly adopted Ordinance of the City of Victorville, California; and

WHEREAS, the City Council of the City of Victorville, California (the "City Council") along with the Agency have caused the adoption of a Redevelopment Plan for the Bear Valley Road Redevelopment Project area, as amended; and

WHEREAS, Costco Wholesale Corporation (hereinafter referred to as the "Developer") seeks to acquire and develop property as an approximately 160,000 square foot Costco wholesale commercial center (the "Warehouse"); and

WHEREAS, the Agency owns certain property (the "Property") which is located within the duly established Hook subarea of the Bear Valley road Redevelopment Project Area of the City; and

WHEREAS, the Developer has indicated that Developer desires to acquire the Property from the Agency in order to cause development thereof in accordance with the Redevelopment Plan; and

WHEREAS, the Agency has deemed it desirable to enter into a Disposition and Development Agreement (the "Agreement") with the Developer in the form attached hereto as Exhibit "A" and incorporated herein by this reference; and

WHEREAS, the Agency and City Council have held a duly noticed public hearing on September 5, 2006, in accordance with Section 33431 of the California Health and Safety Code pertaining to the Agreement; and

WHEREAS, the Agency and City Council have held a duly noticed public hearing on September 5, 2006, in accordance with Section 33433 of the California Health and Safety Code and have caused the preparation of, and made available for public inspection, a report including a summary of the transaction; and

WHEREAS, the Agency and the City Council have evaluated the Agreement and all evidence and testimony for and against the approval of the Agreement.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA, DOES HEREBY FIND, RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The foregoing Recitals are true and correct and are incorporated herein by this reference.

Section 2. The City Council hereby adopts the findings and determinations as set forth herein and finds that the Agreement is within the redevelopment goals and objectives of the Agency.

Section 3. The City Council, having held a duly noticed public hearing, finds and determines that the disposition of the Property to the Developer, pursuant to the Agreement, will be of benefit to the Agency and the City and will also promote redevelopment within the Project Area of the Agency.

Section 4. The City Council hereby finds that the Agreement is consistent with the Implementation Plan previously adopted by the Agency.

Section 5. The City Council hereby finds that the purchase of the Property by the Developer from the Agency is above fair market value at the Property's highest uses permitted.

Section 6. The City Council hereby approves the Agreement.

Section 7. This Resolution shall take effect upon its adoption.

SEE
VICTORVILLE REDEVELOPMENT AGENCY
AGENDA FOR THE
DISPOSITION AND DEVELOPMENT
AGREEMENT

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CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY Roger C. Rees
Deputy City Attorney

DATE: August 28, 2006

SUBJECT Hearing on Nuisance Abatement (Victorville Municipal Code § 13.02.220)
Location of Nuisance: 16828 Stoddard Wells Road, Victorville, CA 92392

RECOMMENDATION

That the City Council open the public hearing, hear and consider any objections to the proposed discontinuance, destruction or removal of such conditions constituting a nuisance, and make a determination regarding whether the conditions on the property should be abated by the City.

DISCUSSION

The City of Victorville Code Enforcement Officers conducted an inspection of the property located at 16828 Stoddard Wells Road, Victorville, CA 92392, owned by Ashraf S. Hodhod and Ghada Hodhod, and observed the following conditions:

> Unsecured vacant and abandoned building in violation of sections 13.02.130, 13.02.150, and 13.02.020.

On April 5, 2006, the City Attorney's office sent an Order to Abate Nuisance pursuant to Municipal Code section 13.02.210. Upon re-inspecting the property following issuance of the Order, Code Enforcement Officers found the violations had not been corrected.

On August 22, 2006, the City Clerk issued an Order to Show Cause Why Nuisance Should Not Be Abated pursuant to Municipal Code section 13.02.220, requiring the property owner to appear before the City Council and present any evidence they may have why a complaint should not be filed for failing to comply with the Order to Abate Nuisance issued on April 5, 2006, and for continuing to maintain the nuisance. The Order to Show Cause was posted August 23, 2006, at 16828 Stoddard Wells Road, Victorville, CA 92392.

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email: vville@ci.victorville.ca.us
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Victorville, California 92393-5001

Certified Mail #7004 2510 0000 5543 5889

OFFICE OF THE CITY CLERK

ORDER TO SHOW CAUSE WHY NUISANCE SHOULD NOT BE ABATED
(Victorville Municipal Code § 13.02.220)

TO: Ashraf S. and Ghada Hodhod
15025 Palmdale Road
Victorville, California 92392-2545

LOCATION OF NUISANCE: 16828 Stoddard Wells Road, Victorville, CA 92392

YOU ARE HEREBY NOTIFIED to appear before the City Council of the City of Victorville at their regularly scheduled meeting on September 5, 2006 at 7:00 p.m., to be held in the Boardroom of the Mojave Desert Air Quality Management District, 14306 Park Avenue, Victorville, CA 92392, to show cause why a complaint should not be filed against you for failing to comply with the Order to Abate Nuisance issued to you on April 5, 2006, and for maintaining the nuisance therein complained of.

8-22-06
Date

Marcie Wolters
Marcie Wolters, Deputy City Clerk
City of Victorville

Receipt of the above notice is hereby acknowledged this _____ day of _____.

_____
Ashraf S. Hodhod

_____
Ghada Hodhod

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FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

State of California)
County of San Bernardino)
City of Victorville)

AFFIDAVIT OF POSTING

ORDER TO SHOW CAUSE WHY NUISANCE SHOULD NOT BE ABATED

I, MARCIE WOLTERS, declare as follows:

That I am the Deputy City Clerk of the City of Victorville; and hereby certify that a copy of the following notice to: **Ashraf S. and Ghada Hodhod** was posted on August 23, 2006 at the location of **16828 Stoddard Wells Road, Victorville, California**:

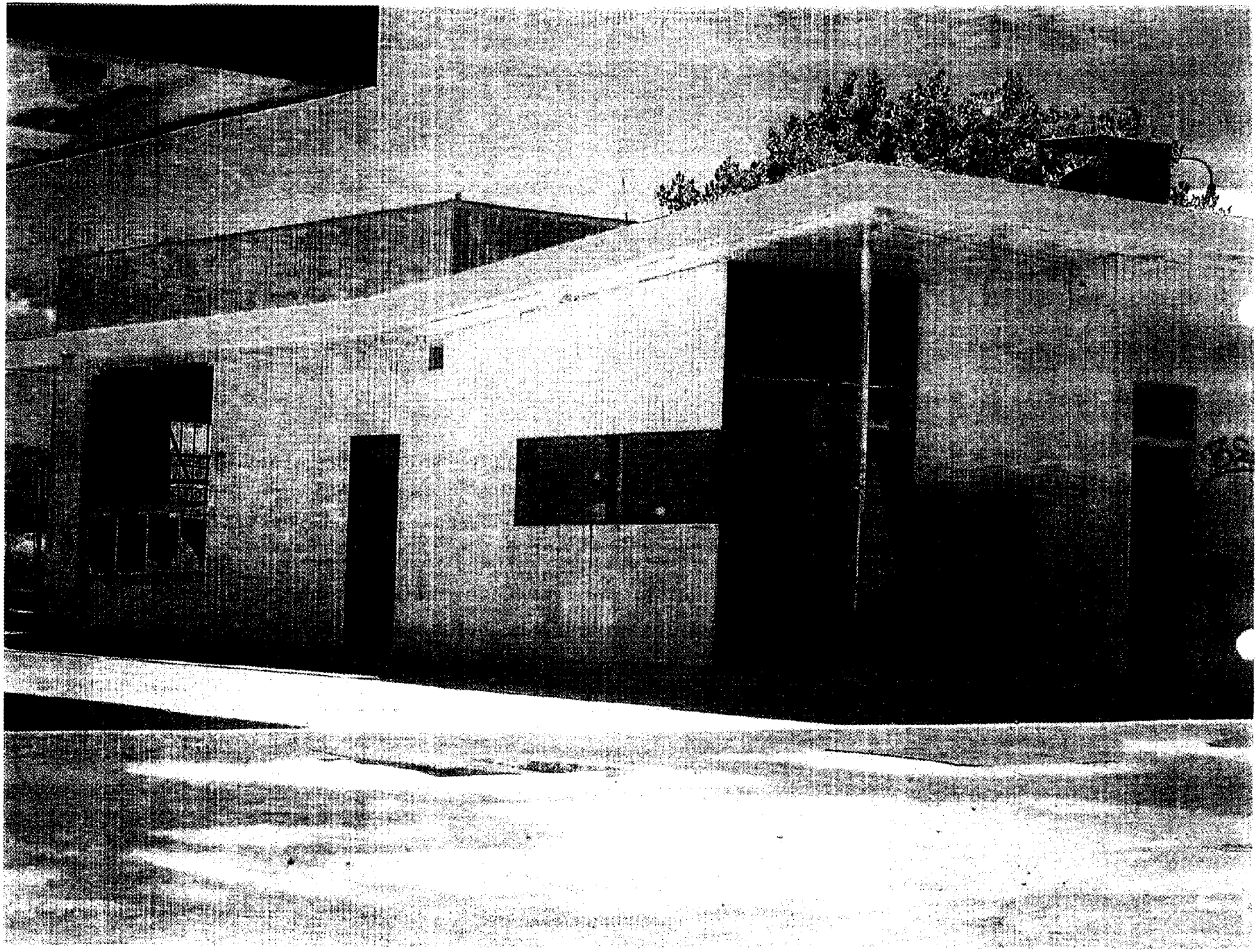
Order To Show Cause Why Nuisance Should Not Be Abated

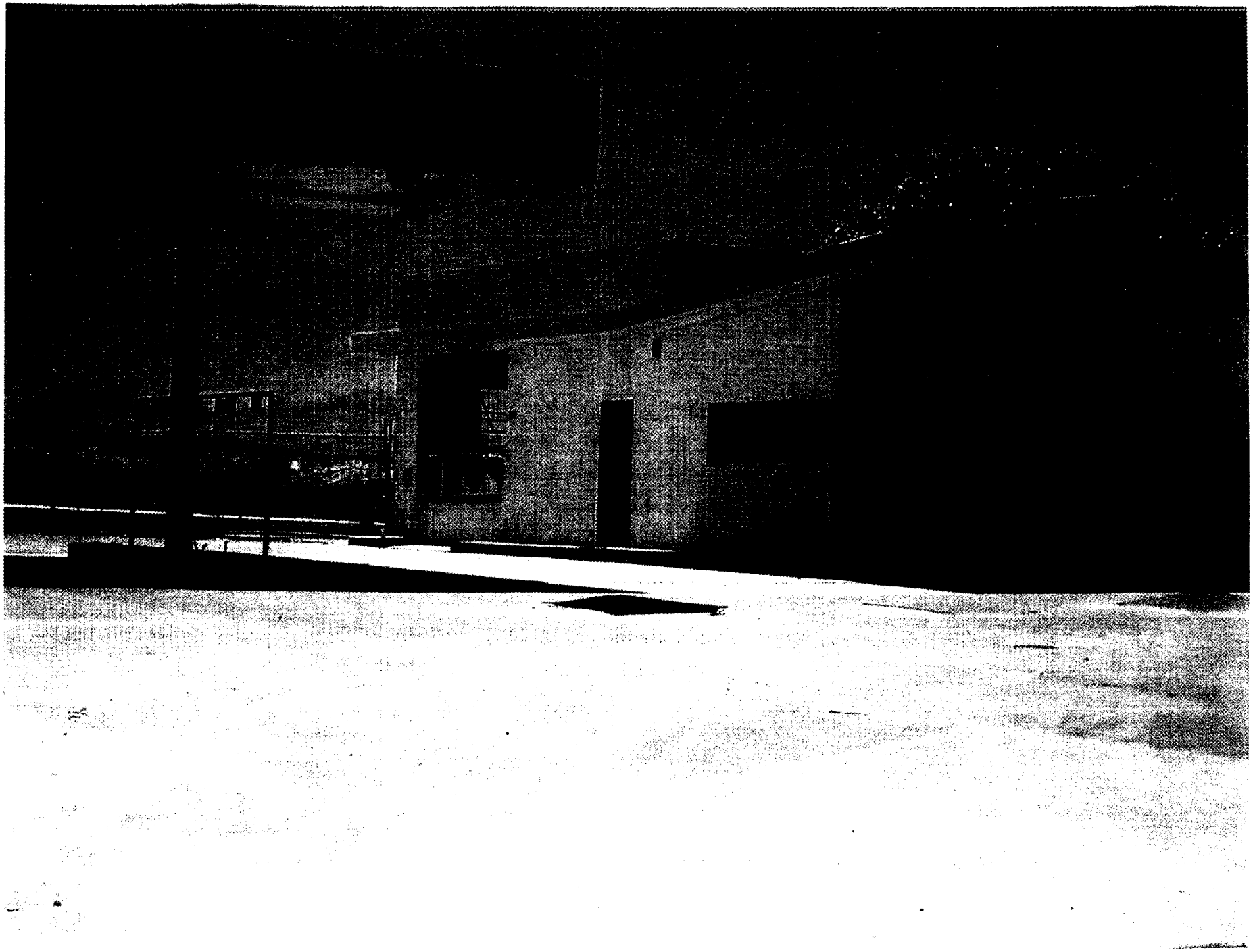
I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 23, 2006 at Victorville, California.

Marcie Wolters

Marcie Wolters, Deputy City Clerk





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AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: Adair M. Patterson ap/ar DATE: August 28, 2006
Director of Finance

SUBJECT: **COMMERCIAL DEMAND SCHEDULE**

RECOMMENDATION: That the Honorable City Council approve Commercial Demand Schedule No. 4 in the amount of $6,713,932.12 covering Warrant Nos. 570606, 577439, 574620, 577308, 577482, 577961, 577968 and 577330 through 578207 inclusive.

FISCAL IMPACT: Total amount of warrants: $6,713,932.12

Budget Amount: $6,713,932.12
Budget Account No. Various

---Finance Dept. Use Only---
Additional Appropriation:

☑ No

☐ Yes/$Amount:

Finance Director Review & Approval ap/ar

DISCUSSION: I hereby certify that the claims or demands covered by the attached list of warrants have been audited as to the accuracy and availability of funds for payment thereof and that said claims or demands are accurate and the funds are available for payment thereof.

Adair Patterson /ar
DIRECTOR OF FINANCE

AP/ts
c:\files\amm\demand.com

Attachment - Commercial Demand Schedule

Consent
#6A
9-5-06

Check No.	Date	Vendor		Payment Status	Payment Amount
570606	2/8/2006	0000008848	Hi Desert Fire Protection Service	V	-356.46
577330	8/9/2006	0000000006	A & L Builders Supply	P	72.89
577331	8/9/2006	0000002695	A-1 Portables	P	730.09
577332	8/9/2006	0000000025	AA Equipment Rental Co.	P	610.47
577333	8/9/2006	0000015884	Aaron, Shaddean	P	42.00
577334	8/9/2006	0000007343	Abrego, Tamala S	P	115.00
577335	8/9/2006	0000012979	Abruzzo, Barry	P	26.51
577336	8/9/2006	0000010537	ACCO Engineered Systems	P	195,837.00
577337	8/9/2006	0000009442	Ace Industrial Supply	P	349.43
577338	8/9/2006	0000015459	ADT Security Services, Inc.	P	231.00
577339	8/9/2006	0000009866	Agencies Tool Center, Inc.	P	210.90
577340	8/9/2006	0000016035	Aguero, Walter	P	11.67
577341	8/9/2006	0000016004	Aguiar, Joe	P	72.16
577342	8/9/2006	0000000073	Air Cold Supply	P	895.99
577343	8/9/2006	0000016043	Alamilla, Guadalupe M.	P	36.08
577344	8/9/2006	0000016009	Ali, Mohammad	P	44.57
577345	8/9/2006	0000015990	Allen, Ed Samuel	P	40.32
577346	8/9/2006	0000013841	Allied Utility Products	P	488.36
577347	8/9/2006	0000000111	Allstar Fire Equipment	P	1,504.27
577348	8/9/2006	0000015997	Ang, Rizza	P	9.99
577349	8/9/2006	0000008507	Animal Medical Center	P	195.00
577350	8/9/2006	0000000169	Antelope Valley Turf Supply	P	14,296.44
577351	8/9/2006	0000000191	Applied Industrial Tech	P	41.67
577352	8/9/2006	0000000206	Arrowhead Mountain Spring Water	P	420.78
577353	8/9/2006	0000012801	Arzola, Mary Ann	P	147.00
577354	8/9/2006	0000000213	Asbury Environmental Services	P	85.00
577355	8/9/2006	0000009599	Aufbau	P	18,318.75
577356	8/9/2006	0000014614	Automated Gate Services, Inc.	P	193.50
577357	8/9/2006	0000000172	Apple Valley Blueprint	P	429.38
577358	8/9/2006	0000015461	AwindRow LLC	P	8,226.96
577359	8/9/2006	0000016014	Bagley, Shawn	P	16.97
577360	8/9/2006	0000000265	Baldy Mesa Water District	P	2,172.85
577361	8/9/2006	0000016033	Ballesteros, Irene	P	10.17
577362	8/9/2006	0000012339	Banuelos, Vanessa	P	23.20
577363	8/9/2006	0000000275	Barr Lumber	P	145.66
577364	8/9/2006	0000016028	Bash, Mark	P	26.51
577365	8/9/2006	0000000290	Battery Mart	P	1,619.41
577366	8/9/2006	0000000292	Bear Valley Fabricators &	P	25.00
577367	8/9/2006	0000000293	Beaumont Yamaha/Kawasaki	P	579.22
577368	8/9/2006	0000016010	Bendeck, Fernando	P	36.08
577369	8/9/2006	0000002770	Ben Meadows Company	P	531.51
577370	8/9/2006	0000007320	Bergstrom, Kelly	P	65.00
577371	8/9/2006	0000016041	Berishaj, Lola	P	37.96
577372	8/9/2006	0000016025	Bernstein, Robert	P	50.93
577373	8/9/2006	0000016026	BH Properties	P	547.98
577374	8/9/2006	0000016027	Blank, Steven	P	18.02
577375	8/9/2006	0000010670	Blue Shield of Cal. Life & Health	P	7,867.64
577376	8/9/2006	0000012502	Boerner, Lynn	P	52.04
577377	8/9/2006	0000016012	Boyd, Bill	P	23.32
577378	8/9/2006	0000016039	Braaten, Maryann	P	24.39
577379	8/9/2006	0000015996	Briseno, Anna	P	10.61
577380	8/9/2006	0000010094	Brown, Lisa	P	7.42
577381	8/9/2006	0000003795	Brown, Michael	P	18.02

Check No.	Date	Vendor		Payment Status	Payment Amount
577382	8/9/2006	0000016022	Burgett, Paul	P	15.91
577383	8/9/2006	0000016015	Burkholder, Tamara/Monty	P	56.23
577384	8/9/2006	0000000380	Burrtec Waste Industries	P	212,514.01
577385	8/9/2006	0000000456	Calcon Electric Supply	P	382.97
577386	8/9/2006	0000007241	California Fleet News	P	155.00
577387	8/9/2006	0000000792	State of California Franchise Tax Board	P	208.35
577388	8/9/2006	0000002720	California Tool & Welding Supply	P	80.60
577389	8/9/2006	0000000510	Callaway Golf	P	97.13
577390	8/9/2006	0000014820	Cal-State Auto Parts	P	390.89
577391	8/9/2006	0000016021	Carlton, Cathy	P	36.08
577392	8/9/2006	0000016007	Castaneda, Melinda	P	19.07
577393	8/9/2006	0000016023	Castro, Rocio	P	10.29
577394	8/9/2006	0000016003	Castruita, Lawrence	P	14.85
577395	8/9/2006	0000006067	Causey's Heating & Air-Conditioning	P	195.00
577396	8/9/2006	0000000399	CCAPA	P	125.00
577397	8/9/2006	0000000618	CDW Government, Inc.	P	735.63
577398	8/9/2006	0000015489	Cedar Store.com	P	4,198.00
577399	8/9/2006	0000010827	Cells, Barbara	P	25.44
577400	8/9/2006	0000006675	Central Sierra Child Support Agency	P	139.00
577401	8/9/2006	0000000540	Central States Fire Apparatus, Inc.	P	77.90
577402	8/9/2006	0000005967	Century Forms, Inc.	P	87.62
577403	8/9/2006	0000015988	Cervantes, Carmen	P	10.61
577404	8/9/2006	0000000548	Charles Joseph Associates	P	2,244.30
577405	8/9/2006	0000008522	Charter Communications	P	11,476.42
577406	8/9/2006	0000016008	Chiang, Lilh	P	8.49
577407	8/9/2006	0000000425	C.H.J. Incorporated	P	1,899.20
577408	8/9/2006	0000016160	Clements, Barbara	P	350.00
577409	8/9/2006	0000016020	Clinton, Clover	P	29.68
577410	8/9/2006	0000016144	Collins, Eva	P	20.00
577411	8/9/2006	0000016040	Combes, Cydne	P	68.99
577412	8/9/2006	0000012582	Comerica Leasing Corp.	P	53,187.58
577413	8/9/2006	0000000613	Commercial Engine Service	P	35.03
577414	8/9/2006	0000016034	Conner, James	P	39.27
577415	8/9/2006	0000000632	Consolidated Electrical Distributors,	P	183.18
577416	8/9/2006	0000015849	Cook Paging	P	42.91
577417	8/9/2006	0000016011	Cooley, Jack	P	54.11
577418	8/9/2006	0000016030	Corley, Jeff	P	46.69
577419	8/9/2006	0000016036	Cormier, Eileen	P	18.02
577420	8/9/2006	0000015992	Cortez, Gilbardo	P	39.23
577421	8/9/2006	0000000662	The Counseling Team International	P	500.00
577422	8/9/2006	0000000671	Crawford's Distributing	P	425.61
577423	8/9/2006	0000003901	Creative Benefits, Inc.	P	2,208.16
577424	8/9/2006	0000014605	Cunningham-Stevenson, Katrina	P	72.00
577425	8/9/2006	0000015995	Curiel, Elbia	P	36.08
577426	8/9/2006	0000015965	Cutter & Buck	P	95.68
577427	8/9/2006	0000000712	Daily Press	P	1,003.86
577428	8/9/2006	0000015316	Dalin, Kyra	P	55.00
577429	8/9/2006	0000016031	Danesta, Juan	P	46.69
577430	8/9/2006	0000014237	Dapper Tire Co.	P	1,452.13
577431	8/9/2006	0000010363	Dashhugger	P	25.95
577432	8/9/2006	0000016038	Daunch, Glenn/Donna	P	16.00
577433	8/9/2006	0000000737	John C. Davis	P	11,086.38
577434	8/9/2006	0000016029	Davis, Lovann	P	17.47
577435	8/9/2006	0000015999	Davis, Spencer	P	64.71

Check No.	Date	Vendor		Payment Status	Payment Amount
577436	8/9/2006	0000013795	Dayley, Eva	P	11.67
577437	8/9/2006	0000000743	Dell Marketing L.P.	P	3,175.37
577438	8/9/2006	0000000760	Desert Service Station Maintenance	P	134.69
577439	8/9/2006	0000000761	Desert Stationers	P	1,777.29
577440	8/9/2006	0000016005	Diaz, Rafael	P	34.88
577441	8/9/2006	0000002977	Theresa M. Dickover	P	197.00
577442	8/9/2006	0000000798	Dieterich-Post Company	P	1,093.77
577443	8/9/2006	0000013382	Direct TV	P	84.96
577444	8/9/2006	0000016142	Diversified Medical NCE	P	163.00
577445	8/9/2006	0000015987	Donaldson, Maurice/Amparo	P	10.17
577446	8/9/2006	0000015989	Doss, Jeff/Heidi	P	15.89
577447	8/9/2006	0000016044	Dozer, Trudy/Walter	P	185.96
577448	8/9/2006	0000016000	Duffey, Michael	P	40.32
577449	8/9/2006	0000000848	Earthlink Network, Inc.	P	20.70
577450	8/9/2006	0000007289	EDFUND	P	250.83
577451	8/9/2006	0000015986	Edwards, Gerald/Leah	P	42.45
577452	8/9/2006	0000016013	Eichstedt, Dallas	P	92.98
577453	8/9/2006	0000000875	Endura Steel, Inc.	P	19.73
577454	8/9/2006	0000016016	Escano, Ron	P	22.26
577455	8/9/2006	0000015998	Fan, Henry/Kim, Charles	P	22.26
577456	8/9/2006	0000016032	Farag, Mark Fahmi	P	36.08
577457	8/9/2006	0000016037	Faron, Anthony	P	7.84
577458	8/9/2006	0000000917	Federal Express Corp.	P	252.67
577459	8/9/2006	0000011539	Ferguson Enterprises, Inc. #677	P	403.86
577460	8/9/2006	0000007481	Flores, Beatrice	P	200.00
577461	8/9/2006	0000000969	FootJoy	P	58.44
577462	8/9/2006	0000009437	Fore-Par	P	470.93
577463	8/9/2006	0000000975	Franklin Truck Parts, Inc.	P	1,235.24
577464	8/9/2006	0000016017	Frazey, Jodi	P	12.73
577465	8/9/2006	0000016019	Gabler, Diane/Ralph	P	72.16
577466	8/9/2006	0000001015	Gall's Inc.	P	3,398.76
577467	8/9/2006	0000016119	Ganz, Harvey	P	11.67
577468	8/9/2006	0000001740	G.A. Osborne Pipe-Supply	P	860.96
577469	8/9/2006	0000004364	Gapelu, Shivonn	P	159.50
577470	8/9/2006	0000016024	Garduno, Janice/John	P	21.19
577471	8/9/2006	0000015991	Garrett, Evelyn	P	36.06
577472	8/9/2006	0000015240	GE Energy Management Service, Inc.	P	19,854.00
577473	8/9/2006	0000001047	Global Tour Golf, Inc.	P	218.26
577474	8/9/2006	0000011689	Golf Ventures West	P	2,192.31
577475	8/9/2006	0000001943	Goodspeed Distributing, Inc.	P	162,589.36
577476	8/9/2006	0000001063	Goodyear Service Store	P	1,714.27
577477	8/9/2006	0000016002	Gordon, Audrey	P	8.49
577478	8/9/2006	0000016006	Gorea, Jeanina	P	92.19
577479	8/9/2006	0000001076	Grainger, Inc.	P	2,046.54
577480	8/9/2006	0000003047	Graves & King	P	1,322.05
577481	8/9/2006	0000015993	Greathouse, Marshall	P	21.94
577482	8/9/2006	0000016056	Green Seal Corp	P	478.33
577483	8/9/2006	0000016045	Grossich, Barbara	P	40.32
577484	8/9/2006	0000002968	The Grumpy Golfer	P	79.22
577485	8/9/2006	0000016042	Guarisco, Laura	P	16.59
577486	8/9/2006	0000016150	Guerro, Olga	P	68.16
577487	8/9/2006	0000016001	Gulbault, Gary	P	72.16
577488	8/9/2006	0000015994	Gutierrez, Alejandro	P	5.30
577489	8/9/2006	0000001100	H & E Home Builders	P	8.57

Check No.	Date	Vendor		Payment Status	Payment Amount
577490	8/9/2006	0000001104	Haaker Equipment Co.	P	1,913.12
577491	8/9/2006	0000015560	Haines, Sandra	P	72.16
577492	8/9/2006	0000016070	Hanson, Gary	P	11.67
577493	8/9/2006	0000016158	Hanson, Sandra	P	55.00
577494	8/9/2006	0000001123	Harbor Freight Tools	P	223.84
577495	8/9/2006	0000016098	Hardie, Barry L.	P	13.34
577496	8/9/2006	0000015559	Harris, Clifton	P	50.00
577497	8/9/2006	0000016099	Hasty, Jim	P	8.27
577498	8/9/2006	0000015811	HCI, Inc	P	6,060.94
577499	8/9/2006	0000001096	HCS-Cutler	P	673.60
577500	8/9/2006	0000001137	Health Net	P	198,576.20
577501	8/9/2006	0000015976	Hernandez, Freddie	P	11.67
577502	8/9/2006	0000001155	Hesperia Hose Supply	P	135.97
577503	8/9/2006	0000000278	Hi Desert Alarm	P	472.85
577504	8/9/2006	0000001162	Hi-Desert Communications	P	3,725.41
577505	8/9/2006	0000008848	Hi Desert Fire Protection Service	P	396.81
577506	8/9/2006	0000004221	Hi Desert Plan Room	P	218.19
577507	8/9/2006	0000001184	High Desert Laser Graphics	P	32.33
577508	8/9/2006	0000001193	High Desert Lock & Safe	P	953.77
577509	8/9/2006	0000002687	High Desert Stamp & Engraving	P	21.01
577510	8/9/2006	0000001194	Hightech Signs	P	825.80
577511	8/9/2006	0000011025	Hippo Golf Company, Inc.	P	1,006.84
577512	8/9/2006	0000015975	Ho, Hai	P	22.79
577513	8/9/2006	0000016074	Holliday, Orene	P	25.44
577514	8/9/2006	0000001218	Home Depot, Inc.	P	5,349.85
577515	8/9/2006	0000016066	Hong, John	P	36.08
577516	8/9/2006	0000001229	Howards Muffler Service, Inc.	P	733.10
577517	8/9/2006	0000001251	Ice Machine Service	P	2,546.20
577518	8/9/2006	0000007512	Imperial Sprinkler Supply, Inc.	P	1,783.10
577519	8/9/2006	0000015455	Industrial Medical Services, LLC	P	126.00
577520	8/9/2006	0000008885	Inmark/Victor	P	109.65
577521	8/9/2006	0000014580	Innovative Printing Concept	P	95.64
577522	8/9/2006	0000007761	I O S Capital	P	658.60
577523	8/9/2006	0000015822	ITC-Diligence, Inc.	P	1,000.00
577524	8/9/2006	0000003039	Jim's Ott's Pots	P	471.00
577525	8/9/2006	0000001318	J & L Windshield Repair	P	255.00
577526	8/9/2006	0000001334	Jobs Available, Inc.	P	395.20
577527	8/9/2006	0000001059	Joe A. Gonsalves & Son	P	2,770.00
577528	8/9/2006	0000013738	Johnson Controls	P	1,092.33
577529	8/9/2006	0000012411	Johnson Power Systems	P	150,144.89
577530	8/9/2006	0000015733	John Williams	P	650.00
577531	8/9/2006	0000016091	Jones, Jay	P	27.56
577532	8/9/2006	0000016088	Jones, Jean	P	34.25
577533	8/9/2006	0000002755	Kaiser Foundation Health Plan, Inc.	P	36,309.96
577534	8/9/2006	0000014220	Kendall, Rachel	P	15.25
577535	8/9/2006	0000016149	Kennedy, Ken	P	171.96
577536	8/9/2006	0000006646	KFROG Stations	P	700.00
577537	8/9/2006	0000016086	Kim, Charles	P	72.16
577538	8/9/2006	0000001397	Kiwanis Club of Victorville	P	605.00
577539	8/9/2006	0000010837	Klamath Bay	P	528.37
577540	8/9/2006	0000004807	KONE, Inc.	P	242.42
577541	8/9/2006	0000015979	Kumar, Raj	P	19.13
577542	8/9/2006	0000001357	KV Blueprint, Inc.	P	260.00
577543	8/9/2006	0000016083	Labon, Devaughn	P	6.36

Check No.	Date	Vendor		Payment Status	Payment Amount
577544	8/9/2006	0000016082	Lagier, Christopher	P	40.32
577545	8/9/2006	0000014052	Laird, Jenni	P	20.47
577546	8/9/2006	0000001420	Lawncare Landscaping	P	41,381.58
577547	8/9/2006	0000001416	Lawson Products, Inc.	P	2,385.30
577548	8/9/2006	0000015981	Le Febure, Henry	P	22.26
577549	8/9/2006	0000016136	Legacy Directories Inc.	P	372.00
577550	8/9/2006	0000016081	Legazpe, Carlos	P	12.73
577551	8/9/2006	0000004986	Leslie's Pool Supplies	P	154.42
577552	8/9/2006	0000001454	Lincoln Equipment, Inc.	P	124.78
577553	8/9/2006	0000000696	L.N. Curtis & Sons	P	95.09
577554	8/9/2006	0000016092	Loera, Andy/Michelle	P	43.29
577555	8/9/2006	0000015985	Lopez, Darlene	P	50.93
577556	8/9/2006	0000016100	Lorea, Rigoberto	P	72.16
577557	8/9/2006	0000016094	Loring, Ken	P	11.67
577558	8/9/2006	0000010660	Loveland's Automotive Service	P	442.17
577559	8/9/2006	0000008208	Lowe's	P	202.33
577560	8/9/2006	0000008210	Lowe's	P	90.77
577561	8/9/2006	0000011722	Lowe's	P	25.75
577562	8/9/2006	0000013967	Lowe's	P	118.43
577563	8/9/2006	0000016069	Loyd, Ernest	P	36.08
577564	8/9/2006	0000016073	Luciene, John/Jane	P	15.91
577565	8/9/2006	0000016097	Lumbsden, Clarita	P	36.08
577566	8/9/2006	0000007650	Maaco	P	1,976.10
577567	8/9/2006	0000016080	Magi, Tammy/Wayne	P	26.45
577568	8/9/2006	0000002716	MANPOWER	P	809.10
577569	8/9/2006	0000000361	Mark Brown & Associates, Inc.	P	428.88
577570	8/9/2006	0000016087	Martin, Betty	P	72.16
577571	8/9/2006	0000005237	Matthew Bender & Co. Inc.	P	336.86
577572	8/9/2006	0000016137	McBride, Margaret	P	81.00
577573	8/9/2006	0000016075	McCurry, Jaime	P	19.07
577574	8/9/2006	0000010739	McGraw, Deborah	P	215.50
577575	8/9/2006	0000016065	McKnight, Ann	P	8.49
577576	8/9/2006	0000016085	McMurtry, Ray	P	10.61
577577	8/9/2006	0000015984	Medina, Anastacio	P	5.09
577578	8/9/2006	0000015977	Merstik,George/Irene	P	8.49
577579	8/9/2006	0000016072	Metcalfe, James	P	74.98
577580	8/9/2006	0000016084	Millan, Basil	P	40.32
577581	8/9/2006	0000011414	Milano Imaging Products	P	515.06
577582	8/9/2006	0000015983	Moghadan, Farokh	P	63.64
577583	8/9/2006	0000016071	Monee, David/Rebecca	P	82.77
577584	8/9/2006	0000016079	Montenegro, Enrique/Maria	P	25.44
577585	8/9/2006	0000016067	Morales, Ondina	P	15.91
577586	8/9/2006	0000016068	Moser, Parker	P	122.19
577587	8/9/2006	0000015982	Mota, Jose	P	11.67
577588	8/9/2006	0000016093	Mu, Liamin	P	28.63
577589	8/9/2006	0000016124	Mullen, Sheppard	P	10.17
577590	8/9/2006	0000015978	Munoz, Joan	P	54.11
577591	8/9/2006	0000016096	Murphy, Kevin	P	94.42
577592	8/9/2006	0000005448	MWB Business Systems	P	389.28
577593	8/9/2006	0000001648	NAPA Auto Parts	P	1,520.11
577594	8/9/2006	0000012803	National Advertisers Accounting, Inc.	P	384.00
577595	8/9/2006	0000011188	National Pen	P	216.33
577596	8/9/2006	0000015817	Nelson, Lisa	P	26.00
577597	8/9/2006	0000004894	New Jersey Family Support Pmt	P	152.00

Check No.	Date	Vendor		Payment Status	Payment Amount
577598	8/9/2006	0000016090	Nguyen, Phoung	P	16.97
577599	8/9/2006	0000013036	Nguyen, Thu Huong	P	72.16
577600	8/9/2006	0000016089	Nguyen, Thuytrouong	P	36.08
577601	8/9/2006	0000005964	Nike USA, Inc.	P	39.08
577602	8/9/2006	0000013396	Noah's Ark Animal Hospital	P	178.00
577603	8/9/2006	0000010326	No Headache	P	110.15
577604	8/9/2006	0000009644	Northern Safety Co., Inc.	P	707.03
577605	8/9/2006	0000014758	Nova Electric	P	248,174.70
577606	8/9/2006	0000001711	Office Depot	P	204.87
577607	8/9/2006	0000001711	Office Depot	P	3,610.82
577608	8/9/2006	0000010073	Ohlin Sales Inc.	P	82.71
577609	8/9/2006	0000011594	County of Orange	P	176.00
577610	8/9/2006	0000016076	Pace, Alexander	P	28.55
577611	8/9/2006	0000001781	Paper Direct, Inc.	P	180.78
577612	8/9/2006	0000014581	Paper Recycling & Shredding Specialist	P	549.00
577613	8/9/2006	0000001800	Paulson Paint	P	1,405.12
577614	8/9/2006	0000016148	Peisner, Stephen	P	115.98
577615	8/9/2006	0000001815	Pervo Paint Co.	P	6,292.60
577616	8/9/2006	0000015980	Petersen, Marjorie	P	23.32
577617	8/9/2006	0000016095	Pham, Dawn	P	27.56
577618	8/9/2006	0000016077	Pickett, Barbara	P	8.49
577619	8/9/2006	0000016157	Placencia, Deborah	P	35.00
577620	8/9/2006	0000010517	Pol-Air Inc.	P	173.50
577621	8/9/2006	0000015872	Power Management, Inc.	P	16,445.00
577622	8/9/2006	0000002877	Preferred Benefit Insurance Admin., Inc	P	22,958.79
577623	8/9/2006	0000011559	Premiumwear, Inc	P	138.41
577624	8/9/2006	0000016078	Presutto, Tony/Laura	P	51.99
577625	8/9/2006	0000016156	Pride, Theresa	P	16.00
577626	8/9/2006	0000015403	Primavera Systems Inc.	P	1,501.17
577627	8/9/2006	0000014218	Property Specialists	P	19,322.50
577628	8/9/2006	0000001886	Prudential Overall Supply	P	1,937.87
577629	8/9/2006	0000001760	PTL Electric	P	3,654.04
577630	8/9/2006	0000004348	Quill Corporation	P	23.25
577631	8/9/2006	0000001904	Quinn, James M., C.P.A.	P	6.39
577632	8/9/2006	0000004834	Radio Shack	P	41.97
577633	8/9/2006	0000001930	Rancho Motor Company	P	313.40
577634	8/9/2006	0000001916	R.D.O. Equipment Co.	P	523.50
577635	8/9/2006	0000016122	Remick, Dan	P	10.80
577636	8/9/2006	0000006525	RJ Sports	P	171.88
577637	8/9/2006	0000016121	Rodriguez, Patrick	P	22.26
577638	8/9/2006	0000016117	Roes, John	P	50.93
577639	8/9/2006	0000001988	Rosenow Spevacek Group	P	2,575.00
577640	8/9/2006	0000001987	Rotary Club - Victorville	P	129.00
577641	8/9/2006	0000012099	R&R Auto Electric	P	137.19
577642	8/9/2006	0000001910	R & R Products	P	1,009.11
577643	8/9/2006	0000016132	Rudolph, Leona/Erik	P	29.18
577644	8/9/2006	0000016130	Rugg, Rachel	P	21.11
577645	8/9/2006	0000004504	S & S Worldwide	P	739.03
577646	8/9/2006	0000002019	Safelite Glass Corp.	P	357.00
577647	8/9/2006	0000016147	Saltzman, Jan P.	P	104.51
577648	8/9/2006	0000002066	San Bernardino County Child Support	P	2,113.33
577649	8/9/2006	0000002073	San Bernardino County Sheriff's Dept.	P	80.00
577650	8/9/2006	0000002073	San Bernardino County Sheriff's Dept.	P	164,680.40
577651	8/9/2006	0000002071	San Bernardino County Solid Waste	P	242,725.22

Check No.	Date	Vendor		Payment Status	Payment Amount
577652	8/9/2006	0000016064	Scaletta, Christopher	P	70.00
577653	8/9/2006	0000016105	Scott, Raymond/Nan	P	14.62
577654	8/9/2006	0000008057	Selectron Technologies, Inc.	P	20,048.00
577655	8/9/2006	0000012812	Selltech - Compressor Pump & Engine I	P	315.54
577656	8/9/2006	0000016151	Sentry Siren, Inc.	P	845.40
577657	8/9/2006	0000002111	Service Rock Products	P	397.78
577658	8/9/2006	0000016115	Severe, Robert/Patty	P	30.34
577659	8/9/2006	0000016131	Shalabi, Madia	P	33.96
577660	8/9/2006	0000008511	Sherman & Feller	P	240.50
577661	8/9/2006	0000015546	Si, Kenneth	P	36.08
577662	8/9/2006	0000016110	Slough, Robert L./Carol	P	11.67
577663	8/9/2006	0000002155	Smart & Final	P	574.63
577664	8/9/2006	0000016116	Smith, George W.	P	30.97
577665	8/9/2006	0000016101	Smith, Samuel	P	36.08
577666	8/9/2006	0000016107	Smith, Steven/Yun	P	32.88
577667	8/9/2006	0000002188	Southern California Edison	P	105,156.13
577668	8/9/2006	0000005712	Southern Counties Oil Co.	P	21,425.20
577669	8/9/2006	0000016106	Spain, Ben	P	36.08
577670	8/9/2006	0000008323	Spectrum Communications Cabling Ser	P	2,575.64
577671	8/9/2006	0000000256	Sport Supply Group, Inc.	P	202.08
577672	8/9/2006	0000002217	Sprint	P	867.46
577673	8/9/2006	0000002227	Staples Credit Plan	P	469.48
577674	8/9/2006	0000002238	Stater Bros. Markets	P	350.42
577675	8/9/2006	0000014875	Stathis, Jacqueline	P	606.50
577676	8/9/2006	0000016109	St. Johns, Collin/George	P	72.16
577677	8/9/2006	0000007039	Stoody Industrial & Welding Supply, In	P	196.97
577678	8/9/2006	0000011750	Sully-Miller Contracting Co.	P	1,202.73
577679	8/9/2006	0000002269	Sunland Ford	P	1,205.29
577680	8/9/2006	0000016113	Swader, Jacob	P	64.71
577681	8/9/2006	0000002204	Southwest Gas Corporation	P	82.31
577682	8/9/2006	0000015878	Systems Source Office Systems	P	2,212.22
577683	8/9/2006	0000002313	Target Specialty Products	P	1,052.31
577684	8/9/2006	0000002322	Tempo	P	2,579.30
577685	8/9/2006	0000003171	Tennis & Trophy World	P	65.72
577686	8/9/2006	0000016125	Terarutyunya, Ovsep	P	26.51
577687	8/9/2006	0000016103	Tims, Teresa	P	44.08
577688	8/9/2006	0000002346	Titleist	P	1,478.66
577689	8/9/2006	0000000812	Tom Dodson & Associates	P	1,450.00
577690	8/9/2006	0000013439	Tom Kirby Classic Enterprises	P	25.80
577691	8/9/2006	0000002360	Town & Country Tire	P	1,237.03
577692	8/9/2006	0000002364	Trace Analytics, Inc.	P	210.00
577693	8/9/2006	0000002372	Transwest Ford Truck Sales	P	277.96
577694	8/9/2006	0000016155	Troutman, Jennifer	P	55.00
577695	8/9/2006	0000016129	Turner, Richard	P	23.34
577696	8/9/2006	0000016123	Udave, Yolanda	P	11.67
577697	8/9/2006	0000002419	Underground Service Alert	P	617.60
577698	8/9/2006	0000014613	UniFirst Corporation	P	297.19
577699	8/9/2006	0000002426	United Parcel Service	P	60.46
577700	8/9/2006	0000003089	United Rentals, Inc.	P	471.33
577701	8/9/2006	0000002430	United Way Desert Communities	P	45.00
577702	8/9/2006	0000011776	USAirconditioning	P	836.92
577703	8/9/2006	0000002460	Valley Sewing Center	P	283.33
577704	8/9/2006	0000002462	Valley Sporting Goods	P	12.93
577705	8/9/2006	0000016111	Vaughn, Connie	P	60.47

Check No.	Date	Vendor		Payment Status	Payment Amount
577706	8/9/2006	0000005697	Verizon	P	20,637.68
577707	8/9/2006	0000010761	Verizon Internet Solutions	P	91.50
577708	8/9/2006	0000015079	Verizon Wireless	P	457.11
577709	8/9/2006	0000008512	Visual Information Systems Co.	P	1,050.00
577710	8/9/2006	0000008430	Vulcan Materials Company	P	2,397.22
577711	8/9/2006	0000002502	Victorville Chamber of Commerce	P	26,163.80
577712	8/9/2006	0000002508	Victorville Glass	P	106.79
577713	8/9/2006	0000002736	Victor Valley High School District	P	43.71
577714	8/9/2006	0000002507	Victorville Professional Firefighters	P	2,422.39
577715	8/9/2006	0000002499	Victor Valley Water District	P	24,939.00
577716	8/9/2006	0000002499	Victor Valley Water District	P	1,322.34
577717	8/9/2006	0000002499	Victor Valley Water District	P	4,924.72
577718	8/9/2006	0000002498	Victor Valley Wastewater Reclamation	P	621,378.13
577719	8/9/2006	0000016108	Walker, Barbara	P	26.51
577720	8/9/2006	0000016118	Walker, William	P	40.32
577721	8/9/2006	0000012329	Wallace, Raquel	P	70.50
577722	8/9/2006	0000002533	Wal-Mart Store #01-1588	P	375.81
577723	8/9/2006	0000011361	Walters Wholesale Electric Co.	P	395.15
577724	8/9/2006	0000016112	Ware, Marie	P	21.19
577725	8/9/2006	0000002554	Waxie Sanitary Supply	P	2,551.33
577726	8/9/2006	0000002555	Wayne's Engine Rebuilders	P	95.82
577727	8/9/2006	0000016102	Welch, Donna	P	72.16
577728	8/9/2006	0000002569	West End Uniforms	P	526.50
577729	8/9/2006	0000002575	Western Golf, Inc.	P	105.69
577730	8/9/2006	0000002579	Western Outdoor Power Equipment Co.	P	354.54
577731	8/9/2006	0000002571	West Group Publishing Company	P	396.58
577732	8/9/2006	0000015764	WESTRUX International Inc.	P	379.54
577733	8/9/2006	0000016152	Wilco Security Systems, Inc.	P	41.00
577734	8/9/2006	0000016126	Wilde, Heidi	P	36.08
577735	8/9/2006	0000007527	Williams, Cynthia	P	35.76
577736	8/9/2006	0000016153	Williams, Marilyn E.	P	28.00
577737	8/9/2006	0000016120	Wilson, Dave/Adriana	P	9.55
577738	8/9/2006	0000016128	Winton, Greg	P	36.08
577739	8/9/2006	0000016127	Wolenchuk, William	P	45.63
577740	8/9/2006	0000014096	Wright, Brenda	P	59.40
577741	8/9/2006	0000002632	Xerox Corporation	P	372.18
577742	8/9/2006	0000002632	Xerox Corporation	P	438.51
577743	8/9/2006	0000016114	Young, Frances	P	22.26
577744	8/9/2006	0000016104	Yu, Ken	P	36.08
577745	8/9/2006	0000002646	Zee Medical Service	P	1,336.42
577746	8/9/2006	0000015908	Aaron, Madinah	P	160.00
577747	8/9/2006	0000000060	City of Adelanto	P	738.04
577748	8/9/2006	0000010697	American Heritage Communities	P	40,174.22
577749	8/9/2006	0000016146	Bean, Susan	P	71.20
577750	8/9/2006	0000009818	BIA	P	15.00
577751	8/9/2006	0000008201	James N. Bogema	P	320.00
577752	8/9/2006	0000011179	Jason Bullard Officiating	P	70.00
577753	8/9/2006	0000000556	Chicago Title Co.	P	40,000.00
577754	8/9/2006	0000015835	Coen, Marlene	P	504.00
577755	8/9/2006	0000000820	Driver Alliant Insurance Services	P	7,501.00
577756	8/9/2006	0000016138	Elcona, LLC	P	30.00
577757	8/9/2006	0000005185	Francis, Norm	P	434.00
577758	8/9/2006	0000016057	Golf Car Service Plus	P	1,210.00
577759	8/9/2006	0000002940	Graham, Georgia	P	1,070.07

Check No.	Date	Vendor		Payment Status	Payment Amount
577760	8/9/2006	0000009161	Haines, Sandra	P	111.70
577761	8/9/2006	0000013281	Hertz Rental Car	P	188.40
577762	8/9/2006	0000001174	High Desert Hispanic Chamber of	P	1,500.00
577763	8/9/2006	0000003109	Kenneth K. Hoppens	P	220.00
577764	8/9/2006	0000016140	Insurance Services Office, Inc.	P	59.27
577765	8/9/2006	0000001377	Kempton Company	P	225.09
577766	8/9/2006	0000016159	Kuiper, Brandon	P	294.00
577767	8/9/2006	0000016135	LaMay, Julie	P	49.88
577768	8/9/2006	0000016141	Lion's Gate Hotel & Conference Center	P	285.54
577769	8/9/2006	0000007082	McCray, Sue	P	264.60
577770	8/9/2006	0000007645	Millender, Francene	P	314.57
577771	8/9/2006	0000016054	Mills, Westley	P	150.00
577772	8/9/2006	0000006838	NAIOP	P	4,000.00
577773	8/9/2006	0000008678	One 2 One Mentors, Inc	P	1,281.65
577774	8/9/2006	0000002429	Postmaster	P	5,500.00
577775	8/9/2006	0000016134	Ramos. Mirian	P	50.40
577776	8/9/2006	0000001951	Renaissance Hotel	P	182.47
577777	8/9/2006	0000015294	Salido, Erica	P	539.00
577778	8/9/2006	0000014877	Schaefer Engineering & Design	P	8,055.00
577779	8/9/2006	0000008951	Shyr, Su-Jan	P	1,000.00
577780	8/9/2006	0000015450	Sierra, Ramon	P	160.00
577781	8/9/2006	0000006009	Skillpath Seminars	P	399.00
577782	8/9/2006	0000006009	Skillpath Seminars	P	129.24
577783	8/9/2006	0000002196	Southern California Housing Developm	P	11,712.57
577784	8/9/2006	0000006816	Soderquist, Peter	P	30.00
577785	8/9/2006	0000004589	United Title Company	P	167.16
577786	8/9/2006	0000001891	Urban Land Institute	P	225.00
577787	8/9/2006	0000014445	Velis, Giovanni Exavier	P	840.00
577788	8/9/2006	0000014445	Velis, Giovanni Exavier	P	520.00
577789	8/9/2006	0000015325	Vista Guidance Centers	P	1,550.00
577790	8/9/2006	0000002505	Victorville Disposal, Inc.	P	508,313.45
577791	8/9/2006	0000002506	Victorville Firemen's Association	P	315.00
577792	8/9/2006	0000000198	City of Victorville, Cash	P	172.00
577793	8/9/2006	0000000198	City of Victorville, Cash	P	175.40
577794	8/9/2006	0000002504	City of Victorville Sanitation	P	573.39
577795	8/9/2006	0000002549	Watereuse	P	450.00
577796	8/9/2006	0000016154	Zapata, Carlos	P	24.50
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Check No.	Date	Vendor		Payment Status	Payment Amount
577439	8/9/2006	0000000761	Desert Stationers	V	-1,777.29
577797	8/10/2006	0000000761	Desert Stationers	P	777.29
577798	8/16/2006	0000002695	A-1 Portables	P	558.86
577799	8/16/2006	0000012587	AAA Hose Connection	P	31.25
577800	8/16/2006	0000010767	The Active Network	P	32,029.38
577801	8/16/2006	0000015459	ADT Security Services, Inc.	P	45.00
577802	8/16/2006	0000005131	Advanta Bank Corp.	P	321.85
577803	8/16/2006	0000009866	Agencies Tool Center, Inc.	P	514.89
577804	8/16/2006	0000013841	Allied Utility Products	P	259.08
577805	8/16/2006	0000000139	American Industrial Supply, Inc	P	2,056.85
577806	8/16/2006	0000013354	American Rotary Broom Co.	P	22.51
577807	8/16/2006	0000002668	Animal Hospital at the Narrows, Inc.	P	90.00
577808	8/16/2006	0000000169	Antelope Valley Turf Supply	P	222,045.73
577809	8/16/2006	0000000191	Applied Industrial Tech	P	57.36
577810	8/16/2006	0000000172	Apple Valley Blueprint	P	445.43
577811	8/16/2006	0000010091	Axces Industrial Supply Inc.	P	294.37
577812	8/16/2006	0000013639	BAB Steering Hydraulics	P	565.43
577813	8/16/2006	0000007197	Baden Sports, Inc.	P	1,132.14
577814	8/16/2006	0000014791	Baldi Bros., Inc.	P	359,766.05
577815	8/16/2006	0000003035	Barco Products Company	P	328.00
577816	8/16/2006	0000000297	Beck Oil, Inc.	P	5,030.14
577817	8/16/2006	0000000312	Best, Best & Krieger	P	16,727.28
577818	8/16/2006	0000000456	Calcon Electric Supply	P	293.59
577819	8/16/2006	0000010630	California Overnight	P	53.96
577820	8/16/2006	0000002720	California Tool & Welding Supply	P	144.12
577821	8/16/2006	0000010128	Carson Trailer.com	P	1,463.51
577822	8/16/2006	0000000618	CDW Government, Inc.	P	991.78
577823	8/16/2006	0000013844	Central Supply International	P	84.84
577824	8/16/2006	0000000543	Chabin Concepts, Inc.	P	2,338.62
577825	8/16/2006	0000000548	Charles Joseph Associates	P	2,164.00
577826	8/16/2006	0000008522	Charter Communications	P	389.63
577827	8/16/2006	0000013163	Citizens Business Bank	P	35,690.11
577828	8/16/2006	0000005779	Classroom Direct.com	P	85.64
577829	8/16/2006	0000000429	CMTA	P	350.00
577830	8/16/2006	0000009545	Coffman Associates	P	5,273.00
577831	8/16/2006	0000016047	The Compliance Group	P	437.50
577832	8/16/2006	0000004583	Converse Consultants, Inc.	P	48,022.10
577833	8/16/2006	0000016182	Cook, Joy K.	P	200.00
577834	8/16/2006	0000002797	Cotton's T.V.	P	200.00
577835	8/16/2006	0000008392	D3 Equipment	P	172.66
577836	8/16/2006	0000000712	Daily Press	P	2,728.21
577837	8/16/2006	0000010768	DataQuick	P	94.50
577838	8/16/2006	0000000743	Dell Marketing L.P.	P	242.34
577839	8/16/2006	0000000754	Desert Community Bank	P	32,302.99
577840	8/16/2006	0000012505	Desert Environmental Services, Inc.	P	704.00
577841	8/16/2006	0000000761	Desert Stationers	P	137.69
577842	8/16/2006	0000000764	Desert Truck Supply	P	503.47
577843	8/16/2006	0000006024	Dewey Pest Control	P	125.00
577844	8/16/2006	0000013664	Economic & Planning Systems	P	23,914.41
577845	8/16/2006	0000004553	Enviro Chek	P	3,807.66
577846	8/16/2006	0000000917	Federal Express Corp.	P	70.71
577847	8/16/2006	0000011539	Ferguson Enterprises, Inc. #677	P	265.18
577848	8/16/2006	0000002849	The Floor Store	P	7,637.13

Check No.	Date	Vendor		Payment Status	Payment Amount
577849	8/16/2006	0000011735	G&L Services	P	140.96
577850	8/16/2006	0000001002	G & M Towing & Recovery	P	185.00
577851	8/16/2006	0000001740	G.A. Osborne Pipe-Supply	P	372.19
577852	8/16/2006	0000001047	Global Tour Golf, Inc.	P	212.58
577853	8/16/2006	0000011689	Golf Ventures West	P	863.65
577854	8/16/2006	0000001943	Goodspeed Distributing, Inc.	P	42,590.89
577855	8/16/2006	0000001074	Graham Equipment	P	402.99
577856	8/16/2006	0000001076	Grainger, Inc.	P	1,016.83
577857	8/16/2006	0000003047	Graves & King	P	7,482.82
577858	8/16/2006	0000006269	Green, de Bortnowsky & Quintanilla, Ll	P	6,500.00
577859	8/16/2006	0000001092	Griffith Air Tool, Inc.	P	115.83
577860	8/16/2006	0000002968	The Grumpy Golfer	P	210.11
577861	8/16/2006	0000001100	H & E Home Builders	P	3,054.01
577862	8/16/2006	0000001096	HCS-Cutler	P	38.76
577863	8/16/2006	0000001162	Hi-Desert Communications	P	2,839.06
577864	8/16/2006	0000001193	High Desert Lock & Safe	P	780.37
577865	8/16/2006	0000001218	Home Depot, Inc.	P	1,801.67
577866	8/16/2006	0000009622	I.C.E. Builders, Inc.	P	73,156.25
577867	8/16/2006	0000015962	ICP America Inc.	P	2,016.69
577868	8/16/2006	0000001249	IEMA	P	25.00
577869	8/16/2006	0000008055	IKON Office Solutions, Inc.	P	1,116.24
577870	8/16/2006	0000008055	IKON Office Solutions, Inc.	P	2,478.39
577871	8/16/2006	0000015455	Industrial Medical Services, Inc	P	65.00
577872	8/16/2006	0000016166	Innovative Federal Strategies LLC	P	12,000.00
577873	8/16/2006	0000007761	I O S Capital	P	358.00
577874	8/16/2006	0000003039	Jim's Ott's Pots	P	70.78
577875	8/16/2006	0000013738	Johnson Controls	P	394.75
577876	8/16/2006	0000012411	Johnson Power Systems	P	38,790.00
577877	8/16/2006	0000001359	Kamper's Korner	P	61.75
577878	8/16/2006	0000010837	Klamath Bay	P	1,061.61
577879	8/16/2006	0000013117	Lands Energy Consulting, Inc.	P	4,513.76
577880	8/16/2006	0000001462	Lindy T's Too!	P	588.23
577881	8/16/2006	0000001476	Los Angeles Times	P	340.60
577882	8/16/2006	0000011722	Lowe's	P	333.49
577883	8/16/2006	0000000361	Mark Brown & Associates, Inc.	P	260.00
577884	8/16/2006	0000010734	MBS, a Konica Minolta Business Soluti	P	4.75
577885	8/16/2006	0000001548	McMaster-Carr Supply Co.	P	386.04
577886	8/16/2006	0000013288	MDA	P	96.00
577887	8/16/2006	0000015395	Medrano's Paving Company	P	4,618.10
577888	8/16/2006	0000005674	Merrell-Johnson Engineering, Inc.	P	7,787.00
577889	8/16/2006	0000001562	Metrocall	P	187.71
577890	8/16/2006	0000011205	Michael Merino Architects	P	1,425.00
577891	8/16/2006	0000015496	Micon Construction	P	7,063.60
577892	8/16/2006	0000001589	Mobile Storage Group-West	P	80.14
577893	8/16/2006	0000001596	Mojave Copy & Printing	P	76.29
577894	8/16/2006	0000001603	Mojave Water Agency	P	254,866.00
577895	8/16/2006	0000013471	Moore Iacofano Goltsman, Inc.	P	14,057.00
577896	8/16/2006	0000005448	MWB Business Systems	P	743.53
577897	8/16/2006	0000008713	MW Peltz & Associates	P	172,371.86
577898	8/16/2006	0000002772	OfficeMax	P	677.19
577899	8/16/2006	0000010156	Outback	P	425.00
577900	8/16/2006	0000014973	Pacific Mobile Structures, Inc.	P	2,203.49
577901	8/16/2006	0000006228	Precision Fleet Repair	P	211.61
577902	8/16/2006	0000001886	Prudential Overall Supply	P	167.05

Check No.	Date	Vendor		Payment Status	Payment Amount
577903	8/16/2006	0000001761	PTO Sales	P	901.64
577904	8/16/2006	0000014850	Rayne of the High Desert	P	1,467.77
577905	8/16/2006	0000016174	Reed Construction Data	P	135.84
577906	8/16/2006	0000006170	Reliable Office Supplies	P	167.51
577907	8/16/2006	0000015853	Rhino Marking Systems, Inc.	P	3,343.08
577908	8/16/2006	0000001988	Rosenow Spevacek Group	P	6,387.50
577909	8/16/2006	0000001987	Rotary Club - Victorville	P	129.00
577910	8/16/2006	0000001910	R & R Products	P	949.65
577911	8/16/2006	0000014510	RSC Equipment Rental	P	5,166.62
577912	8/16/2006	0000002017	Safeway Sign Co.	P	305.96
577913	8/16/2006	0000002042	San Bernardino County Auditor	P	19,006.88
577914	8/16/2006	0000002037	San Bernardino County	P	512.00
577915	8/16/2006	0000002865	San Bernardino County Transportation	P	77,938.38
577916	8/16/2006	0000005372	S E Clemons, Inc.	P	715.50
577917	8/16/2006	0000003029	SERCO	P	15,823.00
577918	8/16/2006	0000002155	Smart & Final	P	69.12
577919	8/16/2006	0000002164	Smith Ironworks & Manufacturing Co.	P	48.84
577920	8/16/2006	0000002188	Southern California Edison	P	38,844.59
577921	8/16/2006	0000002227	Staples Credit Plan	P	102.58
577922	8/16/2006	0000011750	Sully-Miller Contracting Co.	P	927.85
577923	8/16/2006	0000002204	Southwest Gas Corporation	P	40,888.66
577924	8/16/2006	0000002313	Target Specialty Products	P	2,142.85
577925	8/16/2006	0000016163	Temecula Creek Inn	P	2,886.95
577926	8/16/2006	0000002346	Titleist	P	1,521.20
577927	8/16/2006	0000002790	Treadwell Support Services	P	5,891.67
577928	8/16/2006	0000006279	Turf Star, Inc.	P	63.36
577929	8/16/2006	0000002419	Underground Service Alert	P	17.60
577930	8/16/2006	0000014613	UniFirst Corporation	P	77.96
577931	8/16/2006	0000002426	United Parcel Service	P	75.04
577932	8/16/2006	0000003089	United Rentals, Inc.	P	465.47
577933	8/16/2006	0000008077	United Traffic Services & Supply	P	4,563.21
577934	8/16/2006	0000005441	U.S. Customs Service	P	533.44
577935	8/16/2006	0000005697	Verizon	P	43.32
577936	8/16/2006	0000002862	Victor Valley Towing, Inc.	P	50.00
577937	8/16/2006	0000002499	Victor Valley Water District	P	14,410.37
577938	8/16/2006	0000011361	Walters Wholesale Electric Co.	P	76.56
577939	8/16/2006	0000002554	Waxie Sanitary Supply	P	1,068.70
577940	8/16/2006	0000014756	Wesleys Supply House Co.	P	193.85
577941	8/16/2006	0000002576	Western Highway Products	P	226.28
577942	8/16/2006	0000016172	Williams, Jermaine	P	203.42
577943	8/16/2006	0000008863	Winner Industrial Chemical & Tool	P	999.95
577944	8/16/2006	0000002632	Xerox Corporation	P	1,540.48
577945	8/16/2006	0000002648	ZEP Manufacturing	P	1,295.42
577946	8/16/2006	0000015908	Aaron, Madinah	P	70.00
577947	8/16/2006	0000016178	Artist Touch Creations (ATC)	P	1,876.73
577948	8/16/2006	0000016178	Artist Touch Creations (ATC)	P	1,495.00
577949	8/16/2006	0000011182	Barton, Robert	P	200.00
577950	8/16/2006	0000011387	Beazer Homes	P	190.00
577951	8/16/2006	0000011179	Jason Bullard Officiating	P	98.00
577952	8/16/2006	0000004461	Cabriales, Rodolfo N.	P	222.61
577953	8/16/2006	0000003158	CALED	P	125.00
577954	8/16/2006	0000002924	Cales, Brandon	P	22.60
577955	8/16/2006	0000009817	State of California Air Resource Board	P	8,270.00
577956	8/16/2006	0000016173	CALPLY - Redlands	P	304.40

Check No.	Date	Vendor		Payment Status	Payment Amount
577957	8/16/2006	0000008738	Campbell, Wayne	P	148.76
577958	8/16/2006	0000016177	Chino Valley Fire District	P	200.00
577959	8/16/2006	0000009374	CMRTA	P	50.00
577960	8/16/2006	0000016171	Comfort Inn	P	477.50
577961	8/16/2006	0000000303	Costco	P	40.00
577962	8/16/2006	0000000303	Costco	P	40.00
577963	8/16/2006	0000004296	Crowne Plaza Hotel	P	289.18
577964	8/16/2006	0000013836	Denny, Robert A.	P	60.22
577965	8/16/2006	0000005185	Francis, Norm	P	525.00
577966	8/16/2006	0000013831	Gillus, Davie B.	P	130.00
577967	8/16/2006	0000016170	Gypsum Association	P	18.00
577968	8/16/2006	0000014247	Inland Energy, Inc.	P	183,081.86
577969	8/16/2006	0000001300	Internal Revenue Service	P	22,001.54
577970	8/16/2006	0000016169	Just, Bernard	P	70.00
577971	8/16/2006	0000013134	Kirkpatrick, Perry	P	40.00
577972	8/16/2006	0000001439	League of California Cities	P	140.00
577973	8/16/2006	0000015790	Mike's Remodeling	P	8,532.00
577974	8/16/2006	0000013881	Munn-Arvinger, Lee	P	1,225.00
577975	8/16/2006	0000013880	Murphy, Michael	P	175.00
577976	8/16/2006	0000016180	Perea, Ernie	P	450.36
577977	8/16/2006	0000016167	Piceno, Alfredo	P	77.00
577978	8/16/2006	0000002429	Postmaster	P	5,040.00
577979	8/16/2006	0000016176	Reynolds, DeAndre	P	393.65
577980	8/16/2006	0000009767	Road Works, Inc.	P	500.00
577981	8/16/2006	0000016162	San Bernardino County Library	P	21,076.00
577982	8/16/2006	0000016162	San Bernardino County Library	P	10,642.00
577983	8/16/2006	0000016162	San Bernardino County Library	P	6,394.00
577984	8/16/2006	0000002050	San Bernardino County Recorder	P	48.00
577985	8/16/2006	0000002050	San Bernardino County Recorder	P	16.00
577986	8/16/2006	0000002050	San Bernardino County Recorder	P	16.00
577987	8/16/2006	0000011534	Schwan's Sales Ent.	P	199.80
577988	8/16/2006	0000015450	Sierra, Ramon	P	80.00
577989	8/16/2006	0000002196	Southern California Housing Developm	P	167,899.66
577990	8/16/2006	0000014132	Sparks-Copeland, Francesca	P	70.00
577991	8/16/2006	0000002204	Southwest Gas Corporation	P	25.00
577992	8/16/2006	0000002204	Southwest Gas Corporation	P	17,178.22
577993	8/16/2006	0000016165	Uniform Fire Code Association	P	150.00
577994	8/16/2006	0000012951	Wellborn, Dana	P	58.69
577995	8/16/2006	0000016179	Wilkins, Jeannie	P	186.50
577996	8/16/2006	0000016179	Wilkins, Jeannie	P	405.40
577997	8/16/2006	0000016164	Yum Yum Donuts	P	100.00
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Check No.	Date	Vendor		Payment Status	Payment Amount
574620	5/17/2006	0000015610	Uzeta, Efraina Family Tr.	V	-42.95
577308	8/2/2006	0000015817	Nelson, Lisa	V	-392.00
577482	8/9/2006	0000016056	Green Seal Corp	V	-478.33
577961	8/16/2006	0000000303	Costco	V	-40.00
577968	8/16/2006	0000014247	Inland Energy, Inc.	V	-183,081.86
577998	8/16/2006	0000009755	Hanson Wilson, Inc.	P	2,676.43
577999	8/22/2006	0000014247	Inland Energy, Inc.	P	183,081.86
578000	8/23/2006	0000013312	A&B Hitches and Mufflers	P	851.23
578001	8/23/2006	0000012587	AAA Hose Connection	P	184.01
578002	8/23/2006	0000000047	Aardvark Pumping Servic	P	25.39
578003	8/23/2006	0000007343	Abrego, Tamala S	P	115.00
578004	8/23/2006	0000015479	Absolute Steel & Storage	P	829.70
578005	8/23/2006	0000005131	Advanta Bank Corp.	P	276.92
578006	8/23/2006	0000009866	Agencies Tool Center, Inc.	P	1,098.33
578007	8/23/2006	0000000082	Airport Lighting Co.	P	730.37
578008	8/23/2006	0000000139	American Industrial Supply, Inc	P	232.47
578009	8/23/2006	0000002668	Animal Hospital at the Narrows, Inc.	P	100.00
578010	8/23/2006	0000000169	Antelope Valley Turf Supply	P	188,957.83
578011	8/23/2006	0000009789	Aqua Tech Systems	P	3,197.17
578012	8/23/2006	0000012801	Arzola, Mary Ann	P	147.00
578013	8/23/2006	0000000225	ATCO International	P	8.52
578014	8/23/2006	0000000038	AT&T	P	63.78
578015	8/23/2006	0000000038	AT&T	P	19.90
578016	8/23/2006	0000000038	AT&T	P	23.33
578017	8/23/2006	0000000265	Baldy Mesa Water District	P	16,544.98
578018	8/23/2006	0000000270	Bankcard Services	P	252.26
578019	8/23/2006	0000012405	Barnes Distribution	P	1,746.26
578020	8/23/2006	0000006991	B & B Cycles	P	16.48
578021	8/23/2006	0000000293	Beaumont Yamaha/Kawasaki	P	176.14
578022	8/23/2006	0000000297	Beck Oil, Inc.	P	846.92
578023	8/23/2006	0000016175	Benz Construction	P	836.22
578024	8/23/2006	0000000309	Best Buy Co., Inc.	P	118.53
578025	8/23/2006	0000016145	Bisco Industries	P	33.91
578026	8/23/2006	0000000456	Calcon Electric Supply	P	3,798.21
578027	8/23/2006	0000000448	Cal Herbold's Nursery	P	158.93
578028	8/23/2006	0000003245	California Department of Justice	P	545.00
578029	8/23/2006	0000000792	State of California Franchise Tax Board	P	204.54
578030	8/23/2006	0000010630	California Overnight	P	30.00
578031	8/23/2006	0000000510	Callaway Golf	P	184.90
578032	8/23/2006	0000010633	Caltrans	P	200.00
578033	8/23/2006	0000006067	Causey's Heating & Air-Conditioning	P	4,050.00
578034	8/23/2006	0000000618	CDW Government, Inc.	P	529.77
578035	8/23/2006	0000006675	Central Sierra Child Support Agency	P	139.00
578036	8/23/2006	0000005967	Century Forms, Inc.	P	91.23
578037	8/23/2006	0000000543	Chabin Concepts, Inc.	P	3,150.00
578038	8/23/2006	0000008522	Charter Communications	P	3,247.52
578039	8/23/2006	0000012938	Cingular Wireless	P	268.84
578040	8/23/2006	0000005970	Clear Channel Communications	P	900.00
578041	8/23/2006	0000015831	Club Prophet Systems	P	2,430.69
578042	8/23/2006	0000016048	Cogen Cleaning Technology	P	7,400.00
578043	8/23/2006	0000000303	Costco	P	2,418.40
578044	8/23/2006	0000010462	Cox Plumbing	P	1,982.80
578045	8/23/2006	0000000671	Crawford's Distributing	P	511.49

Check No.	Date	Vendor		Payment Status	Payment Amount
578046	8/23/2006	0000003901	Creative Benefits, Inc.	P	2,269.84
578047	8/23/2006	0000000703	D&D Disposal	P	345.00
578048	8/23/2006	0000000704	D&E Embroidery	P	112.79
578049	8/23/2006	0000000712	Daily Press	P	2,549.86
578050	8/23/2006	0000016181	Dakessian, Marty	P	5,994.00
578051	8/23/2006	0000016206	Davis, Eddie	P	464.00
578052	8/23/2006	0000000743	Dell Marketing L.P.	P	4,316.31
578053	8/23/2006	0000000757	Desert Dispatch	P	72.00
578054	8/23/2006	0000012505	Desert Environmental Services, Inc.	P	1,270.00
578055	8/23/2006	0000000761	Desert Stationers	P	1,033.70
578056	8/23/2006	0000000764	Desert Truck Supply	P	348.10
578057	8/23/2006	0000012049	Desert West Karts	P	23.55
578058	8/23/2006	0000002977	Theresa M. Dickover	P	197.00
578059	8/23/2006	0000004912	Ecology Control Industries	P	1,307.00
578060	8/23/2006	0000007289	EDFUND	P	250.83
578061	8/23/2006	0000000854	EDMO Distributors, Inc.	P	1,377.94
578062	8/23/2006	0000000875	Endura Steel, Inc.	P	61.09
578063	8/23/2006	0000008681	Exhibit Works	P	405.00
578064	8/23/2006	0000000839	EZ GO Textron	P	21.06
578065	8/23/2006	0000014488	Fellows, Lloyd	P	50.00
578066	8/23/2006	0000011539	Ferguson Enterprises, Inc. #677	P	34.35
578067	8/23/2006	0000009437	Fore-Par	P	313.25
578068	8/23/2006	0000000975	Franklin Truck Parts, Inc.	P	972.92
578069	8/23/2006	0000015787	Freeman Holdings of California, LLC	P	827.31
578070	8/23/2006	0000001003	G & M Business Interiors	P	9,564.70
578071	8/23/2006	0000001015	Gall's Inc.	P	832.58
578072	8/23/2006	0000001740	G.A. Osborne Pipe-Supply	P	714.60
578073	8/23/2006	0000004364	Gapelu, Shivonn	P	159.50
578074	8/23/2006	0000001047	Global Tour Golf, Inc.	P	138.13
578075	8/23/2006	0000001056	Golden State Fire Protection, Inc.	P	8,860.00
578076	8/23/2006	0000011689	Golf Ventures West	P	2,104.39
578077	8/23/2006	0000001943	Goodspeed Distributing, Inc.	P	46,248.31
578078	8/23/2006	0000016195	Grafius, Ann	P	100.00
578079	8/23/2006	0000001074	Graham Equipment	P	901.87
578080	8/23/2006	0000001076	Grainger, Inc.	P	583.96
578081	8/23/2006	0000003047	Graves & King	P	1,108.43
578082	8/23/2006	0000016203	Greene, Maiden	P	40.00
578083	8/23/2006	0000002968	The Grumpy Golfer	P	745.37
578084	8/23/2006	0000000278	Hi Desert Alarm	P	409.00
578085	8/23/2006	0000001162	Hi-Desert Communications	P	547.79
578086	8/23/2006	0000008848	Hi Desert Fire Protection Service	P	310.86
578087	8/23/2006	0000001218	Home Depot, Inc.	P	1,401.53
578088	8/23/2006	0000016193	Huang, Li Li	P	32.00
578089	8/23/2006	0000015821	Imperial Supplies, LLC	P	105.88
578090	8/23/2006	0000015455	Industrial Medical Services, Inc	P	63.00
578091	8/23/2006	0000014143	Jayco Industries, LLC	P	1,360.00
578092	8/23/2006	0000013738	Johnson Controls	P	1,523.37
578093	8/23/2006	0000016196	Johnson, Jackie A.	P	20.00
578094	8/23/2006	0000012411	Johnson Power Systems	P	8,997.13
578095	8/23/2006	0000015912	Key Turf Construction	P	87,871.50
578096	8/23/2006	0000016194	Kirchner, Pat	P	100.00
578097	8/23/2006	0000001416	Lawson Products, Inc.	P	210.13
578098	8/23/2006	0000016168	Leslie's Cleaning Service	P	7,883.00
578099	8/23/2006	0000000696	L.N. Curtis & Sons	P	1,575.73

Check No.	Date	Vendor		Payment Status	Payment Amount
578100	8/23/2006	0000009908	Lowe's	P	244.92
578101	8/23/2006	0000009630	Lowe's	P	150.72
578102	8/23/2006	0000007650	Maaco	P	925.00
578103	8/23/2006	0000002716	MANPOWER	P	864.58
578104	8/23/2006	0000000361	Mark Brown & Associates, Inc.	P	25.00
578105	8/23/2006	0000010739	McGraw, Deborah	P	215.50
578106	8/23/2006	0000016201	Mendoza, Yolanda	P	200.00
578107	8/23/2006	0000001558	Merrill's Garage Door, Inc.	P	100.00
578108	8/23/2006	0000002812	Micro Focus	P	2,446.00
578109	8/23/2006	0000016202	Moncrief, Kevin	P	200.00
578110	8/23/2006	0000016199	Morrissey Construction Company	P	33,000.00
578111	8/23/2006	0000005448	MWB Business Systems	P	371.48
578112	8/23/2006	0000001637	Myers Tire Supply	P	249.78
578113	8/23/2006	0000009511	National Waterworks	P	1,646.61
578114	8/23/2006	0000004894	New Jersey Family Support Pmt	P	152.00
578115	8/23/2006	0000008744	Nextel Communications	P	9,687.35
578116	8/23/2006	0000016200	NIGP	P	315.00
578117	8/23/2006	0000001696	Nixon-Egli Equipment Co.	P	399.58
578118	8/23/2006	0000013396	Noah's Ark Animal Hospital	P	40.00
578119	8/23/2006	0000009644	Northern Safety Co., Inc.	P	23.10
578120	8/23/2006	0000002772	OfficeMax	P	380.77
578121	8/23/2006	0000011594	County of Orange	P	176.00
578122	8/23/2006	0000010156	Outback	P	5,575.00
578123	8/23/2006	0000015498	PetEdge	P	258.91
578124	8/23/2006	0000016188	Pike, Marisa	P	10.63
578125	8/23/2006	0000003033	Pitney Bowes	P	589.00
578126	8/23/2006	0000014611	Plum	P	188.46
578127	8/23/2006	0000001886	Prudential Overall Supply	P	325.05
578128	8/23/2006	0000001760	PTL Electric	P	249.65
578129	8/23/2006	0000014577	PureRite Drinking Water	P	161.00
578130	8/23/2006	0000001987	Rotary Club - Victorville	P	213.00
578131	8/23/2006	0000002066	San Bernardino County Child Support	P	2,113.33
578132	8/23/2006	0000002071	San Bernardino County Solid Waste	P	1,453.23
578133	8/23/2006	0000011945	Scrub-N-Up	P	351.18
578134	8/23/2006	0000005372	S E Clemons, Inc.	P	190.00
578135	8/23/2006	0000002155	Smart & Final	P	143.37
578136	8/23/2006	0000002188	Southern California Edison	P	28,495.99
578137	8/23/2006	0000014875	Stathis, Jacqueline	P	606.50
578138	8/23/2006	0000003077	Stirling Airports International, LLC	P	78,911.00
578139	8/23/2006	0000011750	Sully-Miller Contracting Co.	P	660.71
578140	8/23/2006	0000002322	Tempo	P	1,384.80
578141	8/23/2006	0000011036	Time Warner Telecom	P	1,449.30
578142	8/23/2006	0000002426	United Parcel Service	P	189.43
578143	8/23/2006	0000002430	United Way Desert Communities	P	45.00
578144	8/23/2006	0000016191	Uzueta, Debbie	P	42.95
578145	8/23/2006	0000002462	Valley Sporting Goods	P	591.65
578146	8/23/2006	0000014519	Venable LLP	P	5,305.34
578147	8/23/2006	0000005697	Verizon	P	36.05
578148	8/23/2006	0000008430	Vulcan Materials Company	P	421.83
578149	8/23/2006	0000008078	Victor Valley Animal Hospital	P	1,340.00
578150	8/23/2006	0000005896	Victor Valley Hand Car Wash, Inc.	P	233.03
578151	8/23/2006	0000002508	Victorville Glass	P	200.30
578152	8/23/2006	0000002507	Victorville Professional Firefighters	P	2,480.28
578153	8/23/2006	0000002862	Victor Valley Towing, Inc.	P	161.00

Check No.	Date	Vendor		Payment Status	Payment Amount
578154	8/23/2006	0000012959	Victor Valley Veterinary Clinic	P	330.00
578155	8/23/2006	0000002499	Victor Valley Water District	P	23,201.58
578156	8/23/2006	0000012329	Wallace, Raquel	P	70.50
578157	8/23/2006	0000002533	Wal-Mart Store #01-1588	P	311.63
578158	8/23/2006	0000002554	Waxie Sanitary Supply	P	697.38
578159	8/23/2006	0000015764	WESTRUX International Inc.	P	25.21
578160	8/23/2006	0000014562	Woodcrest Vehicle Center	P	276.14
578161	8/23/2006	0000015908	Aaron, Madinah	P	112.00
578162	8/23/2006	0000015944	Ben Clark Public Safety Training Cente	P	834.00
578163	8/23/2006	0000015805	Bennett-Jackson, Bonita	P	224.00
578164	8/23/2006	0000003569	Mike Boock	P	78.00
578165	8/23/2006	0000011179	Jason Bullard Officiating	P	56.00
578166	8/23/2006	0000000781	State of California Board of	P	26,900.00
578167	8/23/2006	0000004579	Caltrans Publications	P	306.00
578168	8/23/2006	0000016205	Cheney, Richard	P	311.67
578169	8/23/2006	0000000556	Chicago Title Co.	P	38.20
578170	8/23/2006	0000008974	Country Inn & Suites	P	354.16
578171	8/23/2006	0000016204	Craig, Kelly	P	111.44
578172	8/23/2006	0000015507	Cummings, Deborah	P	146.85
578173	8/23/2006	0000000704	D&E Embroidery	P	250.47
578174	8/23/2006	0000008506	DEO Enterprises	P	9,434.78
578175	8/23/2006	0000005185	Francis, Norm	P	470.00
578176	8/23/2006	0000016056	Green Seal Corp	P	478.33
578177	8/23/2006	0000004838	Heldreth, Gregory	P	642.10
578178	8/23/2006	0000016197	Hyatt	P	623.84
578179	8/23/2006	0000001238	Hyatt Regency	P	680.58
578180	8/23/2006	0000001238	Hyatt Regency	P	680.58
578181	8/23/2006	0000001265	Independent Banking Services	P	860.00
578182	8/23/2006	0000016189	Jennings, Pattie	P	25.00
578183	8/23/2006	0000015506	Jones, Boni	P	100.00
578184	8/23/2006	0000016207	Jo, Un Chong	P	268.00
578185	8/23/2006	0000016159	Kuiper, Brandon	P	70.00
578186	8/23/2006	0000001440	LAFCO	P	22,470.00
578187	8/23/2006	0000013707	Land America Gateway Title	P	144.32
578188	8/23/2006	0000007793	Marriott Hotel	P	1,840.64
578189	8/23/2006	0000009316	Mattke, John	P	60.00
578190	8/23/2006	0000015817	Nelson, Lisa	P	392.00
578191	8/23/2006	0000005470	North American Title	P	150.00
578192	8/23/2006	0000016192	City of Ontario	P	75.00
578193	8/23/2006	0000001748	P.A.P.A.	P	65.00
578194	8/23/2006	0000012107	Ramada Plaza Hotel	P	1,096.48
578195	8/23/2006	0000016208	Redwood Resources Marketing, LLC	P	252,817.52
578196	8/23/2006	0000003130	San Bernardino Clerk Bd Of Supervisor	P	35.00
578197	8/23/2006	0000015450	Sierra, Ramon	P	80.00
578198	8/23/2006	0000014132	Sparks-Copeland, Francesca	P	84.00
578199	8/23/2006	0000016190	Tatsuki Restaurants	P	7.50
578200	8/23/2006	0000008898	TCSA South	P	1,180.00
578201	8/23/2006	0000005722	Tri-State Seminar	P	225.00
578202	8/23/2006	0000009311	U.S. Treasury	P	1,070.35
578203	8/23/2006	0000002502	Victorville Chamber of Commerce	P	375.00
578204	8/23/2006	0000002506	Victorville Firemen's Association	P	315.00
578205	8/23/2006	0000002504	City of Victorville Sanitation	P	25.03
578206	8/23/2006	0000009136	Water Education Foundation	P	45.00
578207	8/23/2006	0000009943	Wiebeld, James	P	101.66

Check No.	Date	Vendor	Payment Status	Payment Amount
			Check Total:	998,340.08

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CITY OF
VICTORVILLE

760.955.5000
FAX 760.245.7243
vville@ci.victorville.ca.us
http://ci.victorville.ca.us

14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: Adair Patterson ap/aom
Director of Finance

DATE: August 18, 2006

SUBJECT: **PAYROLL WARRANT LIST**

RECOMMENDATION: That the Honorable City Council approve Payroll Demand Schedule No. 2B, for Payroll Period July 29, 2006 through August 11, 2006, in the amount of $1,221,864.44 covering Warrant Nos. 20571 through 20643 and Advice Nos. 103318 through 103862 inclusive. Advise No. 103317 was not used.

FISCAL IMPACT: Payroll gross total amount $1,221,864.44

Budget Amount: $1,221,864.44
Budget Account No.: Various

--Finance Dept. Use Only--
Additional Appropriation:

✓ No
___ Yes/Amount:

Finance Director Review and Approval ap/aom

DISCUSSION: I hereby certify that the claims or demands covered by the attached list of warrants have been audited as to the accuracy and availability of funds for payment thereof and that said claims or demands are accurate and the funds are available for payment thereof.

Adair Patterson /aom
DIRECTOR OF FINANCE

AMP/hdk

Attachment - Payroll Warrant List

Consent
#6B
9-5-06

City of Victorville

City Council Payroll Report

Payroll Period Ending: August 11, 2006

Date: 08/18/06

Employee Number	Check #	Total Gross	Check Date
1417	103583	1,762.69	8/18/2006
2396	103708	774.48	8/18/2006
1515	20583	1,836.54	8/18/2006
1871	103393	1,762.69	8/18/2006
2052	103709	420.00	8/18/2006
1883	103807	2,117.15	8/18/2006
1970	103488	1,727.15	8/18/2006
1305	103808	2,797.92	8/18/2006
2457	20601	812.17	8/18/2006
1097	103489	2,212.77	8/18/2006
2414	103710	173.25	8/18/2006
2281	20594	85.12	8/18/2006
1169	103394	1,836.54	8/18/2006
1024	103413	2,811.31	8/18/2006
1005	103333	2,037.31	8/18/2006
2402	103711	660.63	8/18/2006
2432	103712	869.72	8/18/2006
1007	103334	3,757.00	8/18/2006
1063	103321	1,836.54	8/18/2006
2357	103368	1,562.85	8/18/2006
1746	103584	2,362.69	8/18/2006
2142	103675	827.72	8/18/2006
1681	20604	594.00	8/18/2006
1258	103713	818.56	8/18/2006
2354	103395	1,762.69	8/18/2006
2422	20605	297.00	8/18/2006
1853	103650	2,713.28	8/18/2006
1025	103585	2,312.85	8/18/2006
1520	103490	2,094.20	8/18/2006
2343	103714	1,023.20	8/18/2006
2326	103690	1,023.20	8/18/2006
1026	103586	1,954.23	8/18/2006
1949	103385	2,520.54	8/18/2006
2043	103396	2,516.42	8/18/2006
2405	103715	691.25	8/18/2006
1061	103322	3,843.31	8/18/2006
2210	103570	3,882.00	8/18/2006
1244	103809	3,142.23	8/18/2006
1099	103491	2,704.24	8/18/2006
1170	103397	5,684.85	8/18/2006
1457	103335	2,413.92	8/18/2006
1027	103587	1,954.23	8/18/2006
1100	103492	1,954.23	8/18/2006
2329	103716	920.88	8/18/2006
2384	103691	818.56	8/18/2006
1078	103457	2,910.33	8/18/2006
1727	103493	2,007.94	8/18/2006
1243	103810	2,919.71	8/18/2006
1187	103811	3,285.31	8/18/2006

2382	103717	831.35	8/18/2006
1101	103494	2,311.55	8/18/2006
1966	103588	1,692.54	8/18/2006
2157	103589	1,594.23	8/18/2006
1849	103414	4,007.00	8/18/2006
1212	20641	2,940.08	8/18/2006
2092	103415	2,575.92	8/18/2006
2394	20571	2,735.12	8/3/2006
1699	103718	716.24	8/18/2006
1497	103495	2,466.54	8/18/2006
1739	103813	2,304.54	8/18/2006
2079	103676	215.04	8/18/2006
1261	20606	818.56	8/18/2006
1721	103814	2,785.97	8/18/2006
1174	103815	3,359.62	8/18/2006
1697	103369	3,221.56	8/18/2006
2192	103496	1,562.85	8/18/2006
1451	103336	2,216.38	8/18/2006
2416	103719	688.05	8/18/2006
2415	103720	387.19	8/18/2006
2149	103721	430.65	8/18/2006
1103	103497	2,263.92	8/18/2006
1973	103337	3,003.31	8/18/2006
1644	103416	2,811.31	8/18/2006
1104	103458	2,080.23	8/18/2006
1833	103816	2,536.20	8/18/2006
2050	103417	1,762.69	8/18/2006
1748	103338	2,362.69	8/18/2006
2377	103590	1,562.85	8/18/2006
1426	103722	818.56	8/18/2006
1225	103370	3,070.69	8/18/2006
2217	20580	2,413.92	8/18/2006
2411	20607	269.06	8/18/2006
1068	103571	3,433.00	8/18/2006
1227	20642	3,871.68	8/18/2006
2448	103640	3,264.46	8/18/2006
1989	103818	2,117.15	8/18/2006
2034	103723	895.30	8/18/2006
1030	103591	2,473.59	8/18/2006
1963	103498	2,465.18	8/18/2006
1079	103459	3,617.48	8/18/2006
1898	103499	1,762.69	8/18/2006
1576	103371	2,937.77	8/18/2006
1620	103724	608.52	8/18/2006
2017	20608	288.75	8/18/2006
1523	103819	2,860.23	8/18/2006
1437	103692	818.56	8/18/2006
1032	103592	2,080.23	8/18/2006
1105	103500	3,865.28	8/18/2006
1265	103725	250.72	8/18/2006
2254	103418	2,362.69	8/18/2006
2082	103339	1,727.15	8/18/2006
1962	103651	2,312.85	8/18/2006
1353	103398	2,088.87	8/18/2006
1033	103593	2,080.23	8/18/2006
1266	103501	2,080.23	8/18/2006

2204	103652	1,562.85	8/18/2006
2323	103419	2,600.53	8/18/2006
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1051	103630	2,402.15	8/18/2006
1022	103367	2,466.54	8/18/2006
1000	103382	5,884.85	8/18/2006
1747	103560	2,466.54	8/18/2006
1852	103410	2,690.85	8/18/2006
1851	103450	3,576.74	8/18/2006
1454	103411	2,873.62	8/18/2006
1996	103483	2,362.69	8/18/2006
2171	103786	544.50	8/18/2006
1893	103561	1,799.15	8/18/2006
1155	103668	2,312.85	8/18/2006
1627	103451	3,433.00	8/18/2006
2202	103484	2,169.77	8/18/2006
2197	103631	1,954.23	8/18/2006
1334	103856	2,797.92	8/18/2006
2085	103703	767.40	8/18/2006
1906	103562	2,574.22	8/18/2006
1707	103383	2,466.54	8/18/2006
1156	103563	6,107.15	8/18/2006
2032	103384	3,205.66	8/18/2006
2395	103649	2,080.23	8/18/2006
2271	20633	555.63	8/18/2006
2458	20634	920.88	8/18/2006
2291	103686	143.36	8/18/2006

1053	103632	2,702.88	8/18/2006
2400	103787	630.00	8/18/2006
1648	103633	1,874.85	8/18/2006
2257	103704	754.61	8/18/2006
2330	103788	984.83	8/18/2006
2446	103452	1,406.35	8/18/2006
1822	103564	1,836.54	8/18/2006
2042	103392	4,093.31	8/18/2006
1157	103565	1,893.67	8/18/2006
1792	103789	102.32	8/18/2006
1581	103566	2,165.87	8/18/2006
2433	20635	920.88	8/18/2006
1534	103453	2,362.69	8/18/2006
2408	103790	367.50	8/18/2006
1752	103567	2,263.92	8/18/2006
2267	20636	824.96	8/18/2006
2023	103791	757.35	8/18/2006
2389	103792	1,023.20	8/18/2006
1932	20590	1,562.85	8/18/2006
2339	103634	1,562.85	8/18/2006
2344	20640	1,042.39	8/18/2006
2253	103857	2,208.54	8/18/2006
1412	103793	716.24	8/18/2006
2467	20579	1,235.36	8/18/2006
2359	103794	920.88	8/18/2006
1176	103858	3,359.62	8/18/2006
2388	103795	869.72	8/18/2006
2461	20637	351.73	8/18/2006
1330	103687	275.91	8/18/2006
1177	103859	2,860.23	8/18/2006
1917	103796	435.65	8/18/2006
1056	103635	2,466.54	8/18/2006
1057	103636	1,836.54	8/18/2006
2211	103454	2,575.92	8/18/2006
2047	103455	5,884.85	8/18/2006
2138	103331	2,815.85	8/18/2006
1414	103860	2,678.38	8/18/2006
2420	20638	475.20	8/18/2006
1823	20639	635.58	8/18/2006
1182	103861	3,359.62	8/18/2006
1211	103862	3,359.62	8/18/2006
2153	103797	562.22	8/18/2006
1343	103485	2,750.38	8/18/2006
1058	103637	1,954.23	8/18/2006
2425	20593	204.64	8/18/2006
1766	103705	818.56	8/18/2006
2091	103456	2,575.92	8/18/2006
1977	103798	179.06	8/18/2006
2348	103706	818.56	8/18/2006
2191	103638	1,562.85	8/18/2006
1094	103486	4,021.92	8/18/2006
1159	103568	2,080.23	8/18/2006
1545	103332	2,263.92	8/18/2006
1912	103799	665.00	8/18/2006
1729	103569	2,080.23	8/18/2006
2203	103639	3,715.85	8/18/2006

1304	103800	319.75	8/18/2006
1503	103487	2,263.92	8/18/2006
2260	103582	2,276.42	8/18/2006
1205	103412	3,539.42	8/18/2006
		1,221,864.44	

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ADJOURNED REGULAR MEETING
OF THE CITY COUNCIL
OF THE CITY OF VICTORVILLE
MAY 2, 2006

The adjourned regular meeting of the City Council of the City of Victorville was called to order by Mayor Rothschild at 5:30 p.m. in Conference Room "E," Victorville City Hall, 14343 Civic Drive, Victorville, California.

ROLL CALL

PRESENT: Councilmembers Almond, Cabriales, Caldwell, Hunter and Rothschild

ABSENT: None

Also present were Jon Roberts, City Manager; Carolee Bates, City Clerk; Andre de Bortnowsky, Assistant City Attorney; John Becker, Fire Chief; Jon Gargan, Director of Community Services; Yvonne Hester, Public Information Officer; Adair Patterson, Director of Finance; Sean McGlade, City Engineer; Mark Taylor, Victorville Police Captain; Doug Robertson, Deputy City Manager/Acting Director of Municipal Utilities; Peter Soderquist, Airport Director; Jim Anderson, McFarlin and Anderson; and Dougall Agan, Stirling Capital Investments.

PUBLIC COMMENT

PUBLIC COMMENT ON ITEMS OF INTEREST TO THE PUBLIC

There were no public comments.

WRITTEN COMMUNICATIONS

DISCUSSION AND POSSIBLE ACTION WITH REGARD TO THE CITY'S POLICIES ON COMMUNITY FACILITIES DISTRICTS

Director of Finance Patterson provided a copy of the revised City of Victorville Goals and Policies for Community Facilities Districts and Assessment Districts to each of the Councilmembers. Director of Finance Patterson also delivered a PowerPoint presentation depicting four scenarios pertaining to the tax rate at different percentages.

Director of Finance Patterson explained that at the direction of the City Council, a group of four subcommittees were formed with the interested parties from the building industry along with key staff members. Director of Finance Patterson explained in detail how the following issues were addressed and how, if any, changes or modifications were made.

- Regional and Local Improvement

- Bond Financing Issues
- Joint Financing
- Lien Ratios

There were discussions about what is permissible and what is discretionary in the way of financing. Funding of services for public safety such as police and fire were discussed in great detail.

Jim Anderson of McFarlin and Anderson reported that he had been in contact with the school districts. He explained that they wanted to have a separate meeting with their staff before meeting with the City. A lack of communication had been the problem in the past but that had now been rectified. It was explained that the school district did indicate that they would not be opposed to joint financing and the modification of the CFD would include such.

Councilmember Hunter added that he would like to see funding for a treatment plant included in the policy.

Several representatives from the building industry spoke and thanked the Council for the opportunity to have input as to the review and modification of the CFD policy.

It was decided that funding for police, fire and a treatment plant would be added to the list of eligible improvements to be considered when implementing a CFD. Each CFD or assessment district fee is drafted on a case-by-case basis. Each area may require different entities and is to be drafted as such.

Director of Finance Patterson announced that a notice would be sent out to the interested parties in regards to the Development Impact Fee increase workshop.

Carlos Rodriquez, Building Industry Association, requested another meeting to further the discussions and modifications to the plan check process. He will be contacted as soon as a date has been selected.

ADJOURNMENT

There being no further business to come before the City Council, Mayor Rothschild duly adjourned the meeting at 6:01 p.m.

_____
MAYOR OF THE CITY OF VICTORVILLE

ATTEST:

_____
CITY CLERK

MEMORANDUM

DATE August 17, 2006

FROM Jon E. Gargan
Director of Community Services

TO Carolee Bates
City Clerk

SUBJECT **COMMUNITY SERVICES DEPARTMENT - REPORTS**

Attached are copies of the July 2006 activities and service reports prepared by the Community Services Department. It is requested that these items be forwarded to the City Council for their review.

JEG:lk

Attachments

Consent
#6D1
9-5-06

VICTORVILLE COMMUNITY SERVICES DEPARTMENT
MONTHLY REPORT OF SERVICES AND ACTIVITIES

DIVISION: GROUNDS **FOR MONTH OF** July 2006

REVIEWED BY: Dan McMurtry, Maintenance Supervisor **DATE** 8/07/06

A. ACREAGE MAINTAINED		LAST YEAR	THIS YEAR
Parks		150.55	163.08
Medians/Islands:		4.50	4.50
SCLA: Schmidt Park & Westwinds Sports Center		8.00	8.00
LMAD: *(Effective 99/00 Maintenance Contracted Out)*		98.70	109.27
LMAD 6: T-16242- Richmond between Sycamore & Sierra: 17,640 Sq. Ft. LMAD 6: T-15973- Richmond between Sierra & Sequoia: 8,428 Sq. Ft.	TOTAL ACRES	261.75	284.85

DESCRIPTION	MONTHLY		YEAR-TO-DATE	
	Last Year	This Year	Last Year	This Year
B. PARKS DIVISION TREES				
# PLANTED	4	13	4	13
# REMOVED	2	32	2	32
# TRIMMED	60	57	60	57
C. JOSHUA TREES TRANSPLANTED				
# By Individuals	1	2	1	2
# By Tree Company	1	4	1	4
D. JOSHUA TREE INSPECTIONS	30	18	30	18
E. REPAIRS/SERVICE REQUESTS	37	33	37	33
F. VANDALISM ACTS REPAIRED	41	35	41	35
G. GRAFFITI ACTS REPAIRED	95	100	95	100

****NON PAID LABOR SOURCES****

H. WEEKEND WORKERS TOTAL HOURS (PARKS):	314.5	545	314.5	545
I. WEEKDAY WORKERS TOTAL HOURS (PARKS):	896	923.50	896	923.50
J. VOLUNTEER WORKERS TOTAL HOURS (PARKS): JTPA	0	0	0	0
K. CA CONSERVATION CORP TOTAL HOURS (PARKS):	0	0	0	0
** TOTAL NON PAID LABOR HOURS:	1,210.50	1468.50	1,210.50	1468.50

COMMUNITY SERVICES DEPARTMENT
FACILITIES REPORT

REPORT TITLE: Monthly Service Report	**DIVISION:** Facilities	**PAGE:** 1 of 1

SUBMITTED BY: Chuck Reynolds	**TITLE:** Facilities Manager	**FOR THE MONTH OF:** JULY 2006	**DATE:** AUG 2, 2006

SQUARE FOOTAGE MAINTAINED	333,000 square feet

	MONTHLY		**YEAR-TO-DATE**	
	Last Year	**This Year**	**Last Year**	**This Year**
1. FACILITY REPAIRS/SERVICE REQUESTS				
a. City-Wide	56	86	56	86
b. Projects	1	3	1	3
2. VANDALISM ACTS REPAIRED	2	0	2	0
3. WEEKEND WORKERS - Total Hours				
a. Number of Workers: _____	0	0	0	0
b. # sent back to Glen Helen: _____	0	0	0	0
4. WEEKDAY WORKERS - Total Hours				
a. Number of Workers: _____	0	0	0	0
5. CCC WORKERS - Total Hours				
a. Number of Workers: _____	0	0	0	0

6. RENTAL UNITS - RESIDENTIAL

a. Total Units: 6
b. Units Rented: 6
c. Vacant: 0

GREEN TREE GOLF COURSE
MONTHLY REPORT OF SERVICES AND ACTIVITIES - FY-06/07

Submitted by Janie Lynch, Golf Activities Supervisor **For the Month of July 2006**

	MONTHLY		YEAR-TO-DATE	
	Last Year	This Year	Last Year	This Year
GOLF PLAY REVENUE				
Green Fees	$ 32,967.50	$ 29,493.25	$ 32,967.50	$ 29,493.25
Memberships	$ 3,594.74	$ 2,873.34	$ 3,594.74	$ 2,873.34
Prime-Time Memberships	$ 510.00	$ 370.00	$ 510.00	$ 370.00
Golf Cars Rental	$ 26,246.50	$ 24,039.00	$ 26,246.50	$ 24,039.00
Private Car - Daily	$ 663.00	$ 372.00	$ 663.00	$ 372.00
Private Car - Monthy (From Pro Shop)	$ 925.00	$ 550.00	$ 925.00	$ 550.00
Junior Memberships	$ -	$ -	$ -	$ -
SUB TOTAL	**$ 64,906.74**	**$ 57,697.59**	**$ 64,906.74**	**$ 57,697.59**
GOLF SHOP REVENUE				
Club Rental	$ 215.00	$ 290.00	$ 215.00	$ 290.00
Lessons	$ -	$ -	$ -	$ -
Balls	$ 2,058.55	$ 2,103.27	$ 2,058.55	$ 2,103.27
Clubs	$ 694.97	$ 1,579.98	$ 694.97	$ 1,579.98
Merchandise	$ 3,493.04	$ 2,698.68	$ 3,493.04	$ 2,698.68
Sales Tax	$ 483.71	$ 495.67	$ 483.71	$ 495.67
SUB TOTAL	**$ 6,945.27**	**$ 7,167.60**	**$ 6,945.27**	**$ 7,167.60**
CONCESSION REVENUE				
5% of Gross Sales**	$ 1,070.59	$ 902.42	$ 1,070.59	$ 902.42
Rent	$ 1,000.00	$ 1,000.00	$ 1,000.00	$ 1,000.00
SUB TOTAL	**$ 2,070.59**	**$ 1,902.42**	**$ 2,070.59**	**$ 1,902.42**

****Concession sales always 30 days in arrears**

SUB TOTAL	*	*	*	*
TOTAL REVENUE	$ 73,922.60	$ 66,767.61	$ 73,922.60	$ 66,767.61

***Revenue from City Hall not reveived**

MEMBERSHIP ROUNDS				
Membership	340	246	340	246
Weekend Prime-Time Members	102	74	102	74
SUB TOTAL	**442**	**320**	**442**	**320**
18 HOLE ROUNDS				
Weekday Rounds	187	218	187	218
Weekday Non Prime Time	194	98	194	98
Weekend/Holiday Rounds	365	282	365	282
Weekend/Holiday Non Prime Time	96	98	96	98
Senior Weekday Rounds	213	266	213	266
Senior Weekday Non Prime Time	39	47	39	47
Senior Weekend/Holiday Rounds	156	137	156	137
Senior Weekend/Holiday Non Prime Time	25	19	25	19
Military	81	61	81	61
Junior	61	22	61	22
Discount - Weekday	15	19	15	19
Discount - Weekend	28	6	28	6
Discount-Hotel	11	6	11	6
Tournament Rounds	79	34	79	34
SUB TOTAL	**1,550**	**1,313**	**1,550**	**1,313**

GREEN TREE GOLF COURSE
MONTHLY REPORT OF SERVICES AND ACTIVITIES - FY-06/07

Page 2 - Green Tree Golf Course July 2006

	YEAR-TO-DATE		YEAR-TO-DATE	
	Last Year	This Year	Last Year	This Year
NON-PAID				
Men's Club	0	0	0	0
Women's Club	0	0	0	0
Schools (High School & Middle School Teams)	0	0	0	0
VIP	0	0	0	0
New Resident Courtesy Card	3	0	3	0
Promotional Prizes/Donations	2	4	2	4
SUB TOTAL	**5**	**4**	**5**	**4**
9 HOLE ROUNDS				
Weekday Rds	41	43	41	43
Weekday Non Prime Time	87	78	87	78
Weekday Non Prime Time (3 hrs. before sunset)	501	490	501	490
Weekend/Holiday Rds	32	26	32	26
Weekend/Holiday Non Prime Time	39	43	39	43
Weekend/Holiday NPT (3hrs. before sunset)	144	73	144	73
Senior Weekday Rds	37	37	37	37
Senior Weekday Non Prime Time	33	62	33	62
Senior Weekend/Holiday Rds	5	10	5	10
Senior Weekend/Holiday Non Prime Time	41	42	41	42
Miltary/Juniors	39	30	39	30
SUB TOTAL (9 HOLE ROUNDS)	**999**	**934**	**999**	**934**
TOTAL ROUNDS	**2,996**	**2,571**	**2,996**	**2,571**
CONCESSIONAIRE				
Number of golf-related events	2	1	2	1
Number of non-golf related events onsite	2	2	2	2
Number of non-golf related events offsite	4	2	4	2
Total Number of Events	8	5	8	5
MEMBERSHIPS	Dual memberships with Westwinds Golf Course			
Total Number	83	80		
New Members	0	1		
MISCELLANEOUS				
Twilight Cars	656	609	656	609
Average Daily Play	102	89		
# Tournaments/ # Players (inc. in total rds)	5/181	7/149	5/181	7/149
WEATHER DAYS				
Windy	0	1	0	1
Cold/Hot	2	8	2	8
Rain	1	3	1	3
Slow Play (30 Players or less)	0	0	0	0
# Days Closed	0	0	0	0
LESSONS				
Lessons - Adults & Youth	0	0	0	0
Clinics - Adults & Youth	0	0	0	0
Junior Golf Program	0	0	0	0

CITY OF VICORVILLE
COMMUNITY SERVICES
MONTHLY REPORT OF SERVICE AND ACTIVITIES

DIVISION: GREEN TREE GOLF COURSE MONTH OF: July 1, 2006

SUBMITTED BY: Jeff Jackson, Golf Maint. Supervisor DATE: August 1, 2006

A. **DAILY MAINTENANCE**

1. Irrigation system repair
2. General Cleanup - trash receptables, rest rooms and clubhouse.
3. Watering as needed/hand and spot watering.
4. Regular mowing schedule.

GOLF COURSE TREES	MONTHLY		YEAR TO DATE	
MAINTENANCE	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR
# Planted	0	0	0	0
# Removed	3	0	3	0
# Trimmed	38	20	38	20
# Transplanted	0	0	0	0
# Sprayed	8	0	8	0
Joshua Tree Relocation	0	0	0	0

B. **IRRIGATION**

MAIN LINE	LATERAL LINE	HEAD REPAIR OR REPLACEMENT	CLOCK REPAIR	VALVE REPAIR	PUMP REPAIR
0	3	63	1	20	1

C. **SPECIAL PROJECTS**

1. Tree Trimming (continuous)
2. Fungicide Applications (on-going, as needed)

D. **VANDALISM**

1. Graffiti removal (constant)
2. Repair of damaged greens (on-going)

E. **CONSTRUCTION**

1. Sand trap edging and addition of sand (on-going)
2. Cart Path on #2 Green

F. **WEEKEND WORKERS**

1. Perimeter Trimming/weed abatement/painting/drain installation (on-going)

TOTAL MAN HOURS	MONTHLY		YEAR TO DATE	
	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR
Weekday Workers	714	873	714	873
Weekend Workers	311	567	311	567
CCC	0	0	0	0
JTPA	0	0	0	0

CITY OF VICTORVILLE, COMMUNITY SERVICES DEPARTMENT

GREEN TREE GOLF COURSE

GOLF MARSHAL REPORT

Submitted by: Janie Lynch, Golf Activities Supervisor For the month July 2006

	MONTHLY		YEAR TO DATE	
	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR
Trespassing	60	49	60	49
Trespassing Golfers	9	6	9	6
Public Service	11	15	11	15
Dogs on Course	31	34	31	34
Vandalism	2	0	2	0
Burglary Reported	0	0	0	0
Issued Warning Violation	0	0	0	0
Improper Dress	9	6	9	6
Check Receipts	62	78	62	78
Riding Without Paying	4	2	4	2
Parked Improperly	26	30	26	30
Players Without Own Clubs	7	2	7	2
Practicing on Course	12	14	12	14
Under Age Driver	10	3	10	3
Three Players in Cart	0	0	0	0
Three Bags on Cart	2	0	2	0
Food Products } Clubhouse	0	0	0	0
Illegal Drink Cooler } Confirmation	18	16	18	16
Beverage Products } Products	8	4	8	4
Construction Vehicles on Course	2	7	2	7
More than Five Players	0	2	0	2
Slow Play	9	21	9	21
Special Problems - Comments	0	0	0	0

Other services provided by Golf Marshals on a daily basis:

- Check rest rooms
- Pick up broken tees on tees
- Repair ball mark on greens
- Pick up debris on course
- Rake Sand Traps
- Fill Divots (tees & fairways) with soil mix
- Empty trash containers at tees
- Hand water

WESTWINDS GOLF COURSE

MONTHLY REPORT OF SERVICES AND ACTIVITIES FY06/07

MM on behalf of Janie Lynch 8/14/06

Submitted by Janie Lynch, Golf Activities Supervisor_____ **For the Month of July 2006**

DESCRIPTION	MONTHLY		YEAR-TO-DATE	
	Last Year	This Year	Last Year	This Year
GOLF PLAY REVENUE				
Green Fees	$ 18,772.00	$ 17,301.75	$ 18,772.00	$ 17,301.75
Memberships	$ 2,455.26	$ 1,876.66	$ 2,455.26	$ 1,876.66
Prime-Time Memberships	$ 117.50	$ 75.00	$ 117.50	$ 75.00
Golf Cars Rental	$ 16,561.00	$ 15,894.00	$ 16,561.00	$ 15,894.00
Private Car - Daily	$ -	$ -	$ -	$ -
Private Car - Monthly	$ -	$ -	$ -	$ -
Junior Membership	$ -	$ 50.00	$ -	$ 50.00
SUB TOTAL	**$ 37,905.76**	**$ 35,197.41**	**$ 37,905.76**	**$ 35,197.41**
GOLF SHOP REVENUE				
Driving Range	$ 3,722.00	$ 4,312.50	$ 3,722.00	$ 4,312.50
Club Rental	$ 115.00	$ 381.49	$ 115.00	$ 381.49
Lessons	$ 1,085.00	$ 1,205.00	$ 1,085.00	$ 1,205.00
Balls	$ 798.89	$ 1,062.30	$ 798.89	$ 1,062.30
Clubs	$ -	$ 1,432.41	$ -	$ 1,432.41
Merchandise	$ 968.37	$ 3,242.26	$ 968.37	$ 3,242.26
Sales Tax	$ 136.11	$ 449.41	$ 136.11	$ 449.41
SUB TOTAL	**$ 6,825.37**	**$ 12,085.37**	**$ 6,825.37**	**$12,085.37**
CONCESSION REVENUE				
5% of Gross Sales	$ 118.33	$ 519.73	$ 118.33	$ 519.73
Rent (renovation incomplete)	$ 500.00	$ 750.00	$ 500.00	$ 750.00
SUB TOTAL	**$ 618.33**	**$ 1,269.73**	**$ 618.33**	**$ 1,269.73**
REVENUE RECEIVED AT CITY HALL				
SUB TOTAL	*	*	*	*
TOTAL REVENUE	$ 45,349.46	$ 48,552.51	$ 45,349.46	$ 48,552.51

***Revenue from City Hall not received**

MEMBERSHIP ROUNDS				
Membership	278	192	278	192
Weekend Prime-Time Members	24	17	24	17
SUB TOTAL	**302**	**209**	**302**	**209**
Weekday Rounds	73	86	73	86
Weekday Non Prime Time	68	37	68	37
Weekend/Holiday Rounds	109	105	109	105
Weekend/Holiday Non Prime Time	45	93	45	93
Senior Weekday Rounds	75	98	75	98
Senior Weekday Non Prime Time	7	14	7	14
Senior Weekend/Holiday Rounds	89	56	89	56
Senior Weekend/Holiday Non Prime Time	7	7	7	7
Military	34	24	34	24
Junior	14	21	14	21
Discount - Weekday	0	1	0	1
Discount - Weekend	5	1	5	1
Hotel	0	0	0	0
Tournament Rounds	35	86	35	86
SUB TOTAL	**561**	**629**	**561**	**629**

WESTWINDS GOLF COURSE
MONTHLY REPORT OF SERVICES AND ACTIVITIES FY06/07

Page 2 - Westwinds Golf Course July 2006

DESCRIPTION	MONTHLY		YEAR-TO-DATE	
	Last Year	This Year	Last Year	This Year
NON-PAID				
Men's Club	0	0	0	0
Women's Club	0	0	0	0
Schools (Hook, Mesa Linda, & AAE Middle School)	0	0	0	0
New Resident Courtesy Cards	0	0	0	0
VIP	0	0	0	0
Promotional Prizes/Donations	4	1	4	1
SUB TOTAL	**4**	**1**	**4**	**1**
9 HOLE ROUNDS				
Weekday Rds.	147	156	147	156
Weekday Non Prime Time	178	185	178	185
Weekday Non Prime Time (3 hrs before sunset)	295	380	295	380
Weekend/Holiday Rds	125	112	125	112
Weekend/Holiday Non Prime Time	122	90	122	90
Weekend/Holiday NPT(3 hrs before sunset)	105	49	105	49
Senior Weekday Rds	173	162	173	162
Senior Weekday Non Prime Time	66	58	66	58
Senior Weekend/Holiday Rds	34	36	34	36
Senior Weekend/Holidays Non Prime Time	21	18	21	18
Military	33	24	33	24
Juniors	59	62	59	62
SUB TOTAL	**1,358**	**1,332**	**1,358**	**1,332**
TOTAL ROUNDS	**2,225**	**2,171**	**2,225**	**2,171**
CONCESSIONAIRE				
Number of golf-related events	1	1	1	1
Number of non-golf related events onsite	8	0	8	0
Number of non-golf related events offsite	0	0	0	0
Total Number of Events	9	1	9	1
MEMBERSHIPS				
Total Number	83	80	83	80
New Members	0	1	0	1
MISCELLANEOUS				
Twilight Cars	465	413	465	413
Average Daily Play	75	69	75	69
# Tournaments/ # Players (inc. in total rds)	3/81	3/86	3/81	3/86
WEATHER DAYS				
Windy	0	0	0	0
Cold/Hot	3	7	3	7
Rain	0	1	0	1
Slow Play (30 Players or less)	0	0	0	0
# Days Closed	0	0	0	0
LESSONS				
Adult Group Lessons	2/12	4/26	2/12	4/26
Adult Private	16	14	16	14
Youth Group	2/14	4/32	2/14	4/32
Youth Private	3	10	3	10
Lessons - Tiny Tots	2/11	4/26	2/11	4/26

CITY OF VICORVILLE
COMMUNITY SERVICES
MONTHLY REPORT OF SERVICE AND ACTIVITIES

DIVISION: WESTWINDS GOLF COURSE — MONTH OF: July 2006

SUBMITTED BY: Edward Ontiveros, Leadworker — DATE: August 9, 2006

A. **DAILY MAINTENANCE**

1. Irrigation system repair
2. General Cleanup - trash receptables, rest rooms and clubhouse.
3. Watering as needed/hand and spot watering.
4. Regular mowing schedule.

GOLF COURSE TREES MAINTENANCE	MONTHLY		YEAR TO DATE	
	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR
# Planted	0	0	0	0
# Removed	0	0	0	0
# Trimmed	20	0	20	0
# Transplanted	0	0	0	0
# Sprayed	20	20	20	20
Joshua Tree Relocation	0	0	0	0

B. **IRRIGATION**

MAIN LINE	LATERAL LINE	HEAD REPAIR OR REPLACEMENT	CLOCK REPAIR	VALVE REPAIR	PUMP REPAIR
0	1	10	0	1	0

C. **SPECIAL PROJECTS**

1. Tree Trimming (continuous)
2. Fungicide Applications (on-going, as needed)
3. Repair Asphalt at drive by clubhouse
4. Repair Asphalt #9 Tee cart path & #5 Tee cart path

D. **VANDALISM**

1. Graffiti removal (constant)
2. Repair of damaged greens (on-going)

E. **CONSTRUCTION**

1. Sand trap edging and addition of sand (on-going)

F. **WEEKEND WORKERS**

1. Perimeter Trimming/weed abatement/painting/drain installation (on-going)

TOTAL MAN HOURS	MONTHLY		YEAR TO DATE	
	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR
Weekday Workers	272	383	272	383
Weekend Workers	120	256	120	256
CCC				
JTPA				
Community Service				
Maintenance Aides				

CITY OF VICTORVILLE, COMMUNITY SERVICES DEPARTMENT

WESTWINDS GOLF COURSE

GOLF MARSHAL REPORT

Submitted by: Janie Lynch, Golf Activities Supervisor For the month July 2006

	MONTHLY		YEAR TO DATE	
	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR
Trespassing	0	0	0	0
Trespassing Golfers	0	0	0	0
Public Service	22	17	22	17
Dogs on Course	0	4	0	4
Vandalism	3	0	3	0
Burglary Reported	0	0	0	0
Issued Warning Violation	0	0	0	0
Improper Dress	18	8	18	8
Check Receipts	29	60	29	60
Riding Without Paying	8	4	8	4
Parked Improperly	29	49	29	49
Players Without Own Clubs	4	8	4	8
Practicing on Course	11	26	11	26
Under Age Driver	8	16	8	16
Three Players in Cart	2	1	2	1
Three Bags on Cart	1	0	1	0
Food Products } Clubhouse	0	0	0	0
Illegal Drink Cooler } Confirmation	12	12	12	12
Beverage Products } Products	3	0	3	0
Construction Vehicles on Course	0	0	0	0
More than Five Players	0	1	0	1
Slow Play	16	9	16	9
Special Problems - Comments	0	0	0	0

Other services provided by Golf Marshals on a daily basis:

- Check rest rooms
- Pick up broken tees on tees
- Repair ball mark on greens
- Pick up debris on course
- Rake Sand Traps
- Fill Divots (tees & fairways) with soil mix
- Empty trash containers at tees
- Hand water

Recreation Division
Monthly Report of Services and Activities

Reviewed by Recreation Services Manager: _____

Inside This Report:

1 Totals & Highlights

2 Adult & Youth Sports

3 Programs & Classes

4 Events & Excursions

5 Rentals

6 Miscellaneous

7 Assisted Sports Groups & Aquatics

A Look Ahead

- Spice of Life October 7
- Rockview Cemetery October 27

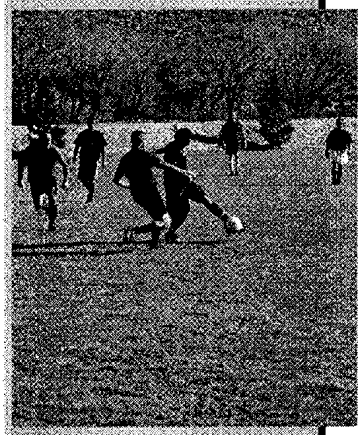
Enrollment Totals — Jul-06

Total Participants Enrolled	# of Participants			
	Monthly		Year-to-Date	
	Last Year	This Year	Last Year	This Year
Programs and Classes	12,669	13,277	12,669	13,277
Youth Sports	535	649	535	649
Total	13,204	13,926	13,204	13,926
Total Teams Enrolled	# of Teams			
Adult Sports	97	107	97	107

Highlights — Jul-06

Starstruck Fireworks Festival - July 4, 2006: Over 20,000 youth and family members enjoyed a fun-filled day of music, games, children's entertainment, and a spectacular 30-minute fireworks display! The event featured entertainment such as "Latin Express", "Blue Channel", "Yankee Steel", and "Hoskin's K-9 Rockets".

Adult Sports — Jul-06



Adult Sports	# of Teams			
	Monthly		Year-to-Date	
	Last Year	This Year	Last Year	This Year
Coed Volleyball	7	0	7	0
Coed Indoor Soccer	0	0	0	0
Men's Soccer	0	13	0	13
Men's 5 on 5 Basketball	0	0	0	0
Men's 40+ Basketball	0	0	0	0
Men's Softball	48	42	48	42
Coed Softball	29	34	29	34
Women's Softball	4	0	4	0
Women's Basketball	0	0	0	0
Flag Football	0	0	0	0
Women's Soccer	9	12	9	12
Wiffleball	0	0	0	0
Tournaments	0	6	0	6
SUBTOTAL	97	107	97	107

Youth & Pee Wee Sports — Jul-06

Youth Sports	# of Participants			
	Monthly		Year-to-Date	
	Last Year	This Year	Last Year	This Year
Teen Basketball	134	134	134	134
Youth Basketball	329	430	329	430
Flag Football	N/A	N/A	N/A	N/A
Volleyball	N/A	N/A	N/A	N/A
T-Ball	N/A	N/A	N/A	N/A
SUBTOTAL	463	564	463	564

Pee Wee Sports	# of Participants			
	Monthly		Year-to-Date	
	Last Year	This Year	Last Year	This Year
Basketball	59	65	59	65
Soccer	N/A	N/A	N/A	N/A
T-Ball	N/A	N/A	N/A	N/A
Indoor T-Ball	N/A	N/A	N/A	N/A
Sports Sampler	13	20	13	20
SUBTOTAL	72	85	72	85

* Indicates new sports enrollment for the current month

Programs/Classes	# of Participants			
	Monthly		Year-to-Date	
	Last Year	This Year	Last Year	This Year
Kids Klub (Spring Break)	274	265	274	265
Jr. Kids Klub	53	84	53	84
Youth Contract Classes	607	692	607	692
Adult Contract Classes	* 8	* 22	* 8	* 22
Tiny Tots	115	115	115	115
Tater Tots***	N/A	43	N/A	43
Teenie Tots	14	13	14	13
Just Baby & Me**	N/A	8	N/A	8
Sunbears (summer only)	N/A	14	N/A	14
Honey Bears (new class. Beg. 9/06)	N/A	N/A	N/A	N/A
Alpha Bears**	N/A	N/A	N/A	N/A
Freaky Fridaze	72	0	72	0
Rockview Campfire Series	31	0	31	0
SUBTOTAL	1174	1256	1174	1256

* Adult participants were enrolled in classes categorized as "Youth Contract Classes"

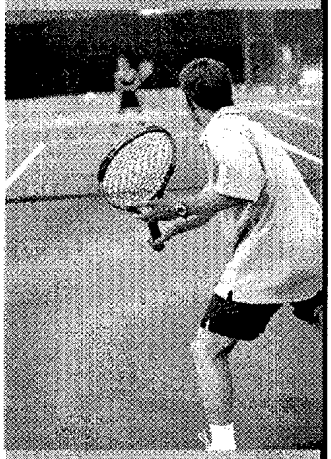
**Started in September 2005

***Class resumed in October 2005

Open Gym/Hook & Westwinds	# of Participants			
	Monthly		Year-to-Date	
	Last Year	This Year	Last Year	This Year
Hook Community Center	192	153	192	153
Westwinds Sports Center	312	** 140	312	** 140
SUBTOTAL	504	293	504	293

*Hook Open Gym eliminated Mon. & Weds. ID now required for participation at both sites.

**Basketball practice reduced usage.



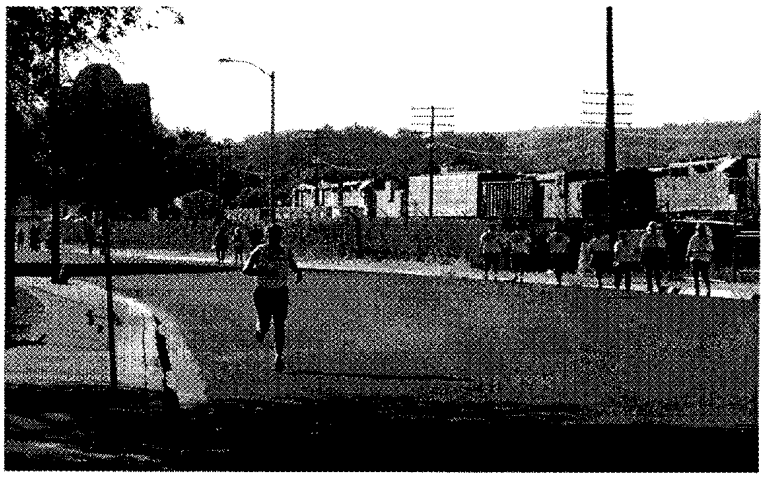
Racquetball and Tennis Pebble Beach	# of Participants			
	Monthly		Year-to-Date	
	Last Year	This Year	Last Year	This Year
Racquetball Member Play	416	464	416	464
Racquetball Non-Member Play	130	121	130	121
Racquetball Tournaments	N/A	N/A	N/A	N/A
Racquetball Lessons	1	N/A	1	N/A
Tennis Tournaments	0	0	0	0
Tennis Lessons	28	21	28	21
SUBTOTAL	575	606	575	606

Westwinds Sports Center	# of Participants			
	Monthly		Year-to-Date	
	Last Year	This Year	Last Year	This Year
Racquetball	161	394	161	394
Exercise Equipment	2	13	2	13
SUBTOTAL	163	407	163	407

Special Events & Excursions

Jul-06

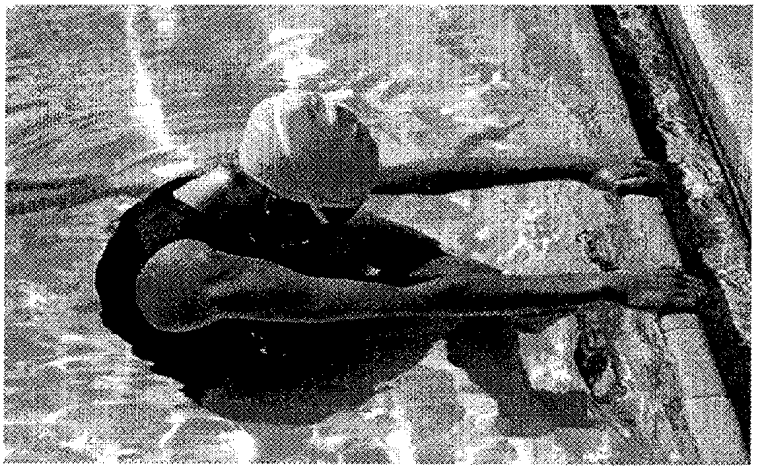
Special Events	# of Paid Participants		# of Non-Paid Participants	
	Last Year	This Year	Last Year	This Year
Family Fireworks Festival	N/A	N/A	20000	20000
TOTAL	0	0	20000	20000



Park & Facility Rentals & Uses — Jul-06

PARK/FIELD RENTALS/USES	# of Rentals/Uses Monthly Last Year*	Monthly This Year	Year-to-Date Last Year*	Year-to-Date This Year
Center Street	0	58	0	58
Eva Dell	0	27	0	27
Hook	8	159	8	159
Liberty	0	43	0	43
Doris Davies Park	9	7	9	7
Doris Davies Tennis Courts/Lights	23	4	23	4
Schmidt	1	92	1	92
Westwinds Sports Field	0	12	0	12
Rockview	2	0	2	0
TOTAL	43	* 402	43	* 402
FACILITY RENTALS/USES				
Hook Community Center	237	134	237	134
Rockview Nature Center	2	0	2	0
VAC Auditoriums	63	64	63	64
Westwinds Activities Center	29	16	29	16
Westwinds Sports Center	34	24	34	24
TOTAL	365	* 238	365	* 238
POOL RENTALS				
Pebble Beach	11	30	11	30
Village	4	0	4	0
Village Pool with Rec Center	1	25	1	25
TOTAL	16	55	16	* 55

*Last year's figure include all FUA's. This year's figures include all FUA'S, including gathering permits and Recreation Programs. Picnic rental FUA'S required only for Doris Davies, Schmidt and Rockview Parks.



Miscellaneous — Jul-06

Volunteers	# Participants			
	Monthly		Year-to-Date	
	Last Year	This Year	Last Year	This Year
Youth Sport Coaches	72	110	72	110
Pee Wee Sport Coaches	5	6	5	6
R.A.T. Pack**	28	48	28	48
Jr. Lifeguards	18	18	18	18
TOTAL	123	182	123	182

* New Coaches

Volunteers	# Hours			
	Monthly		Year-to-Date	
	Last Year	This Year	Last Year	This Year
Youth Sport Coaches	368.00	1080.00	368.00	1080.00
Pee Wee Sport Coaches	15.00	24.00	15.00	24.00
R.A.T. Pack**	20.00	21.00	20.00	21.00
Jr. Lifeguards	483.75	379.00	483.75	379.00
TOTAL	886.75	1504.00	886.75	1504.00

Work Programs	# Participants			
	Monthly		Year-to-Date	
	Last Year	This Year	Last Year	This Year
Victor Valley College Students	0	0	0	0
Workability	0	6	0	6
TOTAL	0	6	0	6

Work Programs	# Hours			
	Monthly		Year-to-Date	
	Last Year	This Year	Last Year	This Year
Victor Valley College Students	0.00	0.00	0.00	0.00
Workability	0.00	24.00	0.00	24.00
TOTAL	0.00	24.00	0.00	24.00

**"Responsibly Active Teens", formerly Volun"Teens"

Assisted Sports Groups — Jul-06

Assisted Sports Groups (YTD)	# of Participants	
	Last Year	This Year
Amer. Youth Soccer Org. (Sept-Feb)	960	1200
Jr. All Amer. Football (Sept-Dec)	N/A	N/A
Little League (Mar-July)	1070	1250
National Jr. Basketball (Dec-March)	150	150
Victorville Youth Football (Aug-Dec)	250	300
Victorville Youth Soccer (Aug-Mar)	650	600
TOTAL	3080	3500

Aquatics — Jul-06

Aquatics Pebble Beach Pool	# of Participants			
	Monthly		Year-to-Date	
	Last Year	This Year	Last Year	This Year
Recreation Swim	6474	6228	6474	6228
Evening Rec Swim	553	444	553	444
Lap Swim	482	499	482	499
Swim Classes	467	391	467	391
Individual Lessons	17	N/A	17	N/A
Water Polo *	N/A	N/A	N/A	N/A
Aquatics Contract Classes	528	526	528	526
SUBTOTAL	8521	8088	8521	8088
Aquatics Village Pool				
Recreation Swim	1302	1128	1302	1128
Swim Classes	363	913	363	913
Individual Lessons	21	96	21	96
Community Water Safety	N/A	N/A	N/A	N/A
SUBTOTAL	1686	2137	1686	2137
Aquatics Victor High Sch. Pool				
Swim Classes	N/A	421	N/A	421
Individual Lessons	N/A	69	N/A	69
SUBTOTAL	0	490	0	490

* This activity is no longer offered.

MEMORANDUM

DATE: August 23, 2006

FROM: Joe Flores
Public Works Manager

TO: Rod Sorensen
Acting Director of Public Works

SUBJECT: PUBLIC WORKS DEPARTMENT - REPORTS

Attached are reports of service provided by the Public Works Department as of July 2006, for FY03-04 thru FY06-07. It is requested that these items be included in the City Council Agenda of September 5, 2006, and forwarded to the City Council for their review.

DH:so

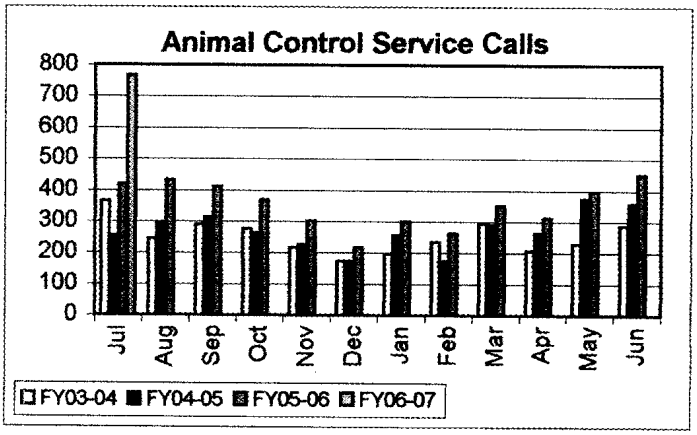
Enclosure

cc: Mike Jenks, Assistant Director of Public Works
Managers

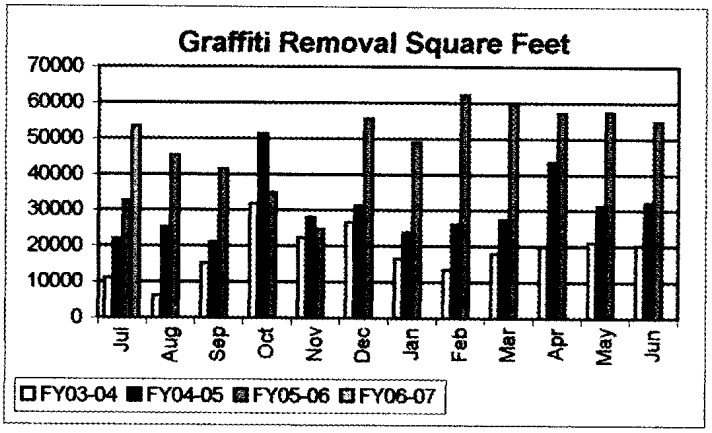
Consent
#6D2
9-5-06

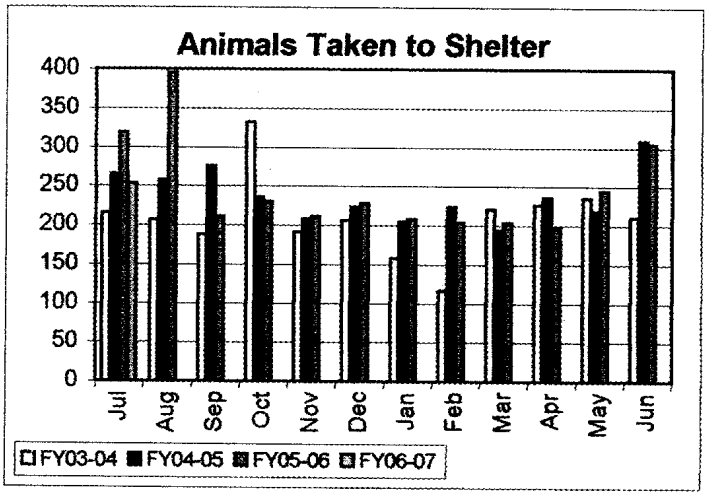
Public Works Monthly Report
As of July 2006

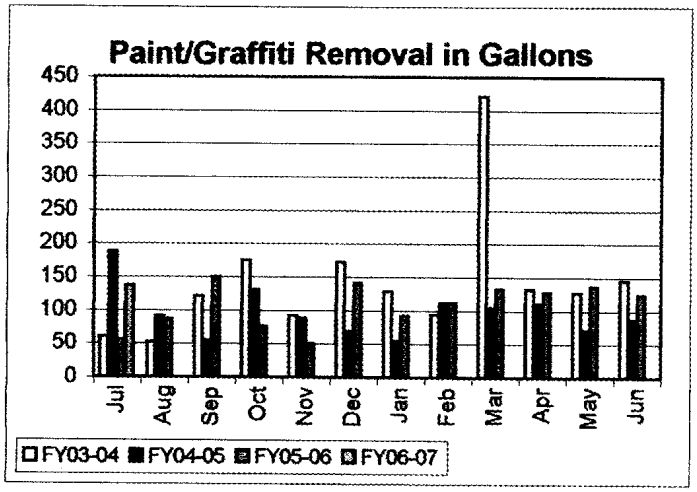
Animal Control:

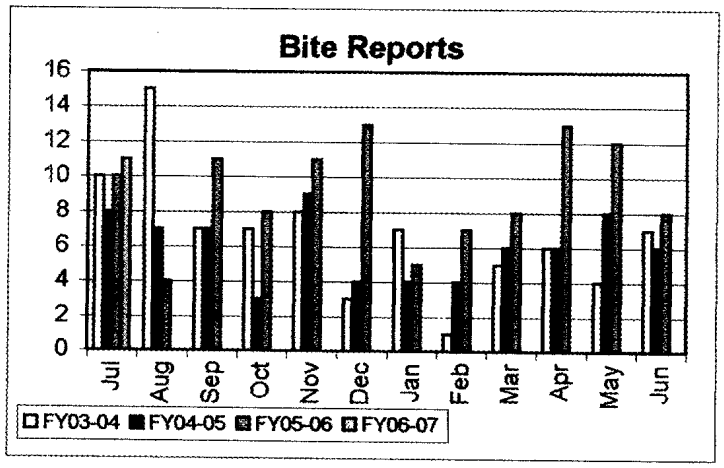


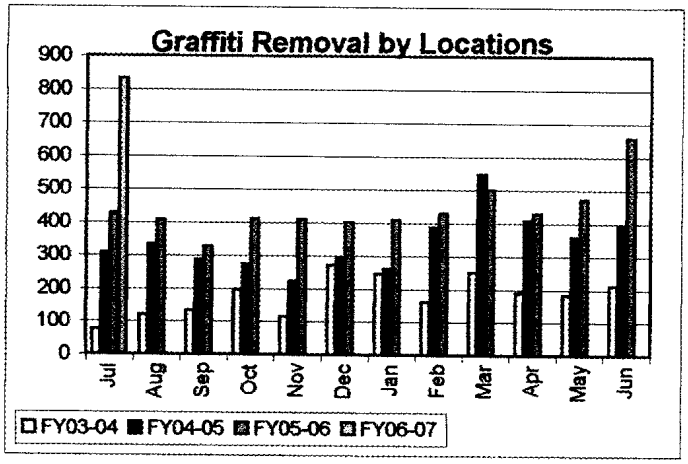
Graffiti:





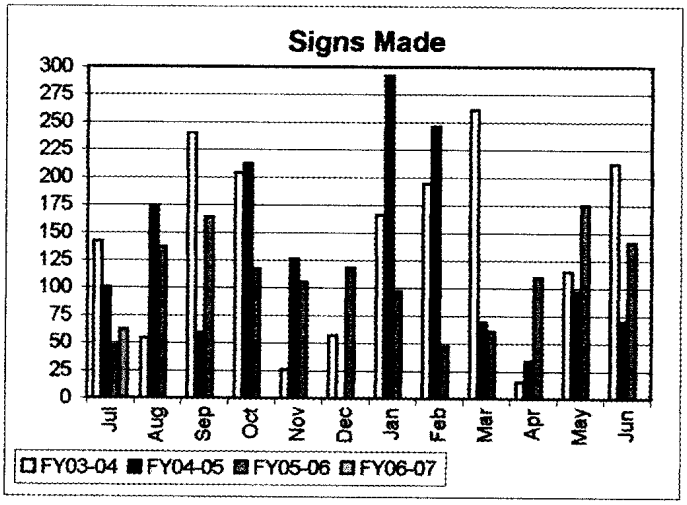


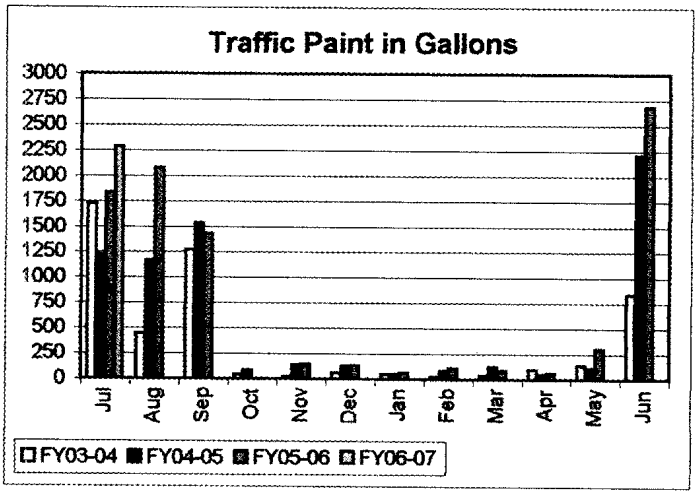




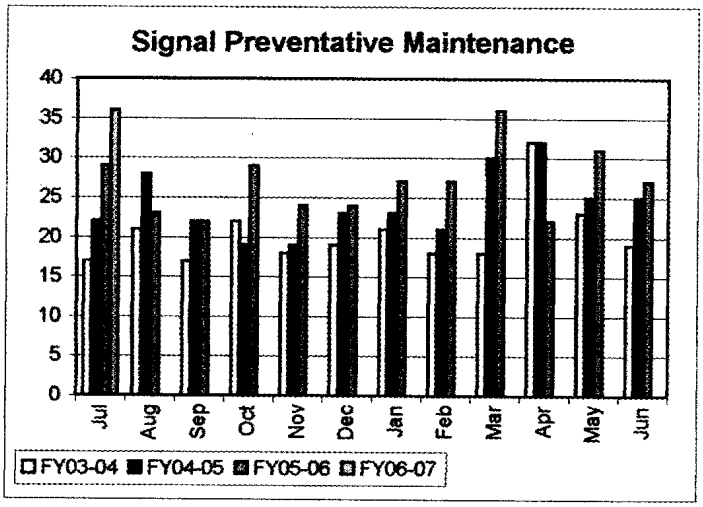
Public Works Monthly Report
As of July 2006

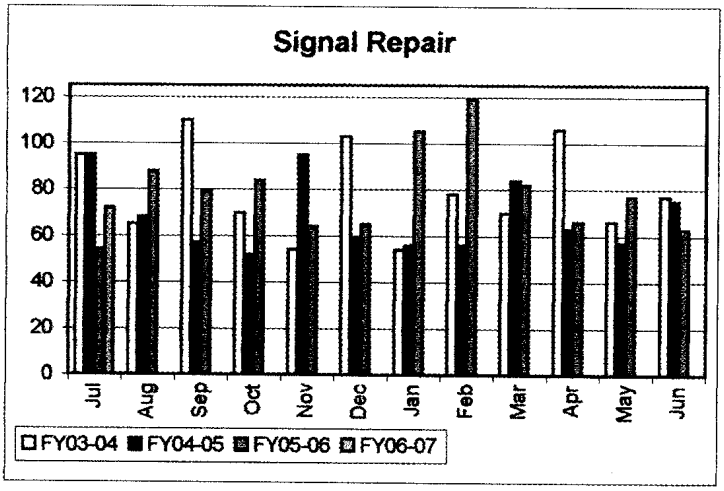
Traffic Control:

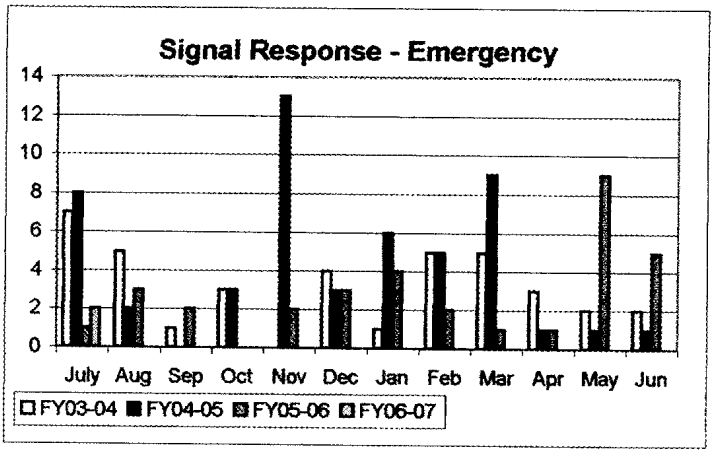




Signals:

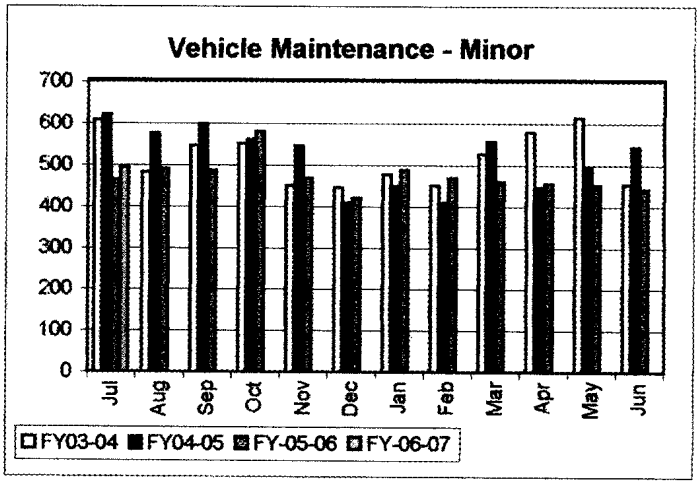


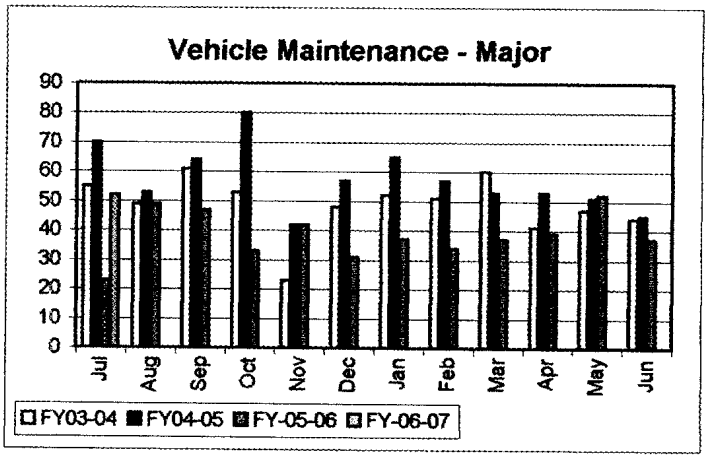




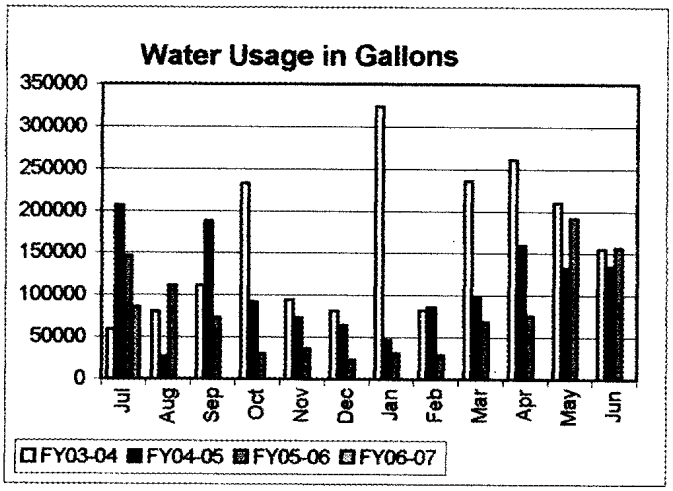
Public Works Monthly Report
As of July 2006

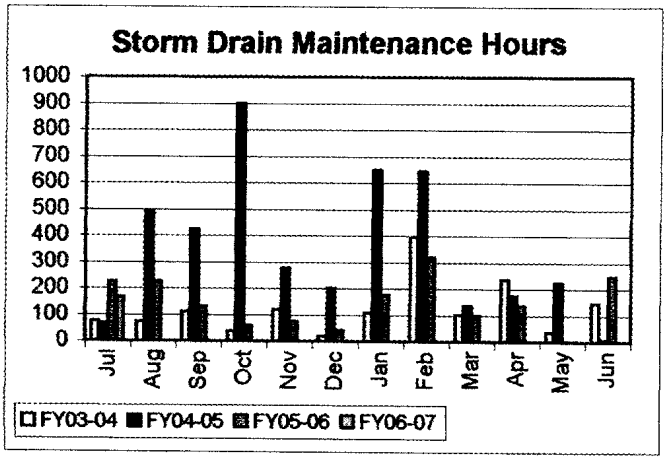
Fleet:





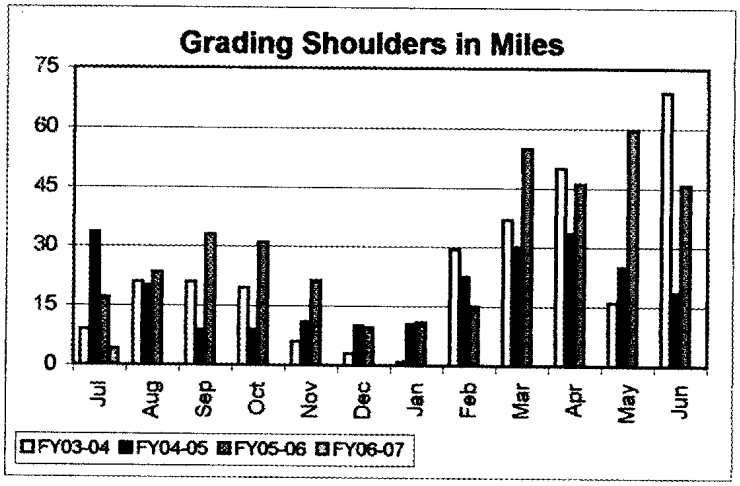
Utility:

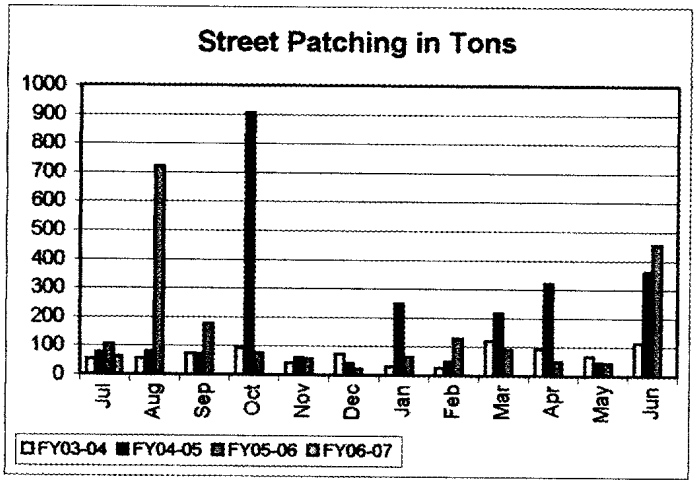


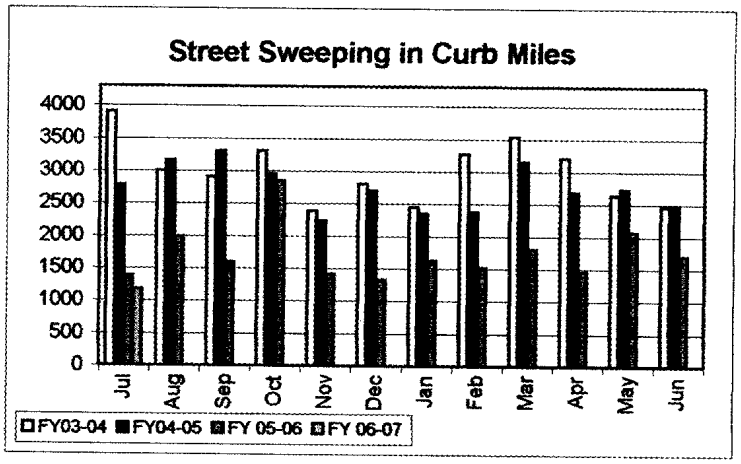


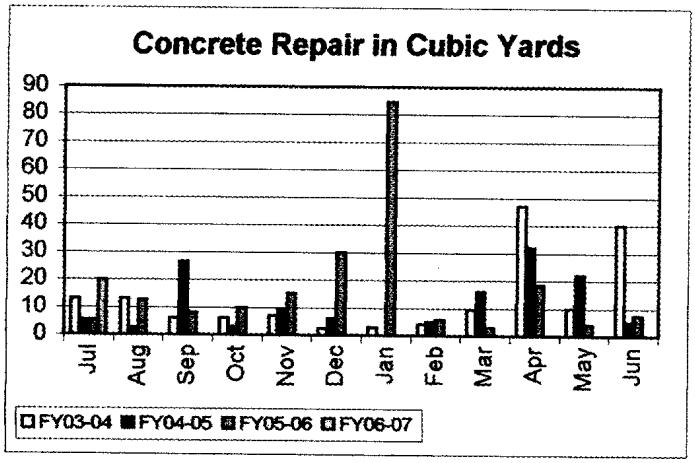
Public Works Monthly Report
As of July 2006

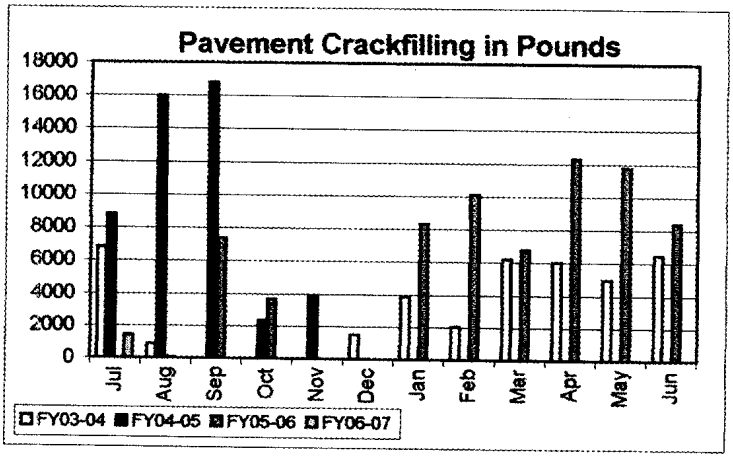
Street Maintenance:

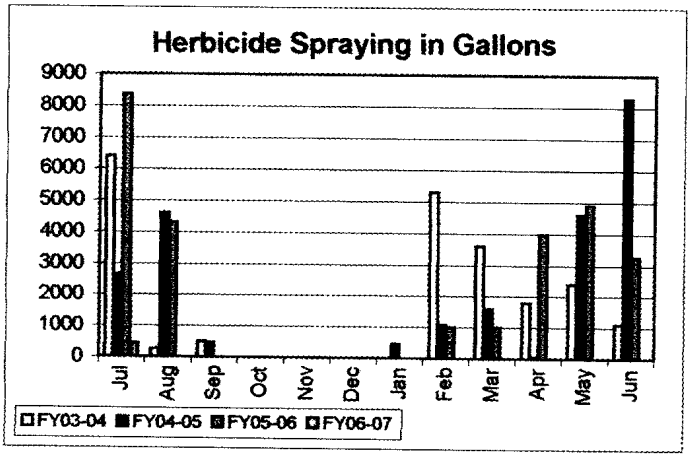












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MEMORANDUM

DATE August 14, 2006

FROM **MARK TAYLOR, Captain**
Victorville Police

TO **JON ROBERTS, City Manager**
City of Victorville

SUBJECT **CITY MANAGER'S REPORT – JULY 2006**

CRIMINAL ACTIVITY:

PART I CRIMES

	REPORTED
TOTAL:	428

PART II CRIMES

TOTAL:	959

ARRESTS

Adult Felony:	159	Juvenile Felony:	49
Adult Misdemeanor:	168	Juvenile Misdemeanor:	58

PROACTIVE PATROL:

0%	Percentage of time available for proactive patrol.
11,067	Incidents or calls for service – 2006
9,699	Incidents or calls for service – 2005
14% Increase	Percentage Difference
1,457	Reports Taken - 2006
1,362	Reports Taken – 2005
7% Increase	Percentage Difference

RESPONSE TIMES (Minutes – Dispatch to Arrival)

Emergency:	4:50
Priority 1:	7:59
Priority 2:	10:54
Priority 3:	12:50
Priority 4:	11:02

Consent
#6D3
9-5-06

TRAFFIC DIVISION:

Traffic Collisions Investigated

181	Non Injury
15	Injury
1	Fatal

Citations Issued for the Month

Total: 559

DUI Arrests: 26
Hazardous: 346
Enforcement Index:

OVERTIME

Hours used for month: 1515.25

CRIME PREVENTION:

Crime Prevention Presentations for the Month

1. Neighborhood Watch:	5
2. Persons Fingerprinted:	26
3. Other Presentations:	2
4. Community Meetings	9

VOLUNTEER FORCES:

	Hours Donated
Citizen Patrol:	565
Reserve Officers:	148
Explorer Scouts:	688
TOTAL:	1,401

DETECTIVE DIVISION:

DETECTIVES

55	Cases Assigned
7	Cases Self Assigned
18	Cases Cleared
$	Property Recovery Values
14	Search Warrants

KEY NOTE INVESTIGATIONS

- Homicide / Tivolli Lane: Two subjects were in an argument over narcotics sales. The victim, Paul January, was shot one time with a shotgun and died at the scene. Investigators from Homicide, the Crime Impact Team and the Victorville Station eventually identified and caught the suspect two days later. The suspected admitted to the homicide and is now in custody.

  This residence was the subject of drug activity. Numerous neighbors called into the Sheriff's Department a few days prior to the incident. The Crime Impact Team had gone to the neighborhood, identified the residence, and was preparing a search warrant for drugs just prior to the homicide occurring.

- Attempt Murder: At the Doris Davies Park there was a stabbing where the victim nearly bled to death at the scene. Detectives tracked the suspect and after three days were able to apprehend him and take him into custody. The suspect admitted to the attempt murder, and the District Attorney has filed charges on the suspect.

- Armed Robbery: The Barrel House liquor store on "D" Street was robbed by two black males. Fingerprints identified the two suspects, and warrants are currently active in the system for the two suspects.

GANG SUPRESSION

Arrests 20 Gang Cards 45

VICTORVILLE CITY GANG UNIT

- The Victorville City Gang Unit deputies attended the week-long California Gang Investigators Association Conference in Anaheim, receiving training and gang updates.

OTHER EVENTS

- July 9th – Arrest of Copper Thieves
  On the above date, at about 0123 hours, a Sheriff's sergeant was on routine patrol in the 1100 block of Carolina Street. This is the area containing the closed hospital building on the SCLA. The sergeant found three suspects inside the building stealing copper wire. They had intended to steal the wire and take it to a recycler.

- July 30th – Fatal Traffic Collision
  In the early morning hours, deputies responded to a report of a traffic collision on Highway 395 north of Bear Valley Road. Upon arrival it was discovered a Ford Thunderbird had been southbound on Highway 395 when it crossed the centerline of the roadway and collided head-on with a northbound Buick. The drivers of both vehicles were pronounced dead at the scene. One passenger also died at the scene and another passenger was pronounced dead at Desert Regional Medical Center in Palm Springs. The collision is under investigation.

CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: Adair M. Patterson ap/aon
Director of Finance

DATE: August 23, 2006

SUBJECT: **CITY OF VICTORVILLE'S QUARTERLY TREASURER'S REPORT**

RECOMMENDATION: FOR COUNCIL'S INFORMATION

FISCAL IMPACT: None

Budget Amount: None

Budget Account No.: None

--Finance Dept. Use Only--
Additional Appropriation:

____ No
____ Yes/$Amount:

Finance Director Review and
Approval ap/aon

DISCUSSION: With passage of Chapter 687, Statutes of 2000 (AB 943, Dutra), cities and counties are required to forward copies of their second and fourth quarter calendar year investment portfolio reports to the California Debt and Investment Advisory Commission (CDIAC). The City of Victorville Investment Policy also requires the Director of Finance to prepare a Quarterly Investment Report, including a management summary that provides an analysis of the status of the current investment portfolio.

The Quarterly Investment Report shall include: Type of investment instruments; issuer names; maturity date; par value of investment; current rate of interest; purchase price; current market value and the source of the valuation; overall portfolio yield based on cost; and weighted average days to maturity.

The second and fourth quarter Investment Report shall be submitted to the California Debt and Investment Advisory Commission within 60 days after the close of the quarter.

AMP/cb
Agenda Item/Investment Policy

Attachment

Consent
#6D4
9-5-06

INVESTMENTS
These investments comply with the City's adopted investment policy 6/30/2006

Custodian/ Description	Purchase date	Maturity date	Days to maturity	Interest rate	Par Value	Market Value	Book Value
Bank of America, Checking			1	0.00%	4,420,953.86	4,420,953.86	4,420,953.86
Union Bank of California:							
Federal Home Loan Bank	6/30/2003	6/30/2008	720	2.75%	2,000,000.00	1,898,120.00	2,000,000.00
Federal Home Loan Bank	7/30/2003	7/30/2008	750	3.36%	2,000,000.00	1,918,120.00	2,000,000.00
Federal Home Loan Bank	7/30/2003	7/30/2008	750	3.40%	2,000,000.00	1,920,000.00	2,000,000.00
Federal Home Loan Bank	10/21/2003	10/21/2008	831	4.10%	571,428.57	554,822.86	571,428.57
Federal Home Loan Bank	3/19/2004	3/19/2009	979	4.00%	980,000.00	942,946.20	980,000.00
Federal Home Loan Bank	3/23/2004	3/26/2009	986	4.00%	1,000,000.00	963,750.00	1,000,000.00
Federal Home Loan Bank	4/30/2004	4/30/2009	1020	4.05%	2,000,000.00	1,927,500.00	2,000,000.00
Federal Home Loan Bank	2/28/2006	8/28/2007	418	5.00%	2,000,000.00	1,988,120.00	2,000,000.00
Federal Home Loan Bank	3/8/2006	3/8/2007	248	5.00%	2,000,000.00	1,991,260.00	2,000,000.00
Federal Home Loan Bank	3/28/2006	2/28/2007	238	5.05%	2,000,000.00	1,992,500.00	2,000,000.00
Federal Home Loan Bank	3/29/2006	12/29/2006	179	5.05%	2,000,000.00	1,994,380.00	2,000,000.00
Federal Home Loan Bank	4/20/2006	10/20/2006	110	5.00%	2,000,000.00	1,996,880.00	2,000,000.00
Local Agency Investment Fund							
City of Victorville			1	4.53%		110,679,411.87	110,679,411.87

TOTAL INVESTMENTS	**THIS QUARTER**	**135,651,794.30**
	LAST QUARTER	125,407,108.03
	Increase(decrease)from last quarter	10,244,686.27
	AVERAGE INTEREST RATE	4.34%
	WEIGHTED AVERAGE MATURITY	84

The above investments are consistent with the City's Investment Policy and Government Code Section 53646. All investment transactions during this period are included in this report. As Treasurer and Director of Finance of the City of Victorville, we hereby certify that sufficient investment liquidity and anticipated revenue are available to meet the next six(6) month's estimated expenditures.
All securities are "Marked-to-Market" on a quarterly basis by Interactive Data's automatic pricing service.

Adair Patterson /ao

Adair M. Patterson
Director of Finance

BOND ISSUES

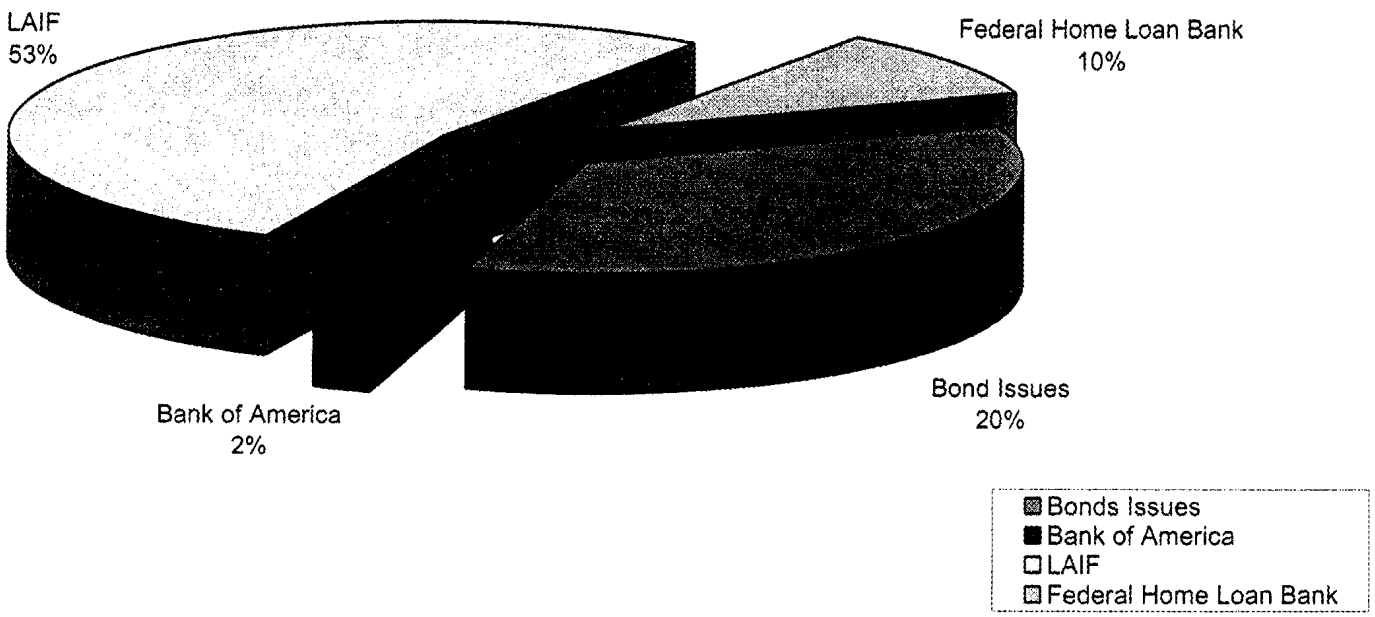
Funds in this category are held by a trustee which is governed by the bond documents

Custodian/ Description	District	Description	Avg Interest Rate (1)	Market Value
US Bank Corporate Trust/ Money Market	Mojave Desert and Mountain JPA, Refunding Bonds Series 2004	Victor Valley Material Recovery Facility (Reserve, AV and VV Payment accounts)	4.35%	608,297.99
BNY Western Trust Co./ Money Market	CFD 90-1 Series 2005A	CFD (Bond Proceeds, Interest and Reserve accounts)	4.36%	1,143,133.59
BNY Western Trust Co./ Money Market	CSDA 97 Series EE	Park and Rec, refund certificates of participation (Lease Payment and Reserve accounts)	4.36%	131,547.28
BNY Western Trust Co./ Money Market	SCLA Tax Allocation Series 2003	SCLA Airport Project (Special Fund, Expense and Reserve accounts)	4.36%	13,288.96
BNY Western Trust Co./ Money Market	SCLA Tax Allocation Series 2005A	SCLA Airport Project (Reserve and Expense accounts)	4.36%	2,505,985.49
BNY Western Trust Co./ Money Market	SCLA Tax Allocation Revenue Parity Bonds Series 2006	SCLA Airport Project (Reserve, Bond Proceeds and Expense accounts)	4.36%	30,014,775.55
BNY Western Trust Co./ Money Market	SCLA Tax Allocation Revenue Parity Bonds Refunding Series 2006	SCLA Non-Housing Refunding (Reserve account)	4.36%	4,504,645.68
BNY Western Trust Co./ Money Market	SCLA Housing Set-Aside Revenue Bonds Refunding Series 2006	SCLA Housing Refunding (Reserve Account)	4.36%	1,209,394.76
BNY Western Trust Co./ Money Market	SCLA Revenue Notes Series 2005A	SCLA Airport Project/Developer Loan (Capitalized Interest, Loan and Cost of Issuance accounts)	4.36%	12,344.94
BNY Western Trust Co./ Money Market	SCLA Revenue Notes Series 2006A	SCLA Airport Project/Developer Loan (Capitalized Interest, Revenue and Cost of Issuance accounts)	4.36%	762,812.53

Custodian/ Description	District	Description	Avg Interest Rate (1)	Market Value
BNY Western Trust Co./ Money Market	VVRDA Series 2002A	Bear Valley Rd. Redevelopment Project (Bond Proceeds, Special Escrow, Special Interest, Special Fund, Reserve and Interest accounts)	4.36%	2,296,591.24
BNY Western Trust Co./ Money Market	VVRDA Refunding Series 2003A	Bear Valley Rd. Redevelopment Project (Special Fund, Interest, Principal and Reserve accounts)	4.36%	281,236.84
BNY Western Trust Co./ Money Market	VVRDA Refunding Series 2003B	Bear Valley Rd. Redevelopment Project (Special, Interest, Principal and Reserve accounts)	4.36%	143,301.10
BNY Western Trust Co./ Money Market	VVRDA Series 2006A	Bear Valley (Cost of Issuance, Reserve and Project Fund accounts)	4.36	21,800,163.83
BNY Western Trust Co./ Money Market	CFD 01-01 Series A	Eagle Ranch/2005A (Construction, Bond, Reserve and Administration accounts)	4.36%	3,582,735.37
BNY Western Trust Co./ Money Market	Victorville Joint Powers Series 2005A	VJPFA (Lease Payment, Reserve and Construction accounts)	4.36%	3,849,491.89
TOTAL BOND PROCEEDS		**THIS QUARTER**		**72,859,747.04**
		LAST QUARTER		29,773,451.86
		Increase(decrease) from last quarter		43,086,295.18

Note 1: Interest rate changes on a daily basis for money market funds. Trustee Statements give the average annual interest rate for the month of the statement. The interest rates listed on this report are an average interest rate for the last quarter.

City of Victorville Investment Summary
June 30, 2006
$208,048,511.83 Market Value



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CITY OF
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760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: 9-5-06

SUBMITTED BY: Carolee Bates
City Clerk

DATE: 8-29-06

SUBJECT: PRESENTATION OF ORDINANCE NOS. 2171 AND 2172 FOR SECOND READING AND ADOPTION BY THE CITY COUNCIL

RECOMMENDATION: That the City Council waive further reading and adopt Ordinance Nos. 2171 and 2172

Grant a 16th Amendment to Specific Plan 2-88 (Mesa Verde)
Adopt a Planned Unit Development PUD-06-001

DISCUSSION: At a regular City Council meeting held August 15, 2006, the City Council conducted a public hearing and introduced the above-referenced Ordinances. Accordingly, these Ordinances are presented for second reading and possible adoption at this time.

CB/dl
Attachments

ORDINANCE NO. 2171

AN ORDINANCE OF THE CITY OF VICTORVILLE GRANTING A SIXTEENTH AMENDMENT TO SPECIFIC PLAN 2-88 (MESA VERDE) TO: A) REVISE THE CIRCULATION ELEMENT; AND B) TO REVISE THE LAND USE OVERLAY DESIGNATION IN PLANNING AREA 22 FROM MULTI-FAMILY RESIDENTIAL (HIGH DENSITY) AND SINGLE-FAMILY RESIDENTIAL (MEDIUM DENSITY) TO SINGLE-FAMILY RESIDENTIAL (MEDIUM DENSITY) – OVERLAND OPPORTUNITY FUND, LLC

Overland Opportunity Fund, LLC has initiated a request for a sixteenth amendment to Specific Plan 2-88 (Mesa Verde) to: A) revise the circulation element; and B) to revise the land use overlay designation in Planning Area 22 from multi-Family Residential (High Density) and Single-Family Residential (Medium Density) to Single-Family Residential (Medium Density), on property in the City of Victorville, County of San Bernardino, State of California, particularly described as follows:

Lot 22 of Tract Map 13990 per map recorded in Book 228, pages 76 through 84, inclusive, records in the City of Victorville, San Bernardino County, State of California; and

Pursuant to Title 7, Division I, Chapter 3 of the Government Code of the State of California, a public hearing was conducted on the 26th day of July, 2006, to hear arguments for and against the Specific Plan Amendment, and after hearing all testimony offered, the Planning Commission adopted Resolution No. P-06-207, which recommended to the City Council the adoption of the Specific Plan Amendment.

WHEREAS, a Negative Declaration for the proposed Specific Plan Amendment has been presented to the Planning Commission, and each member having reviewed and considered the information therein, and the Planning Commission having determined that the proposed Specific Plan Amendment will not have an effect on the environment and therefore recommends adoption by the City Council.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF VICTORVILLE DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. A sixteenth amendment to Specific Plan 2-88 (Mesa Verde) to: A) revise the circulation element; and B) to revise the land use overlay designation in Planning Area 22 from multi-Family Residential (High Density) and Single-Family Residential (Medium Density) to Single-Family Residential (Medium Density) on property generally located at the northwest corner of Creosote Drive and Cantina Drive, be adopted.

ORDINANCE NO. 2172

AN ORDINANCE OF THE CITY OF VICTORVILLE ADOPTING A PLANNED UNIT DEVELOPMENT PUD-06-001 TO ALLOW FOR THE DEVELOPMENT OF A 286-LOT SINGLE-FAMILY PLANNED RESIDENTIAL DEVELOPMENT AND A TENTATIVE TRACT TO ALLOW FOR THE DEVELOPMENT OF A 286-LOT SINGLE-FAMILY RESIDENTIAL SUBDIVISION ON PROPERTY LOCATED NORTH OF SENECA ROAD, SOUTH OF HOOK BOULEVARD, EAST OF TOPAZ ROAD AND WEST OF DIAMOND ROAD – BRENTWOOD INVESTORS, LP AND TAGGART INVESTMENTS, INC.

THE CITY COUNCIL OF THE CITY OF VICTORVILLE DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. A 286-lot single-family residential planned unit development is hereby approved on property particularly described as follows:

The North ½ of the West ½ of the West ½ of the Southwest ¼; and the North ½ of the East ½ of the West ½ of the Southwest ¼; and the South ½ of the West ½ of the West ½ of the Southwest ¼ of Section 14, Township 5 North, Range 5 West, San Bernardino Base and Meridian, County of San Bernardino, State of California, and
Parcels 1, 2 and 3 of Parcel Map No. 3331 per map recorded in Book 33, page 77, inclusive, records in the City of Victorville, San Bernardino County, State of California; and

SECTION 2. The zone classification of the property hereinabove described is hereby designated PUD, Planned Unit Development, in conjunction with Tentative Tract TT-06-013.

SECTION 3. The Official Zoning Map of the City of Victorville dated June 5, 2006, as amended, referred to in Chapter 18.84 of the Victorville Municipal Code, is hereby amended by changing the classification of the above-described property as provided in Title 18 thereof.

SECTION 4. Additional Development Standards and Use Regulations. All other aspects of development shall be regulated by Title 18 as it applies to all Single Family Residential District (R-1) properties.

SECTION 5. This ordinance shall be in full force and effect thirty days from the date of adoption and when all fees are paid pursuant to Public Resources Code Section 21089.

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CITY OF
VICTORVILLE

(760) 955-5000
FAX (760) 245-7243
E-mail: vville@ci.victorville.ca.us

14343 Civic Drive
P.O. Box 5001
Victorville, CA 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: Adair M. Patterson ap/am
Director of Finance

DATE: August 28, 2006

SUBJECT: **Contract Award - Project # CC07-007 – Various Golf Equipment**

RECOMMENDATION: That the Honorable City Council award a contract to Golf Ventures West Company for the purchase of Various Golf Equipment under CMAS for the amount of $127,114.84.

FISCAL IMPACT: $ 127,114.84
Budget Amount: $130,000.00
Budget Account No.: 540400-25500-80301-00000-52216 = $46,623.79 / 540400-20200-80500-00000-52216 = $33,783.58
540400-25500-80300-00000-52216 = $46,707.47

--Finance Dept. Use Only--
Additional Appropriation:
✓ No
___ Yes/$Amount:

Finance Director Review and Approval ap/am

DISCUSSION:

Purchasing Division and Community Services have discussed to take advantage of the State of California contract available through California Multiple Award Schedules (CMAS) from Golf Ventures West Company. According to Purchasing Division, utilizing CMAS contract fulfills the legal obligation to advertise and receive competitive bids.

California Multiple Award Schedules (CMAS), Contract #04-05-51-0016A, Contract Period: 10/20/05 through 12/31/2006.

Sufficient funds are available to cover the cost of this purchase.

AMP/jvm/cc
projects\cc-approval cc07-007

cc: Jon Gargan, Director of Community Services

Consent
#6F
9-5-06

To John M

MEMORANDUM

DATE: August 21, 2006

FROM: Jon E. Gargan
Director of Community Services Dept.

TO: Adair M. Patterson
Director of Finance

RECEIVED
AUG 21 2006
PURCHASING

SUBJECT: REQUEST FOR PURCHASING SERVICES: GOLF/PARK EQUIPMENT

C007-007

GENERAL INFORMATION:

Request for:
_____ RFP (Request for Proposal) (under $25,000)
__X__ RFP (Request for Proposal) (over $25,000)
_____ Sealed Bid Package (under $25,000)
_____ Sealed Bid Package (over $25,000.)
_____ Purchasing (Buyer) Assistance (Quotes, research, etc.)

Project Name: PARKS AND GOLF VARIOUS EQUIPMENT – PURCHASE THROUGH CMAS

Department Contact Person: Ray Salberg Phone : 955-5270

BUDGET INFORMATION:

Amt. Budgeted for this Purchase/Project $127,114.85

Budget Code(s):	Percent:
(WW051) 540400-80301-00000-52216 ok	$46,623.79 ~~$46,707.47~~
(WS051) 540400-80500-00000-52216 ok	$33,783.58 ✓
(GT051) 540400-80300-00000-52216 ok	$46,707.47 ✓

127,194.84

SPECIFICATIONS/VENDORS: ☐ attached
Please attach typed specifications (hardcopy as well as on disk) together with any drawings or diagrams. If available, include a list of any suggested sources, contractors, vendors with complete addresses, phone numbers and contact persons.

TIMELINE: ☐ attached
Realizing that in most cases a formal sealed bid requires a minimum of 45 days - please indicate any critical dates, or timeline information pertinent to this bid/purchase.

SPECIAL NOTES:

Submitted by Ray Salberg
Golf Course and Grounds Manager

C:\Documents and Settings\mchisolm.COV\Local Settings\Temporary Internet Files\OLK8C\request for purchasing assistance.doc

CMAS CONTRACTOR PACKET

EXHIBIT Q – PAYEE DATA RECORD

STATE OF CALIFORNIA-DEPARTMENT OF FINANCE

PAYEE DATA RECORD

(Required when receiving payment from the State of California in lieu of IRS W-9)

STD. 204 (Rev. 6-2003)

1 INSTRUCTIONS: Complete all information on this form. Sign, date, and return to the State agency (department/office) address shown at the bottom of this page. Prompt return of this fully completed form will prevent delays when processing payments. Information provided in this form will be used by State agencies to prepare Information Returns (1099). See reverse side for more information and Privacy Statement.
NOTE: Governmental entities, federal, State, and local (including school districts), are not required to submit this form.

2

PAYEE'S LEGAL BUSINESS NAME (Type or Print): GOLF VENTURES WEST, LLC

SOLE PROPRIETOR – ENTER NAME AS SHOWN ON SSN (Last, First, M.I.):

E-MAIL ADDRESS: JMONTELEONE@GVWEST.COM

MAILING ADDRESS: 1475 SAMPSON AVE.

BUSINESS ADDRESS: 1475 SAMPSON AVE.

CITY, STATE, ZIP CODE: CORONA CA 92879

CITY, STATE, ZIP CODE: CORONA CA 92879

3 PAYEE ENTITY TYPE – CHECK ONE BOX ONLY

ENTER FEDERAL EMPLOYER IDENTIFICATION (FEIN): 20-1047791

NOTE: Payment will not be processed without an accompanying taxpayer I.D. number.

- ☐ PARTNERSHIP
- ☐ ESTATE OR TRUST
- CORPORATION:
  - ☐ MEDICAL (e.g., dentistry, psychotherapy, chiropractic, etc.)
  - ☐ LEGAL (e.g., attorney services)
  - ☐ EXEMPT (nonprofit)
  - ☑ ALL OTHERS LLC
- ☐ INDIVIDUAL OR SOLE PROPRIETOR ENTER SOCIAL SECURITY NUMBER: ___-___-____

(SSN required by authority of California Revenue and Tax Code Section 18646)

4 PAYEE RESIDENCY STATUS

- ☑ California resident – Qualified to do business in California or maintains a permanent place of business in California
- ☐ California nonresident (see reverse side) – Payments to nonresidents for services may be subject to State income tax withholding
  - ☐ No services performed in California.
  - ☐ Copy of Franchise Tax Board waiver of State withholding attached

5

I hereby certify under penalty of perjury that the information provided on this document is true and correct. Should my residency status change, I will promptly notify the State agency below.

AUTHORIZED PAYEE REPRESENTATIVE'S NAME (Type or Print): JOE MONTELEONE

TITLE: ASST. SALES MGR

SIGNATURE: [signature]

DATE: 7-19-05

TELEPHONE: (951) 817-3131

6 Please return completed form to:

Department/Office: Department of General Services; Procurement Division

Unit/Section: CMAS Section

Mailing Address: 707 3rd Street, 2nd Floor

City/State/Zip: West Sacramento, CA 95605

Telephone: (916) 375-4365 Fax: (916) 375-4663

E-mail Address: cmas@dgs.ca.gov

Golf Ventures West

A Medallion Company

CMAS Approved Contractor

Always Low Prices!

CalSAVE Where Smart Schools Shop www.calsave.org

A service of the Monterey County Office of Education

Contract Effective Dates & Contract Specific Details

[redacted] Effective Dates: 10/20/05 through 11/30/2010
GSA Contract Number: GS-06F-0042K
CMAS Contract Number: 4-05-51-0016A

Vehicle Contract Effective Dates: 10/20/05 through 12/31/2006
GSA Contract Number: GS-07F-0013M
CMAS Contract Number: 4-05-78-0028A

CMAS Maximum Order Limits: $100,000.00
(Local governments are exempt)

CalSAVE Maximum Equipment Order Limits: $120,000.00

CalSAVE Maximum Vehicle Order Limits: $500,000.00

CMAS Quantity Discounts: 1% per 100,000.00 order

CMAS DGS Administrative Fee: 2.48% of value of order
Please see DGS Price Book at maximum of $7,500.00
www.dgs.ca.gov/publications as of 11/01/05
for current fees

Department of General Services
Procurement Division
707 Third Street, 2nd Floor
West Sacramento, CA 95605-2811

State of California

MULTIPLE AWARD SCHEDULE

Golf Ventures West, LLC

4-05-78-0028A -	Lawn/AG Equip-Accessories Lawn/AG-Equip-Mower Lawn/AG-Equip-Sprayer Vehicle-Utility Electric Vehicle-Utility Gas Vehicle-Utility Multi-Purpose

(Above descriptions for marketing purposes only. Review contract for products/services available.)

CONTRACT NUMBER:	4-05-78-0028A
CMAS TERM DATES:	10/20/2005 through 12/31/2006
DISTRIBUTION:	STATEWIDE

NOTICE: Products and/or services on this CMAS contract may be available on a mandatory Strategically Sourced (CSSI) Contract. If this is the case, the use of this CMAS contract is restricted unless the State agency has an approved exemption pursuant to MM 05-11, and as further explained in the CSSI Contract User Instructions. Information regarding CSSI contracts can be obtained at the website: www.pd.dgs.ca.gov/stratsourcing. This requirement is not applicable to local government entities.

The most current Ordering Instructions and Special Provisions and CMAS Terms and Conditions, products and/or services and pricing are included herein. All purchase orders issued under this contract incorporate the following Ordering Instructions and Special Provisions and CMAS Terms and Conditions dated May 2005.

Agency non-compliance with the requirements of this contract may result in the loss of delegated authority to use the CMAS program.

Contractor non-compliance with the requirements of this contract may result in contract termination.

Effective Date: **10/20/2005**

CATHLEEN GUILDAY, Program Analyst, California Multiple Award Schedules Unit

TOURNAMENT GOLF PRICE LIST CONTENTS

Effective November 14, 2005

Product Line / Model	Page Number (TG-)
Greens and Tee Mowers	
PGM 22 Greens Mower & Mower Caddy™	1 – 2
Greens King™ 518A, 522A, 526A Walk-Behind Greens Mowers	1 – 2
Tournament Cut-22	3
E-Walk Greens Mower	4
Greens King™ IV Triplex Greens Mowers	5
Greens King™ VI Triplex Greens Mowers	6
Jacobsen G-Plex® III	7 – 8
Jacobsen E-Plex™ II	9
Turf Groomer® for Riding Greens Mowers and LF Mowers	17
Fairway and Trim Mowers	
Tri-King® Triplex Mowers 1800/1900 Series	10 – 11
Super LF-1880	12
LF-3400™/LF-3800™ Lightweight Fairway Mowers	13 – 14
LF-4675™ / LF-4677™ 7-Gang Lightweight Fairway Mowers	15 – 16
Turf Groomer® for Riding Greens Mowers and LF Mowers	17
Tow-Behind Mowers	
5/7 Gang Ram Lift Ranger™ Frames	18
Gang Mower Reels, Wheels, Accessories	18
214 Verticut	18
Turfcat® Out-Front Rotaries	
600 Series Turfcat®	19 – 20
Large Area Rotary Mowers	
HR-4600™ Turbo	21
HR-6010™ 4WD Rotary Mower	22
HR-5111™ 4WD Hydraulic Rotary Mower	23
HR-9016™ Turbo	24
AR-5 Fine Cut Rotary Mower	25
Renovation and Finishing Equipment	
Rotary Trim Mower / Blower	26
Ryan Turf Equipment	27

CITY OF
VICTORVILLE

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P.O. Box 5001
Victorville, CA 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: Jon E. Gargan
Director of Community Services

DATE: August 23, 2006

SUBJECT: REQUESTING THE 80% RELEASE OF FAITHFUL PERFORMANCE BONDS FOR THE LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT FOR TRACT 16479.

TRACT NUMBER	BOND NUMBER	FAITHFUL PERFORMANCE	LABOR AND MATERIALS
16479	08724156	$178,398.00	$89,199.00

Developer: KB Home Greater Los Angeles Inc.
Attn: Leslie Cross
801 Corporate Center Dr. Suite 201
Pomona, CA 91768

RECOMMENDATION: That the City Council approve the 80% release of the Faithful Performance Bonds in the amount of $142,718.40.

FISCAL IMPACT: None

Budget Amount:_____Budget Account No._____

---Finance Dept. Use Only---
Additional Appropriation:
___✓___ No
_____ Yes/$Amount:_____Finance Director Review & Approval ap/asm

DISCUSSION: The developer, KB Home Greater Los Angeles Inc., has completed the required landscaping improvements along Amethyst Road and Hook Boulevard for Tract 16479. Therefore, it is recommended that 80% of the Faithful Performance Bonds be released at this time, as per (Ordinance 999 § 1 (part) 1985. The remaining 20% of the bonds will be held until the one-year warranty period has been fulfilled. A request for the full release of the Labor and Materials Bonds will be submitted for the first City Council meeting in February 2007 at the end of the required six-month waiting period. A vicinity map and copies of the bonds are attached for review.

JEG:RAS:mm

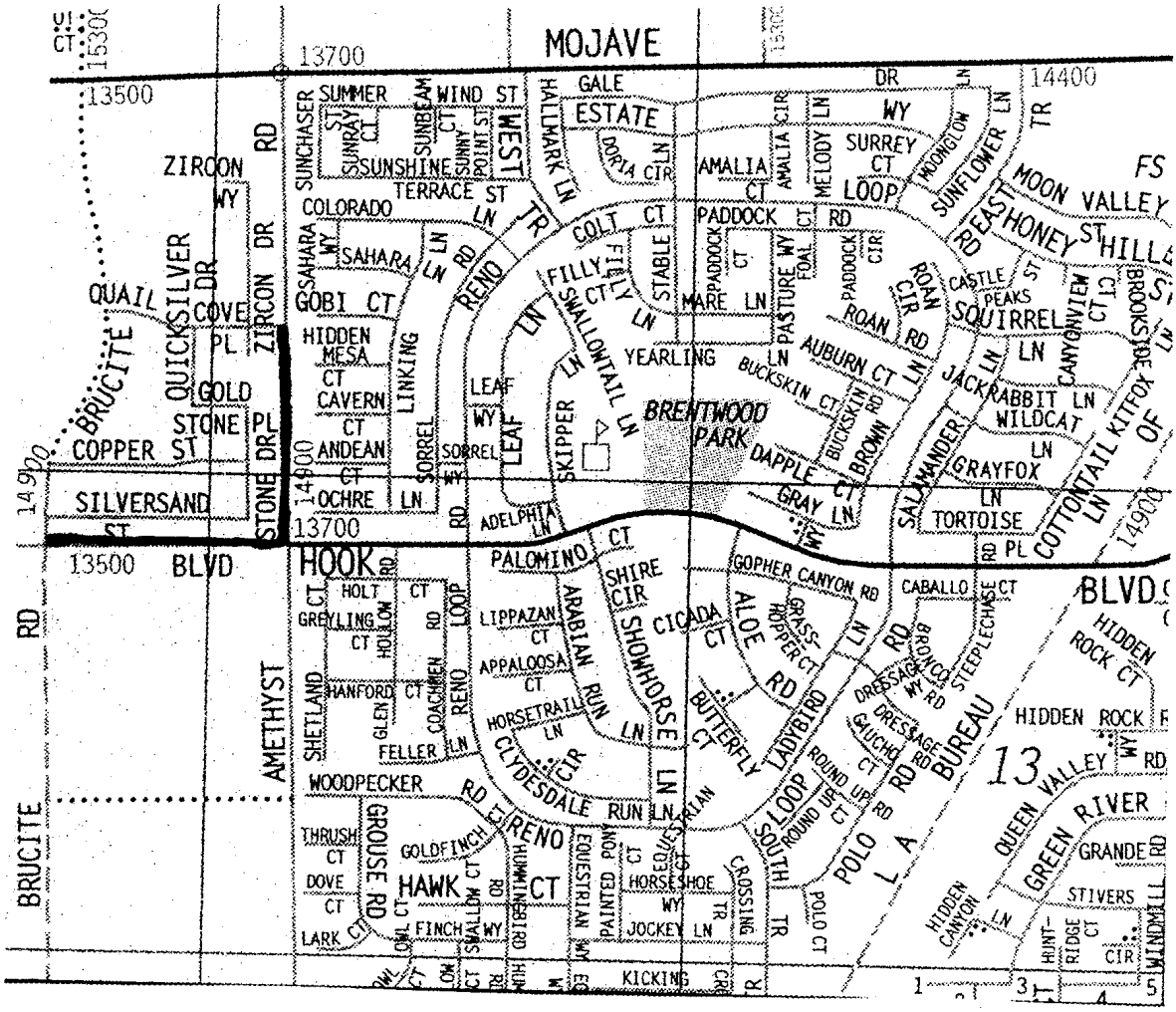
Attachments: Map
Bonds

Consent
#6G
9-5-06

TRACT 16479

Site Map

N



BOND NO.: 08724156
PREMIUM: $1,338.00

FAITHFUL PERFORMANCE BOND
SUBDIVISION

KNOW ALL MEN BY THESE PRESENTS, That we, KB HOME Greater Los Angeles Inc., as Principal, and Fidelity and Deposit Company of Maryland, as Surety, are held and firmly bound unto City of Victorville, as Obligee, in the sum of One Hundred Seventy Eight Thousand Three Hundred Ninety Eight and NO/000 Dollar ($178,398.00), lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves jointly and severally, firmly by these presents.

THE CONDITION OF THE FOREGOING OBLIGATION IS SUCH, That, Whereas, said Principal has entered into a Subdivision Agreement with said Obligee, dated _____, _____, in which said Principal agrees to construct improvements in Subdivision known Lexington at Victorville Tract 16479

Landscaping along Amethyst and Hook Boulevards

and, as a condition of approving said Subdivision, the Principal is required to give a bond to guarantee completion of said improvements.

NOW, THEREFORE, if the said Principal shall well and truly do and perform all the covenants and obligations of said agreement on its part to be done and performed at the time and in the manner specified therein, then this obligation shall be null and void; otherwise, it shall be and remain in full force and effect and, in addition, Surety agrees to pay reasonable attorneys' fees in the event that it becomes necessary to bring an action to enforce this bond.

Signed and sealed on September 17, 2003

Principal: KB HOME Greater Los Angeles Inc.

By _____
GLEN T. CROSBY
DIRECTOR - FORWARD PLANNING

Surety: Fidelity and Deposit Company of Maryland

By _____
Maria Peña, Attorney-in-Fact

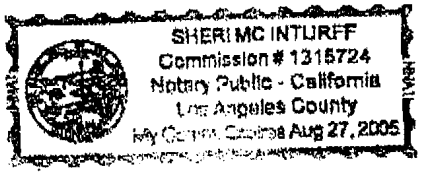
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Los Angeles

On September 29, 2003 before me, Sheri McInturff, Notary Public, personally appeared Glen T. Crosby, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Sheri McInturff

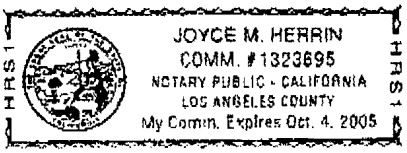
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Los Angeles

On September 17, 2003 before me, Joyce M. Herrin, Notary Public, personally appeared Maria Peña, personally known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Joyce M. Herrin

Power of Attorney
FIDELITY AND DEPOSIT COMPANY OF MARYLAND
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY

KNOW ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, and the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, corporations of the State of Maryland, by PAUL C. ROGERS, Vice President, and T. E. SMITH, Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Companies, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, does hereby nominate, constitute and appoint **Maria PENA and Joyce HERRIN, both of Los Angeles, California, EACH** its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed, any and all bonds and undertakings and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Companies, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons.

The said Assistant Secretary does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article VI, Section 2, of the By-Laws of said Companies, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seals of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, and the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, this 19th day of May, A.D. 2003.

ATTEST:

FIDELITY AND DEPOSIT COMPANY OF MARYLAND
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY

FIDELITY AND DEPOSIT COMPANY OF MARYLAND INCORPORATED 1898

COLONIAL AMERICAN CASUALTY AND SURETY COMPANY SEAL

T. E. Smith By: Paul C. Rogers

T. E. Smith *Assistant Secretary* *Paul C. Rogers* *Vice President*

State of Maryland }
City of Baltimore } ss:

On this 19th day of May, A.D. 2003, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, came PAUL C. ROGERS, Vice President, and T. E. SMITH, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, and the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself deposeth and saith, that they are the said officers of the Companies aforesaid, and that the seals affixed to the preceding instrument is the Corporate Seals of said Companies, and that the said Corporate Seals and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporations.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.

SANDRA LYNN MOONEY NOTARY PUBLIC HOWARD COUNTY, MD

Sandra Lynn Mooney

Sandra Lynn Mooney *Notary Public*
My Commission Expires: January 1, 2004

BOND NO.: 08724156
PREMIUM: Included

LABOR AND MATERIAL BOND
SUBDIVISION

KNOW ALL MEN BY THESE PRESENTS, That we, KB HOME Greater Los Angeles Inc., as Principal, and Fidelity and Deposit Company of Maryland, as Surety, are held and firmly bound unto City of Victorivlle, as Obligee, in the sum Eighty Nine Thousand One Hundred Ninety Nine and NO/000 Dollar ($ 89,199.00), lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves jointly and severally, firmly by these presents.

THE CONDITION OF THE FOREGOING OBLIGATION IS SUCH, That, Whereas, said Principal has entered into a Subdivision Agreement with said Obligee, dated _____, _____, in which said Principal agrees to construct improvements in Subdivision known Lexington at Victorville Tract 16479.

Landscaping along Amethyst and Hook Boulevards

and, as a condition of approving said Subdivision, the Principal is required to give a bond to guarantee completion of said improvements.

NOW, THEREFORE, if the said Principal or any contractor or subcontractor fails to pay for any materials, provisions, or rented equipment used in, upon, or for or about the construction of the public improvements or performance of the work to be done, or for any work or labor done of any kind, in or on such improvements, said Surety will pay the same in an amount not exceeding the sum set forth above and, in addition, the Surety agrees to pay reasonable attorneys' fees in the event that it becomes necessary to bring an action to enforce this bond.

This bond shall inure to the benefit of the contractor, his subcontractors, and to persons renting equipment or furnishing labor or materials to them for the improvements.

Signed and sealed on September 17, 2003

Principal: KB HOME Greater Los Angeles Inc.

By _____
GLEN T. CROSBY
DIRECTOR - FORWARD PLANNING

Surety: Fidelity and Deposit Company of Maryland

By _____
Maria Pena, Attorney-in-Fact

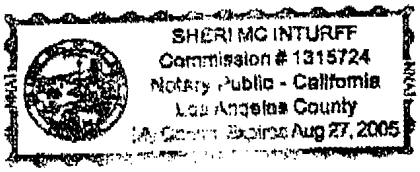
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Los Angeles

On September 29, 2003 before me, Sheri McInturff, Notary Public, personally appeared Glen T. Crosby, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Sheri McInturff

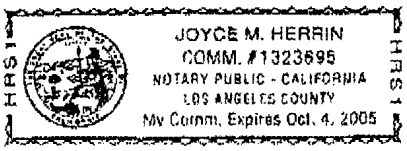
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Los Angeles

On September 17, 2003 before me, Joyce M. Herrin, Notary Public, personally appeared Maria Peña, personally known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Joyce M. Herrin

Power of Attorney
FIDELITY AND DEPOSIT COMPANY OF MARYLAND
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY

KNOW ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, and the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, corporations of the State of Maryland, by PAUL C. ROGERS, Vice President, and T. E. SMITH, Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Companies, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, does hereby nominate, constitute and appoint **Maria PENA and Joyce HERRIN, both of Los Angeles, California, EACH** its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: **any and all bonds and undertakings** and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Companies, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons.

The said Assistant Secretary does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article VI, Section 2, of the By-Laws of said Companies, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seals of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, and the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, this 19th day of May, A.D. 2003.

ATTEST:

FIDELITY AND DEPOSIT COMPANY OF MARYLAND
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY

FIDELITY AND DEPOSIT COMPANY OF MARYLAND INCORPORATED 1896

COLONIAL AMERICAN CASUALTY AND SURETY COMPANY SEAL

T. E. Smith

T. E. Smith *Assistant Secretary*

By: *Paul C. Rogers* *Vice President*

State of Maryland }
City of Baltimore } ss:

On this 19th day of May, A.D. 2003, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, came PAUL C. ROGERS, Vice President, and T. E. SMITH, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, and the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself deposeth and saith, that they are the said officers of the Companies aforesaid, and that the seals affixed to the preceding instrument is the Corporate Seals of said Companies, and that the said Corporate Seals and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporations.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.

SANDRA LYNN MOONEY NOTARY PUBLIC HOWARD COUNTY, MD

Sandra Lynn Mooney

Sandra Lynn Mooney *Notary Public*
My Commission Expires: January 1, 2004

POA-F 012-3265R

CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
E-mail: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, CA 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: Jon E. Gargan
Director of Community Services

DATE: August 17, 2006

SUBJECT: REQUESTING THE 30% RELEASE OF FAITHFUL PERFORMANCE BONDS FOR THE BRENTWOOD LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT PER ATTACHED CHART.

Developer: SunCal Companies
1250 Corona Pointe Court Suite 210
Corona, CA 92879

RECOMMENDATION: That the City Council approve the final 30% release of the Faithful Performance Bonds per the attached chart in the total amount of $240,918.63.

FISCAL IMPACT: None

Budget Amount:_____Budget Account No._____

---Finance Dept. Use Only---
Additional Appropriation:
_✓_ No
_____ Yes/$Amount:_____Finance Director
Review & Approval ap/asm

DISCUSSION: The developer, LB/L – Suncal II Victor Valley LLC, completed the required landscaping improvements along Reno Loop as indicted in the attached chart and these areas were accepted for City maintenance in August 2005. At their meeting of September 16, 2005, the City Council approved the 70% release of the attached bonds, as per (Ordinance 999 § 1 (part) 1985. The one-year warranty period has been fulfilled and it is now requested that the remaining 30% of the Performance Bonds be released. A site map and copies of the bonds are attached for reference.

JEG:RAS:mm

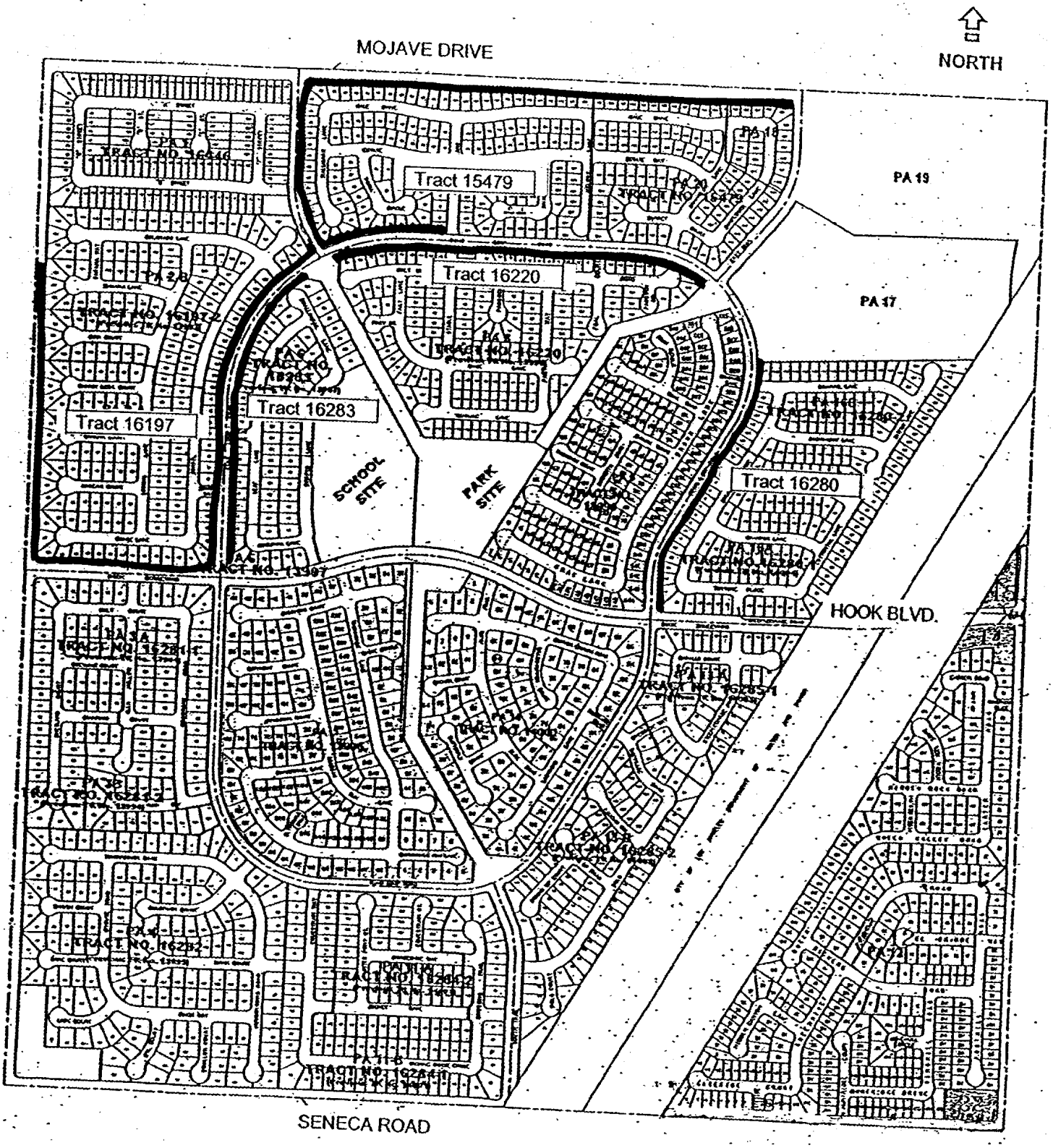
Attachments: Bond Chart
Map
Bonds

Consent
#6H
9-5-06

BRENTWOOD LMAD # 3
BOND RELEASE FOR NORTHERN PORTION OF RENO LOOP

TRACT NUMBER	LOCATION	BOND NUMBER	FAITHFUL PERFORMANCE	LABOR AND MATERIALS
15479-1	Reno Loop from	SD00080458	$19,748.00	$9,874.00
15479-2	Stable to Mojave	SD00080459	$94,797.00	$47,398.50
15479-3	to East Trail	SD000880460	$30,376.00	$15,188.00
15479-4		SD000880461	$18,821.00	$9,410.50
16197-1	West Trail / east side Reno Loop to Hook	3SM 049 104 00	$199,271.70	$99,608.85
16197-2	and up Amethyst	3SM 049 106 00	$149,926.92	$74,963.46
16220	south side Reno Loop	3SM 047 324 00	$136,481.40	$68,240.70
16280-1	east side of Reno Loop	3SM 049 110 00	$38,491.20	$19,245.60
16280-2	and Squirrel Lane	3SM 049 112 00	$29,586.48	$14,793.24
16283	east side of Reno	3SM 049 108 00	$85,562.40	$42,781.20
		TOTAL	$803,062.10	$401,504.05

BRENTWOOD LANDSCAPE ASSESSMENT DISTRICT # 3



Subdivision Bond California
Faithful Performance-Public Works

Bond No. SD00080458
Premium: $148.00/2 Years

SUBDIVISION BOND

KNOW ALL MEN BY THESE PRESENTS: **That LB/L SUNCAL II VICTOR VALLEY LLC, a Delaware limited liability company** as Principal, and Frontier Pacific Insurance Company, a corporation organized and existing under the laws of the State of California and authorized to transact surety business in the State of California, as Surety are held and firmly bound unto **City of Victorville** in the sum of **Nineteen Thousand Seven Hundred Forty-Eight & No/100 Dollars ($19,748)**, for the payment whereof, well and truly to be made, said Principal and Surety bind themselves, their heirs, administrators, successors and assigns, jointly and severally, firmly by these presents.

The condition of the foregoing obligation is such that, whereas the above-bounden Principal has entered into an agreement, dated_____, 19____, with the **City of Victorville** to do and perform the following work, to wit:

Landscaping- Phase 1 - Tract 15479 - Lot 7 of Tract 13843

NOW, THEREFORE, if the above-bounden Principal shall well and truly perform the work contracted to be performed under said agreement, then this obligation shall be void; otherwise to remain in full force and effect.

SIGNED, SEALED, DATED: June 16, 1999

LB/L-SUNCAL II VICTOR VALLEY LLC,
a Delaware limited liability company

By: LB/L-SUNCAL II MASTER LLC,
a Delaware limited liability company

By: LB/LAKESIDE CAPITAL PARTNERS, LLC, a Delaware limited liability company, Member

By: _____

Its: President

By: SCC ACQUISITIONS, INC.
a California corporation, Operating Member

By: _____

Its: Pres

Frontier Pacific Insurance Company

By: Todd M. Rohm
Todd M. Rohm, Attorney-in-Fact

Subdivision Bond California
Faithful Performance-Public Works

Bond No. SD00080459
Premium: $711.00/2 Years

SUBDIVISION BOND

KNOW ALL MEN BY THESE PRESENTS: **That LB/L SUNCAL II VICTOR VALLEY LLC, a Delaware limited liability company** as Principal, and Frontier Pacific Insurance Company, a corporation organized and existing under the laws of the State of California and authorized to transact surety business in the State of California, as Surety are held and firmly bound unto **City of Victorville** in the sum of **Ninety-Four Thousand Seven Hundred Ninety-Seven & No/100 Dollars ($94,797)**, for the payment whereof, well and truly to be made, said Principal and Surety bind themselves, their heirs, administrators, successors and assigns, jointly and severally, firmly by these presents.

The condition of the foregoing obligation is such that, whereas the above-bounden Principal has entered into an agreement, dated_____, 19____, with the **City of Victorville** to do and perform the following work, to wit:

Landscaping- Phase 2 - Tract 15479 - Lot 7 of Tract 13843

NOW, THEREFORE, if the above-bounden Principal shall well and truly perform the work contracted to be performed under said agreement, then this obligation shall be void; otherwise to remain in full force and effect.

SIGNED, SEALED, DATED: June 16, 1999

LB/L-SUNCAL II VICTOR VALLEY LLC,
a Delaware limited liability company

By: LB/L-SUNCAL II MASTER LLC,
a Delaware limited liability company

By: LB/LAKESIDE CAPITAL PARTNERS, LLC, a Delaware limited liability company, Member

By: _____

Its: President

By: SCC ACQUISITIONS, INC.
a California corporation, Operating Member

By: _____

Its: Pres

Frontier Pacific Insurance Company

By: Todd M. Rohm
Todd M. Rohm, Attorney-in-Fact

Subdivision Bond California
Faithful Performance-Public Works

Bond No. SD000880460
Premium: $228.00/2 Years

SUBDIVISION BOND

KNOW ALL MEN BY THESE PRESENTS: **That LB/L SUNCAL II VICTOR VALLEY LLC, a Delaware limited liability company** as Principal, and Frontier Pacific Insurance Company, a corporation organized and existing under the laws of the State of California and authorized to transact surety business in the State of California, as Surety are held and firmly bound unto **City of Victorville** in the sum of **Thirty Thousand Three Hundred Seventy-Six & No/100 Dollars ($30,376)**, for the payment whereof, well and truly to be made, said Principal and Surety bind themselves, their heirs, administrators, successors and assigns, jointly and severally, firmly by these presents.

The condition of the foregoing obligation is such that, whereas the above-bounden Principal has entered into an agreement, dated_____, 19____, with the **City of Victorville** to do and perform the following work, to wit:

Landscaping - Phase 3 - Tract 15479 - Lot 7 of Tract 13843

NOW, THEREFORE, if the above-bounden Principal shall well and truly perform the work contracted to be performed under said agreement, then this obligation shall be void; otherwise to remain in full force and effect.

SIGNED, SEALED, DATED: June 16, 1999

LB/L-SUNCAL II VICTOR VALLEY LLC,
a Delaware limited liability company

By: LB/L-SUNCAL II MASTER LLC,
a Delaware limited liability company

By: LB/LAKESIDE CAPITAL PARTNERS, LLC, a Delaware limited liability company, Member

By: _____

Its: President

By: SCC ACQUISITIONS, INC.
a California corporation, Operating Member

By: _____

Its: Pres

Frontier Pacific Insurance Company

By: Todd M. Rohm
Todd M. Rohm, Attorney-in-Fact

Subdivision Bond California
Faithful Performance-Public Works

Bond No. SD000880461
Premium: $141.00/2 Years

SUBDIVISION BOND

KNOW ALL MEN BY THESE PRESENTS: **That LB/L SUNCAL II VICTOR VALLEY LLC, a Delaware limited liability company** as Principal, and Frontier Pacific Insurance Company, a corporation organized and existing under the laws of the State of California and authorized to transact surety business in the State of California, as Surety are held and firmly bound unto **City of Victorville** in the sum of **Eighteen Thousand Eight Hundred Twenty-One & No/100 Dollars ($18,821)**, for the payment whereof, well and truly to be made, said Principal and Surety bind themselves, their heirs, administrators, successors and assigns, jointly and severally, firmly by these presents.

The condition of the foregoing obligation is such that, whereas the above-bounden Principal has entered into an agreement, dated_____, 19____, with the **City of Victorville** to do and perform the following work, to wit:

Landscaping - Phase 4 - Tract 15479 - Lot 7 of Tract 13843

NOW, THEREFORE, if the above-bounden Principal shall well and truly perform the work contracted to be performed under said agreement, then this obligation shall be void; otherwise to remain in full force and effect.

SIGNED, SEALED, DATED: June 16, 1999

LB/L-SUNCAL II VICTOR VALLEY LLC,
a Delaware limited liability company

By: LB/L-SUNCAL II MASTER LLC,
a Delaware limited liability company

By: LB/LAKESIDE CAPITAL PARTNERS, LLC, a Delaware limited liability company, Member

By: _____

Its: President

By: SCC ACQUISITIONS, INC.
a California corporation, Operating Member

By: _____

Its: _____

Frontier Pacific Insurance Company

By: Todd M. Rohm
Todd M. Rohm, Attorney-in-Fact

American Motorists Insurance Company

KEMPER.

FIRST TERM PREMIUM FULLY EARNED
Bond Number: **3SM 049 104 00**
Premium (Two Years): **$1,993.00**

SUBDIVISION BOND
FAITHFUL PERFORMANCE-PUBLIC WORK

KNOW ALL MEN BY THESE PRESENTS: That, **LB/L-SUNCAL II VICTOR VALLEY LLC, A Delaware Limited Liability Company**, as Principal, and the **AMERICAN MOTORISTS INSURANCE COMPANY**, a corporation organized and existing under the laws of the State of Illinois and authorized to transact surety business in the State of **California** as Surety, are held and firmly bound unto **CITY OF VICTORVILLE**, as Obligee, in the sum of **ONE HUNDRED NINETY-NINE THOUSAND TWO HUNDRED SEVENTY-ONE & 70/100** DOLLARS **($199,271.70)**, for which the payment whereof, well and truly to be made, said Principal and Surety bind themselves, their heirs, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE Condition of the foregoing obligation is such that, whereas the above bounden Principal has entered into a contract/agreement, dated _____, with the Obligee to do and perform the following work; to wit:

SUBDIVISION IMPROVEMENTS FOR TRACT 16197-1, LMAD

NOW, THEREFORE, if the above bounden Principal shall well and truly perform the work contracted to be performed under said contract, then this obligation shall be void; otherwise to remain in full force and effect.

SIGNED, SEALED, DATED: DECEMBER 3, 2002

LB/L-SUNCAL II VICTOR VALLEY LLC,
A Delaware Limited Liability Company
(Principal)

By: SEE ATTACHED SIGNATURE PAGE

American Motorists Insurance Company
(Surety)

By: _____
D.J. PICARD, Attorney In Fact

DIRECT CORRESPONDENCE TO :
LOU JONES & ASSOCIATES, PO BOX 41375, 7470 N. FIGUEROA ST., LOS ANGELES, CA 90041
PHONE (323) 257-8291 FAX (323) 256-7218

LB/L-SUNCAL II VICTOR VALLEY, LLC
A Delaware limited liability company

By: LB/L-SunCal II Master, LLC
a Delaware limited liability company,
its Member

By: SCC Master, LLC
a Delaware limited liability company,
its Member

By: _____
Bruce Elieff
its Authorized Signatory

American Motorists Insurance Company

KEMPER.

FIRST TERM PREMIUM FULLY EARNED
Bond Number: **3SM 049 106 00**
Premium (Two Years): **$1,499.00**

SUBDIVISION BOND
FAITHFUL PERFORMANCE-PUBLIC WORK

KNOW ALL MEN BY THESE PRESENTS: That, LB/L-SUNCAL II VICTOR VALLEY LLC, A Delaware Limited Liability Company, as Principal, and the AMERICAN MOTORISTS INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois and authorized to transact surety business in the State of California as Surety, are held and firmly bound unto CITY OF VICTORVILLE, as Obligee, in the sum of ONE HUNDRED FORTY-NINE THOUSAND NINE HUNDRED TWENTY-SIX & 92/100 DOLLARS ($149,926.92), for which the payment whereof, well and truly to be made, said Principal and Surety bind themselves, their heirs, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE Condition of the foregoing obligation is such that, whereas the above bounden Principal has entered into a contract/agreement, dated _____, with the Obligee to do and perform the following work; to wit:

SUBDIVISION IMPROVEMENTS FOR TRACT 16197-2 (PA2), LMAD

NOW, THEREFORE, if the above bounden Principal shall well and truly perform the work contracted to be performed under said contract, then this obligation shall be void; otherwise to remain in full force and effect.

SIGNED, SEALED, DATED: DECEMBER 3, 2002

LB/L-SUNCAL II VICTOR VALLEY LLC,
A Delaware Limited Liability Company
(Principal)

By: SEE ATTACHED SIGNATURE PAGE

American Motorists Insurance Company
(Surety)

By: _____
D.J. PICARD, Attorney In Fact

DIRECT CORRESPONDENCE TO :
LOU JONES & ASSOCIATES, PO BOX 41375, 7470 N. FIGUEROA ST., LOS ANGELES, CA 90041
PHONE (323) 257-8291 FAX (323) 256-7218

LB/L-SUNCAL II VICTOR VALLEY, LLC
A Delaware limited liability company

By: LB/L-SunCal II Master, LLC
a Delaware limited liability company,
its Member

By: SCC Master, LLC
a Delaware limited liability company,
its Member

By: _____
Bruce Elieff
its Authorized Signatory

American Motorists Insurance Company

KEMPER.

FIRST TERM PREMIUM FULLY EARNED
Bond Number: 3SM 047 324 00
Premium (Two Years): $1,365.00

SUBDIVISION BOND
FAITHFUL PERFORMANCE-PUBLIC WORK

KNOW ALL MEN BY THESE PRESENTS: That, LB/L-SUNCAL II VICTOR VALLEY LLC, A Delaware Limited Liability Company, as Principal, and the AMERICAN MOTORISTS INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois and authorized to transact surety business in the State of California as Surety, are held and firmly bound unto CITY OF VICTORVILLE, as Obligee, in the sum of ONE HUNDRED THIRTY-SIX THOUSAND FOUR HUNDRED EIGHTY-ONE & 40/100 DOLLARS ($136,481.40), for which the payment whereof, well and truly to be made, said Principal and Surety bind themselves, their heirs, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE Condition of the foregoing obligation is such that, whereas the above bounden Principal has entered into a contract/agreement, dated 31 MAY 2002, with the Obligee to do and perform the following work; to wit:

SUBDIVISION IMPROVEMENTS FOR TRACT 16220 LANDSCAPING (RENO LOOP LMAD)

NOW, THEREFORE, if the above bounden Principal shall well and truly perform the work contracted to be performed under said contract, then this obligation shall be void; otherwise to remain in full force and effect.

SIGNED, SEALED, DATED: JULY 9, 2002

LB/L-SUNCAL II VICTOR VALLEY LLC,
A Delaware Limited Liability Company
(Principal)

By: SEE ATTACHED SIGNATURE PAGE

American Motorists Insurance Company (Surety)

By: _____
D.J. PICARD, Attorney In Fact

DIRECT CORRESPONDENCE TO :
LOU JONES & ASSOCIATES, PO BOX 41375, 7470 N. FIGUEROA ST., LOS ANGELES, CA 90041
PHONE (323) 257-8291 • FAX (323) 256-7218

LB/L-SUNCAL II VICTOR VALLEY, LLC
A Delaware limited liability company

By: LB/L-SunCal II Master, LLC
a Delaware limited liability company,
its Member

By: SCC Master, LLC
a Delaware limited liability company,
its Member

By: _____
Bruce Elieff
its President

American Motorists Insurance Company

KEMPER.

FIRST TERM PREMIUM FULLY EARNED
Bond Number: **3SM 049 110 00**
Premium (Two Years): **$385.00**

SUBDIVISION BOND
FAITHFUL PERFORMANCE-PUBLIC WORK

KNOW ALL MEN BY THESE PRESENTS: That, LB/L-SUNCAL II VICTOR VALLEY LLC, A Delaware Limited Liability Company, as Principal, and the AMERICAN MOTORISTS INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois and authorized to transact surety business in the State of California as Surety, are held and firmly bound unto CITY OF VICTORVILLE, as Obligee, in the sum of THIRTY-EIGHT THOUSAND FOUR HUNDRED NINETY-ONE & 20/100 DOLLARS ($38,491.20), for which the payment whereof, well and truly to be made, said Principal and Surety bind themselves, their heirs, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE Condition of the foregoing obligation is such that, whereas the above bounden Principal has entered into a contract/agreement, dated _____, with the Obligee to do and perform the following work; to wit:

SUBDIVISION IMPROVEMENTS FOR TRACT 16280-1, LMAD

NOW, THEREFORE, if the above bounden Principal shall well and truly perform the work contracted to be performed under said contract, then this obligation shall be void; otherwise to remain in full force and effect.

SIGNED, SEALED, DATED: DECEMBER 3, 2002

LB/L-SUNCAL II VICTOR VALLEY LLC,
A Delaware Limited Liability Company
(Principal)

By: SEE ATTACHED SIGNATURE PAGE

American Motorists Insurance Company
(Surety)

By: _____
D.J. PICARD, Attorney In Fact

DIRECT CORRESPONDENCE TO :
LOU JONES & ASSOCIATES, PO BOX 41375, 7470 N. FIGUEROA ST., LOS ANGELES, CA 90041
PHONE (323) 257-8291 FAX (323) 256-7218

LB/L-SUNCAL II VICTOR VALLEY, LLC
A Delaware limited liability company

By: LB/L-SunCal II Master, LLC
a Delaware limited liability company,
its Member

By: SCC Master, LLC
a Delaware limited liability company,
its Member

By: _____
Bruce Elieff
its Authorized Signatory

American Motorists Insurance Company

KEMPER.

FIRST TERM PREMIUM FULLY EARNED
Bond Number: **3SM 049 112 00**
Premium (Two Years): **$296.00**

SUBDIVISION BOND
FAITHFUL PERFORMANCE-PUBLIC WORK

KNOW ALL MEN BY THESE PRESENTS: That, LB/L-SUNCAL II VICTOR VALLEY LLC, A Delaware Limited Liability Company, as Principal, and the AMERICAN MOTORISTS INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois and authorized to transact surety business in the State of California as Surety, are held and firmly bound unto CITY OF VICTORVILLE, as Obligee, in the sum of TWENTY-NINE THOUSAND FIVE HUNDRED EIGHTY-SIX & 48/100 DOLLARS ($29,586.48), for which the payment whereof, well and truly to be made, said Principal and Surety bind themselves, their heirs, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE Condition of the foregoing obligation is such that, whereas the above bounden Principal has entered into a contract/agreement, dated _____, with the Obligee to do and perform the following work; to wit:

SUBDIVISION IMPROVEMENTS FOR TRACT 16280-2(PA16), LMAD

NOW, THEREFORE, if the above bounden Principal shall well and truly perform the work contracted to be performed under said contract, then this obligation shall be void; otherwise to remain in full force and effect.

SIGNED, SEALED, DATED: DECEMBER 3, 2002

LB/L-SUNCAL II VICTOR VALLEY LLC,
A Delaware Limited Liability Company
(Principal)

By: SEE ATTACHED SIGNATURE PAGE

American Motorists Insurance Company
(Surety)

By: _____
D.J. PICARD, Attorney In Fact

DIRECT CORRESPONDENCE TO :
LOU JONES & ASSOCIATES, PO BOX 41375, 7470 N. FIGUEROA ST., LOS ANGELES, CA 90041
PHONE (323) 257-8291 FAX (323) 256-7218

American Motorists Insurance Company

- Kemper

FIRST TERM PREMIUM FULLY EARNED
Bond Number: **3SM 049 108 00**
Premium (Two Years): **$856.00**

SUBDIVISION BOND
FAITHFUL PERFORMANCE-PUBLIC WORK

KNOW ALL MEN BY THESE PRESENTS: That, **LB/L-SUNCAL II VICTOR VALLEY LLC, A Delaware Limited Liability Company**, as Principal, and the **AMERICAN MOTORISTS INSURANCE COMPANY**, a corporation organized and existing under the laws of the State of Illinois and authorized to transact surety business in the State of **California** as Surety, are held and firmly bound unto **CITY OF VICTORVILLE**, as Obligee, in the sum of **EIGHTY-FIVE THOUSAND FIVE HUNDRED SIXTY-TWO & 40/100** DOLLARS **($85,562.40)**, for which the payment whereof, well and truly to be made, said Principal and Surety bind themselves, their heirs, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE Condition of the foregoing obligation is such that, whereas the above bounden Principal has entered into a contract/agreement, dated _____, with the Obligee to do and perform the following work; to wit:

SUBDIVISION IMPROVEMENTS FOR TRACT 16283 (PA6), LMAD

NOW, THEREFORE, if the above bounden Principal shall well and truly perform the work contracted to be performed under said contract, then this obligation shall be void; otherwise to remain in full force and effect.

SIGNED, SEALED, DATED: DECEMBER 3, 2002

LB/L-SUNCAL II VICTOR VALLEY LLC,
A Delaware Limited Liability Company
(Principal)

By: SEE ATTACHED SIGNATURE PAGE

American Motorists Insurance Company
(Surety)

By: _____
D.J. PICARD, Attorney In Fact

DIRECT CORRESPONDENCE TO :
LOU JONES & ASSOCIATES, PO BOX 41375, 7470 N. FIGUEROA ST., LOS ANGELES, CA 90041
PHONE (323) 257-8291 FAX (323) 256-7218

LB/L-SUNCAL II VICTOR VALLEY, LLC
A Delaware limited liability company

By: LB/L-SunCal II Master, LLC
a Delaware limited liability company,
its Member

By: SCC Master, LLC
a Delaware limited liability company,
its Member

By: _____
Bruce Elieff
its Authorized Signatory

CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: John A. McGrade
City Engineer

DATE: August 28, 2006

SUBJECT: Release Monumentation Bond for Tracts 16138-1 & 16138-2 and 16138-3..

RECOMMENDATION: Approval of Release of Monumentation Bonds.

FISCAL IMPACT: None

Finance Dept. Use Only
Additional Appropriation
☐ No _____
☐ Yes/$ Amount _____
Finance Director Review
$ Approval _____

DISCUSSION: Forecast Homes has requested the release of Monumentation Bonds for Tracts 16138-1, 16138-2 and 16138-3. The Monumentation has been checked and found to be in order. The Engineering Dept. is requesting release of:

Tract 16138-1 Monument Bond No. 929243096
Tract 16138-2 Monument Bond No. 929257807
Tract 16138-3 Monument Bond No. SU5001920

Consent
#6I
9-5-06

K Hovnanian® Homes

800 N. HAVEN AVE., SUITE 400 • ONTARIO, CA 91764
TEL. (909) 942-5888 www.khov.com

RECEIVED
MAY 04 2006
ENGINEERING DEPT

May 1, 2006

SENT VIA UPS

City of Victorville
Attention: Helen Wilson, Associate Civil Engineer
14343 Civic Drive
Victorville, CA 92392

Re: Exoneration of Monumentation Bond # 929243096 for Tract # 16138-1 (also known as Mesa Verde).

Dear Helen,

Please accept this letter as a request for exoneration of the above referenced bond for Tract 16138-1 also known as Mesa Verde.

If there are any issues that would prohibit the exoneration of this bond, I would appreciate it greatly if you would call me at one of the numbers listed below.

Thank you for your time and attention to this matter, if you have any questions or concerns, please do not hesitate to contact me at (909) 942-5888 ext 1150 or (909) 322-9374.

Sincerely,
K. Hovnanian Companies

Anna Walton
Land Development Coordinator

Cc: File

K Hovnanian® Homes

800 N. HAVEN AVE., SUITE 400 • ONTARIO, CA 91764
TEL. (909) 942-5888 www.khov.com

RECEIVED
MAY 04 2006
ENGINEERING DEPT

May 1, 2006

SENT VIA UPS

City of Victorville
Attention: Helen Wilson, Associate Civil Engineer
14343 Civic Drive
Victorville, CA 92392

Re: Exoneration of Monumentation Bond # 929257807 for Tract # 16138-2 (also known as Mesa Verde).

Dear Helen,

Please accept this letter as a request for exoneration of the above referenced bond for Tract 16138-2 also known as Mesa Verde.

If there are any issues that would prohibit the exoneration of this bond, I would appreciate it greatly if you would call me at one of the numbers listed below.

Thank you for your time and attention to this matter, if you have any questions or concerns, please do not hesitate to contact me at (909) 942-5888 ext 1150 or (909) 322-9374.

Sincerely,
K. Hovnanian Companies

Anna Walton
Land Development Coordinator

Cc: File

K Hovnanian® Homes

800 N. HAVEN AVE., SUITE 400 • ONTARIO, CA 91764
TEL. (909) 942-5888 www.khov.com

RECEIVED
MAY 04 2006
ENGINEERING DEPT

May 1, 2006

SENT VIA UPS

City of Victorville
Attention: Helen Wilson, Associate Civil Engineer
14343 Civic Drive
Victorville, CA 92392

Re: Exoneration of Monumentation Bond # SU5001920 for Tract # 16138-3 (also known as Mesa Verde).

Dear Helen,

Please accept this letter as a request for exoneration of the above referenced bond for Tract 16138-3 also known as Mesa Verde.

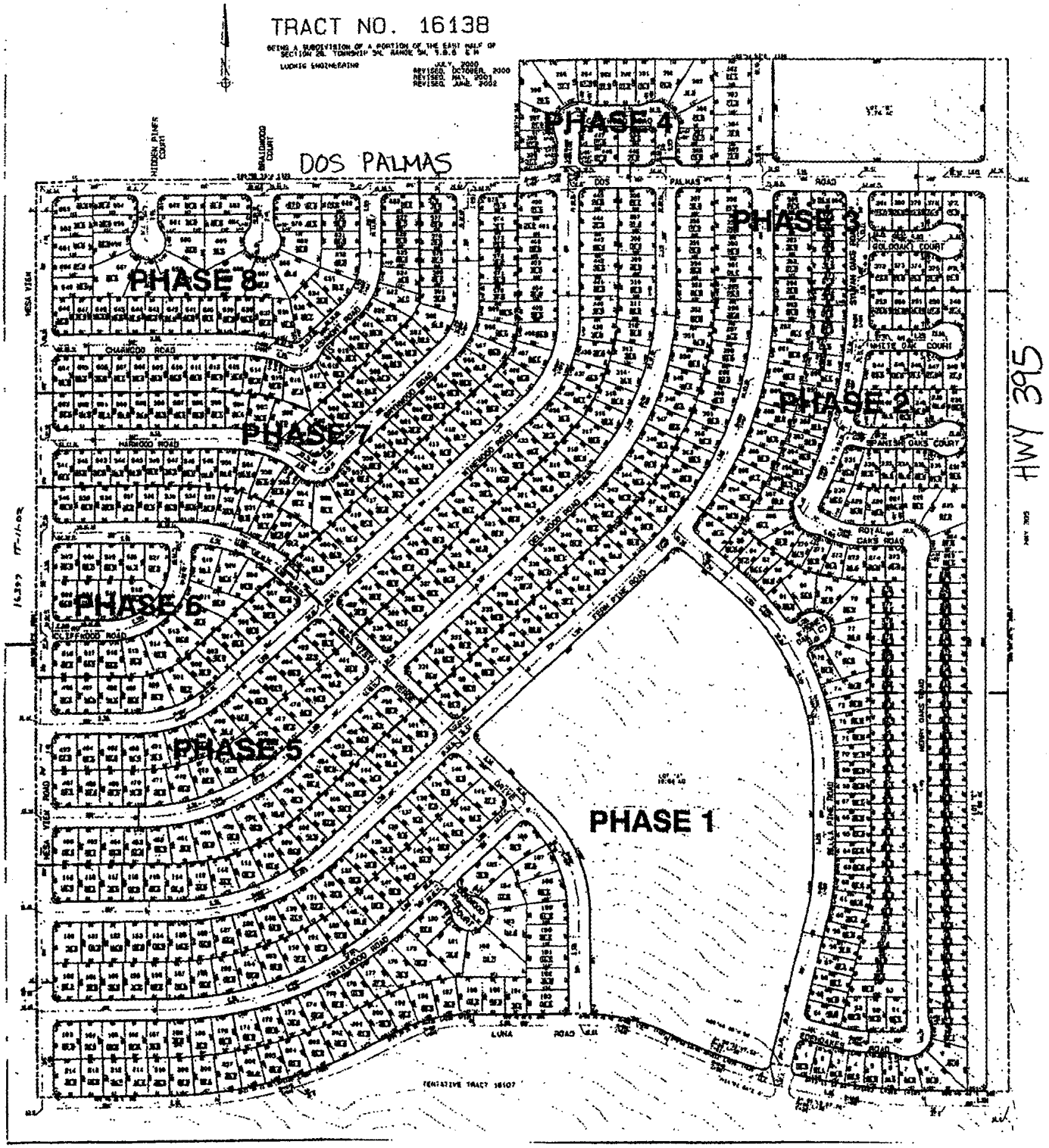
If there are any issues that would prohibit the exoneration of this bond, I would appreciate it greatly if you would call me at one of the numbers listed below.

Thank you for your time and attention to this matter, if you have any questions or concerns, please do not hesitate to contact me at (909) 942-5888 ext 1150 or (909) 322-9374.

Sincerely,
K. Hovnanian Companies

Anna Walton
Land Development Coordinator

Cc: File


TRACT NO. 16138
DOS PALMAS
PHASE 1
PHASE 2
PHASE 3
PHASE 4
PHASE 5
PHASE 6
PHASE 7
PHASE 8
HWY 395
LUNA ROAD

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CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: John A. McGlade, City Engineer DATE: August 28, 2006

SUBJECT: 100% release of a grading bond for Tract 16856.

RECOMMENDATION: Approval of the grading bond release.

FISCAL IMPACT: None

Finance Dept. Use Only
Additional Appropriation
☐ No _____
☐ Yes/$ Amount _____
Finance Director Review
$ Approval _____

DISCUSSION: Frontier Homes has requested the grading bonds for Tract 16856 be released. The Tract has been built out for some time and typically grading bonds are not required with the normal street, sewer and storm drain bonds. The grading bonds were not required and are no longer needed, therefore, it is recommended the grading bonds be released 100%.

Tract 16856 Grading Bond No. 864342

Consent
#6J
9-5-06

FRONTIER HOMES™

RECEIVED
JUN 19 2006
ENGINEERING DEPT

MONTECITO POINTE, LLC

June 19, 2006

HAND DELIVERED

Helen Wilson, P.E.
Associate Civil Engineer
Engineering Department, City of Victorville
14206 Amargosa Road
Victorville, CA 92392

Re: Montecito Pointe, LLC – Tract 16856
Bond Exoneration

Dear Ms. Wilson:

As the owner and developer for Tract 16856, Frontier Homes has a bond for work to be completed at the above-referenced project:

Bond No.: 864342S
Amount: $149,932.30
Improvement: Rough Grading

The rough grading has been completed. Therefore we respectfully request that the City exonerate the bond. Once the bond is officially exonerated, please provide our office with written confirmation.

Thank you for your assistance in this matter. Should you have any questions, comments, or concerns, please do not hesitate to call me at (760) 792-2590.

Sincerely,

Michael Valtier
Frontier Homes
Bond Exonerator

9331 Mariposa Road, Hesperia, CA 92345 • 760.951.0442 • Fax 760.955.7153

FRONTIER HOMES™

RECEIVED
AUG 21 2006
ENGINEERING DEPT.

Montecito Pointe, LLC

August 21, 2006

HAND DELIVERED

To Whom It May Concern:
City of Victorville
Building Department and/or Engineering Department
Victorville, CA 92392

Re: Montecito Pointe, LLC – Tract 16856
Bond **Exoneration – Rough Grading**

Dear Sir or Madam:

As the owner and developer for Tract 16856, Frontier Homes has a bond for work to be completed at the above-referenced project:

APN No.: 309636103
PMT No.: 0402164
Bond No.: 864342
Amount: $149,932.30
Improvement: Rough Grade Performance Bond

Bond No.: 864342
Amount: $74,966.15
Improvement: Rough Grade Labor and Materials

This sales office has been closed out for quite some time. The rough grading has been completed and inspected. The total for this bond is $224,898.45. Attached to this request is a copy of our bonds and our Final Rough Grade Soils Report from Geo Soils Inc. the company hired for this project. Therefore we respectfully request that the City

9331 Mariposa Road, Hesperia, CA 92345 • 760.951.0442 • Fax 760.955.7153

FRONTIER HOMES™

exonerates the bond to one-hundred percent (100%). Once the bond is officially exonerated, please provide our office with written confirmation.

Thank you for your assistance in this matter. Should you have any questions, comments, or concerns, please do not hesitate to call me at (760) 792-2590.

Sincerely,

Michael Valtier
Frontier Homes
Bond Exonerator

Cc: Jonathan Roberts,
Building Department
Associate Planner

BOND NO. 864342
INITIAL PREMIUM: $1,499.00
SUBJECT TO RENEWAL.

SUBDIVISION IMPROVEMENTS
PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS:

That we, Montecito Pointe, LLC, as Principal, and Developers Surety and Insurance Company, a corporation organized and doing business under and by virtue of the laws of the State of Iowa and duly licensed to conduct a general surety business in the State of California as Surety, are held and firmly bound unto City of Victorville as Obligee in the sum of One Hundred Forty-Nine Thousand Nine Hundred Thirty-Two & 30/100---- $149,932.30) Dollars, for which payment well and truly to be made, we bind ourselves, our heirs, executors and successors, jointly and severally firmly by these presents.

THE CONDITION OF THE OBLIGATION IS SUCH THAT:

WHEREAS, the above named Principal, as a condition of the filing of the final subdivision map of (Tract/Parcel) Map No. 16856 (Rough Grading) entered into an agreement or agreements with said Obligee to complete the improvements specified in said agreement or agreements.

NOW THEREFORE, the condition of this obligation is such, that if the above Principal shall well and truly perform said agreement or agreements during the original term thereof or of any extension of said term that may be granted by the Obligee with or without notice to the Surety, this obligation shall be void, otherwise it shall remain in full force and effect.

IN WITNESS WHEREOF, the seal and signature of said Principal is hereto affixed and the corporate seal and the name of the said Surety is hereto affixed and attested by its duly authorized Attorney-in-Fact at Henderson, NV this 25th day of March, 2005

"PRINCIPAL"	"SURETY"
Montecito Pointe, LLC	Developers Surety and Indemnity Company
By: [signature] V.P.	BY: [signature] Caroline L. Brown, Attorney-in-Fact

BOND NO: 864342

PREMIUM INCLUDED
IN PERFORMANCE BOND.

LABOR AND MATERIAL BOND

KNOW ALL MEN BY THESE PRESENTS:

That we Montecito Pointe, LLC as Principal, and Developers Surety and Indemnity Company a corporation organized and doing business under and by virtue of the laws of the State of Iowa and duly licensed to conduct a general surety business in the State of California as Surety, are held and firmly bound unto City of Victorville as Obligee, in the sum of Seventy-Four Thousand Nine Hundred Sixty-Six & 15/100 ($74,966.15) Dollars, for which payment, well and truly to be made, we bind ourselves, our heirs executors and successors, jointly and severally firmly by these presents.

THE CONDITION OF THE OBLIGATION IS SUCH THAT:

WHEREAS, the above named Principal. has entered into an agreement or agreements which are made a part of this bond, with the City of Victorville as Obligee for the improvements in the subdivision designated as (Tract Parcel) Map No. 16856 (Rough Grading) as required be the Government Code of California.

NOW THEREFORE, the condition of this obligation is such, that if the above Principal fails to make payment to any contractor, his subcontractors, or to persons renting equipment or furnishing labor and materials to them for the improvement required by said agreement or agreements, the Surety on this bond will pay the same, in an amount not exceeding the sum specified in this bond.

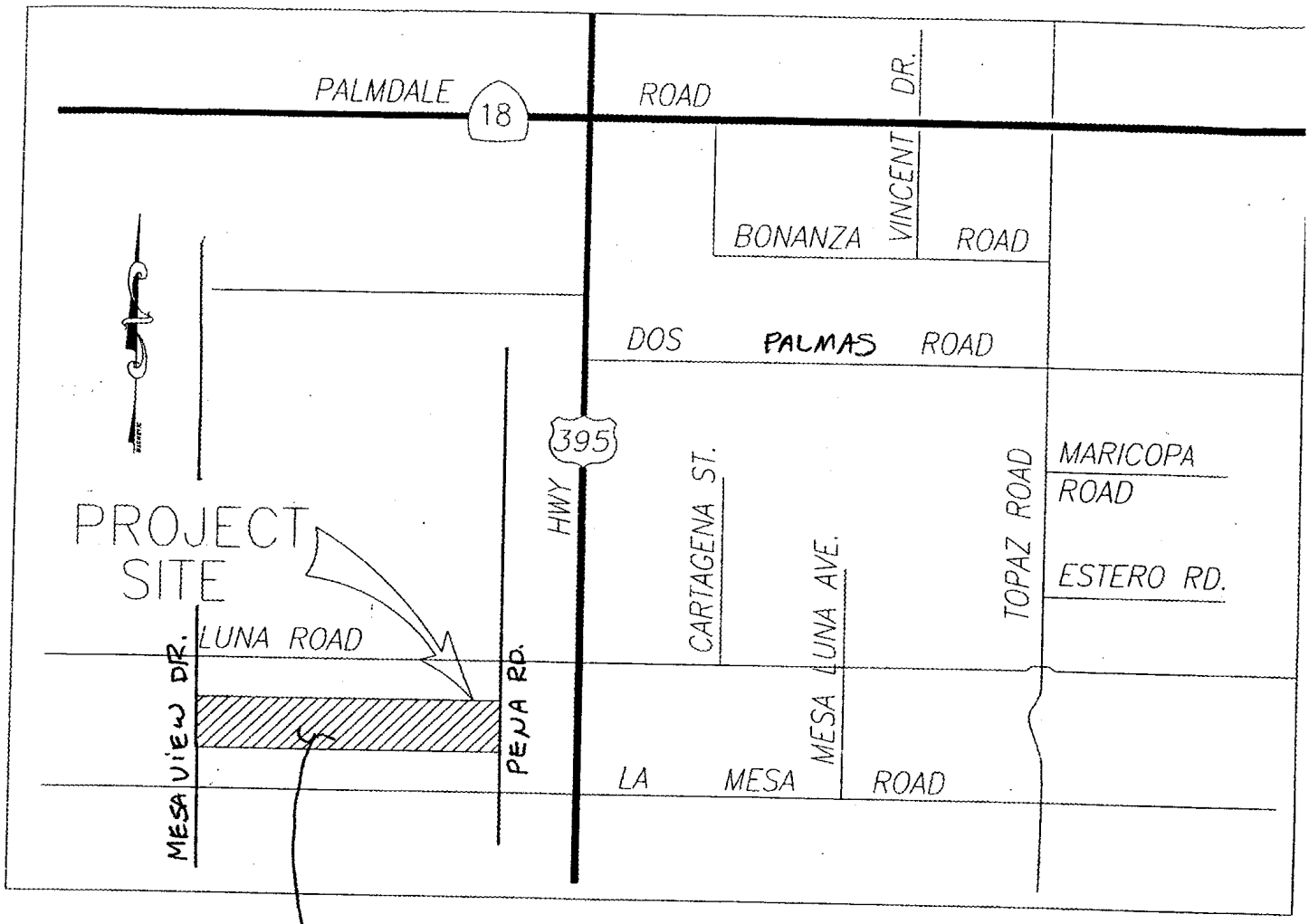
This bond is executed and filed to comply with Section 66499 through and including Section 66499. 10 of the Government Code of California as improvement security, and shall inure to the benefit of any and all contractors, their subcontractors and persons renting equipment or furnishing labor or materials to them for the improvement. Notice of extension of time for completion is waived by the Surety.

IN WITNESS WHEREOF, the seal and signature of said Principal is hereto affixed and the corporate seal and the name of the said Surety is hereto affixed and attested by its duly authorized Attorney-in-Fact at Henderson, NV this 25th day of March 2005

"PRINCIPAL" "SURETY"

Montecito Pointe, LLC
BY-

Developers Surety and Indemnity Company
BY: Caroline L Brown
Caroline L Brown, Attorney-in-Fact



VICINITY MAP
NOT TO SCALE

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CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: John A. McGlade
City Engineer

DATE: August 28, 2006

SUBJECT: Release of 80% of the Sewer Bond and acceptance of the work into the public maintenance system for Tract 16696.

RECOMMENDATION: Approval of 80% of Release of the Faithful Performance Bond only for sewers and acceptance of the work.

FISCAL IMPACT: None

Finance Dept. Use Only
Additional Appropriation
☐ No _____
☐ Yes/$ Amount _____
Finance Director Review
$ Approval _____

DISCUSSION: Frontier Homes has requested an 80% release of the Sewer Bond for Tract 16696. The sewer work has been completed satisfactorily and the Engineering Dept. recommends a release of 80% of the Faithful Performance Bond and acceptance of the work into the public maintained system for sewers. The remaining 20% will be held for the one-year warranty period.

Tract 16696 Sewer Bond No. 864346S

Consent
#6K
9-5-06

FRONTIER HOMES™

RECEIVED
JUL 12 2006
ENGINEERING DEPT

Tuscan Ridge, LLC

July 12, 2006

HAND DELIVERED

Helen Wilson, P.E.
Associate Civil Engineer
Engineering Department, City of Victorville
14206 Amargosa Road
Victorville, CA 92392

Re: Tuscan Ridge, LLC – Tract 16696
Bond Reduction

Dear Ms. Wilson:

As the owner and developer for Tract 16696, Frontier Homes has a bond for work to be completed at the above-referenced project:

Bond No.: 864346S
Amount: $329,406.00
Improvement: Sewer Improvement

The sewer improvement has been completed and inspected. For this tract, thirty-four sewers were inspected, and only two need additional improvements. Sewer #1 needs debris vacuumed, and sewer #2 needs improvement via our sub-contractor. Frontier Homes is working diligently on improving and/or repairing the infractions from our sewer bond inspection. Therefore we respectfully request that the City reduce the bond to eighty percent (80%) with a one year warranty. Once the bond is officially reduced, please provide our office with written confirmation and mail it to the address listed below, attention to Michael Valtier.

9331 Mariposa Road, Hesperia, CA 92345 • 760.951.0442 • Fax 760.955.7153

FRONTIER HOMES™

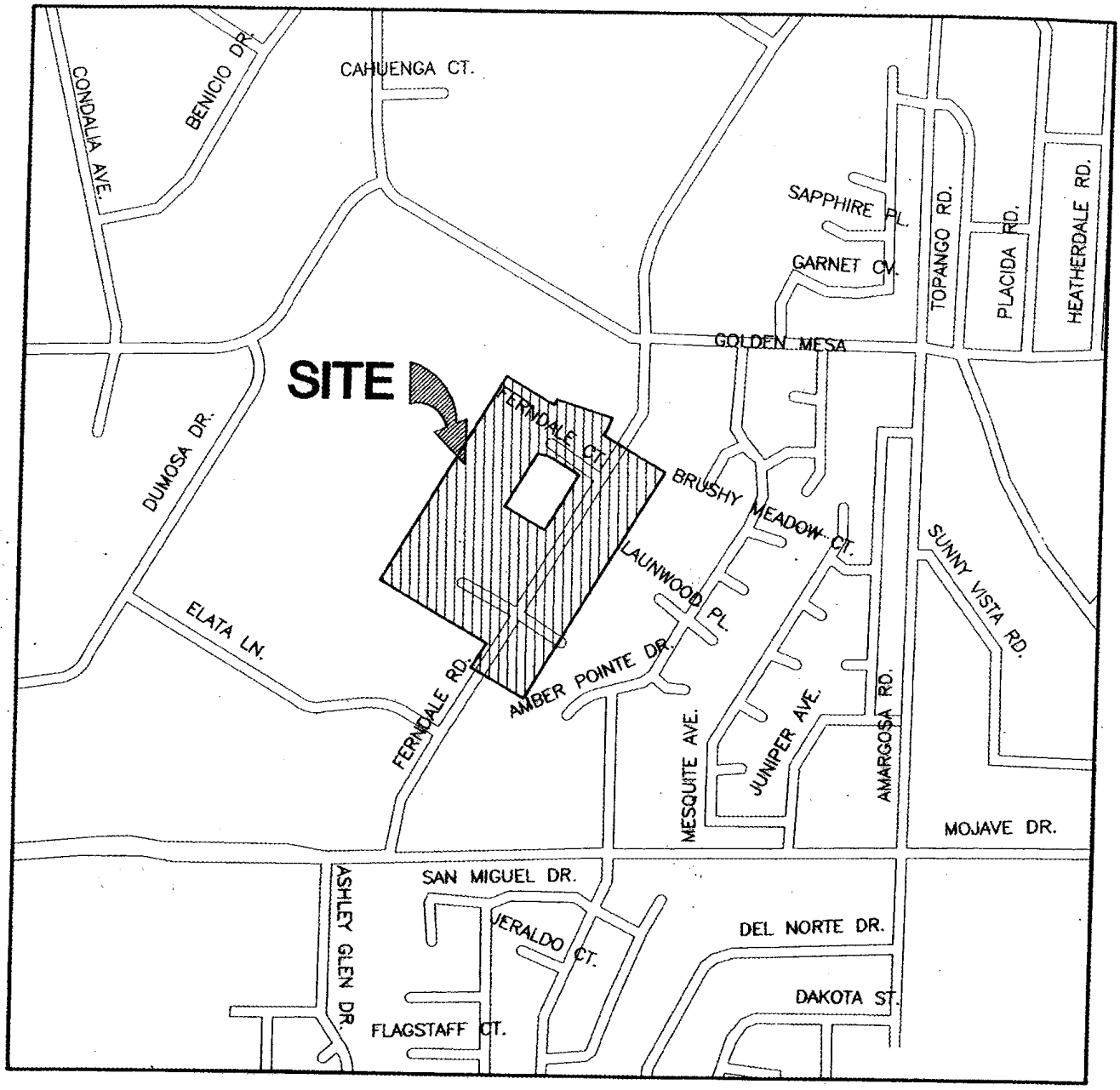
Tract 16696 Tuscan Ridge
Sewer Improvements Bond: 864346S
July 12, 2006
Page 2

Thank you for your assistance in this matter. Should you have any questions, comments, or concerns, please do not hesitate to call me at (760) 792-2590.

Sincerely,

Michael Valtier
Frontier Homes
Bond Exonerator

9331 Mariposa Road, Hesperia, CA 92345 • 760.951.0442 • Fax 760.955.7153



NORTH

VICINTY MAP

NOT TO SCALE

CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: John A. McGlade
City Engineer

DATE: August 28, 2006

SUBJECT: Release of the remaining 20% of the Sewer for Tract 16122.

RECOMMENDATION: Approval of the remaining 20% release of the Faithful Performance Bond for sewer and the associated Labor and Materials Bond.

FISCAL IMPACT: None

Finance Dept. Use Only
Additional Appropriation
☐ No _____
☐ Yes/$ Amount _____
Finance Director Review
$ Approval _____

DISCUSSION: Frontier Homes has requested an exoneration of the Sewer Bond for Tract 16122. This work has been completed satisfactorily, the warranty period has been met and the Engineering Dept. recommends release of the remaining 20% for sewer and of the Faithful Performance Bond and associated Labor and Materials Bonds.

Tract 16122 Sewer Bond No.B34231241.

Consent
#6L
9-5-06

FRONTIER HOMES™

HYATT POINTE, LLC

RECEIVED
AUG 14 2006
ENGINEERING DEPT

August 14, 2006

HAND DELIVERED

Helen Wilson, P.E.
Associate Civil Engineer
Engineering Department, City of Victorville
14206 Amargosa Road
Victorville, CA 92392

Re: Hyatt Pointe, LLC – Tract 16122
Bond **Exoneration** – Sewer Improvements

Dear Ms. Wilson:

As the owner and developer for Tract 16122, Frontier Homes has a bond for work to be completed at the above-referenced project:

Bond No.: B34231241
Amount: $23,781.12
Improvement: Sewer

According to our records, the above mentioned bond has been officially reduced. This tract has been inspected by Phil, Victorville's Engineering Inspector. He has told our Superintendent Charles Meyer that he will write a letter informing you that the sewer has passed the remaining twenty percent (20%). Frontier Homes is requesting the remaining 20% for both Performance and Labor & Materials bonds to be 100% exonerated. Once the bond is officially exonerated, please provide our office with written confirmation.

9331 Mariposa Road, Hesperia, CA 92345 • 760.951.0442 • Fax 760.955.7153

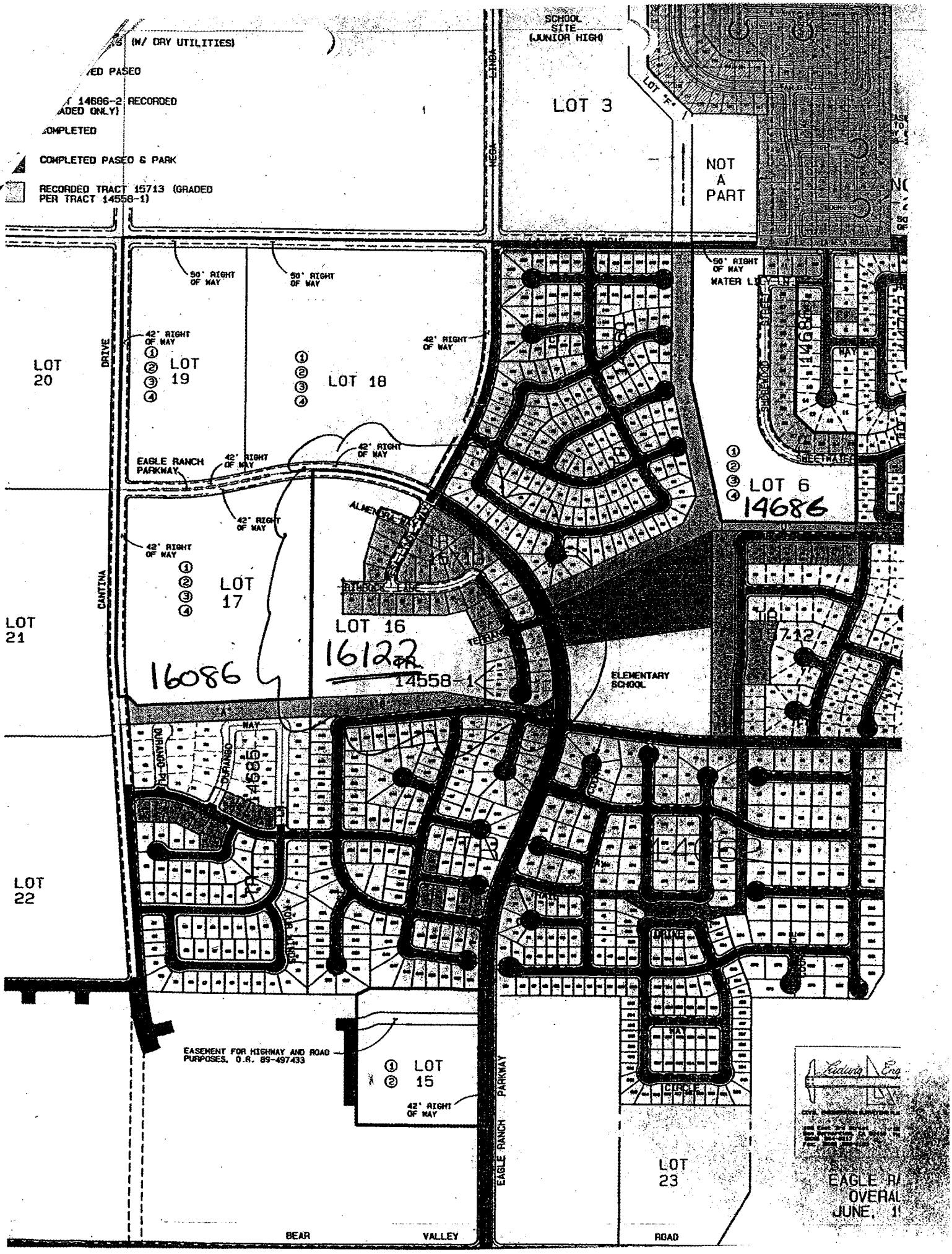
FRONTIER HOMES™

If you need any additional information regarding this bond or any other bonds, please feel free to contact me at (760) 792-2590. Thank you for your time and assistance in this matter.

Sincerely,

Michael Valtier
Frontier Homes
Planning Specialist

9331 Mariposa Road, Hesperia, CA 92345 • 760.951.0442 • Fax 760.955.7153



(W/ DRY UTILITIES)
ED PASEO
14686-2 RECORDED
ADED ONLY)
OMPLETED
COMPLETED PASEO & PARK
RECORDED TRACT 15713 (GRADED PER TRACT 14558-1)
SCHOOL SITE (JUNIOR HIGH)
LOT 3
LOT "F"
NOT A PART
MESA LINDA
50' RIGHT OF WAY
42' RIGHT OF WAY
LOT 20
LOT 19
LOT 18
LOT 6
14686
EAGLE RANCH PARKWAY
ALMENDRA WAY
LOT 17
LOT 16
16122
16086
14558-1
LOT 21
CANTINA DRIVE
ELEMENTARY SCHOOL
LOT 22
EASEMENT FOR HIGHWAY AND ROAD PURPOSES, O.R. 89-497433
LOT 15
LOT 23
EAGLE RANCH PARKWAY
BEAR VALLEY ROAD
EAGLE R
OVERAL
JUNE, 1

CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: John A. McGlade
City Engineer

DATE: August 28, 2006

SUBJECT: Release of 80% of the Sewer Bond and acceptance of the work into the public maintenance system for Tracts 15363-1 & 15363-2.

RECOMMENDATION: Approval of 80% of Release of the Faithful Performance Bond only for sewers and acceptance of the work.

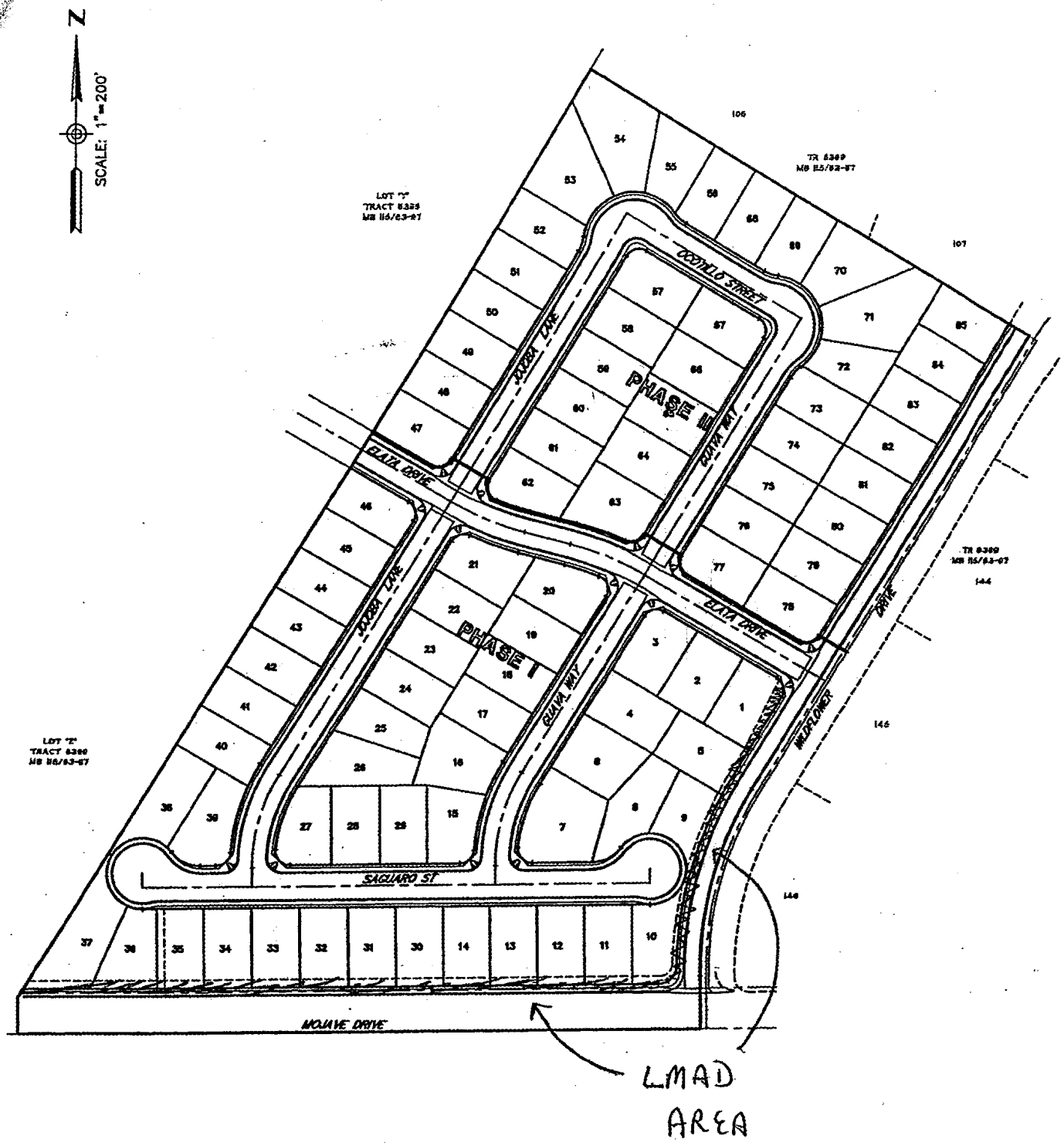
FISCAL IMPACT: None

Finance Dept. Use Only
Additional Appropriation
☐ No _____
☐ Yes/$ Amount _____
Finance Director Review
$ Approval _____

DISCUSSION: Innovation 1 has requested an 80% release of the Sewer Bonds for Tracts 15363-1 & 15363-2. The sewer work has been completed satisfactorily and the Engineering Dept. recommends a release of 80% of the Faithful Performance Bond and acceptance of the work into the public maintained system for sewers. The remaining 20% will be held for the one-year warranty period.

Tract 15363-1 Sewer Bond No. SU5003187
Tract 15363-2 Sewer Bond No. SU5015488

Consent
#6M
9-5-06



VVCE, Inc.
14297 Cajon St., Suite 101
Victorville, CA., 92392-2335
(760) 241-0595

TRACT 15363
TRACT LAYOUT

LAVITT HOMES

EXHIBIT
D

CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: John A. McGlade
City Engineer

DATE: August 28, 2006

SUBJECT: Release Monumentation Bond for Tracts 16107-1 & 16107-2.

RECOMMENDATION: Approval of Release of Monumentation Bonds.

FISCAL IMPACT: None

Finance Dept. Use Only
Additional Appropriation
☐ No _____
☐ Yes/$ Amount _____
Finance Director Review
$ Approval _____

DISCUSSION: Forecast Homes has requested the release of Monumentation Bonds for Tracts 16107-1 and 16107-2. The Monumentation has been checked and found to be in order. The Engineering Dept. is requesting release of:

Tract 16107-1 Monument Bond No. 929243097
Tract 16107-2 Monument Bond No. 929257771

Consent
#6N
9-5-06

K Hovnanian® Homes

800 N. HAVEN AVE., SUITE 400 • ONTARIO, CA 91764
TEL. (909) 942-5888 www.khov.com

RECEIVED
MAY 04 2006
ENGINEERING DEPT.

May 1, 2006

SENT VIA UPS

City of Victorville
Attention: Helen Wilson, Associate Civil Engineer
14343 Civic Drive
Victorville, CA 92392

Re: Exoneration of Monumentation Bond # 929243097 for Tract # 16107-1 (also known as Victorville 800 Joshua Point).

Dear Helen,

Please accept this letter as a request for exoneration of the above referenced bond for Tract 16107-1 also known as Victorville 800 Joshua Point.

If there are any issues that would prohibit the exoneration of this bond, I would appreciate it greatly if you would call me at one of the numbers listed below.

Thank you for your time and attention to this matter, if you have any questions or concerns, please do not hesitate to contact me at (909) 942-5888 ext 1150 or (909) 322-9374.

Sincerely,
K. Hovnanian Companies

Anna Walton
Land Development Coordinator

Cc: File

K Hovnanian® Homes

800 N. HAVEN AVE., SUITE 400 • ONTARIO, CA 91764
TEL. (909) 942-5888 www.khov.com

RECEIVED
MAY 04 2006
ENGINEERING DEPT.

May 1, 2006

SENT VIA UPS

City of Victorville
Attention: Helen Wilson, Associate Civil Engineer
14343 Civic Drive
Victorville, CA 92392

Re: Exoneration of Monumentation Bond # 929257771 for Tract # 16107-2 (also known as Joshua Point).

Dear Helen,

Please accept this letter as a request for exoneration of the above referenced bond for Tract 16107-1 also known as Joshua Point.

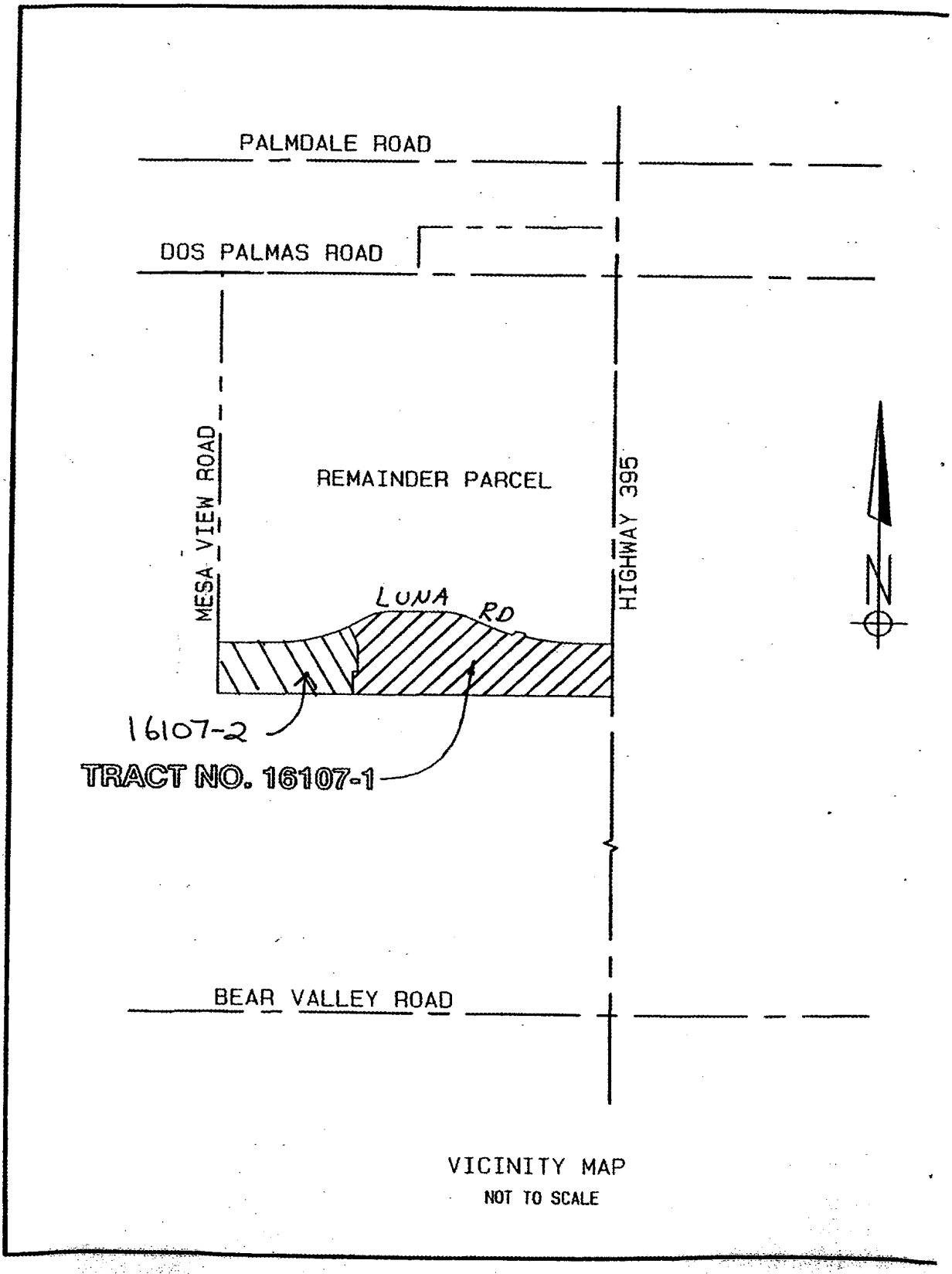
If there are any issues that would prohibit the exoneration of this bond, I would appreciate it greatly if you would call me at one of the numbers listed below.

Thank you for your time and attention to this matter, if you have any questions or concerns, please do not hesitate to contact me at (909) 942-5888 ext 1150 or (909) 322-9374.

Sincerely,
K. Hovnanian Companies

Anna Walton
Land Development Coordinator

Cc: File



VICINITY MAP

NOT TO SCALE

CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: John A. McGlade
City Engineer

DATE: August 28, 2006

SUBJECT: Release of the remaining 20% of the Street Bonds for Tract 16247-1 & 16247-2.

RECOMMENDATION: Approval of the remaining 20% of Release of the Faithful Performance Bond for Streets.

FISCAL IMPACT: None

Finance Dept. Use Only
Additional Appropriation
☐ No _____
☐ Yes/$ Amount _____
Finance Director Review
$ Approval _____

DISCUSSION: Covenant Development has requested an exoneration of the Street Bond for Tract 16247-1 & 16247-2. This work has been completed satisfactorily, the warranty period has been met and the Engineering Dept. recommends release of the remaining 20% for Streets and of the Faithful Performance Bond.

Tract 16247-1&2 Street Bond No. B36005266

Consent
#6O
9-5-06

CDI
Covenant Development, Inc.

RECEIVED
AUG 17 2006
ENGINEERING DEPT

August 17, 2006

City of Victorville
Helen Wilson
14343 Civic Drive
Victorville, CA. 92392

RE: Street Bond Release – 16247-1 & 16247-2

Dear Helen;

In regards to our project Lakota in Tract 16247 in the City of Victorville we are at this time requesting a release for the following Street Bond:

Street Bond - B36005266 - $772,596.33

Please let me know if you need anything else.

Sincerely,

Suzanne Langley
Covenant Development, Inc.

22365 Barton Road Suite 110 * Grand Terrace CA 92313
Phone (909) 503-1134 * Fax (909) 503-1142

CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us

14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

April 21, 2005

Natalie Calcedo
Attorney-in-Fact
Gulf Insurance Company
110 West "A" Street, Suite 1805
San Diego, CA 92101

Re: Tract 16247-1

Dear Ms. Calcedo:

At a regular meeting held April 5, 2005, the City Council of the City of Victorville approved the request for the 80% release of the Faithful Performance Bond for street and sewer improvements for the above-captioned tract. Therefore, the following bonds are reduced by 80%:

Bond No. B36005266 – Faithful Performance Bond – Street Improvements - in the amount of $772,596.33

Bond No. B36005264 – Faithful Performance Bond – Sewer Improvements - in the amount of $153,874.60

The remaining 20% will be held for a one-year warranty period. Six months from the date of the Council action to approve the 80% reduction, the Labor and Materials Bond may be released in its entirety.

If you have any questions concerning this matter, please do not hesitate to call me at 760.955.5026.

Sincerely,

Carolee Bates
City Clerk

CB/jca

Cc: Engineering Department
Covenant Homes

Phase 2, and Portion of Phase 3***

COPY

Gulf Insurance Group
A member of citigroup

Bond No.: B36005266
Initial Premium: $12,362.00
For the Term of Two Years
Subject to Renewal.

SUBDIVISION IMPROVEMENTS
PERFORMANCE BOND

KNOW ALL PEOPLE BY THESE PRESENTS:

That we, Covenant/Victorville 203, LLC, as Principal, and Gulf Insurance Company, as Surety, are held and firmly bound unto The City of Victorville as Obligee, in the sum of Seven hundred seventy two thousand five hundred ninety six 33/100*** ($ 772,596.33) Dollars, for which payment, well and truly to be made, we bind ourselves, our heirs, executors and successors, jointly and severally firmly by these presents.

THE CONDITION OF THE OBLIGATION IS SUCH THAT:

WHEREAS, the above named Principal, as a condition of the filing of the final subdivision map of (Tract/ Parcel) Map No. 16247 entered into an agreement or agreements with said Obligee to complete the improvements specified in said agreement or agreements.

NOW THEREFORE, the condition of this obligation is such, that if the above Principal shall well and truly perform said agreement or agreements during the original term thereof or of any extension of said term that may be granted by the Obligee with or without notice to the Surety, this obligation shall be void, otherwise it shall remain in full force and effect.

IN WITNESS WHEREOF, the seal and signature of said Principal is hereto affixed and the corporate seal and the name of the said Surety is hereto affixed and attested by its duly authorized Attorney-in-Fact on March 26, 2003

Covenant/Victorville 203, LLC

By: _____

Gulf Insurance Company

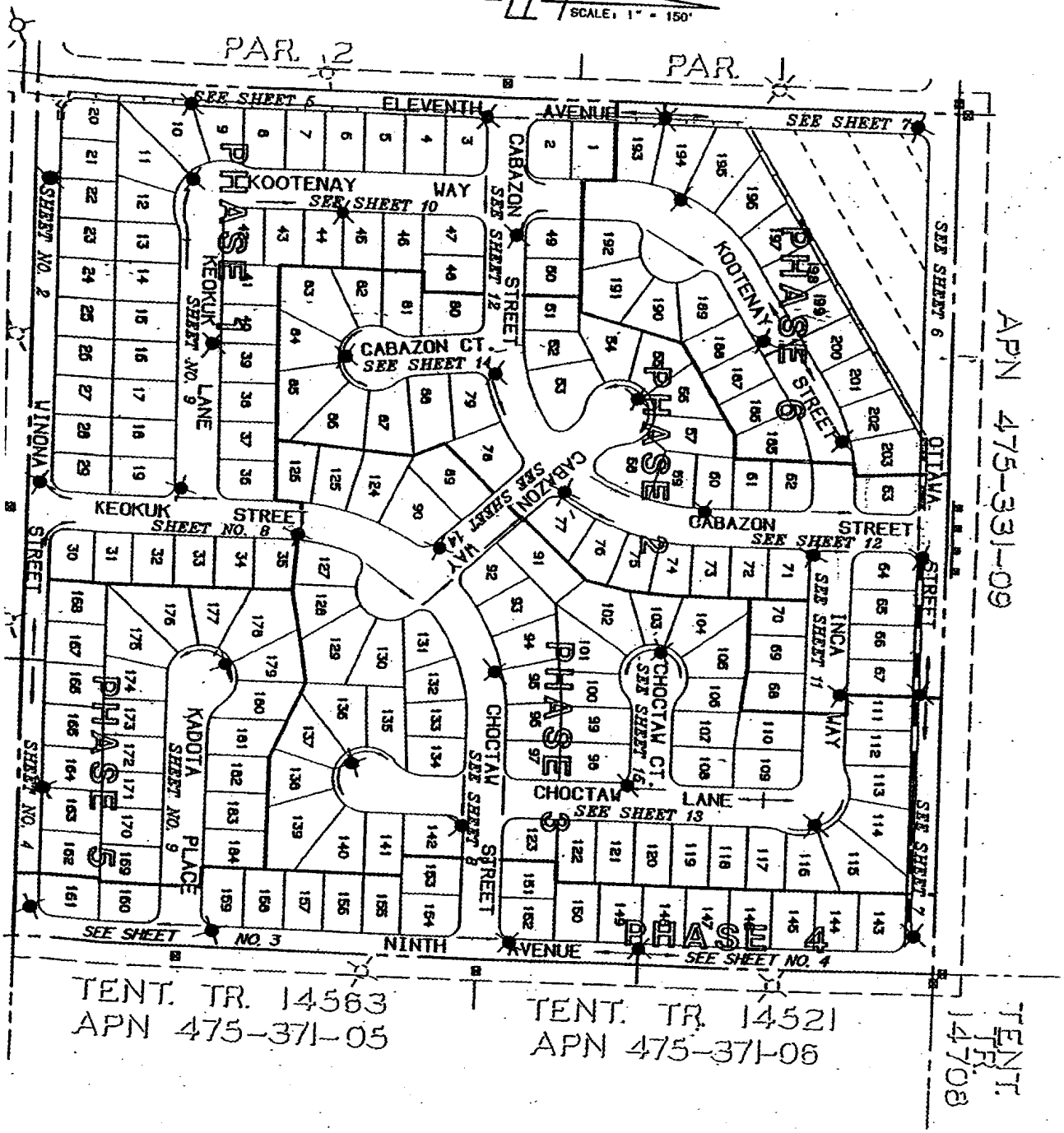
By: _____

Natalie Calcedo, Attorney-in-Fact

110 West "A" Street Suite 1805
San Diego CA 92101

P. M. NO. 10080

SCALE: 1" = 150'



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CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: John ~~A~~ Glade
City ~~Engineer~~

DATE: August 28, 2006

SUBJECT: Release of 80% of the Street Bonds and acceptance of the work into the public maintenance system for Tract 16247-3, 16247-4, 16247-5, & 16247-6

RECOMMENDATION: Approval of 80% of Release of the Faithful Performance Bond only for streets and acceptance of the work.

FISCAL IMPACT: None

Finance Dept. Use Only
Additional Appropriation
☐ No _____
☐ Yes/$ Amount _____
Finance Director Review
$ Approval _____

DISCUSSION: Covenant Development has requested an 80% release of the Street Bonds for Tract 16247-3 through 6. The street work has been completed satisfactorily and the Engineering Dept. recommends a release of 80% of the Faithful Performance Bond and acceptance of the work into the public maintained system for streets. The remaining 20% will be held for the one-year warranty period.

Tract 16247-3 Street Bond No. 211410
Tract 16247-4 Street Bond No. 211413
Tract 16247-5 Street Bond No. 227018
Tract 16247-6 Street Bond No. 661114528

Consent
#6P
9-5-06

COVENANT
DEVELOPMENT, INC.

29995 Technology Drive
Ste 201
Murrieta, CA. 92563
951/834-9040
951/834-9046 fax

July 3, 2006

City of Victorville
Helen Wilson
3434 Civic Center Drive
Victorville, CA. 92592

RE: Tract 16247-3, 16247-4, 16247-5 , 16247-6 Street Bond Reduction

Dear Helen;

We respectfully request inspection and the release/reduction of the following Street Improvement Bonds:

16247-3
Street Bond #211410 $333,500.00

16247-4
Street Bond # 211413 $119,261.00

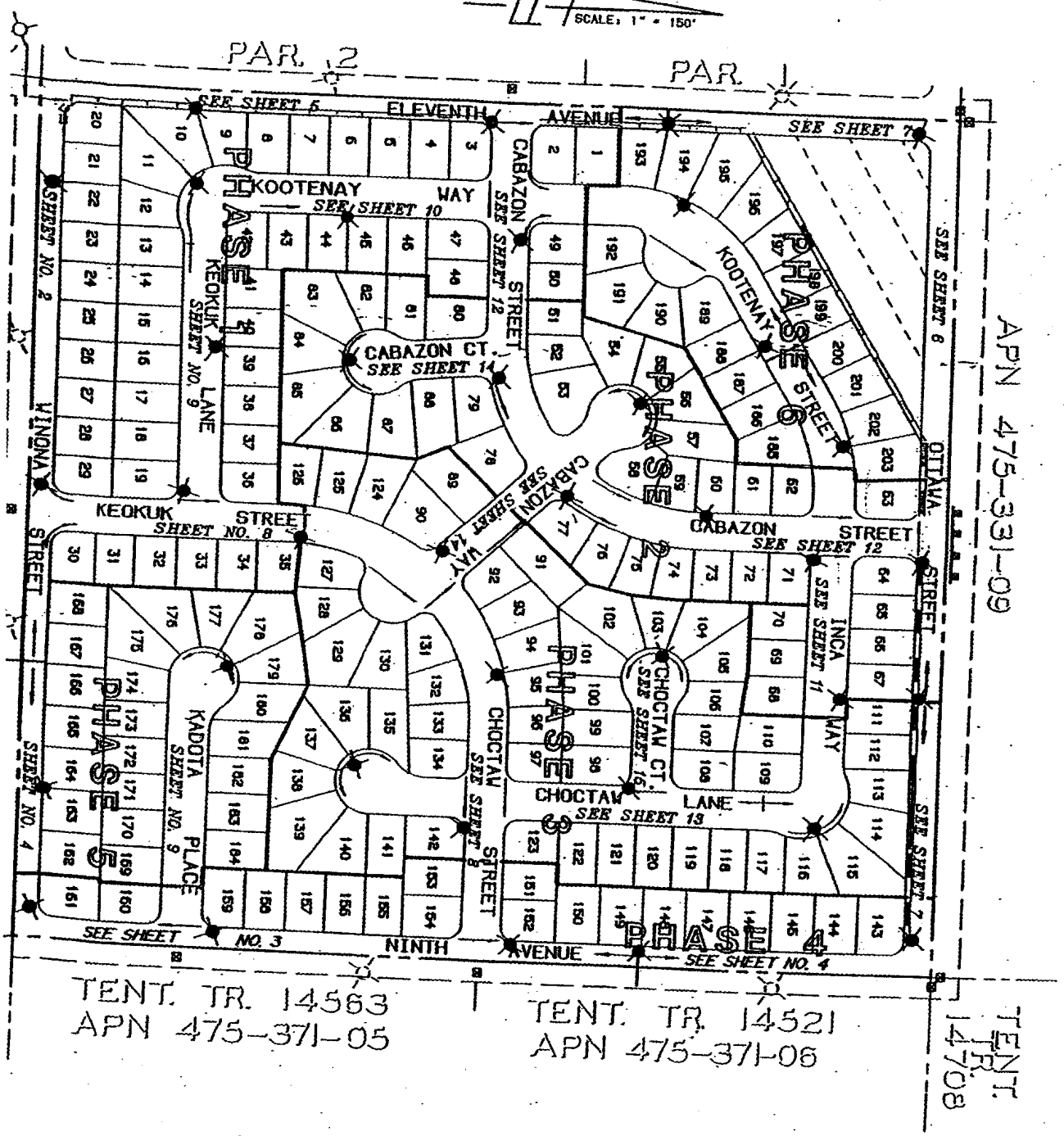
16247-5
Street Bond # 227018 $80,449.00

16247-6
Street Bond #661114528 $267,554.65

As always, your help is appreciated in these matters.

Sincerely
Suzanne Langley
Covenant Development Inc.

P. M. NO. 10080



APN 475-331-09

TENT. TR. 14563
APN 475-371-05

TENT. TR. 14521
APN 475-371-06

TENT. TR. 14708

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VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: John A. McGlade
City Engineer

DATE: August 28, 2006

SUBJECT: Release of the remaining 20% of the Sewer and Street Bonds for Tract 13908-2.

RECOMMENDATION: Approval of the remaining 20% Release of the Faithful Performance Bond for Streets and Sewers and the associated Labor and Materials Bonds.

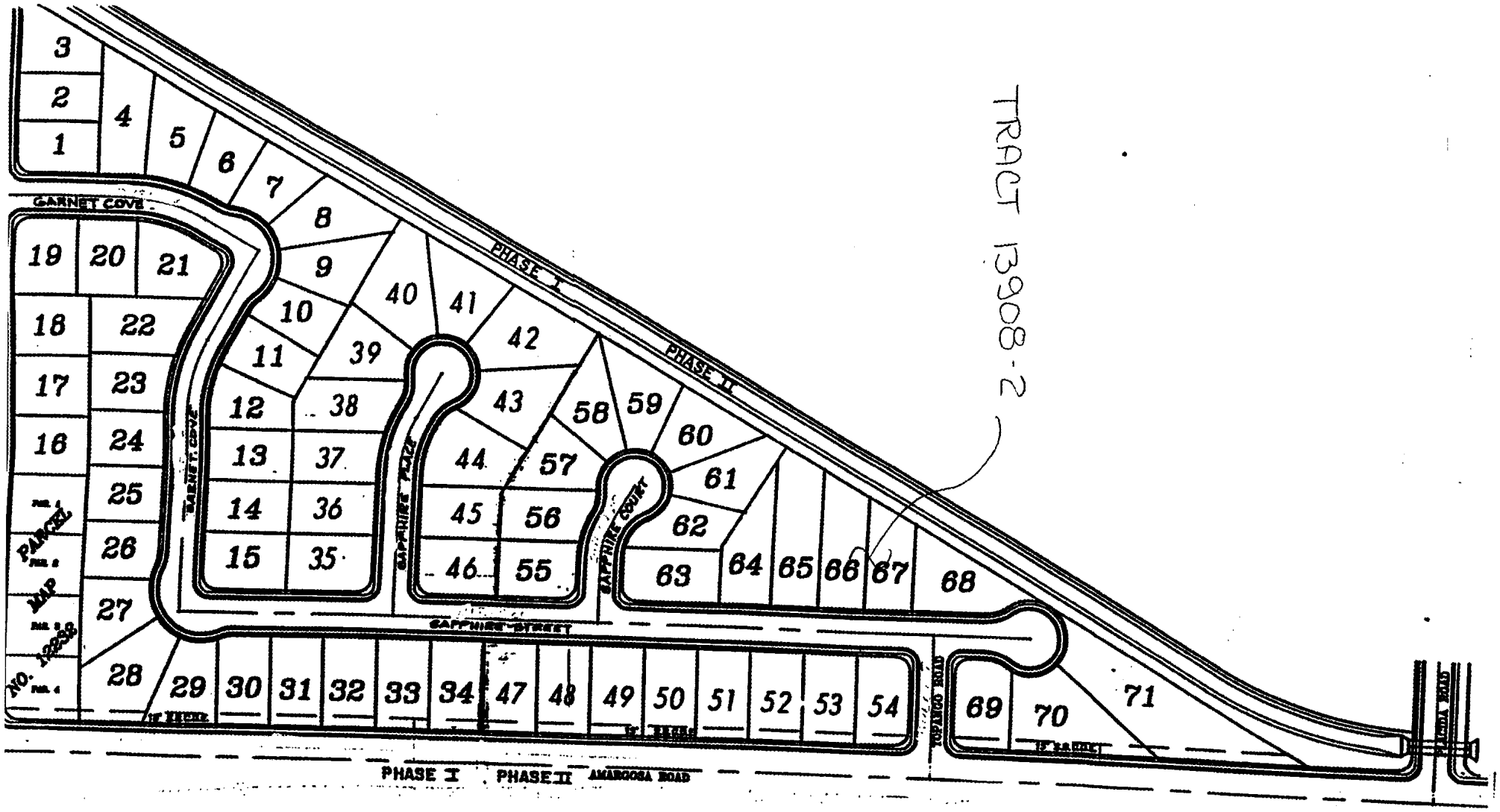
FISCAL IMPACT: None

Finance Dept. Use Only
Additional Appropriation
☐ No _____
☐ Yes/$ Amount _____
Finance Director Review
$ Approval _____

DISCUSSION: American Heritage has requested an exoneration of the Sewer and Street Bonds for Tract 13908-2. This work has been completed satisfactorily, the warranty period has been met and the Engineering Dept. recommends release of the remaining 20% for Streets and Sewers and of the Faithful Performance Bond and associated Labor and Materials Bonds.

Tract 13908-2 Street Bond No. B34223490
Tract 13908-2 Sewer Bond No. B34223491

Consent
#6Q
9-5-06


TRACT 13908-2
PHASE I
PHASE II
GARNET COVE
TARNET COVE
SAPPHIRE PLACE
SAPPHIRE COURT
SAPPHIRE STREET
PHASE I
PHASE II
AMARGOSA ROAD
PARCEL MAP
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CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: John A. Woodlade
City Engineer

DATE: August 28, 2006

SUBJECT: Final approval of Tract 16861.

RECOMMENDATION: Approval of Final Map for Tract 16861.

FISCAL IMPACT: None

Finance Dept. Use Only
Additional Appropriation
☐ No _____
☐ Yes/$ Amount _____
Finance Director Review
$ Approval _____

DISCUSSION: American Housing Group has requested final acceptance of Tract 16861 located north of Winona and east of Arrowhead Rd.

Consent
#6R
9-5-06

ALLARD ENGINEERING – High Desert
civil engineering land surveying land planning

RECEIVED
APR 10 2006
ENGINEERING DEPT.

April 5, 2006

CITY OF VICTORVILLE
ENGINEERING DEPARTMENT
14343 CIVIC DRIVE
VICTORVILLE, CA 92392

ATTN: HELEN WILSON, CITY ENGINEER
REGARDING: CITY COUNCIL AGENDA REQUEST

Dear Helen:

We are respectfully requesting Tract Map 16861, American Housing Group to be placed on the City Council Agenda for final approval.

If you have any questions regarding the above matter please call me at (760) 241-6600.

Respectfully,

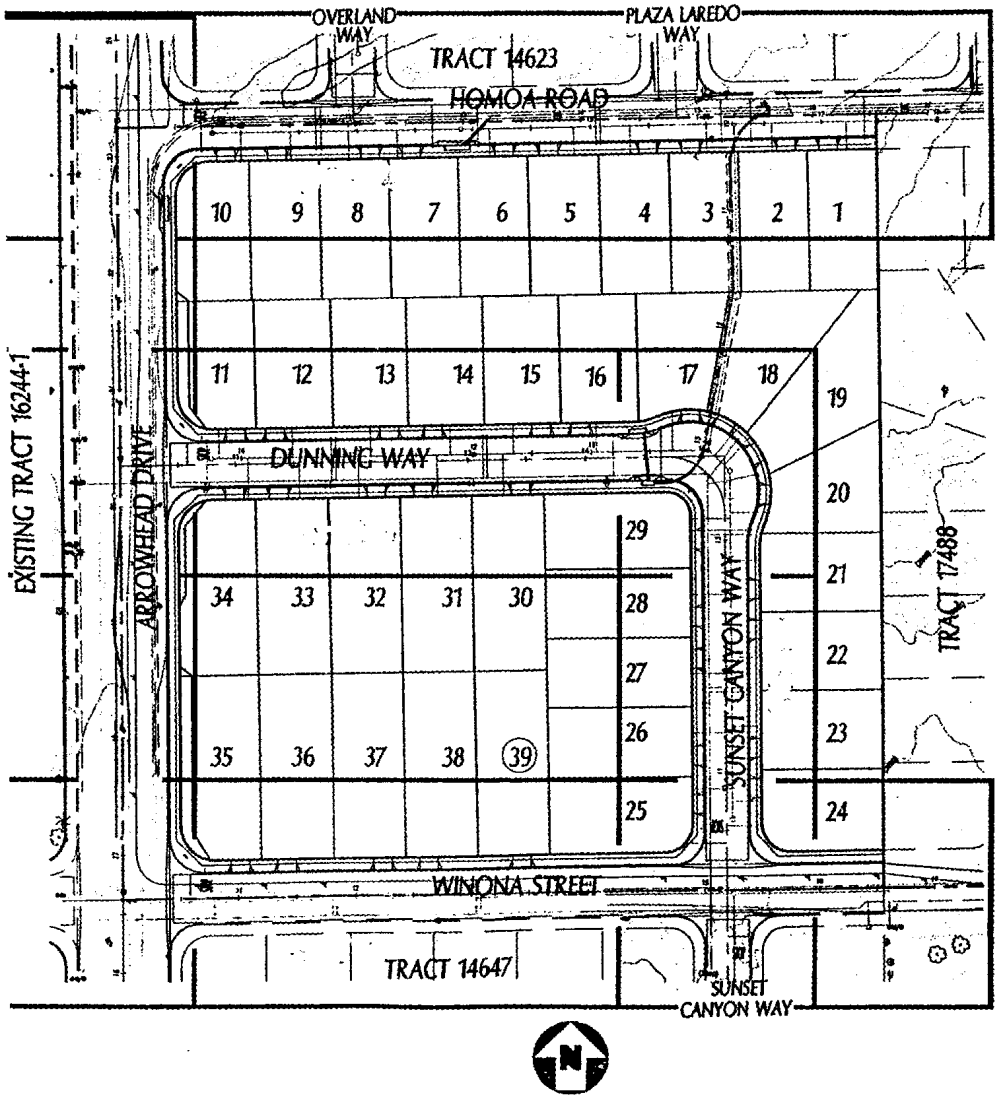
Raymond J. Allard
Principal
RJA/slw

cc: Corie Pruiett

Victorville • Fontana
15402 W. Sage Street, Suite 201
Victorville, CA 92392
Ph. 760-241-6600 • Fax 760-241-6868

CITY OF VICTORVILLE

TRACT NO. 16861



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CITY OF
VICTORVILLE

(760) 955-5000
FAX (760) 245-7243
E-mail: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, CA 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: **September 5, 2006**

SUBMITTED BY: Adair M. Patterson ap/am
Director of Finance

DATE: August 28, 2006

SUBJECT: **Notice of Completion – Construction of Mojave Vista Park, Project #CC05-090**

RECOMMENDATION: That the Honorable City Council accept as completed the above referenced project.

--Finance Dept. Use Only--
Additional Appropriation:

✓ No
___ Yes/$Amount:

Finance Director Review and Approval ap/am

DISCUSSION:

The above captioned project has been satisfactorily completed and inspected. The Community Services Department would recommend acceptance of the project and the filing of the Notice of Completion.

AMP/bm

cc: Jon Gargan, Director of Community Services

Consent
#6S
9-5-06

Recording Requested By:

CITY OF VICTORVILLE

And When Recorded Mail To:

City of Victorville
P.O. Box 5001
Victorville, CA 92393-5001

Space above this line for Recorder's Use

PUBLIC CONTRACT
NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN THAT:

1. The work of improvement set forth in the contract documents for this project #CC05-090, Construction of Mojave Vista Park, was successfully completed on June 19, 2006.

2. The full name and address of the contractor is: **RQ Construction, Inc.**
5256 South Mission Road
Bonsall, CA 92003

3. The location of the project is: **16252 Burwood Avenue, Victorville, CA 92395**
AP# 3091-111-05

4. Any communications relating to the subject work of improvement shall be directed to the Community Services Department, 14343 Civic Drive, Victorville, California 92392.

City of Victorville - Owner

Dated: 8/24/06

Jon Gargan, Director, Community Services
City of Victorville

The CITY OF VICTORVILLE in accordance with minute action taken this 5th day of September, 2006 hereby accepts the above work of improvements as set forth in the contract documents and all change orders applicable thereto subject to the guarantees as set forth in said contract documents.

Dated: _____

Mike Rothschild
MAYOR OF THE CITY OF VICTORVILLE

ATTEST:

CITY CLERK

STATE OF CALIFORNIA }
COUNTY OF SAN BERNARDINO }
CITY OF VICTORVILLE }

On _____, 2006, before me, _____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 _____

(THIS AREA FOR OFFICIAL NOTARIAL SEAL)

-----Original Message-----
From: Gerald Young
Sent: Thursday, August 24, 2006 11:47 AM
To: Bruce Miller
Subject: RE: Mojave Vista Park email stating completion has been achieved?

MOJAVE VISTA PARK HAS BEEN ACCEPTED AS COMPLETE.

CITY OF
VICTORVILLE

(760) 955-5000
FAX (760) 245-7243
E-mail: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, CA 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5th, 2006

SUBMITTED BY: Christopher P. Stathis CPS
Director of Information Services

DATE: August 29, 2006

SUBJECT: **AWindRow LLC Tidemark Consulting Services**

RECOMMENDATION: That the Honorable City Council award AWindRow LLC additional appropriation in an amount $17,550.00 for Tidemark Consulting Services plus reimbursable costs. Project not to exceed $20,000.00.

FISCAL IMPACT: $20,000.00

Budget Amount:
Budget Account No.: 521009-10100-30200-30312-52193

DISCUSSION: The project initially began in June 2006. Due to scheduling conflicts, the project was not completed in the past fiscal year as anticipated.

--Finance Dept. Use Only--
Additional Appropriation:

___ No
_✓_ Yes/$Amount: $ 17,550

Finance Director Review and Approval ap /aom

Written
#7
9-5-06

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CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: John A. Woodlade, City Engineer *DATE: August 24, 2006*

SUBJECT: AWARD OF CONTRACT for Hesperia Rd from Seneca Rd to D Street

RECOMMENDATION: That City Council award a contract for the Improvement of Hesperia Road from Seneca Rd to "D" St. to Yeager-Skanska for the low bid price of $2,248,900.00.

FISCAL IMPACT: $ 2,721,169.00

Actual Budget: $ 3,000,000
Budget Acct. No.: 40510

Finance Dept. Use Only
Additional Appropriation
☑ No
☐ Yes/$ Amount
Financed Director Review
$ Approval ap/aom

DISCUSSION: : On August 24, 2006, the Engineering Department opened bids for the Hesperia Road Rehabilitation Project. A total of four bids were received ranging from $2,248,900 to $2,976,789. The low bid price is 5.55% lower than the Engineer's Estimate.

1. Yeager-Skanska	$2,248,900.00
2. Sully-Miller	$2,383,383.00
3. Vance Corporation	$2,482,254.05
4. Cooley Construction	$2,976,789.00

The total estimated project cost is as follows:

Construction Contract	$2,248,900.00
Contingencies, 10%	$224,890.00
Construction Sub-Total	$2,473,790.00
Construction Engineering	$247,379.00
Project Total	$2,721,169.00

This project was approved as part of 2006/2007 Fiscal Year Capital Improvement Program to be funded with Measure I Street Arterial.

Consent
#8
9-5-06

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CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: John A. [illegible]
City Engineer

DATE: August 28, 2006

SUBJECT: AWARD OF CONTRACT - Award a Professional Services Contract for the Southern California Logistic Airport Water System Evaluation in an amount of $267,923.

RECOMMENDATION: That City Council award a contract award a contract to RBF Consulting, Inc. in the amount of $267,923 for the Southern California Logistic Airport Water System Evaluation and appropriate funds in an amount of $295,000 from OEA Grant

FISCAL IMPACT: $295,000
Budget: $1.8 million
City shall receive 90% reimbursement from an OEA Grant

Finance Dept. Use Only
Additional Appropriation
☑ No _____
☐ Yes/$ Amount _____
Finance Director Review
$ Approval af/am

DISCUSSION: Currently, potable water at Southern California Logistic Airport (SCLA) is being supplied by the City of Adelanto and Victor Valley Water District; therefore, SCLA is in need of independent and reliable water supply to insure against any actual or threat of interruption in future in light of rapid growth that is taking place. As a result the City in conjunction with SCLA Authority have obtained a grant from Department of Defense, Office of Economic Adjustment (OEA) to develop a reliable and independent water supply system (The grant will be administered by Department of Commerce, Economic Development Administration).

The need for independent and reliable water supply will become more critical as SCLA further develops. The major component of this project is to conduct a through investigation of hydro-geological condition of the SCLA and its surrounding area to locate the best site for drilling new water wells that could produce enough water to meet or exceed the water demand predicted in the SCLA Master Plan. This project will also have an optional component that is to study and recommend location for Water Storage Tank(s) and associated transmission lines. The optional tasks are not part of this award and may be considered after successful completion of hydro-geological study.

Written
#9
9-5-06

Staff prepared a Request for Proposals (RFP) for the Southern California Logistic Airport Water System Evaluation. Four companies submitted proposals in response to the RFP. They were RBF Consulting Inc., Earth Tech Inc., and Kleinfelder Inc. and Fugro Inc. Senior engineering staff evaluated all written proposals, assigned scores and established ranking. The top three ranked firms were RBF Consulting Inc., Kleinfelder Inc., and Fugro Inc. and were invited for oral interview and presentation. Fugro Inc. declined to participate further in selection process and RBF Consulting Inc. was chosen as top ranked consultant over all. Staff entered into negotiations to clearly define scope of work and fee for services. A satisfactory agreement was reached with RBF Consulting, Inc. for a not to exceed contract amount of $267,923, with 10% contingencies, $295,000.

CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

A G E N D A I T E M

CITY COUNCIL MEETING OF: **September 5, 2006**

SUBMITTED BY: John A. McGlade
City Engineer

DATE: 08/29/06

SUBJECT: Amendment to Capital Improvement Program

RECOMMENDATION: That City Council approve the Amendment to Capital Improvement Program

FISCAL IMPACT: $7,183,000

Budget:
Budget Acct: 40510 $6,079,000
25100 $1,104,000

--Finance Dept. Use Only--
Additional Appropriation
No
Yes Amount $ 7,183,000
Finance Director Review
$ Approval ap/aon

DISCUSSION: The Capital Improvement Program was approved with the adoption of the 2006 / 07 City Budget. Since the Disposition and Development Agreement with Stirling Capital Investments includes projects to be built by the City, it is appropriate for those projects to be included in the CIP. The projects include sewer, reclaimed water, drainage, streets and signals with a total estimated cost of $6,933,000.

Additionally, the signal at Civic Dr. and Seneca Rd., estimated at $250,000, was inadvertently omitted.

Written
#10
9-5-06

CITY OF VICTORVILLE

1 YEAR CAPITAL IMPROVEMENT PROGRAM
STREET IMPROVEMENTS

06-07 PROPOSED BUDGET

Projects	Funding Source	Estimated Project Amount
AEROSPACE DR		
Phantom W. to 2400' east	40510	1,562,000
(Reconstruct 4-lane road)		
AIR EXPRESSWAY		
*National Trails Hwy to Village Dr	40510	3,500,000
(Widen and improve)		
AMETHYST ROAD		
*Palmdale Rd. to Seneca Rd.	60300	10,000
Bear Valley to Luna	40510	2,000,000
(Reconstruct, Pavement Rehab)		
ANDOVER DRIVE		
Greenhill Dr to Puesta del Sol	40510	80,000
(Reconstruct)		
ARLETT DRIVE		
Hook Blvd to Mojave Dr	40510	190,000
BEAR VALLEY ROAD		
*Bridge Widening-BNSF	60300	500,000
ENTERPRISE WAY		
*Nisqualli Rd to Ottawa St	40520	150,000
(Construct 2 lane road)		
EUCALYPTUS		
I-15 Construct Interchange		
*Project Study Report	60300	50,000
Project Report	60300	900,000
GREEN TREE BLVD		
*Hesperia Rd to Yucca Loma Bridge	60300	100,000
Study	76931	100,000
(Construct road & share of bridge)		

Projects	Funding Source	Estimated Project Amount
GEORGE BLVD.		
Phantom W. to Sabre	40510	1,594,000
Reconstruct 4-lane road		
HESPERIA ROAD		
*Green Tree Blvd to "D" St	40510	3,000,000
(Reconstruct and widen)		
HIGH DESERT CORRIDOR		
*Hwy 395 to I-15		
(Construct interchange/4 lane hwy)	50100	1,000,000
*Environmental Study and	40510	1,000,000
Preliminary Engineering		
INNOVATION WAY		
Phantom W. to 1,770' west	40510	1,896,000
(Construct new 4-lane road)		
LA MESA ROAD		
Mesa Linda Ave to Hwy 395	76850	150,000
(Construct 2 lane road)		
LA PAZ DRIVE		
Offramp to Valley Center Dr	60610	600,000
(Widening)		
Mojave to Plaza Drive	40520	500,000
(Reconstruct)		
Seventh St to Seneca Rd	40520	400,000
(Reconstruct)		
MOJAVE DRIVE		
*I-15 Interchange - widen bridge	50300	750,000
*(Construction)	50100	750,000
	40510	500,000
NATIONAL TRAILS HIGHWAY		
Mojave River Bridge		
*(Barrier Rail Repl Truss Rehab)	40510	400,000

1 YEAR CAPITAL IMPROVEMENT PROGRAM
STREET IMPROVEMENTS

Projects	Funding Source	Estimated Project Amount
NISQUALLI ROAD		
*Balsam Rd to Hesperia Rd		
Design & Construction	60300	3,500,000
*I-15 Interchange - new bridge		
Project Report/Environmental Doc	60600	150,000
Design/PS & E	50300	2,190,000
	60600	500,000
	40510	400,000
Right of Way	50310	5,000,000
NUTRO WAY		
Overlay	40520	20,000
OTTAWA ROAD		
Hesperia Rd to Railroad		
(Overlay)	40510	100,000
PEPPER TREE DRIVE		
Tawney Ridge Rd to Puesta del Sol	40510	75,000
(Reconstruct)		
ROY ROGERS BLVD		
Amargosa to I-15	40510	300,000
(Widen, C&G, S/W)		
SENECA ROAD		
Hesperia Rd to LaPaz Dr	40510	1,200,000
(reconstruct)		
SOUTH MOJAVE DRIVE		
7th Street to Victor St to End	40520	300,000

Projects	Funding Source	Estimated Project Amount
SPRING VALLEY PKWY		
Bear Valley to Pahute (reconstruct)	40510	450,000
SYCAMORE STREET		
*Cobalt Rd to Hwy 395	40520	90,000
(Rehab, widen, straighten)		
TOPAZ ROAD		
*Bear Valley Rd to Sycamore St.	60300	400,000
TURNER RD		
At NTH, realign	40520	200,000
VALLEY CENTER DRIVE		
Outer Seventh St to Lorene Dr	40510	500,000
(Widen, reconstruct)		
La Paz Dr to Lorene Dr (reconstruct)	40510	500,000
VILLAGE DRIVE		
*Mojave Dr to Amargosa Rd	40510	500,000
(Rehabilitate pavement)		
YATES ROAD		
Arrowhead Dr to Green Tree Blvd	40520	150,000
(widen with curb & gutter)		
3RD AVENUE		
Nisqualli Rd to Comache Road	60300	200,000
(Construct 2-lane road)		
Silica to Burwood	40520	150,000
(construct 2-lane road)		

1 YEAR CAPITAL IMPROVEMENT PROGRAM
STREET IMPROVEMENTS

Projects	Funding Source	Estimated Project Amount
MISC STREETS (Widening)		
a) Amargosa Rd @ Village Dr	40520	55,000
b) Mojave Dr @ Ashley Glen Dr	40520	30,000
VARIOUS STREETS		
*Cape Seal/Micro-paving	40520	300,000
*Pavement Overlay	40520	300,000
*Slurry Seal Program	40520	400,000
CITY WIDE		
*Traffic Engineering	40510	200,000
*Counters/Counting	40510	25,000
*City Wide Model	60300	180,000

PROJECTS FUNDING SOURCE	
Fund 40510: Meas I Street Arterials	19,972,000
Fund 40520: Meas I Local	3,045,000
Fund 50100: Federal Demonstration	1,750,000
Fund 50300: Transportation Enhancement Act	2,940,000
Fund 50310: Safetealu	5,000,000
Fund 60300: Road Service DIF	5,840,000
Fund 60600: Nisqualli Overpass	650,000
Fund 60610: Goodwill Overpass	600,000
Fund 76850: CFD 01-01	150,000
Fund 76931: Victorville Redevelopment Agency	100,000

TOTAL FOR STREET IMPROVEMENTS: **40,047,000**

*Carry-over Projects

CITY OF VICTORVILLE

1 YEAR CAPITAL IMPROVEMENT PROGRAM
SEWER IMPROVEMENTS

06-07 PROPOSED BUDGET

Projects	Funding Source	Estimated Project Amount
AEROSPACE DR		
Phantom W. to 2,400' east	25100	464,000
(sewer and reclaimed water mainlines)		
AMARGOSA ROAD		
Dunia Rd to Mesa St	25100	400,000
***CITY WIDE MASTERPLAN**	25100	500,000
DALE EVANS		
Civic to California	25100	75,000
GEORGE BLVD		
Phantom W. to Sabre	25100	320,000
(sewer and reclaimed water mainlines)		
HESPERIA RD		
*Hesperia/Center St (relief sewer)	25100	150,000
INNOVATION WAY		
Phantom W. to 1,770' west	25100	320,000
(sewer and reclaimed water mainlines)		
NISQUALLI ROAD		
*1st Ave to Balsam	25110	1,500,000
OLD TOWN VICTORVILLE AREA		
*Concrete Sewer Rehab Program	25110	350,000
WATER RECLAMATION		
Yates Plant - Design	25100	500,000

Projects	Funding Source	Estimated Project Amount
SCLA RECLAIMED WATER		
Storage Pond (upgrades)	25100	50,000
SCLA Backbone System	25100	100,000
SCLA EAST TRUNK		
Metering Station	25100	120,000
Erosion protection	25100	50,000
SCLA WEST TRUNK		
*SCLA Master Plan Up-date	25100	10,000
LABRISA SEWER ASSESSMENT		
Construction & Engineering	25110	220,000

PROJECT FUNDING SOURCE	
Fund 25100: Sanitary District Operations	3,059,000
Fund 25110: Sanitary District Capital	2,070,000

TOTAL FOR SEWER IMPROVEMENTS: **5,129,000**

*Carry-over Projects

CITY OF VICTORVILLE

1 YEAR CAPITAL IMPROVEMENT PROGRAM
TRAFFIC SIGNALS

06-07 PROPOSED BUDGET

Projects	Funding Source	Estimated Project Amount
AMARGOSA RD		
Village Dr - construct signal	60300	250,000
AMETHYST RD		
*Palmdale Rd - construct signal	40510	380,000
Dos Palmas	40510	200,000
BEAR VALLEY RD		
Fish Hatchery Rd.- construct signal	52400	250,000
Topaz Rd - construct signal	50250	238,500
	60300	136,500
EL EVADO RD		
Seneca Rd - construct signal	60300	250,000
GREEN TREE BOULEVARD		
*Burning Tree - construct signal	40510	60,000
INNOVATION WAY		
Aerospace-construct signal	40510	200,000
Phantom W.-construct signal	40510	200,000
LA MESA RD		
Hwy 395 - construct signal	76850	150,000
	40510	150,000
NISQUALLI ROAD		
7th Avenue - construct signal	60300	250,000
3rd Avenue - construction signal	60300	250,000

Projects	Funding Source	Estimated Project Amount
ROY ROGERS BLVD		
California - construct signal	40510	250,000
SENECA RD		
Civic Dr. - construct signal	40510	250,000
TRAFFIC CONTROLS		
*Various Improvements	40520	30,000
I-15 La Paz/Roy Rogers Coordination	60610	40,000
*BV/1-15 Congestion Relief Study	40100	10,000
TRAFFIC SIGNAL CONTROLS		
Video detection - Retrofit	40520	150,000
*Radio Links (Citywide)	40520	36,000
Opticom (State Signals)	40520	120,000
BV Rd/Monitoring Camera	40520	40,000
*Signal Timing/Coordination Citywide	40520	60,000

PROJECT FUNDING SOURCE	
Fund 40100: Gas Tax	10,000
Fund 40510: Meas I Arterial Maintenance	1,690,000
Fund 40520: Meas I Local	436,000
Fund 50250: Hazard Elimination Grant	238,500
Fund 52400: CMAQ	250,000
Fund 60300: Road Service DIF	1,136,500
Fund 60610: Goodwill Overpass	40,000
Fund 76850: CFD 01-01	150,000

TOTAL FOR TRAFFIC SIGNALS: **3,951,000**

CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: 9/5/06

SUBMITTED BY: Terry E. Caldwell
Councilmember

DATE: 8/30/06

SUBJECT: REQUEST TO PROVIDE INPUT TO COUNTY OF SAN BERNARDINO'S REQUEST TO ESTABLISH A HIGH DESERT COUNTY GOVERNMENT CENTER

RECOMMENDATION: That the City Council adopt an official position to aggressively pursue the location of a County Government Center in the City of Victorville.

FISCAL IMPACT: None.
Budget Amount:
Budget Acct. No.:

--Finance Department Use Only--
Additional Appropriation:

____No
____Yes/$ Amt.:

Finance Director Review and Approval____

DISCUSSION: Attached is an article that appeared in the August 20, 2006 edition of the *Daily Press* concerning the County of San Bernardino's desire to locate a large government center in the High Desert. The article indicates that Supervisor Postmus will direct the County Administrative Office representatives to begin contacting officials from local cities for input.

/cb
Attachment

Written
#11
9-5-06

Publication: Victorville Daily Press; Date:2006 Aug 20; Section:Front Page; Page Number: A1

High Desert to get county government center

New building would put region's 800 workers in centralized location

By TRACIE TROHA Staff Writer
Tracie Troha can be reached at 955-5358 or at ttroha@vvdailypress.com.

SAN BERNARDINO — The High Desert could be getting its own government center to house the county's many offices and services.

First District Supervisor Bill Postmus said San Bernardino County is in the early stages of a $25 million project to build a large government center in this region.

"I'm not sure what city it will be in," Postmus said. "We will be looking at cities that might be willing to offer incentives."

Postmus said the county is leasing the buildings for its many High Desert of fices. Creating a centralized government center, Postmus said, will eventually save the county money.

"The county doesn't have its own facilities (in the High Desert)," Postmus said. "It makes sense to save money in the long run and not pay leases."

Postmus said there are about 800 county employees in the High Desert working at offices such as the Department of Public Health, Adult Protective Services, County Assessor, Department of Public Works and Child Support Services. The majority of offices are located in Victorville and Barstow.

Postmus said he will direct the County Administrative Office representatives to begin contacting officials from local cities for input.

"I would like to have the building built within 12 to 18 months," he said.

In addition to creating a government building in the High Desert, county staff members will also be looking at the feasibility of demolishing older buildings in San Bernardino and constructing new ones to provide extra space.

CITY OF
VICTORVILLE

(760) 955-5000
FAX (760) 245-7243
E-mail: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, CA 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: September 5, 2006

SUBMITTED BY: Douglas B. Robertson
Deputy City Manager

DATE: August 30, 2006

SUBJECT: **Approval of a professional services agreement with Bluewater Energy Solutions for operations and maintenance services at the Aspen and Foxborough facilities.**

RECOMMENDATION: That the Honorable City Council approve a professional services agreement with Bluewater Energy Solutions, Marietta, GA, in the amount of $950,000.00 for operations and maintenance services at the Aspen Cogen facility and the Foxborough Cogeneration Facility.

FISCAL IMPACT: $950,000.00

Budget Amount: $950,000.00

Budget Account No.:
521009-25115-70627-00000-52193

--Finance Dept. Use Only--
Additional Appropriation:

✓ No
___ Yes/$Amount:

Finance Director Review and
Approval ap jason

DISCUSSION:

Victorville Municipal Utility Services (VMUS) is in the process of recruiting personnel to operate and maintain the Aspen Cogen facility and the Foxborough Cogeneration Facility (FCF). Bluewater Energy Solutions (BES) has been the subcontractor responsible for operations and maintenance services at both Aspen Cogen and Phases A and B of the Foxborough project since September 2005. BES has acquired specific knowledge of the equipment located at these facilities and has the expertise necessary for start-up services. Approval of the professional services agreement with BES will prevent an interruption in service, and will allow for the additional time needed to hire and train VMUS personnel to take over operations and maintenance duties.

Utility staff recommends that Council approve the professional services agreement with Bluewater Energy Services for operations and maintenance services at the Aspen and Foxborough facilities.

DR/DW/jd

Written
#12
9-5-06

OPERATION AND MAINTENANCE SERVICES AGREEMENT
BY AND BETWEEN
VICTORVILLE MUNICIPAL UTILITY SERVICES DEPARTMENT
AND
BLUEWATER ENERGY SOLUTIONS, INC.

TABLE OF CONTENTS

RECITALS 1
TERMS AND CONDITIONS 2

ARTICLE 1 – THE PARTIES 2
1.1 Owner 2
1.2 Operator 2

ARTICLE 2 – SCOPE OF WORK 2
2.1 Description of Services 2
2.2 [Reserved] 2
2.3 Operation and Maintenance 2
2.3.1 Annual Operating Plan 2
2.3.2 Planned Maintenance 3
2.3.3 Annual Budget 3
2.3.4 Plant Records 3
2.3.5 Plant Operation and Maintenance Procedures 4
2.3.5.1 O&M Procedures List 4
2.3.5.2 O&M Manual 4
2.3.5.3 Preparation of O&M Manual 4
2.3.5.4 Revisions to O&M Manual 4
2.3.6 Emergency Procedures 5
2.3.7 Minimum Operation Standards 5
2.3.8 Electrical Testing and Inspections 5
2.3.9 Instrument Calibration 6
2.3.10 Fire Detection and Suppression Systems 6
2.3.11 Scheduling and Operating 6
2.3.12 Routine Inspections 6
2.3.13 Cleanliness 6
2.3.14 Computerized Maintenance Management System 7
2.3.15 Condition Based Maintenance 7
2.3.16 Monthly O&M Report 7
2.3.17 Incident Reporting 7
2.4 Outage Maintenance 8
2.5 Equipment Overhaul 8
2.6 Warranty Oversight 8
2.7 Spare Parts, Tools, Expendables, and Lubricants 8
2.7.1 Necessary Gear 8
2.7.2 Competitive Processes 9
2.7.3 Employee Uniforms and Safety Equipment 9

ARTICLE 3 – REQUEST FOR ADDITIONAL SERVICES 9
3.1 Anticipated Additional Services 9
3.1.1 Remote Plant Operator 9

3.1.2 Switchyard Inspections and Maintenance 9
3.1.3 Spare Parts, Tools, Expendables, and Lubricants 9
3.1.4 Oversight of Warranty Provisions 10
3.1.5 Circuit Protection, Substation Maintenance 10
3.2 Unanticipated Additional Services 10

ARTICLE 4 – OPERATOR'S QUALIFICATIONS 10
4.1 Class A Engineering License 10
4.2 City Business License 10
4.3 Operator Qualifications/Training 10
4.4 Unlimited Steam Engineer's License 10
4.5 Round-the-Clock Availability 10
4.6 Qualified Employees 11
4.7 Inspections 11
4.8 Supervisory Advice 11
4.9 Drugs or Alcohol 11

ARTICLE 5 – OPERATOR'S CONDUCT 11
5.1 Liaison, Coordination, and Cooperation 11
5.1.1 General Communications 11
5.1.2 Schedule and Customer Loads 12
5.1.3 Communication Management 12
5.1.4 Response Assistance 12
5.1.5 Response to Plant Conditions 12
5.2 Environmental, Health, and Safety 12
5.2.1 Spills and Containment 12
5.2.2 Catalytic Converter Maintenance 13
5.2.3 Continuing Emissions Monitoring Equipment 13
5.2.4 Permits 13
5.2.5 OSHA 13
5.2.6 Safety 13
5.2.7 Accidents 13
5.2.8 Accident Reports 13
5.3 Community Relations 14
5.4 Site Security 14
5.5 Authority Limitations 14
5.6 Notifications 15
5.7 Emergency Actions 16
5.8 Cooperation Following Termination or Expiration 16
5.9 Liens or Encumbrances 17

ARTICLE 6 – OPERATOR'S COMPENSATION 17

ARTICLE 7 – INDEMNIFICATION 18
7.1 Operator to Owner 18
7.2 Owner to Operator 18

7.3 Notice and Defense 19
7.4 Failure to Assume Defense 19

ARTICLE 8 – INSURANCE 19
8.1 Operator's Insurance 19
8.1.1 Worker's Compensation 19
8.1.2 General Liability Insurance 19
8.1.3 Commercial General Liability Insurance 19
8.2 Owner's Insurance. 20
8.2.1 Commercial General Liability Insurance 20
8.2.2 Property Insurance 20
8.3 Proof of Insurance 20
8.4 Deductibles 20
8.5 Certificates 20
8.6 Compliance 20
8.7 Insurance Carrier Standards 21

ARTICLE 9 – TERMINATION AND CANCELLATION 21
9.1 Termination by Owner 21
9.2 Cancellation by Owner 21
9.3 Cooperation 21
9.4 Termination by Operator 21

ARTICLE 10 - GENERAL PROVISIONS 22
10.1 Independent Contractor 22
10.2 Patents 22
10.3 Binding Effect: Successors and Assigns 22
10.3.1 Binding Effect 22
10.3.2 Successors and Assigns 22
10.3.3 Obligations 22
10.4 Not for Benefit of Third Parties 22
10.5 Choice of Law 22
10.6 Article Headings and Subheadings 23
10.7 No Waiver 23
10.8 Good Faith and Fair Dealing 23
10.9 Severability 23
10.10 Legal Capacity 23
10.11 No Counterparts 23
10.12 Further Assurances 23
10.13 Hazardous Materials and Waste 23
10.14 Status of Parties 25
10.15 Acknowledgments and Interpretation 25
10.16 Default Termination 25
10.17 Default Termination Remedies 25
10.18 Survival 25
10.19 Uncontrollable Circumstances 26

10.20 Notices 26
10.21 Entire Agreement 26
10.22 Priority of Contract Documents 26

ARTICLE 11 – DISPUTE RESOLUTION 27
11.1 Negotiations 27
11.2 Dispute Settlement in Courts and Venue 27

ARTICLE 12 – CONSEQUENTIAL DAMAGES 27

ARTICLE 13 – LIMITATION OF LIABILITY 28

ARTICLE 14 – TERM AND RENEWAL 28

EXHIBIT A – POWER FACILITIES OPERATIONS .....
EXHIBIT B – SCOPE OF WORK .....

OPERATION AND MAINTENANCE SERVICES AGREEMENT

BY AND BETWEEN

THE CITY OF VICTORVILLE

AND

BLUEWATER ENERGY SOLUTIONS, INC.

This OPERATION AND MAINTENANCE SERVICES AGREEMENT (the "Agreement") is made by and between the CITY OF VICTORVILLE, a California municipal corporation ("Owner") and BLUEWATER ENERGY SOLUTIONS, INC., a Georgia corporation ("Operator"), with respect to the Victorville Municipal Utility Services ("VMUS") Power Facilities Operations, is entered into as of July ___, 2006 (the "Execution Date"). Owner and Operator are occasionally herein referred to individually as a "Party" or collectively as the "Parties."

RECITALS:

WHEREAS, Owner has two (2) generating plants located in the City of Victorville; and

WHEREAS, the generating plants consist of the generating assets and plant descriptions specifically identified in the Power Facilities Operations attached hereto as Exhibit "A" and incorporated herein by this reference (individually, a "Plant," or collectively, the "Plants"); and

WHEREAS, Owner has delegated the management of the Plants to VMUS, a department within the City of Victorville; and

WHEREAS, Owner has caused the construction and substantial completion of the Plants to fulfill its utility responsibility in its Foxborough service area, for the purpose of furnishing electrical capacity and energy to commercial, industrial, and airport customers (the "Customers"), which Customers rely upon Owner and VMUS for electrical capacity and energy to serve their essential needs; and

WHEREAS, VMUS is an "island utility" and provides all of its Customers' electric power from the Plants; and

WHEREAS, VMUS must maintain an availability factor of 99.999% to the Customers (the "Availability Factor"); and

WHEREAS, in order to maintain the Availability Factor, VMUS requires skilled and knowledgeable operators and staff and expert operations and maintenance ("O&M") supervisors; and

WHEREAS, Owner published a notice inviting competitive bids for the O&M of the Plants on or about _____; and

WHEREAS, following the competitive bidding process, in which multiple firms offered to furnish O&M services, Operator was selected as the lowest responsible bidder on or about _____; and

WHEREAS, Operator is ready and willing to undertake its responsibilities and furnish the services described in this Agreement.

NOW THEREFORE, in consideration of the above recitals and the below mutual covenants and conditions set forth below, the Parties hereby agree as follows:

TERMS AND CONDITIONS

ARTICLE 1 – THE PARTIES

1.1 Owner. The City of Victorville is the Owner of the Plants. The Plants are managed by VMUS as a municipal utility. Owner has designated Mr. Wayne Campbell, Municipal Utilities Manager, as Owner's prime contact.

1.2 Operator. Bluewater Energy Services is the Operator of the Plants. Operator has designated Mr. Perry Novak, Vice President of the Operator, as Operator's prime contact.

ARTICLE 2 – SCOPE OF WORK

2.1 Description of Services. During the term of the Agreement, Operator shall faithfully perform, or cause to be performed, its obligations described in the Scope of Services attached to this Agreement as Exhibit "B" and incorporated herein by this reference (the "Services"). Operator shall maintain the Plants in such a manner to ensure that the Plants remain in good-as-new condition, normal wear and tear excepted.

2.2 [Reserved.]

2.3 Operation and Maintenance.

2.3.1 Annual Operating Plan. Annually, on February 1, Operator shall submit to Owner a proposed annual operating plan that describes, in detail, the planned operations and maintenance, by generator set, and other factors that may affect the availability, reliability, and output of the Plants,

including, without limitation, the starting and ending dates, the assigned personnel and the subcontractors, if any (the "Annual Operating Plan"). Operator will update the Annual Operating Plan when any changes become necessary, and shall submit the updated Annual Operating Plan to Owner for approval. Owner may request that Operator change the Annual Operating Plan in order to accommodate Owner's expected loads or schedules. The cost breakdown for O&M of the Plants is included in the Scope of Services attached hereto as Exhibit B. Any additional services identified in the Annual Budget (as defined in Section 2.3.3), or approved by Owner, shall be invoiced by Operator pursuant to Article 6.

2.3.2 Planned Maintenance. Owner designed the Plants such that the shutdown of an entire Plant is not necessary for any planned maintenance. Planned maintenance that requires the shutdown of any portion of a Plant shall be conducted during the Off-Peak Periods (as defined in Section 2.4). Operator shall not schedule any maintenance or perform any services that will result in the shutdown of an entire Plant or otherwise disrupt the service to the Customers. Operator may perform minor or routine maintenance, such as oil changes or adjustments, during the peak load period when it is possible for a single engine generator set to be removed from service without adversely affecting the ability of Owner to meet its load and redundancy, and without it interfering with any of Owner's scheduled operations or Owner's ability to meet Customer needs.

2.3.3 Annual Budget. On or before January 1 of each year, Operator shall prepare and submit to Owner a proposed annual budget that describes, in detail, all of the costs and expenses Operator expects in order to provide for the O&M of the Plants (the "Proposed Annual Budget"). The Proposed Annual Budget shall be based on a fiscal year from July of the current year through June of the following year. The Proposed Annual Budget shall include all items and markups that Operator believes are necessary for the O&M of the Plants. Operator will describe in the Proposed Annual Budget any expenditures it recommends to Owner that Operator would propose as Owner expenses. Owner will communicate to Operator any suggested revisions or changes and approve the Proposed Annual Budget as submitted or as revised (the "Approved Annual Budget"). Deviations from the Approved Annual Budget by Operator must be approved by Owner in writing. Owner will meet monthly with Operator to review expenditures against the Approved Annual Budget.

2.3.4 Plant Records. Operator shall create a record-keeping system at start-up of each phase (as defined in Exhibit "A") in which Operator has participated (the "Record System"). For each piece of equipment, Operator shall record in the Record System when that equipment was initially operated and subsequently accepted by Owner. During the term of this Agreement, Operator shall maintain the Record System to assure a

complete and accurate history of equipment installation, operation, performance, malfunction, maintenance, and condition. Unless otherwise instructed by Owner in writing, Operator shall keep all records in a safe and secure place, to be provided by Owner, for a period of no less than two (2) years. Operator shall maintain in a safe and secure place any tools, as-built drawings, Plant Operation and Maintenance Procedure Manuals (as described in Section 2.3.5), or plans and specifications for modifications or additions to the Plants made by Operator, pursuant to the terms hereof. Operator shall be responsible for complying with any regulatory record-keeping requirements, including, without limitation, logbooks. At any time, Owner may request an audit, at Owner's expense, of any and all records kept by Operator pursuant to this Agreement.

2.3.5 Plant Operation and Maintenance Procedures Manual.

2.3.5.1 O&M Procedures List. Within thirty (30) days of the Execution Date, Operator shall provide Owner with a description of the procedures that Operator intends to utilize for the O&M of the Plants (the "O&M Procedures").

2.3.5.2 O&M Manual. The Parties shall work in good faith and mutually agree upon the schedule for delivery of an Operations and Maintenance Procedures Manual (the (O&M Manual") and implementation of the O&M Procedures (the "Delivery Schedule"). The O&M Manual will become the property of Owner upon termination of this Agreement.

2.3.5.3 Preparation of O&M Manual. Operator shall prepare the O&M Manual as procedures and processes separate from the manuals supplied by the original equipment manufacturers (the "OEM"). Owner shall be responsible for the supply of all OEM, vendor, or design engineering documents and/or manuals to Operator (the "OEM Manuals"). Upon receipt by Operator of the OEM Manuals, the Delivery Schedule will begin. Operator shall cause the completion of the O&M Manual by an Owner approved procedure writer(s) within the Delivery Schedule. The O&M Manual shall be prepared in a manner that will produce easy-to-understand instructions and repair methods that can be readily understood and used to operate, maintain, and repair the Plants by a person experienced and schooled in the essential rudiments of electric utility power plant operations, and selected by the quality of that experience and schooling for the provision of the services to Owner (a "Qualified Operations Technician").

2.3.5.4 Revisions to O&M Manual. Operator shall submit proposed revisions of the O&M Manual to Owner for approval. Operator shall revise the

O&M Manual on a regular basis, which shall be agreed upon by the Parties to be a period no greater than every six (6) months, to ensure that the O&M Manual is current and accurate. Owner shall review the proposed revisions to the O&M Manual and may suggest additional revisions. No revision to the O&M Manual shall take effect unless and until Owner approves the revision in writing, or, if Owner does not approve or reject such revision, until thirty (30) days from the time the proposed revisions are received by Owner. Operator shall document and annotate drawings and procedures to reflect any changes to equipment or conditions from those reflected at the completion of construction.

2.3.6 Emergency Procedures. Operator shall maintain and update an emergency response plan (the "Emergency Response Plan"), to be followed by its employees and subcontractors in the event of any of the following emergencies: accidents that result in personal injury, damage to equipment or property, earthquake, unusual snowfall, loading buildings, blocking access, or affecting the operation of the equipment, fire, oil and hazardous materials leaks, fuel leaks including where and how to effect the emergency shutoff of the natural gas or diesel fuel supply, accomplished with or without the availability of the natural gas distribution company (as applicable), and the appearance of threatening or potentially dangerous personnel who may, for example, be brandishing weapon.

2.3.7 Minimum Operation Standards. Operator shall furnish O&M services in strict conformance with the requirements of the O&M Manual and O&M Procedures. In addition, Operator shall operate and maintain all of the balance of the Plants in accordance with the OEM Manuals and in accordance with industry standards. The minimum standards for operation shall be a service reliability of 99.999% of the electrical grid.

2.3.8 Electrical Testing and Inspections. Operator or its subcontractor shall test and inspect all major electrical systems including, but not limited to, battery systems, breakers, switchgear, transformers, uninterrupted power supply system, HVAC system, protective relays, and communications systems. Operator shall perform switchyard inspections and routine maintenance, including annual trip tests, on a twelve (12) month cycle. Operator shall bi-annually calibrate all switchyard instrumentation as well as protective relays. The cost of this testing and inspections shall be paid by Owner or billed to Owner by Operator as per the terms of this Agreement. Operator will ensure that Operator's employees, vendors, subcontractors, or any other person who performs electrically related tasks, is in proximity to, or is within an arc-flash boundary, shall be in conformance with all applicable regulatory codes regarding the testing, maintenance, and operation of electrical devices. Operator, with

cooperation from Owner, shall post the required hazard warnings for electrical devices in accordance with the applicable codes, which shall include NFPA 70E.

2.3.9 Instrument Calibration. Operator or its subcontractor shall calibrate all critical instruments related to the Plants' operation and remote monitoring and control as recommended by the OEMs. The cost of this testing shall be paid by Owner or billed to Owner by Operator as per the terms of this Agreement.

2.3.10 Fire Detection and Suppression Systems. Operator shall test the fire detection and suppression systems in accordance with state and local requirements. The cost of this testing shall be paid by Owner or billed to Owner by Operator as per the terms of this Agreement. Testing shall be coordinated and approved by the local fire department.

2.3.11 Scheduling and Operating. Operator shall operate the Plants to generate electricity on schedules and as Owner operations are required in a manner that maximizes the Plants' efficiency. Owner may dispatch part or all of the output of the Plants as it may, in its sole judgment, regard as desirable. Operator shall have a suitably trained Qualified Operations Technician at the Plants on a 24 hour per day, 7 days per week basis with proper overlap between shift changes.

2.3.12 Routine Inspections. Operator shall conduct regular, routine walk-through inspections of the Plants on an hourly basis to insure continuous operation of the system. Walk-through inspections shall not be a substitute for the activities and responsibilities that are associated with the prudent operation of the Plants by Operator. During the walk-through inspections, Operator shall conduct a thorough visual inspection of all mechanical and electrical equipment, switchgear, and the switchyard. Operator shall verify proper lubrication conditions, coolant levels, exhaust temperatures, and other operating and electrical conditions are normal. Operator shall attend to any leaks or conditions that must be corrected to assure reliable operation of the Plant and record them. Operator shall report to Owner and correct any serious abnormal conditions immediately. Operator shall coordinate with OEMs, vendors and other outside parties for the correction of serious conditions; however Owner shall be responsible for the approval of any third parties that are outside the Approved Annual Budget in accordance with Section 2.3.3.

2.3.13 Cleanliness. Operator shall maintain the Plants and the equipment in a clean and orderly condition. All oil or fluid leaks, spills of any kind, dirt, and debris are to be wiped, picked up, and/or swept. All washable surfaces are to be periodically scrubbed and washed down to maintain a high level of cleanliness.

2.3.14 Computerized Maintenance Management System. Operator shall during the term of this Agreement develop and place into service an approved Computerized Maintenance Management System ("CMMS"), at the direction of Owner, for the collection of detailed information about each piece of equipment, outage history, outage planning, parts requirements, and inventory control. Operator shall train Owner's designated employees in the use of the maintenance management system. Owner and Operator shall input and update data during the term of this agreement. Operator shall turnover the CMMS, including any license agreement(s), to Owner at the end of the term of this Agreement.

2.3.15 Condition Based Maintenance. Operator shall utilize, with the approval of Owner, condition based maintenance/reliability-centered maintenance to assist in determining maintenance schedules in an effort to reduce the possibility of Operator-related availability problems. Examples of such technology are oil testing for equipment and transformers, vibration monitoring for rotating equipment, and infrared imaging inspections for all electrical connections inside the Plants and in the switchyard. The costs for the condition based maintenance shall be included in the Approved Annual Budget and billed to Owner in accordance with this Agreement.

2.3.16 Monthly O&M Report. During the term of this Agreement, Operator shall, by the tenth (10th) working day of each month, prepare and submit a monthly O&M report to Owner for review (the "Monthly O&M Report"). The Monthly O&M Report shall describe in detail all activities of Operator during the previous month, indicating the utilization of any parts from warehoused supplies, environmental activities, any monthly, quarterly, or annual required reports to regulatory agencies, the hours and activities of Operator's employees and its subcontractors, and all other pertinent information relating to the O&M of the Plants, including any unscheduled events, repairs, anomalies, or other phenomena that affect or could affect potentially the availability of any equipment in the Plants.

2.3.17 Incident Reporting. Operator shall respond to unplanned incident or outages of an engine/generator set in a timely, cost effective manner. Operator shall notify Owner immediately of any forced or unplanned outage or of any event that unexpectedly trips open any circuit that takes part or all of a Plant's generating capacity off line. Notice shall be given by Operator to Owner by telephone of the unplanned event until receipt of the notice is acknowledged by each. A formal incident report shall be completed within twenty four (24) hours of an incident with all findings, recommendations, and details available at the time. A follow up incident report should be prepared and submitted, if required as a result of failure analysis or other post incident investigations.

2.4. Outage Maintenance. In the Annual Operating Plan, Operator shall schedule planned maintenance that requires the outage of any engine/generator set to be conducted only when adequate generating and redundant equipment is available during the off-peak periods, which are defined as including nights, weekends or at any time between October 1 and April 31, whenever possible (the "Off-Peak Periods"). Upon approval by Owner of the Annual Operating Plan with the detailed maintenance schedules, Operator shall not alter the schedules, or change the level of work or the identified subcontractors, without the review and prior approval of Owner. Upon Owner's approval of an Annual Operating Plan or a change thereto, Operator shall enter into such contracts as are necessary to secure vendor and subcontractor support to start and complete the scheduled maintenance in strict accordance with the schedule.

2.5. Equipment Overhaul. Operator shall be responsible for the scheduling and overhaul of the equipment when such equipment service is included in the Annual Operating Budget. Owner will purchase the vendor services.

2.6. Warranty Oversight. Operator shall oversee the warranty provisions given by each of the OEMs of Plant equipment. As part of this Service, Operator shall:

2.6.1. Advise Owner promptly of all warranty items or potential warranty issues and prepare warranty claims for Owner.

2.6.2. Pursue all warranty claims and cause all vendors and OEMs to respond to warranty claims expeditiously.

2.6.3. Oversee all warranty repairs and advise Owner of the adequacy of the fulfillment of any warranty claim.

2.6.4. Advise Owner of potential insurance claims and provide documentation needed to submit a complete insurance claim.

2.7. Spare Parts, Tools, Expendables, and Lubricants.

2.7.1. Necessary Gear. Operator shall maintain a list of spare parts and supplies, as well as tools and special equipment that, in Operator's judgment, are necessary to have at hand, to assure that repairs and maintenance can be performed readily in order to maintain the availability of the entire electrical output of the Plants. Spare parts, tools, equipment and supplies shall be warehoused in the Plants or at an accessible location in the City at an Owner supplied facility. At a monthly meeting with Owner, Operator shall recommend replenishing any items that have been used or consumed. Operator shall also furnish, at Operator's expense, such tools and equipment that may be required to timely perform routine repair and maintenance of the Plants. Specialized tools recommended by the OEMs shall be recommended by Operator to Owner for purchase. Operator shall

recommend to Owner a complete set of tools and equipment to service the Plants. Tools and equipment purchased by Owner through Operator shall be supplied with markup by Operator and become the property of Owner.

2.7.2. Competitive Processes. In acquiring spare parts, tools, expendables, lubricants, supplies, equipment and materials, Operator shall follow Owner's competitive bidding process for such purchases and for the selection of lubricant subcontractors, unless directed by Owner where to purchase. Operator shall maintain its records of its competitive solicitations with the vendor's responses thereto and make them available to Owner upon request. Operator acknowledges that such records may be subject to review by Owner and thus must be kept in readable form during the term of this Agreement and delivered to Owner upon the termination of this Agreement.

2.7.3. Employee Uniforms and Safety Equipment. During the term of this Agreement, Operator shall provide its employees with uniforms and safety equipment, including, but not limited to, protective headgear, eye protection, protective clothing, protective footwear and gloves, as well as first aid kits in accordance with industry standards and NFPA 70E.

ARTICLE 3 – REQUEST FOR ADDITIONAL SERVICES

3.1 Anticipated Additional Services. Owner may request additional services to assist VMUS in the operation of the Power Facilities Operations. These services will be requested on a specific task basis and confirmed in writing by Operator. These services will be compensated on a time and material basis.

3.1.1 Remote Plant Operator. Operator may be requested to provide supplemental Qualified Operations Technicians for the SCLA Plant 1 facility, working under the direction and control of Owner.

3.1.2 Switchyard Inspections and Maintenance. Upon completion of any switchyard testing and maintenance, a detailed description of the results and work accomplished will be provided.

3.1.3 Spare Parts, Tools, Expendables, and Lubricants. Generally, Owner shall procure spare parts, tools, expendables and lubricants. By mutual agreement and upon approval of Operator's recommended list and source by vendor of spare parts, tools, expendables and lubricants, Operator may, at Owner's request, procure spare parts, tools, expendables and lubricants on Owner's behalf. After the same are received and stored at the Plants or warehouse, Owner shall reimburse Operator for the actual cost plus Operator markup thereof, as evidenced with invoices attached to the monthly invoice and accompanying the Monthly O&M Report. Upon

payment, such spare parts, tools, expendables, lubricants and other supplies and materials or equipment shall become the property of Owner.

3.1.4 Oversight of Warranty Provisions. Owner shall compensate Operator if Operator is required to oversee the warranty provisions of Phase 1 when those services require the supervision and staff that is over and above provided under this Agreement.

3.1.5 Circuit Protection, Substation Maintenance. Operator, at Owner's request, shall contract with NETA certified, suitably experienced professionals with direct and recent experience with the Plants or related facilities such as subtransmission system interconnections, to provide wiring, relay and circuit protection services, as well as substation design, maintenance and modification services.

3.2 Unanticipated Additional Services. For any services that have not been anticipated in this Agreement, if requested by Owner in writing, Operator shall furnish such unanticipated additional services in accordance with a Work Order. Such services shall be billed on a monthly basis in accordance with the approved Work Order.

ARTICLE 4 – OPERATOR'S QUALIFICATIONS

4.1 Class A Engineering License. Operator shall apply for, obtain and maintain a Class A Engineering license and all other authorizations which are required under applicable law to be obtained and maintained by Operator, in order for Operator to perform the Scope of Services. Operator shall, at Owner's request, assist Owner in applying for, obtaining and maintaining authorizations obtained and maintained by Owner.

4.2 City Business License. During the term of this Agreement, Operator shall maintain in good standing a City of Victorville Business License.

4.3 Operator Qualifications/Training. Operator shall assure that its employees and subcontractors are properly trained, qualified and certified or licensed to work on the equipment in the Plants. Owner reserves the express right to accept or reject any Qualified Operations Technician proposed by Operator.

4.4 Unlimited Steam Engineer's License. Operator shall obtain and maintain a valid unlimited steam engineer's license issued by the City of Los Angeles Department of Building and Safety. Operator shall maintain such license throughout the term of this Agreement.

4.5 Round-the-Clock Availability. Operator shall assure that it employs sufficient personnel who are qualified and available to operate the Plants any time, twenty-four (24) hours a day, and seven (7) days a week, during the term of this Agreement. Operator shall schedule its personnel in order to meet Owner's

operating requirements with a minimum of one Qualified Operations Technician to be available at all times. An off-shift Qualified Operations Technician shall reside within two hours travel time from the Plants in case of emergency. Operator shall schedule vacations and other absences in order to assure it has Qualified Operations Technicians available to timely respond to Owner's requirements.

4.6 Qualified Employees. Operator shall employ only reliable and experienced personnel. Operator shall require its employees and subcontractors to display a valid Owner identification badge and carry a current and valid photo identification card, such as a driver's license, at all times.

4.7 Inspections. Operator shall provide supervision of its employees and subcontractors with routine, unannounced inspections of the Plants to ensure that the O&M services are being performed thoroughly and competently. Operator's supervisory personnel shall meet with Owner on a regular basis, as may be requested by Owner or Operator.

4.8 Supervisory Advice. Operator's supervisory personnel shall be available to consult with Owner's management and shall respond to requests from Owner for support or consultation regarding the Services within one (1) day of a request.

4.9 Drugs or Alcohol. Operator shall institute a written drug and alcohol policy that is consistent with and at least equal to Owner's policy. Operator will assure that all of its employees and subcontractors assigned to the Plants may be tested to assure that they are not under the influence of drugs or alcohol. Any suspicious activity observed by Operator shall be reported by Operator to Owner after Operator has conducted an appropriate investigation of the matter. In the event of an employee or subcontractor involved incident, such employee or subcontractor shall immediately submit to a drug and alcohol test.

ARTICLE 5 – OPERATOR'S CONDUCT

5.1 Liaison, Coordination, and Cooperation.

5.1.1 General Communications. Operator and its employees or subcontractors responsible for the O&M of the Plants, shall maintain a current list of land-line and mobile phone numbers, email addresses, and facsimile numbers with Owner. As appropriate, Operator shall submit to Owner the identity and contact information for the employees and subcontractors scheduled to be on duty, as well as their emergency replacements for the next operating or maintenance horizon, which shall be at least fourteen (14) calendar days in duration. Owner shall submit to Operator the names, telephone numbers, email addresses, and facsimile numbers for notices and for emergency communications with Owner.

5.1.2 Schedule and Customer Loads. Operator shall communicate daily, or within the day on an as-needed basis, to coordinate the operation of the Plants with Owner's schedules and customer loads.

5.1.3 Communication Management. Because of the crucial nature of the cooperation and coordination between scheduling and operation of the Plants, Operator shall on a bi-weekly cycle review with its employees and subcontractors the immediately-preceding two (2) weeks of operations, compared to expected operation instructions. Operator shall actively manage its employees and subcontractors in fulfilling the scheduling requirements as Owner may direct.

5.1.4 Response Assistance. Owner may be ultimately responsible for its relationship with governmental authorities and regulatory agencies having jurisdiction, local, state and federal. Operator shall assist Owner in responding to any requests of such authorities or agencies. Operator shall assist Owner by collecting information, assembling and describing data, and drafting such informational materials as Owner may request, which materials Owner may submit to the authorities or agencies if in Owner's discretion, the materials are responsive. Operator shall not be responsible for any changes or modifications that Owner may make in the description of the information that Operator had provided to Owner.

5.1.5 Response to Plant Conditions. Operator shall regularly train and test its employees and its subcontractors involved in the O&M of the Plants to detect and report to Owner any conditions that may affect the planned operation of the Plants. Such conditions are to be communicated and reported immediately upon discovery. Operator shall submit within twenty-four (24) hours a plan for correcting the problem and a timeline for completing any work necessary to correct it, with an estimate of the cost involved, to Owner.

5.2 Environmental, Health, and Safety.

5.2.1 Spills and Containment. Operator shall properly handle and contain all lubricants, chemicals, and hazardous materials in accordance with Spill Prevention Control and Containment Procedures prepared by Operator and approved by Owner (the "Containment Procedures"). Operator shall maintain any engineered and installed containment barriers at the Plants. Operator shall contain and clean any minor spills in accordance with applicable laws and regulations and the Containment Procedures. Operator shall comply with any reporting conditions within the time required and shall communicate the fact of any reportable spill to Owner immediately. Operator shall not be responsible for faulty or inadequate design and installation of facility equipment and containment systems, except where it

is deemed that the equipment failed as result of a lack of, or poor, maintenance on equipment under the responsibility of Operator.

5.2.2 Catalytic Converter Maintenance. Operator shall maintain all catalytic converters in a safe manner consistent with the regulations for the handling and disposal of the catalyst and its media. If requested by Owner, Operator shall employ an appropriately trained and approved subcontractor. Before starting the maintenance work on the catalytic converter, Operator shall provide Owner with a cost estimate which shall include disposal costs.

5.2.3 Continuous Emissions Monitoring Equipment. Operator shall cooperate with Owner to ensure that the continuous emissions monitoring equipment will be maintained in good working order to prevent any reportable failures of such equipment. Owner will have certain maintenance, monitoring, and reporting responsibilities under 40 CFR Part 60 and the requirements of the Mojave Desert AQMD, which Operator shall adhere to. Operator shall coordinate annual testing with Owner.

5.2.4 Permits. Owner will provide Operator with a copy of all permits related to Plant design, construction, and O&M. Operator shall school its employees and subcontractors in the conditions and requirements of each such permit in order to strictly comply with all permit conditions and requirements. Operator shall immediately notify Owner of any permit condition that may be exceeded or any requirement that may not be met in the immediate future.

5.2.5 OSHA. Operator shall require that its employees and subcontractors abide by Owner's safety requirements and with Cal OSHA requirements. Operator shall be responsible for providing regular training on such safety requirements with its employees and subcontractors.

5.2.6 Safety. Operator shall provide for the safety procedures that apply to the Plants. Such procedures must include instructions for safely clearing all mechanical and electrical equipment for work.

5.2.7 Accidents. Operator shall report all accidents of any kind, whether time is lost or not, and "near-misses," to Owner and the required agencies within twenty-four (24) hours or by such time as may be required by the regulatory agencies having jurisdiction.

5.2.8 Accident Reports. Operator shall investigate all accidents and prepare a written report and submit it to Owner. The accident report shall include the type of accident, how it happened, and the identity of the injured person, a description of the injury or accident, or "near misses," which

may have resulted in an injury and what remedial steps may be appropriate in order to avoid a reoccurrence of a similar accident.

5.3 Community Relations. Operator shall at all times conduct itself and perform the Services in a manner that reflects positively on Owner within the local community. At least once a year, Operator shall accompany Owner to meet with local law enforcement, fire protection and health care provider officials to review the activities that take place at the Plants and the response to situations, including emergencies that might involve such community services. Operator shall refer all media inquiries to Owner. Neither Operator nor its employees shall make any statements to the media without prior written permission from Owner.

5.4 Site Security. Operator shall draft and submit to Owner a proposed site Security Plan (the "Security Plan"). The Security Plan will be drawn to insure that there will be no unauthorized entry into the Plants or Plant equipment. The Security Plan will provide that Operator shall be responsible to ensure that its employees and subcontractors do not allow any unauthorized access to the Plants. The Security Plan shall provide that advance approval must be obtained by Operator from Owner before any visitor may be admitted to the Plants or the property surrounding the Plants. The Security Plan will prohibit the possession or transportation of weapons or firearms of any sort, or any type of explosives, or drugs or alcohol, on the grounds of, near, or in the Plants.

5.5 Authority Limitations. Unless specifically provided for in this Agreement, the Annual Operating Plan or the Annual Budget, or as otherwise specifically approved or directed by Owner in writing, Operator shall not directly or indirectly:

5.5.1. sell, lease, pledge, mortgage, convey, or make any license, exchange or other transfer or disposition of any property or assets of Owner, including any property or assets purchased by Operator on Owner's behalf in accordance with this Agreement;

5.5.2. make, enter into, execute, amend, modify or supplement any contract or agreement (including any labor or collective bargaining agreement) on behalf of or in the name of Owner;

5.5.3. incur, consent to or agree to any cost or expense directly or as agent of Owner that is to the account of Owner;

5.5.4. settle, compromise, assign, pledge, transfer, release or consent to the compromise, assignment, pledge, transfer or release of, any claim, suit, debt, demand or judgment against or due by, Owner; or submit any such claim, dispute or controversy to arbitration or judicial process, or stipulate in respect thereof to a judgment, or consent to do the same.

5.6 Notifications. Upon obtaining knowledge thereof, Operator shall, as soon as practicable, but no later than one (1) business day after obtaining such knowledge, deliver to Owner a written notice of the following:

5.6.1. any litigation, claim, dispute, action or proceeding by any person, concerning the Plants, a Party or the Scope of Services that is either pending or threatened and material to the Services;

5.6.2. any (i) suspension or revocation, (ii) refusal to grant, renew, or extend, or (iii) pending litigation, claim, dispute, action or proceeding, in each such case that might, in the reasonable opinion of Operator, result in the suspension, or revocation, or affect the granting, renewal or extension of any authorization relevant to the Services;

5.6.3. any bona fide or material threat of (i) a suspension or revocation, (ii) a refusal to grant, renew, or extend, or (iii) litigation, claim, dispute, action or proceeding, that, in each case, is likely, in the reasonable opinion of Operator, to result in a suspension or revocation, or affect the granting, renewal or extension, of any Authorization relevant to the Services;

5.6.4. any imposition of any Operator borne fine relevant to the Services;

5.6.5. any incident of death or serious injury or damage at the Plants or that is likely, in the reasonable opinion of Operator, to have a material adverse effect on the Plants, a Party, or performance of the Services in accordance with this Agreement;

5.6.6. any incident requiring notification of any governmental authority in accordance with applicable law;

5.6.7. any notice from any governmental authority of any inspection of the Plants or Plant-related records;

5.6.8. any potential shortage of utility services needed to operate the Plants;

5.6.9. any current or potential non-compliance with the Annual Operating Plan and Annual Budget;

5.6.10. any tax related to the Services and assessed against a Party for which Operator is or may be entitled to reimbursement;

5.6.11. any unauthorized access to the Plant sites or other breach of site security;

5.6.12. any actual or threatened labor dispute related to the Plants;

5.6.13. any material violation of any authorization or applicable law;

5.6.14. any material damage to any component of the Plants; or

5.6.15. any other event or circumstance that could be expected, in the reasonable opinion of Operator, to have a material adverse effect on the Plants, a Party or performance of the Services.

5.7 Emergency Actions.

5.7.1. Owner and Operator shall jointly train with the Emergency Response Plan during the month of January each year, or upon initial approval of the Emergency Response Plan.

5.7.2. In the event of an emergency, Operator shall take prompt action, in accordance with applicable law, industry standards and practices, and the Emergency Response Plan, to attempt to identify the cause of the situation, notify Owner, and avoid or mitigate damage, injury or loss.

5.7.3. Notwithstanding any other provision of this Agreement to the contrary, Operator may incur any reasonable expenditure or take any other action as Operator reasonably deems necessary or appropriate as required to control or resolve an emergency that threatens injury or damage to property; provided that Operator shall, to the extent practicable in light of the circumstances constituting the emergency, use its best efforts to minimize such expenditures and obtain Owner's prior approval of such expenditures.

5.7.4. Operator shall include within the notification to Owner required by this Agreement, a description of the emergency, any response proposed or taken by Operator, any expenditures incurred by Operator, or expected to be incurred by Operator, in connection with such emergency and any consequences resulting from or expected to result from such emergency and Operator's response thereto. Expenses are to be billed to Owner as reimbursable costs in accordance with this Agreement.

5.8 Cooperation Following Termination or Expiration. Upon the termination or expiration of this Agreement for whatever reason and subject to the timely payment of all undisputed amounts due Operator in accordance with this Agreement, Operator shall:

5.8.1. turnover operation and maintenance of the Plants to Owner or successor operator;

5.8.2. execute and deliver documents or take other actions as necessary to facilitate the orderly transition of duties

5.8.3. promptly deliver to Owner or the successor operator (if so directed by Owner), all work, property and recorded information, which are in Operator's possession or under its control, including the O&M Manual, the OEM Manuals and any Plant records;

5.8.4. use its best efforts to transfer, or cause the transfer, to Owner or the successor operator (if so directed by Owner), all rights and obligations of Operator and any subcontractors under all contracts entered into, and authorizations held by, Operator or any subcontractors in connection with the performance of the Scope of Services; provided that Owner shall assume, or shall cause the successor operator to assume, all such rights and obligations;

5.8.5. use its best efforts to transfer to Owner or the successor operator any current collective bargaining agreements;

5.8.6. use its best efforts to cause the plan sponsor, or other fiduciary of benefits plans covering employees that may transfer from Operator to Owner or successor operator, to arrange for the transfer of any plan assets and liabilities relating to any accrued benefits of such plan's participants and beneficiaries from such plan to a plan sponsored by the successor operator or a joint labor-management plan, as directed by Owner. During the term of this Agreement, Owner shall not directly or indirectly recruit or solicit, or offer employment to, any of Operator's personnel without providing three (3) months advance written notice to Operator; and

5.8.7. upon the termination of this Agreement for reasons other than an Owner default and subject to Owner's timely payment of any undisputed amounts due Operator in accordance with this Agreement, at the reasonable request of Owner and for a reasonable period not to exceed sixty (60) days, train the successor operator or Owner. Owner shall reimburse Operator for all costs and expenses incurred during this training period.

5.9 Liens or Encumbrances. Operator shall keep and maintain the Plants free and clear of all liens and encumbrances resulting from performance of the Services to the extent such Services are performed directly by Operator or its subcontractor and Owner has provided payment of all amounts due and owing for such Services in accordance with the Agreement. At Owner's request, Operator shall assist Owner in removing liens and encumbrances filed against the Plant by third party suppliers.

ARTICLE 6 – OPERATOR'S COMPENSATION

6.1 On or before the 10th working day of each month during the term of this Agreement, Operator shall deliver to Owner, at the following address, a monthly invoice (the "Invoice"):

Mr. Wayne Campbell
Municipal Utilities Manager
14343 Civic Rd
Victorville, CA 92393

The Invoice shall identify all applicable fees, costs and expense accruing to Owner's account during the preceding month in accordance with the Agreement. In addition, the Invoice shall describe any Additional Services furnished during the preceding month, and in the case of those services comprising a deliverable such as the O&M Manual, delivery of a reproducible copy of such deliverable is a condition of payment. Within thirty (30) calendar days of the receipt of the complete Invoice and the Monthly O&M Report, Owner shall pay to Operator all undisputed amounts invoiced and due under the terms of the Agreement. In addition, Owner shall reimburse Operator for any out-of-pocket expenses, plus a 10% mark-up for budgeted parts, equipment, materials, supplies, subcontractors and expenses for any of the same that were unbudgeted but approved in advance for purchase by Owner.

Owner reserves the right to dispute any amounts invoiced, provided that Owner promptly notifies Operator in writing of which particular charges are disputed and the basis for disputing the amount in question. In any event, Owner must promptly pay all undisputed amounts invoiced within the thirty (30) calendar day period following receipt of any Invoice. Any non-disputed amounts shall be paid by Owner in accordance with this Agreement. Late payment and/or past due balances are subject to a service charge of 1.5% per month.

ARTICLE 7 – INDEMNIFICATION

7.1 Operator to Owner. Operator, in its capacity as an "Indemnifying Party," agrees to indemnify, defend and hold harmless Owner and its affiliates, including its principals, stockholders, and other direct or indirect equity holders, and their respective directors, officers, agents, partners and employees ("Indemnified Party" or "Indemnified Parties"), from and against any and all claims, suits, losses, damages, expenses and liability of any kind or nature, including, without limitation, reasonable attorneys' fees (a "Claim" or collectively "Claims") to the extent caused by any breach of contract or negligence of Operator, its employees, subcontractors or agents in the performance of this Agreement.

7.2 Owner to Operator. Owner, in its capacity as an "Indemnifying Party," agrees to indemnify, defend and hold harmless Operator and its affiliates, including their respective principals, stockholders, direct and indirect equity holders, directors, officers, agents, partners, subcontractors and employees ("Indemnified Party" or "Indemnified Parties"), from and against any and all claims, suits, losses, damages, expenses and liability of any kind or nature (including, without limitation, reasonable attorneys' fees) ("Claim" or collectively "Claims") to the

extent caused by any breach of contract or negligence of Owner, its employees, subcontractors or agents, but only to the extent such Claims relate to the performance of this Agreement.

7.3 Notice and Defense. Promptly after receipt by an Indemnified Party of any Claim or notice of a Claim or the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in section 7.1 or 7.2 may apply, the Indemnified Party shall notify the Indemnifying Party of such fact. At the request of the Indemnified Party, the Indemnifying Party shall assume the defense thereof with counsel designated by the Indemnifying Party and satisfactory to the Indemnified Party; provided, however, that if the defendants in any such action include both the Indemnified Party and the Indemnifying Party, and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the Indemnifying Party, the Indemnified Party or Parties shall, at the expense of the Indemnifying Party, have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such Indemnified Party or Parties

7.4 Failure to Assume Defense. Should any of the Indemnified Parties be entitled to indemnification under section 7.1 or 7.2 as a result of a Claim by a third party, and should the Indemnifying Party fail to assume the defense of such Claim after reviewing notification thereof as provided in section 7.3, then such Indemnified Party may, at the expense of the Indemnifying Party, contest or settle such Claim. To the extent that any of the Indemnified Parties are required to initiate litigation and prevail in legal proceedings against the Indemnifying Party to enforce rights under this Article, the Indemnifying Party shall pay all costs and attorneys' fees incurred by the Indemnified Party in enforcing its rights.

ARTICLE 8 – INSURANCE

8.1 Operator's Insurance. Operator shall maintain in effect at all times during the performance of the Services, insurance coverage with limits not less than those set forth below.

8.1.1 Workers' Compensation. Operator shall maintain Workers' Compensation insurance (including coverage for Occupational Disease) as required by all applicable laws and regulations in effect in the county where the Services will be performed.

8.1.2 General Liability Insurance. Operator shall maintain Employer's Liability insurance of not less than $100,000 US each accident.

8.1.3 Commercial General Liability Insurance. Operator shall maintain Commercial General Liability insurance covering all operations by or on

behalf of Operator providing insurance for bodily injury liability and property damage liability with a combined single limit each occurrence of $1,000,000 US and $1,000,000 US in the annual aggregate.

8.2 Owner's Insurance. Owner shall maintain in effect at all times during the performance of this Agreement, insurance coverage supporting its indemnification obligations set forth in Section 7 above, and as described below:

8.2.1 Commercial General Liability Insurance. Owner shall maintain Commercial General Liability insurance covering all operations by or on behalf of Owner providing insurance for bodily injury liability and property damage liability with a combined single limit each occurrence of not less than $1,000,000 US and $1,000,000 US in the annual aggregate.

8.2.2 Property Insurance. To the extent Owner carries property insurance, including business interruption insurance, covering the Plants, project, site, materials and equipment to be incorporated into the Scope of Services, such insurance shall include a waiver of subrogation in favor of Operator, its affiliates, subcontractors, personnel, successors and assigns, and each of their respective directors, officers and employees.

8.3 Proof of Insurance. Upon the execution of the agreement, and annually thereafter, upon either Party's written request, a Party shall deliver to the other Party certificates of insurance as evidence that policies providing the coverage specified in this Contract is in full force and effect. Certificates shall provide that not less than thirty (30) calendar days advance written notice will be given to certificate holders and/or any additional insureds prior to cancellation or material change of said policies of insurance. Operator agrees to provide insurance coverage which shall be primary to any insurance carried or maintained by Owner for injuries and damages to the extent that liabilities are assumed by Operator in the indemnity provisions of Article 7 of this Agreement.

8.4 Deductibles. Operator will be responsible for the deductible portions of any Claim filed with respect to Operator's insurance listed above, where the Claim was caused or contributed to by Operator (to the extent of Operator's contribution), and Owner will be responsible for the deductible portions of any such Claim where the claim was caused or contributed to by Owner (to the extent of Owner's contribution).

8.5 Certificates. Operator shall provide Owner with insurance certificates at the signing of this Agreement. The certificates will name Owner as additional insured on the policy.

8.6 Compliance. Operator shall not knowingly do or omit to do anything to cause any of the insurance listed above at any time to become void or voidable and shall at

all times comply with the insurance and the requirements of the insurers so as to prevent the invalidation of any such insurance.

8.7 Insurance Carrier Standards. All insurance shall be maintained with insurance companies rated "A-" or better, with a minimum size rating of "VIII" by Best's Insurance Guide and Key Ratings (or an equivalent rating by another widely recognized insurance rating agency of similar standing).

ARTICLE 9 – TERMINATION AND CANCELLATION

9.1 Termination by Owner. Should Operator (a) become insolvent or bankrupt, (b) refuse or neglect to supply a sufficient number of properly skilled employees, tools, or material within Operator's control, (c) fail to prosecute the Scope of Services to O&M the Plants with reasonable diligence and in material conformity with the Agreement, or (d) commit any other material breach of this Agreement, then Owner may terminate this Agreement, if such event described in clauses (b), (c), or (d) of this section 9.1, has not been cured by Operator within thirty (30) days after Owner has given notice to Operator of Owner's intent to terminate this Agreement. Upon any such termination, Operator shall be paid all amounts due to Operator pursuant to this Agreement as of the date of termination. Notice of intent to terminate shall be provided in accordance with this Agreement.

9.2 Cancellation by Owner. Owner reserves the right to cancel for convenience all or part of the Scope of Services hereunder upon thirty (30) days notice in writing to Operator. Should the Agreement be so canceled by Owner, Owner shall take possession of the Plants as of the date of cancellation, and Operator shall be paid within thirty (30) days of receipt of a final invoice computed on the basis of the percentage of all onsite and offsite services performed, and any changes which have been completed in conformance with this Agreement at the time of cancellation, the reasonable costs of demobilization, and the cancellation costs of subcontractors and vendors. Cancellation of the Agreement under this section takes effect at the end of the thirtieth (30th) day.

9.3 Cooperation. Upon termination or cancellation, Owner shall have the right to eject Operator from the Plants and hire other operators to finish the Scope of Services. Operator shall promptly surrender possession in good and neat condition of the Plants and all tools, spare parts, materials and equipment (paid for by Owner) on it or stored or warehoused for the Plants, including the O&M Manual, the OEM Manuals, policies and procedures.

9.4 Termination by Operator. Operator may terminate this Agreement on grounds of nonpayment. Operator shall provide twenty (20) days written notice to Owner before giving notice of termination for nonpayment. A notice of termination shall not take effect for fifteen (15) days after delivery to Owner.

ARTICLE –10 - GENERAL PROVISIONS

10.1 Independent Contractor. Operator shall be an independent Contractor with respect to this Agreement. Neither Operator nor its subcontractors, nor their agents or employees, shall be deemed to be the servants, employees, or agents of Owner.

10.2 Patents. Operator shall defend, indemnify and hold harmless Owner from any suit or action brought against Owner based on a claim that any item of materials and equipment, or any part thereof, furnished or specified by Operator hereunder or any use thereof for purposes of the Plants, constitutes an infringement of any claim of patent.

10.3 Binding Effect: Successors and Assigns.

10.3.1 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and permitted assignees.

10.3.2 Successors and Assigns. Neither Party shall assign or convey any of its rights, titles or interests under this Agreement without the prior written consent of the other Party (which consent shall not be unreasonably withheld) provided, however, that without any such consent and as long as such assignee reasonably demonstrates to Operator it is reasonably qualified to carry out the obligations of this Agreement or provides reasonable security of such performance, Owner or its respective successor or permitted assignee may assign any or all of its rights, title and interests hereunder to: (i) an affiliate, (ii) any person, corporation, bank, trust company, association or other business or governmental entity as security in connection with obtaining or arranging financing, or (iii) any person, corporation, bank, trust, company or other business or governmental entity.

10.3.3 Obligations. Unless otherwise agreed by the Parties in a separate writing, no permitted assignment shall relieve the assigning Party from any of its obligations under this Agreement.

10.4 Not for Benefit of Third Parties. This Agreement and each and every provision thereof is for the exclusive benefit of the Parties and not for the benefit of any other person or third party.

10.5 Choice of Law. This Agreement is made and is to be performed in California and any dispute arising therefrom shall be governed and interpreted in accordance with California laws.

10.6 Article Headings and Subheadings. All article headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

10.7 No Waiver. No waiver by a Party of any breach or default by the other Party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach of default in the performance by such other Party of the same or any other obligations of such other Party hereunder. The giving of a waiver by a Party in any one instance shall not limit or waive the necessity to obtain such Party's waiver in any future instance. No waiver of any rights under this Agreement shall be binding unless it is in writing signed by the Party waiving such rights.

10.8 Good Faith and Fair Dealing. The Parties agree to deal fairly and to act in good faith in the performance or enforcement of this Agreement. Wherever this Agreement requires a consent or approval of a Party, such consent or approval shall not be unreasonably withheld or delayed except as otherwise specifically provided herein.

10.9 Severability. In the event that any of the provisions of this Agreement, or portions or applications thereof, are held to be unenforceable or invalid by any court of competent jurisdiction, Owner and Operator shall negotiate an equitable adjustment in the provisions of this Agreement with a view toward effecting the purposes of this Agreement, and the validity and enforceability of the remaining provisions, or portions or applications thereof, shall not be affected thereby.

10.10 Legal Capacity. Each Party represents and warrants that it has the legal capacity to enter into this Agreement and to perform all obligations undertaken herein.

10.11 No Counterparts. This Agreement and any amendments will not be executed in counterparts but in one or more duplicate originals which shall constitute but one and the same instrument.

10.12 Further Assurances. If either Party reasonably determines that any further instruments, representation of assurance of payment, or performance, or any other things are necessary or desirable to carry out the terms of this Agreement, the other Party will execute and deliver all such instruments and assurances and do all such things as the first Party reasonably deems necessary or desirable to carry out the terms of this Agreement.

10.13 Hazardous Materials and Waste. Upon the Effective Date of this Agreement, Operator shall be responsible, at Owner's sole cost, for the on-site management of all Hazardous Materials as defined in applicable laws and regulations, and all waste, including Hazardous Waste generated by or used in the operation or maintenance of the Plants. Owner shall be identified to any governmental authority as the party responsible for the generation, treatment, storage, and

disposal of waste, including Hazardous Waste, generated by or used in the operation and maintenance of the Plant. Owner shall be designated as the "generator" on all manifests relating to all such wastes. Operator shall be responsible for coordinating the off-site transportation and disposal of all waste, including Hazardous Waste generated by the operation or maintenance of the Plant. Operator shall be responsible for coordinating any third party independent contractors engaged to transport or dispose of such wastes. If, during the course of performing the Scope of Services, Operator becomes aware of any Hazardous Waste that exists on, around, or under the Plants, whether or not created or brought on by Operator, Operator shall report such condition to Owner in writing immediately and before disturbing (or further disturbing) the Hazardous Waste. Operator shall in no event be liable for any Hazardous Materials or Waste existing on, around, within, under or emanating from the Plants prior to the date that Operator began operations of the Plants. Operator shall be liable for Hazardous Materials and Waste, to the extent of its contribution to the negligent or intentionally unlawful release of Hazardous Materials and Waste occurring in the course of providing Services, which is brought on or created solely for use by Operator, and shall bear the cost of all cleanup, removal, remediation and disposition services with respect thereto in proportion to its contributory share of such negligent or intentionally unlawful release. Operator shall not be responsible for any Hazardous Material or Waste brought on or created at the Plants by Operator on Owner's behalf. In the event Operator encounters Hazardous Materials and Waste at the Plants, Operator shall take all reasonable actions necessary under the Spill Prevention Control and Containment Procedures to mitigate any costs to Owner or liability of Owner due to such Hazardous Waste. The cost of actions taken by Operator pursuant to this section shall be compensated pursuant to a Work Order. "Hazardous Waste" means (A) any product, substance, chemical, element, compound, mixture, solution, material, pollutant, contaminant or waste whose presence, nature, quantity or intensity of use, manufacture, processing, treatment, storage, disposal, transportation, spillage, release, or effect, either by itself or in combination with other materials, is regulated, monitored, or subject to reporting by any federal, state or local government entity; (B) those terms that are included within the definitions of "hazardous substances," "hazardous materials," "hazardous waste," "extremely hazardous substances," "toxic substances," or "oil and hazardous substances," as defined in one or more of the following environmental laws: the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Sec. 9601 et seq. ("CERCLA"), as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"); the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. Sec. 11001 et seq. ("EPCRTKA"); the Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq. ("RCRA"); the Toxic Substances Control Act, 15 U.S.C. Sec. 2601 et seq. ("TSCA"); the Federal Water Pollution Control Act, 33 U.S.C. Sec. 1251 et seq. (the "Clean Water Act"); the Clean Air Act, 42 U.S.C. Sec. 7401 et seq. ("CAA"); the Hazardous Materials Transportation Act, 49 U.S.C. Sec. 5101 et seq. ("HMTA"); the Safe Drinking Water Act, 42 U.S.C. Sec. 300f et seq. ("SDWA"), or comparable state

cleanup statutes, and in the regulations promulgated pursuant to said laws, all as amended from time to time; or (C) any material, pollutant, substance or waste that comprises, in whole or in part, includes, or is a by-product or constituent of (i) petroleum (including crude oil or any fraction thereof that is not specifically listed or designated as a hazardous substance, and natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel), (ii) asbestos, (iii) polychlorinated biphenyls, (iv) flammables or explosives, (v) biochemical agents, or (vi) radioactive materials.

10.14 Status of Parties. The Parties acknowledge that this Agreement is formed between two (2) corporations. No Party shall have any claim against the shareholders, directors, or officers of such corporations. Any provision of this Agreement to the contrary notwithstanding, the Parties do not intend to create hereby any joint venture, partnership, or other entity. Operator acknowledges that Owner is subject to the regulatory jurisdiction of the Local and State laws and regulations.

10.15 Acknowledgments and Interpretation. The Parties acknowledge and agree that the terms and conditions of this Agreement have been freely and fairly negotiated. The Parties acknowledge that in executing this Agreement they rely solely on their own judgment, belief, and knowledge, and such advice as they may have received from their own counsel, and they have not been influenced by any representation or statements made by any other Party or its counsel. No provision in this Agreement is to be interpreted for or against any Party because that Party or its counsel drafted such provisions.

10.16 Default Termination. Upon the occurrence of a material default, the non-breaching Party shall notify in writing the breaching Party of its intent to terminate this Agreement if the breach is not cured within thirty (30) days. If the breaching Party does not cure the event of default within such thirty (30) day period, the non-breaching Party may terminate this Agreement for Default. Written notice of termination shall be delivered to the breaching Party at the address shown for notice in this Agreement.

10.17 Default Termination Remedies. In the event of a default termination for material breach or abandonment, the non-breaching Party may, by appropriate court action or actions, either at law or in equity, preserve its position to recover damages and expenses associated with the breach; or pursue, concurrently or separately, other remedies available in law, in equity or in bankruptcy in anticipation of pursuing its remedies pursuant to this Agreement.

10.18 Survival. The terms of this Agreement shall survive any termination or cancellation hereof to the extent necessary to allow a Party to enforce any remedy granted hereunder in connection with such termination or cancellation

10. 19 Uncontrollable Circumstances. "Uncontrollable Circumstances" shall mean acts, events or conditions not reasonably foreseeable by a Party which prevent the affected Party from performing its obligations under this Contract, except the obligation for the payment of money, if and only if such acts, events or conditions and their effects (i) are beyond the reasonable control of such Party (or any third party over whom such Party has control), (ii) are not reasonably avoidable, (iii) cannot be mitigated or eliminated through reasonably available alternative actions, and (iv) are not a result of the willful or negligent action or inaction of such Party or of any third party over whom such Party has control. Examples of Uncontrollable Circumstances include, but are not limited to, the following:

10.19.1 An act of God, landslide, lightning, earthquake, fire, or explosion precluding the performance of Services; or

10.19.2 Acts of a public enemy, war, blockade, insurrection, strike, riot or civil disturbance, sabotage or similar occurrence or a mandate, directive, order, or restraint of any governmental, regulatory or judicial body or agency, or the exercise of the power of eminent domain, police power, inverse condemnation or other taking by or on behalf of any public, quasi-public or private entity.

10.20 Notices. Notices shall be given by facsimile, U.S. Postal Service, or overnight courier, and confirmed receipt by an email or recorded voicemail reply, to the following representatives of the Parties which may be changed by notice hereunder.

Owner:	Operator:
Wayne Campbell, Utility Manager	Perry Novak, Vice President
City of Victorville	Bluewater Energy Solutions
14343Civic Road	3459 Acworth Due West Rd Suite 206
Victorville, CA 92393	Acworth, GA 30101
Telephone (760) 955-5036	Telephone (678) 594-2058
Facsimile (760) 269-0010	Facsimile (678) 547-3033

10.21 Entire Agreement. This Agreement constitutes the final agreement between the Parties. It is the complete and exclusive expression of the Parties' agreement on the matters contained in the Agreement. All prior and contemporaneous negotiations and agreements between the Parties on the matters contained in this Agreement are expressly merged into and superseded by this Agreement.

10.22 Priority of Contract Documents. The Parties intend that each of the documents comprising this Agreement operate without conflict or contradiction of meaning. Any conflict as between terms appearing in one and another documents incorporated into the Agreement will be resolved

in favor of the document given higher priority according to the listing below identifying such priority in order from highest to lowest.

I. The Agreement Terms and Conditions
II. Exhibit B – Scope of Work
III Other Exhibits incorporated in the Agreement
IV Other documents incorporated in the Agreement by reference

ARTICLE 11 – DISPUTE RESOLUTION

11.1 Negotiations. The Parties will attempt in good faith to resolve through negotiation any dispute, Claim or controversy arising out of or relating to this Agreement. Either Party may initiate negotiations by providing written notice in letter form to the other Party, setting forth the subject of the dispute and the relief requested. The recipient of such notice will respond in writing within five (5) days with a detailed statement of its position on, and recommended solution to, the dispute. If the dispute is not resolved by this exchange of correspondence, then representatives of each Party with full settlement authority will meet at a mutually agreeable time and place within ten (10) days of the date of the initial notice in order to exchange relevant information and perspectives, and to attempt to resolve the dispute.

In a dispute between Owner and Operator over the performance of the Scope of Services, Operator and Owner will attempt to resolve the dispute by negotiation, and if not so resolved, Operator agrees to continue providing the Scope of Services diligently, and Operator shall not suspend, slow down, or delay the Services during the dispute without Owner's advance written consent.

11.2 Dispute Settlement in the Courts and Venue. If the Parties fail to resolve any dispute or Claim through negotiations, the Parties agree to resolve any remaining dispute or Claim through court proceedings. All proceedings involving disputes over the terms, provisions, covenants or conditions contained in this Agreement, and all proceedings involving any enforcement action related to this Agreement, shall be initiated and conducted in the applicable court or forum in San Bernardino County, California.

ARTICLE 12 – CONSEQUENTIAL DAMAGES

12.1 Operator shall not be liable to Owner, and Owner shall not be liable to Operator, for incidental, indirect, punitive, exemplary, special or consequential loss or damage arising out of or relating to this Agreement, including, but not limited to, loss of use, loss of profit, loss of revenue, principal office expenses, delay, loss by reason of plant shutdown or inability to operate at rated capacity, increased cost of providing the Services, debt service, rental payments or contractual damages incurred by Owner or Operator to others.

ARTICLE 13 – LIMITATION OF LIABILITY

Operator's maximum liability under this Agreement, arising from any cause whatsoever, whether based in contract, warranty, tort (including negligence), strict liability or otherwise, shall not exceed the limits of Operator's insurance required by this Agreement, in the absence of fraud or willful misconduct on the part of Operator. Except as provided in Section 12.1 of this Agreement, if fraud or willful misconduct on the part of Operator is present, there shall be no limitations on Operator's liability.

ARTICLE 14 – TERM AND RENEWAL

From and after the Execution Date, this Agreement shall have a term of eighteen (18) months, and unless renewed by a written renewal signed by the Parties, shall terminate at the end of such period. Operator shall maintain its capability throughout the whole term of this Agreement to accept a request to renew this Agreement for another mutually agreeable period after its originally expected termination date.

[END OF THIS PAGE]

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement on the Effective Date entered above.

Owner:	Operator:
CITY OF VICTORVILLE	BLUEWATER ENERGY SOLUTIONS, INC.
By: _____	By: _____
Name: Wayne Campbell	Name: Perry Novak
Title: Municipal Utilities Manager	Title: Vice President

APPROVED AS TO FORM

By: _____
Name: Roger C. Rees
Title: Deputy City Attorney

EXHIBIT A

Foxborough District

Construction Power

Foxborough Cogeneration Facility (FCF) Site Construction – provide power to construction site trailer facilities.

Sagebrush Properties/Nutro Products – power provided by Phase A and B, plants to provide power through rental and customer owned generation equipment, distribution system, and service transformers.

Foxborough Central Energy Facility

Phase A – Rental Equipment – Diesel and/or Natural Gas Engine generators operating in parallel to provide continuous utility grade power to the Americold Facility and Nutro Construction power through distribution transformers. Initial plant consists of 5 generator sets comprised of: two 2000 kw, two 800 Kw, and one 500 Kw. Units will always be operated in parallel with a minimum of two generator sets operating at any time, unless directed otherwise by Owner. Each unit or a combination of operating units must be capable of uninterrupted continued operations in the event of a single unit failure.

Phase B – Rental and Customer Owned Equipment – Natural Gas Engine Generators (GEGs) and Diesel Engine Generators operating in parallel to provide continuous utility grade power to the Americold Facility, Nutro facility, and Foxborough Central Energy Plant Construction power through distribution transformers. Initial plant consists of 6 ~~5~~-generator sets comprised of: two 1250 kW GEGs, four 500 kW DEGs, Two trailer mounted mobile package boilers for steam production used at the Nutro facility. DEG. Units will always be operated in parallel with a minimum of two generator sets operating at any time, unless directed otherwise by Owner. Each unit or a combination of operating units must be capable of uninterrupted continued operations in the event of a single unit failure.

Phase C – Customer Owned Equipment – Natural Gas Engine Generators (GEGs) and Diesel Engine Generators operating in parallel to provide continuous utility grade power to ConAgra Facility, Nutro Facility Operations, Nutro Construction, and Foxborough Central Energy Plant Construction power through distribution transformers. Plant will consist of multiple generator sets comprised of: six 1250 kW GEGs and four 500 kW DEGs. Units will always be operated in parallel with a minimum of two

generator sets operating at any time. Each unit or a combination of operating units must be capable of uninterrupted continued operations in the event of a single unit failure. Steam production will be provided by auxiliary boiler(s). The steam to process will be exported from the Central Plant to its customers, with Nutro Products being the initial thermal products client. The Steam will be delivered to Nutro Products at 150 psig, 95.5% quality minimum.

Phase 1 – Customer Owned Central Plant – The Foxborough Cogeneration Energy Facility will consist of two 5 MW Combustion Turbine Generators (CTGs), two 1.25 MW GEGs, one 5 MW Steam Turbine Generator (STG), and auxiliary boiler(s) with associated balance of plant, control systems and distribution systems. The combined cycle plant will produce electric power and thermal energy in the form of steam to process. The steam to process will be exported from the Central Plant to its customers, with Nutro Products being the initial thermal products client. The Steam will be delivered to Nutro Products at 150 psig, 95.5% quality minimum.

Aspen Co-Gen – The Aspen Cogeneration project is a 1 MW natural gas reciprocating engine based Rule 21 compliant power plant. The plant provides chilled water to the Aspen Distribution Facility for warehouse space cooling. The Aspen Co-Gen plant is a scheduled to operate at maximum potential with outages scheduled during off hours and off-peak periods to minimize facility demand charges.

EXHIBIT B
SCOPE OF WORK

This Scope of Work document describes the responsibilities and activities of the respective Parties in more detail than is elsewhere provided in the associated Operation and Maintenance Services Agreement (the "Agreement") dated _____, 2006. The entire Scope of Work is set out in terms of the individual categories (the "Parts") listed below.

1. Part 1: Foxborough Phase A Operations and Maintenance
2. Part 2: Foxborough Phase B Operations and Maintenance
3. Part 3: Foxborough Phase B, C, 1 and 2 Startup and Commissioning
4. Part 4: Facility Maintenance Support
5. Part 5: SCLA Operations Support

1. Part 1: Foxborough Phase A Operations and Maintenance

1.1 Services to be performed by Operator

1.1.1 Operator shall provide personnel and management to operate, perform minor maintenance, and repair the mechanical and electrical equipment associated with the Plant, including all work normally considered part of the operational and maintenance activities for facilities similar to the Plant. Said operations, maintenance and repairs will be provided in accordance with the Agreement, this Scope of Work, and operations, maintenance and service manuals.

1.1.2 Consistent with good engineering practice, Operator will operate the Plant to optimize profitability of the Plant and the useful life of the equipment, and minimize downtime for repairs in connection with the performance of such services.

1.1.3 Operator will maintain a preventive maintenance program, which will include ongoing operational maintenance. This preventive maintenance program will be implemented and carried out by Operator in accordance with the specifications set out in the Agreement, this Scope of Work, and the operations, maintenance and service manuals. All materials, special tools, parts, and outside services shall be provided by others at sole cost of Owner.

1.1.4 Operator will also maintain and update all operations, maintenance, and service manuals, and blueprints depicting any system changes resulting from repairs, service or redesign of the systems, their components, or sub-systems on materials

that are made available to Operator. Operator shall not be responsible to design any changes to the Plant.

1.1.5 Operator will implement and maintain a safety and loss prevention program. Operator will take all reasonable precautions for the safety of its employees and will comply with all applicable provisions of federal, state and municipal laws, building codes, and insurance companies to prevent accidents and injuries to persons or damage to property on or about the premises where the work is being done. Operator will work within the Owner's Safety Policies to the extent applicable and as requested by Owner.

1.1.6 Operator will maintain and inventory replacement spare parts and specialized tools in order to ensure the continuous operation of the Plant, and inventory and maintain operating, working and housekeeping supplies necessary to carry out the Services. Owner will procure such spare parts, specialized tools and supplies, and furnish suitable storage location for same. All Owner procured spare parts, specialized tools and supplies are deemed Owner's property.

1.1.7 Operator shall coordinate qualified subcontractors for non-routine work as necessary to perform scheduled and unscheduled maintenance and repairs, annual inspections, and equipment overhauls at Owner's sole cost.

1.1.8 Operator will arrange for scheduled testing and recalibration to ensure accuracy of scales, metering units (thermal and electric, pollution control and pollution monitoring) and associated recording devices. Such testing may be subcontracted at Owner's sole cost.

1.1.9 Operator shall use its best efforts and to the maximum extent achievable to maintain the Plant in operational order and at its full rated capacity, twenty-four (24) hours per day, seven (7) days per week throughout the year, including legal and other holidays, subject to scheduling and dispatch directions from Owner.

1.1.10 Operator will perform the record keeping and administrative functions relating to the Plant as required by Owner for its use in billings, accounting for receipts and payments, and to comply with governmental laws and regulations, and with reporting requirements of any finance agreement and any other reasonable uses deemed necessary by Owner for the continued and successful operation of the Plant.

1.1.11 Information will be recorded by Operator on a time-period basis and will include, without limitation, the system fuel consumption, power usage, total steam generated and delivered to Owner, emitted pollutant levels, system water quality and consumption, plant degradation, and maintenance and repair services performed.

1.1.12 Operator shall furnish at its sole cost standard personal safety equipment, such as hard hats, safety glasses, hearing protection and safety shoes for Operator's personnel. Operator shall also furnish at its sole cost standard office supplies and hand tools for Operator's personnel. Owner shall be responsible for the cost of any special tools, special safety equipment, and other site specific materials that will remain the property of Owner.

1.2 Personnel

1.2.1 Operator shall employ qualified operating personnel to accomplish its duties hereunder and to comply with sound engineering practice. Such personnel shall meet minimum job qualifications associated with their positions as determined mutually by Owner and Operator. Operating personnel shall possess experience and training equal to standards generally set within the industry as requirements for operating and maintaining similar equipment. Operator shall provide one Plant Manager and 4 Operators for this scope of work.

1.3 Owner's Responsibilities

1.3.1 In addition to other Owner responsibilities existing under the Agreement, Owner shall at all times during the term of the Agreement cause the following activities and conditions to be in effect:

1.3.1.1 Obtain and maintain all permits and licenses required for the continued operation of the Plant.

1.3.1.2 Ensure compliance with all relevant environmental permits, regulations, and governmental directives governing the storage, handling, transportation, disposal and documentation of any and all hazardous materials relating to the Plant.

1.3.1.2 Supply all necessary fuels, utilities, electric loads, and other services and supplies necessary for continued operation of the Plant.

1.3.1.3 Make prompt written notification to Operator upon the occurrence of any changes in permits, licenses and regulations governing operation of the Plant.

1.3.1.4 Furnish an air-conditioned office of suitable size for Operator.

1.3.1.5 Furnish all replacement parts, consumables, subcontract services and any other materials or services not specifically identified as Operator's responsibility.

1.3.1.6 Furnish all manuals, engineering details, drawings, and other information generated by equipment manufactures, suppliers, contractors, engineers

and others, that may be reasonably required by the Operator to operate and maintain the Plant.

1.3.1.7 Operator shall endeavor to recruit and employ experienced local personnel. However, in the event suitable local personnel are not located, Owner shall bear the cost of procuring non-local personnel including without limitation:

1.3.1.7.1 Mobilization and Demobilization Expenses. Air fare, mileage per government allowance, tolls, lodging, meals (up to $35.00 per day, receipts not required), and up to 8 hours paid travel time for a minimum of 450 miles driven per day (maximum of 5 days each way) will be invoiced from the employees point of origin to the designated Plant and return to his original point of origin.

1.3.1.7.2 Per Diem. Consultant will receive a per diem allowance of $100.00 per day, seven days per week upon arrival to the designated Plant. Per Diem will be for lodging, meals, telephone, laundry, fuel and personal auto expenses.

1.3.1.7.3 Home Leave. To be agreed upon.

1.5 Term of Services

1.5.1 The Services relating to Part 1: Foxborough Phase A will commence on a date to be agreed by the Parties ("Part 1 Effective Date"), and will continue for a period of eighteen (18) months (the "Part 1 Term").

1.6 Compensation of Services

1.6.1 Upon the Part 1 Effective Date, and for each prior month during the entire period of the Part 1 Term, the Operator will submit an invoice for the previous month's service (invoice in arrears) and Owner shall pay a fixed monthly fee to Operator in the amount of Forty-nine thousand, five hundred dollars ($49,500.00) as compensation for the performance of Operator's obligations listed in Section 1.1 above, including general and administrative overhead costs. All compensation shall be invoiced and paid according to the terms of the Agreement, at Section 6.1.

For any work performed outside the scope of Operator's responsibility for Services included in Part 1: Foxborough Phase A Operations and Maintenance as described above, services will be charged at the unit rates listed below as applicable.

Personnel Type	Straight Time Hourly Rate	Time and a Half Rate	Double Time Rate

Operation Support Technician	$46.75 per hour	$60.75 per hour	$74.75 per hour
Plant Manager	$65.00 per hour	NA	NA

2: Foxborough Phase B Operation and Maintenance

2.1 Services to be Performed by Operator

Operator shall furnish four (4) facility Operations Support Technicians who will work as plant operators for the Foxborough Phase "B" Power Facility. The Operations Support Technicians are not employees or agents of Owner. Work to be performed will generally include the Services furnished under Part 1: Foxborough Phase A Operation and Maintenance set out in Section 1.1 above. Major equipment to be operated is:

- Two (2) 1250 kW Natural Gas Engine Generators equipped with SCR.
- Four (4) 500 kW Diesel Engine Generators
- Two (2) trailer mounted mobile package boilers.

2.2 Owner's Responsibilities

Owner's responsibilities generally include those relating to Part 1: Foxborough Phase A Operation and Maintenance set out in Section 1.3 above.

2.3 Term of Service

The Scope of Work relating to Part 2: Foxborough Phase B will commence on a date to be agreed by the Parties ("Part 2 Effective Date"), and will continue for a period of eighteen (18) months (the "Part 2 Term").

2.4 Compensation of Services

2.4.1 All Services relating to Part 2: Foxborough Phase B Operation and Maintenance will be charged on a "Time and Material" basis, plus a per diem and mobilization/demobilization fee as described below. All compensation shall be invoiced and paid according to the terms of the Agreement, at Section 6.1.

Table 2.4.1 - 1 **Schedule of Rates for Personnel**: Personnel will be paid in accordance with CA law.

Personnel Type	Straight Time Hourly Rate	Time and a Half Rate	Double Time Rate

Operation Support Technician	$46.75 per hour	$60.75 per hour	$74.75 per hour

Table 2.4.1 - 2 Travel and Living Expenses/Per Diem:

Description	Expenses/Per Diem
Mobilization/Demobilization Expenses	Air fare, mileage per government allowance, tolls, lodging, meals (up to $35.00 per day, receipts not required), and up to 8 hours paid travel time for a minimum of 450 miles driven per day (maximum of 4 days each way) will be invoiced from the employees point of origin to the project site and return to his original point of origin. If Bluewater is able to employ local operators in any of these positions, no expenses will be billed per applicable person.
Per Diem	Operators will receive a per diem of $100.00 per day, seven days per week upon arrival to the site. Per diem will be for lodging, meals, telephone, laundry, fuel and personal auto expenses. If Bluewater is able to employ local operators in any of these positions, no per diem will be billed per applicable person.

3. Part 3; Foxborough Phase 1 Startup and Commissioning

3.1 Services to be Performed ("Part 3 Services")

Operator shall provide startup and commissioning services at the Foxborough Phase 1 Plant as generally described below.

3.1.1 Preliminary Planning. This phase represents the start of startup and commissioning execution activities on the project. This initial planning phase is critical to establish the necessary project personnel and resources required to kick off project execution. Preliminary planning activities include:

- Review Emissions and site requirements
- Review Preliminary Engineering
- Review/Develop Project Schedules
- Develop detailed matrix of responsibilities/identify any gaps
- Support Construction team on completion of construction turnover packages

3.1.2 Managed Startup and Commissioning Program. Operator's Startup and Commissioning Team shall develop a Project Execution Plan, to address the startup and commissioning plan for the Plant. Key actions to be incorporated into this plan are as follows:

- Assign a highly experienced team of professionals with experience in optimizing, engineering design, constructing and commissioning power plants.

- Develop formal and systematic development of scope, schedule, responsibility and quality on a task-by-task basis to allocate responsibility and focus on the project goals.

- Provide aggressive review and enforcement of the project Quality Plan to ensure quality related goals.

- Implement proven Startup and Commissioning Management approaches to effect proactive control of scope, quality, cost, and schedule; report on progress; identify deviations; take corrective actions when necessary; promote communications; and coordinate the activities of all participants on the project. Progress reporting and project coordination to support the project reporting requirements.

- Provide technical coordination with the other customer's project management teams through the installation coordination, commissioning and startup planning and coordination, O & M training, and preparation of documentation and project records.

3.1.3 Develop Commissioning Procedures and Documentation including:

- Commissioning Plan
- Startup Safety Plan
- Review and Compile Project Technical Data
- System Start-up Boundary Scoping
- Detailed Start-up and Commissioning Schedule
- System Commissioning Procedures
- System Turnover Packages
- Perform operability/commissioning review

A detailed description of these procedures and documents is included in Attachment 1. Also, included in this Attachment 1 is a list of systems anticipated for the development of turnover packages and commissioning procedures. This list is subject to change, based on review of various project documents.

3.1.4 Final Commissioning/Testing

As the construction of various plant systems reach completion, commissioning and testing activities required to obtain commercial operation will be completed. In close coordination with the construction team, the commissioning team will complete the facility commissioning and testing as follows:

Assemble and Mobilize the Site Commissioning Team

- Finalize Mobilization Schedule for the Site Commissioning Team
- Select Team Members
- Identify Tools and Test equipment

Commission and Start-up Plant Systems including:

- Develop Punch-List Structure and Priorities
- Walk Down and Punch-List Plant Systems
- Commission and Start-up Plant Systems and equipment in accordance with the Commissioning Procedures
- Complete required Facility Testing
- Oversee Operation of the Plant and Facilitate Operator On the Job Training
- Resolve Punch-List Items
- Finalize Start-up Documentation

3.2 Owner's Duties

3.2.1 Operator's personnel will be acting under the direction of and on the behalf of Owner, but shall not be employees or agents of the Owner.

3.2.2 Owner shall ensure that security is provided at the Project site at all times during the Part 3 Term.

3.2.3 Owner shall provide office and workspace, climate controlled storage as necessary for tools, spares and equipment, telephone and facsimile services, and sanitary facilities to accommodate Operator's needs during the Part 3 Term.

3.2.4 Owner shall provide up to date and accurate Customer Information as defined in Attachment 1.

3.2.5 Owner shall be responsible for cost of all third party testing inspection and specialized services including without limitation High Voltage Testing (transformer, hi-pot, relay, breaker, and CT/PT testing), Chemical Cleaning Contractor and chemicals, Steam Blow/Air Blow Contractor, Plant Performance Testing, Plant Emissions Testing, and Site Noise Testing and High Voltage substation commissioning. Operator shall provide coordination, scheduling and general oversight for these activities.

3.2.6 Owner shall provide for debris removal and waste material collection facilities and services at the Plant.

3.2.7 Owner shall provide, in quantities and at times necessary to support the Start-up Schedule as it may be amended from time to time: (a) sufficiently qualified and skilled construction craftsmen, labor and supervision complete with all tools of trade and equipment necessary to support the Work; (b) original equipment manufacturers' technical representatives qualified to direct and perform commissioning of their equipment; (c) the support and services of the Project design engineers and constructors necessary to cause the orderly and sequenced completion of the Project, site works, utility interconnections and punchlist; (d) operating and maintenance personnel adequately trained, experienced, qualified and equipped in the operation and maintenance of power generating plants similar to the Project; and (e) all tools and equipment identified by Operator as necessary to support the Work.

3.3 Term of Services

Part 3 Services will commence on a date to be agreed by the Parties, and will continue for a period of eighteen (18) months (the "Part 3 Term").

3.4 Compensation for Part 3 Services

3.4.1 Part 3 Services will be performed on a "Time and Material" basis, plus a per diem and mobilization/demobilization fee as described below. The following are the hourly rates for the types of personnel we expect will be required to successfully execute this project. All compensation shall be invoiced and paid according to the terms of the Agreement, at Section 6.1.

Description	Rate $
Startup Manager	85.00
Lead Mechanical Engineer	67.00
Mechanical Engineer	65.00
Lead Electrical Engineer	67.00
Lead I&C Engineer	67.00
Lead DCS Engineer	72.00
Startup Operator	68.00
Document Control	26.00
Administrative	26.00

Labor

Once startup and commissioning personnel are assigned to the project on a full time basis, then labor billings will consist of hours worked by Operator's personnel in any

given week, multiplied by Operator's hourly billing rate for each position as shown above.

Operator's hourly billing rates includes employee salary, health and life insurance, Workers' Compensation insurance, corporate General Liability insurance, and all fees and taxes charged by the United States Government.

Travel (Mobilization/Demobilization) Expenses:

All expenses associated with Operator's employee travel to and from the project site will be invoiced at cost plus 10%. Expenses incurred in transit include coach class airfare, excess baggage charges (up to 100 kg), ground transportation, tolls, lodging, meals (up to $35.00 USD per day, no receipts required), and up to 5 days travel time each way (up to 8 hours per day) from the Operator's employee's point of origin to and from the project site if driving in lieu of air fare.

Living Expenses/Per Diem:

Upon arrival at the project site, a living allowance of $100 per day times seven days per week for each Operator employee assigned to this project will be invoiced at cost plus 10% in lieu of actual living expenses. Living allowance does not include allowance for transportation to site.

3.4.2 Commissioning Documentation

For the work identified in Section 3.1.4 and further clarified in Attachment 1, Operator will develop and deliver this commissioning documentation on a T&M basis as directed by Owner. T&M rates will be the same as stated in section 3.4.1 of this Exhibit.

Operator's price includes employee salary, health and life insurance, Workers' Compensation insurance, corporate General Liability insurance and all social fees and taxes charged by the United States Government. Operator's price includes travel and expenses to complete this scope of work.

4. Part 4: Facility Maintenance Support

4.1 Description of Services

Operator shall furnish one (1) Maintenance Manager. Maintenance Manager shall work at the various City facilities including Foxborough and SCLA in to support overall maintenance needs ("Part 4 Services").

4.2 Term of Service

The term for Part 4 Services is expected to begin on the Agreement Execution Date and end approximately December 2006.

4.3 Compensation of Services

This work shall be performed on a "Time and Material" basis as described below. All compensation shall be invoiced and paid according to the terms of the Agreement, at Section 6.1.

Schedule of Rates for Personnel: Personnel will be paid in accordance with CA law.

Personnel Type	Straight Time Hourly Rate	Time and a Half Rate	Double Time Rate
David Chaney, Maintenance Manager	$50.75 per hour	$64.75 per hour	$78.75 per hour

Travel and Living Expenses/Per Diem: There are no expected mobilization expenses for this assignment. Travel expenses and any other job related expenses shall be reimbursed by Owner at cost plus 10%.

Description	Expenses/Per Diem
Per Diem	Maintenance Manager will receive a per diem of $100.00 per day, seven days per week upon arrival to the site. Per diem will be for lodging, meals, telephone, laundry, fuel and personal auto expenses.

5. Part 5: SCLA Operations Support

5.1 Description of Services

Operator will furnish one operator to support City of Victorville operations at the SCLA facility on a T&M, as needed basis, working under the direction and control of the City of Victorville as described below ("Part 5 Services").

5.2 Term of Service

The term for Part 5 Services is expected to begin on the Agreement Execution Date and end after approximately two (2) months.

5.3 Compensation of Services

Part 5 Services will be performed on a "Time and Material" basis as described below. All compensation shall be invoiced and paid according to the terms of the Agreement, at Section 6.1.

Schedule of Rates for Personnel: Personnel will be paid in accordance with CA law.

Personnel Type	Straight Time Hourly Rate	Time and a Half Rate	Double Time Rate
Operations Technician	$46.75 per hour	$60.75 per hour	$74.75 per hour

Travel and Living Expenses/Per Diem:

Description	Expenses/Per Diem
Mobilization/Demobilization Expenses	Air fare, mileage per government allowance, tolls, lodging, meals (up to $35.00 per day, receipts not required), and up to 8 hours paid travel time for a minimum of 450 miles driven per day (maximum of 5 days each way) will be invoiced from the employees point of origin to the project site and return to his original point of origin.
Per Diem	Operator will receive a per diem of $100.00 per day, seven days per week upon arrival to the site. Per diem will be for lodging, meals, telephone, laundry, fuel and personal auto expenses.
Home Leave	To be agreed upon.

Travel and living expenses to be invoiced at cost plus 10%.

Attachment 1 Relating to Part 4 Services

Commissioning Documentation and Systems List

A. Scope

Upon receiving Project Reference Material from Owner, as generally described below, Operator will begin development of commissioning procedures and other documentation as outlined in below. A list of the anticipated systems is provided at the end of this section. All Work included in the development of commissioning procedures and documentation will be developed in English and performed at the site location utilizing the existing commissioning team members.

- Equipment Lists and Database
- Instrumentation Lists
- DCS I/O Database
- Piping and Instrumentation Diagrams (P&IDs)
- Electrical One-Line/Elementary Diagrams
- System/Control Design Descriptions
- DCS Control Logic Diagrams
- Project Schedule
- Vendor Manuals

1. Develop Commissioning Plan. Operator will develop a commissioning plan ("Commissioning Plan"), based on Owner's Project Schedule for start-up and commissioning of the Project. The Commissioning Plan will include the following:

    - Introduction
    - Purpose
    - Scope of Commissioning Manual/Plan
    - Jobsite Organization and Responsibilities
    - Commissioning Activities
    - Guidelines for Controlling Cost and Schedule
    - Periodic Meeting Requirements
    - Periodic Reporting Requirements
    - Guidelines for Problem Resolution

    The Commissioning Plan will be issued and used by all Project personnel associated with the start-up and commissioning effort. Periodic updates to the Commissioning Plan will be made as required.

2. Review Project Safety Plan. Operator will review the Owner's Project safety plan to determine its adequacy for use by the start-up team. Specific focus will be

placed on ensuring the safety plan contains sufficient detail and direction with regard to:

- Equipment Isolation
- Lock-out/Tag-out
- Electrical Safety
- Confined Space Entry
- Hazardous Materials Storage, Transportation, & Disposal
- Spills
- Fire Prevention
- Emergency Response

After reviewing the safety plan, Operator will provide comments and recommend or provide supplementary procedures to Owner for review, evaluation, and modification of the safety plan.

3. Review and Compile Project Technical Data. Operator will, upon its review of the Project Reference Material provided by Owner, organize and catalogue the material to create a technical library for use during start-up. Updates to Project Reference Material must be timely distributed to Contractor to assure that the technical library is up to date, and to avoid risks and delays arising from incomplete, inaccurate, or obsolete information. The technical library, with included updates, will be shipped to the Plant at the time of start-up mobilization, or before as may be required.

4. Develop BOP System Start-up Boundaries. Operator will develop system boundaries to establish its approach to commissioning and start-up and to identify logical boundary and/or termination points for performance of system flushing, cleaning, other commissioning activities, and system by system commissioning/start-up of the Plant. Establishment of these boundaries also allows the Owner to focus completion efforts on the required system within these clear and concise boundaries.

After system start-up boundaries are established, corresponding marked-up drawings and boundary descriptions will be maintained by Operator. A duplicate set of this documentation will be delivered to the Owner in hard-copy format.

5. Develop Start-up and Commissioning Schedule. Operator will work with the nominated Project Scheduler to develop a detailed start-up and commissioning schedule for the Project. The schedule is generally developed in Primavera P3 computer software to allow subsequent inclusion into the overall project or construction schedule, and to allow future updates as required.

6. Develop System turnover packages. Operator will develop turnover packages for each plant system. Each turnover package will contain forms for recording system parameters for: (a) Contractor's construction completion and pre-

commissioning; and (b) Operator's testing, commissioning, and starting up of the associated system. The package will also contain drawings for identification of associated system boundaries. The system turnover packages will be delivered to Owner before commissioning begins. The Owner's contractor is required to complete all construction and pre-commissioning documentation prior to turnover to Operator. Following system turnover and as the plant moves through the start-up and commissioning process, the commissioning forms included in each turnover package will be filled in with system data by the Operator. System punch-lists will be added, along with applicable system records supplied by the construction organization. Format and content of each turnover package will be consistent with established Operator standards. After all start-up and commissioning activities are completed, the turnover packages will be finalized and delivered to Owner on a system-by-system basis.

7. Develop System commissioning procedures. Operator will develop commissioning procedures for each plant system, based on the start-up boundaries previously identified and the Plant Systems listed below. Each procedure will contain safety information, step-by-step checklists, and procedural text. The format of each procedure will be consistent with established Operator's standards. A "Master" set of commissioning procedures (with index) will be maintained by Operator. A complete set of commissioning procedures will also be delivered to Owner in hard-copy form.

8. Perform operability/commissioning review. Operator will review the P&IDs, electrical one-line diagrams, and select logic drawings initially provided by Owner in the package of Project Reference Materials with the purpose of identifying modifications that might enhance the ease of commissioning or operation of the Facility. Upon completing its review, Operator will forward a report to `Owner listing its observations, comments and recommendations, if any.

9. General List of Commissioning Procedures and Systems

List of procedures to be developed upon availability of more complete preliminary design. List is subject to change as additional design information is provided.

Steam Distribution (LPS, HPS)
Blowdown (B)
Fuel Gas (FG)
Fuel Oil (FO)
Demin/Demin Water Storage and Supply (DW)
Feedwater (FW)
Condensate (C, CV)
Circulating Water (CW, CTM)
Cycle Chemical Feed (CF)
Circ Water Chemical Feed (CWT)

Sampling (SAM)
Aux Circulating Water (ACW)
Closed Cooling Water (CCW)
Service Water/Potable/Process Water (SW)
Waste Water (WW)
Plant Air/Instrument Air (IA)
Fire Protection Water (FPW)
Plant Drains and Waste Water (CD, PD, PDO, WWD, SD)
Electrical Distribution (HV, MV, LV, DC, UPS, Diesel Generator)
Gas Turbine (GT)
Steam Turbine Generator (STG)
HRSG/SCR/CO (HRSG)
Auxiliary Boiler (AB)

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement on the Effective Date entered above.

Owner:	Operator:
CITY OF VICTORVILLE	BLUEWATER ENERGY SOLUTIONS, INC.
By: _____	By: _____
Name: Wayne Campbell	Name: Perry Novak
Title: Municipal Utilities Manager	Title: Vice President

APPROVED AS TO FORM

By: _____
Name: Roger C. Rees
Title: Deputy City Attorney

CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF: 9/5/06

SUBMITTED BY: Mayor Rothschild DATE: 8/31/06

SUBJECT: REQUEST TO APPOINT REPRESENTATIVES TO R-2508 JOINT LAND USE STUDY ADVISORY (JLUS) COMMITTEES

RECOMMENDATION: That the City Council appoint a representative to serve on an R-2508 Advisory Committee and an R-2508 Technical Committee at the request of the State of California Governor's Office of Planning and Research.

FISCAL IMPACT: None.
Budget Amount:
Budget Acct. No.:

--Finance Department Use Only--
Additional Appropriation:

____No
____Yes/$ Amt.:

Finance Director Review and Approval____

DISCUSSION: The attached letter from the Governor's Office of Planning and Research invites the City Council to designate a representative for a R-2508 Joint Land Use Study Advisory (JLUS) Committee. This committee will be instrumental in developing the Joint Land Use Study addressing land use and other compatibility issues between local communities, State agencies, Federal agencies and the following military facilities: Edwards Air Force Base, Fort Irwin, Naval Air Weapons Station China Lake, and the R-2508 Special Use Airspace Complex.

In addition to the Advisory Committee, the Office of Planning and Research will assemble a R-2508 JLUS Technical Committee. The Technical Committee will collect and analyze information and develop recommendations for the Advisory Committee's review. The Office of Planning and Research requests that the City Council assign a staff member to represent the City of Victorville on the Technical Committee. Members on the Technical Committee will consist of local staff and other organization representatives with planning, environmental or land use expertise.

This matter is presented to the City Council for consideration at this time.

/cb
Attachment

Copy to: From: M.R.
City Mgr. ✓ Dept Heads ✓
Council ✓ Other

NEED COUNCIL TO APPT. ONE PERSON!

JoAnn Almond	Yes___	No___
Rudy Cabriales	Yes___	No___
Terry Caldwell	Yes___	No___
Bob Hunter	Yes___	No___
Mike Rothschild	Yes X	No___

STATE OF CALIFORNIA
GOVERNOR'S OFFICE OF PLANNING AND RESEARCH

ARNOLD SCHWARZENEGGER
GOVERNOR

SEAN WALSH
DIRECTOR

August 24, 2006

RECEIVED
AUG 28 2006
City Manager's Office

The Honorable Mike Rothschild
Mayor, City of Victorville
14343 Civic Drive
Victorville, CA 92393-5001

Dear Mayor Rothschild:

The Governor's Office of Planning and Research (OPR) invites the City Council of the City of Victorville to designate a representative for a R-2508 Joint Land Use Study Advisory (JLUS) Committee. The committee will be instrumental in developing the Joint Land Use Study addressing land use and other compatibility issues between local communities, state agencies, federal agencies, and the following military facilities: Edwards Air Force Base, Fort Irwin, Naval Air Weapons Station China Lake, and the R-2508 Special Use Airspace Complex.

The goal for the JLUS is to reduce potential conflicts among the military and surrounding communities while accommodating growth, sustaining the economic health of the region, and protecting public health and safety. Through the development of the JLUS, participants will identify a set of tools and strategies that support compatible planning and reduce the potential for conflicts. The R-2508 JLUS Fact Sheet (Attachment 1) describes the JLUS program in more detail.

The R-2508 JLUS Advisory Committee will be composed of representatives from a variety of stakeholder groups who can bring their unique expertise to the JLUS process. Advisory Committee representatives will be from the participating military organizations and from organizations with land management or regulatory responsibility in the study area. The Advisory Committee will be instrumental in shaping the study's implementation strategies, and members must be able to speak on behalf of their agencies.

In addition to the Advisory Committee, OPR will assemble a R-2508 JLUS Technical Committee. The Technical Committee will collect and analyze information and develop recommendations for Advisory Committee review. OPR requests that the City Council assign a staff member to represent your city on the R-2508 JLUS Technical Committee. Membership on the Technical Committee will consist of local staff and other organization representatives with planning, environmental, or land use expertise. Experience working with military installations would be especially valuable for Technical Committee members.

1400 10TH STREET, SUITE 100
SACRAMENTO, CALIFORNIA 95814
(916) 322-2318 (916) 324-9936 FAX
WWW.OPR.CA.GOV

Attachment 2 provides the list of organizations who are being invited to participate on the two committees.

OPR will need a time commitment from Advisory Committee and Technical Committee members over the next year. The JLUS committees will be active between October 2006 and October 2007. We anticipate holding four Advisory Committee and Technical Committee workshops during which we will obtain input and suggestions for the development of the study. In addition, OPR would like committee members to attend the two planned JLUS public forums. To ensure a successful and orderly process, we ask that only designated committee members participate in Advisory Committee and Technical Committee workshops.

We are convening the first workshop over a two-day period in mid-October, either in Lancaster or Palmdale. This first workshop will be essential for identifying the compatibility issues which the study will address. We ask that Advisory Committee members participate on the first day, and Technical Committee members to attend on both days. At the workshop we will outline the JLUS process and, with the help of study participants, will provide a general overview of military operations, development trends, and other activities in the study area.

Please reply by September 8th to Ned McKinley, JLUS Project Manager, with your designees for both committees. He can be reached by phone at (916) 324-6665, or by email at: ned.mckinley@opr.ca.gov. For additional information about this project, you may also visit the web at www.cajlus.com.

Sincerely,

Sean Walsh
Director

Attachments

cc: Jon Roberts, City Manager
Carolee Bates, City Clerk

1400 10TH STREET, SUITE 100
SACRAMENTO, CALIFORNIA 95814
(916) 322-2318 (916) 324-9936 FAX
WWW.OPR.CA.GOV

R-2508 Joint Land Use Study
Advisory and Technical Committee Invitees

The following agencies and organizations have been invited by OPR to designate a representative on each of the two committees.

Cities
City of Adelanto
City of Apple Valley
City of Bakersfield
City of Barstow
City of Bishop
City of California City
City of Hesperia
City of Lancaster
City of Palmdale
City of Ridgecrest
City of Tehachapi
City of Victorville

Counties
Fresno County
Inyo County
Kern County
Los Angeles County
San Bernardino County
Tulare County

Military
Air Force Flight Test Center
Fort Irwin / National Training Center
NAVAIR Ranges
Naval Air Weapons Station China Lake
Marine Corps Installations West
Office of Economic Adjustment

Native American Tribes
Big Pine Band of Owens Valley
Bishop Reservation
Chemehuevi Reservation
Colorado River Reservation
Fort Independence Community of Paiute
Fort Mojave Indian Tribe
Kawaiisu Tribe

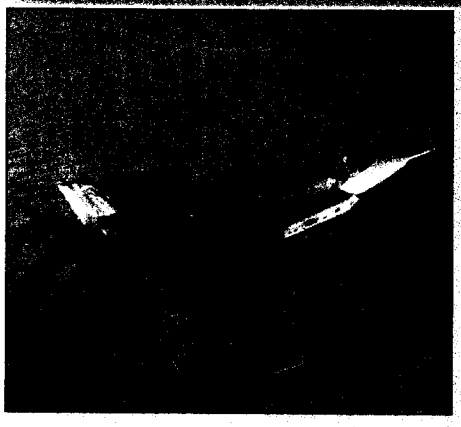
Kern Valley Indian Council
Kitanemuk and Yowlumne Tejon Indians
Lone Pine Paiute-Shoshone Reservation
Morongo Band of Mission Indians
San Fernando Band of Mission Indians
San Manuel Band of Mission Indians
Serrano Band of Indians
Tejon Indian Tribe
Timbisha-Shoshone Tribe
Tubatulabals of Kern Valley
Twenty-Nine Palms Band of Mission Indians

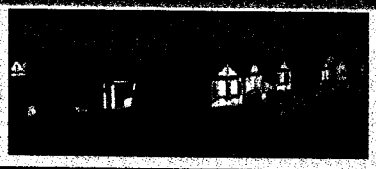
Federal Agencies
Bureau of Indian Affairs, Palm Springs Agency
Bureau of Indian Affairs, Southern California Agency
Bureau of Land Management, Bakersfield
Bureau of Land Management, Barstow
Bureau of Land Management, Bishop
Bureau of Land Management, California Desert District
Bureau of Land Management, Ridgecrest
Death Valley National Park
Inyo National Forest
Sequoia and Kings Canyon National Parks
Sequoia National Forest
United States Fish and Wildlife Service

State and Other Agencies
California Department of Fish and Game, Region 4
California Department of Fish and Game, Region 6
California Department of Parks and Recreation
California State Lands Commission
Los Angeles Department of Water and Power

California
Joint Land Use Studies

A project of the Governor's Office of Planning and Research





R-2508 Joint Land Use Study

What is a Joint Land Use Study?

A Joint Land Use Study (JLUS) is a collaborative planning effort between active military installations, surrounding counties and cities, and other affected agencies. The JLUS process is funded by a grant from the Department of Defense Office of Economic Adjustment (OEA).

Goals and Objectives

The overall goal of a JLUS is to reduce potential conflicts while accommodating growth, sustaining the economic health of the region, and protecting public health and safety. Like all JLUS programs, the R-2508 JLUS has three primary objectives.

- **Understanding**. Convene community and military installation representatives to study the issues in an open forum, taking into consideration both community and military viewpoints and needs.
- **Collaboration**. Encourage cooperative land use planning between military installations and the surrounding communities so that future community growth and development are compatible with the training and operational missions of the installation and at the same time seek ways to reduce operational impacts on adjacent lands.
- **Actions**. Provide a set of tools, activities, and procedures that local jurisdictions, agencies, and the military can select and use to implement the recommendations developed during the JLUS process.

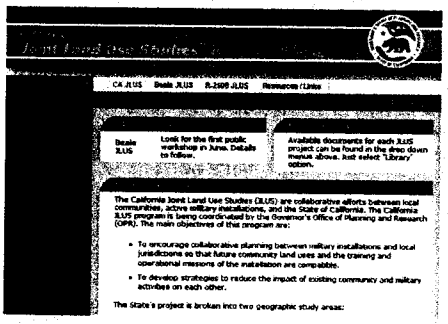
The California JLUS Program

OEA is funding the preparation of two JLUSs in California. Given the large areas covered by these studies and the number of jurisdictions and agencies involved, the California JLUS program is being managed by the Governor's Office of Planning and Research (OPR). The two geographic study areas included in the California JLUS program are referred to as the R-2508 JLUS and the Beale JLUS.

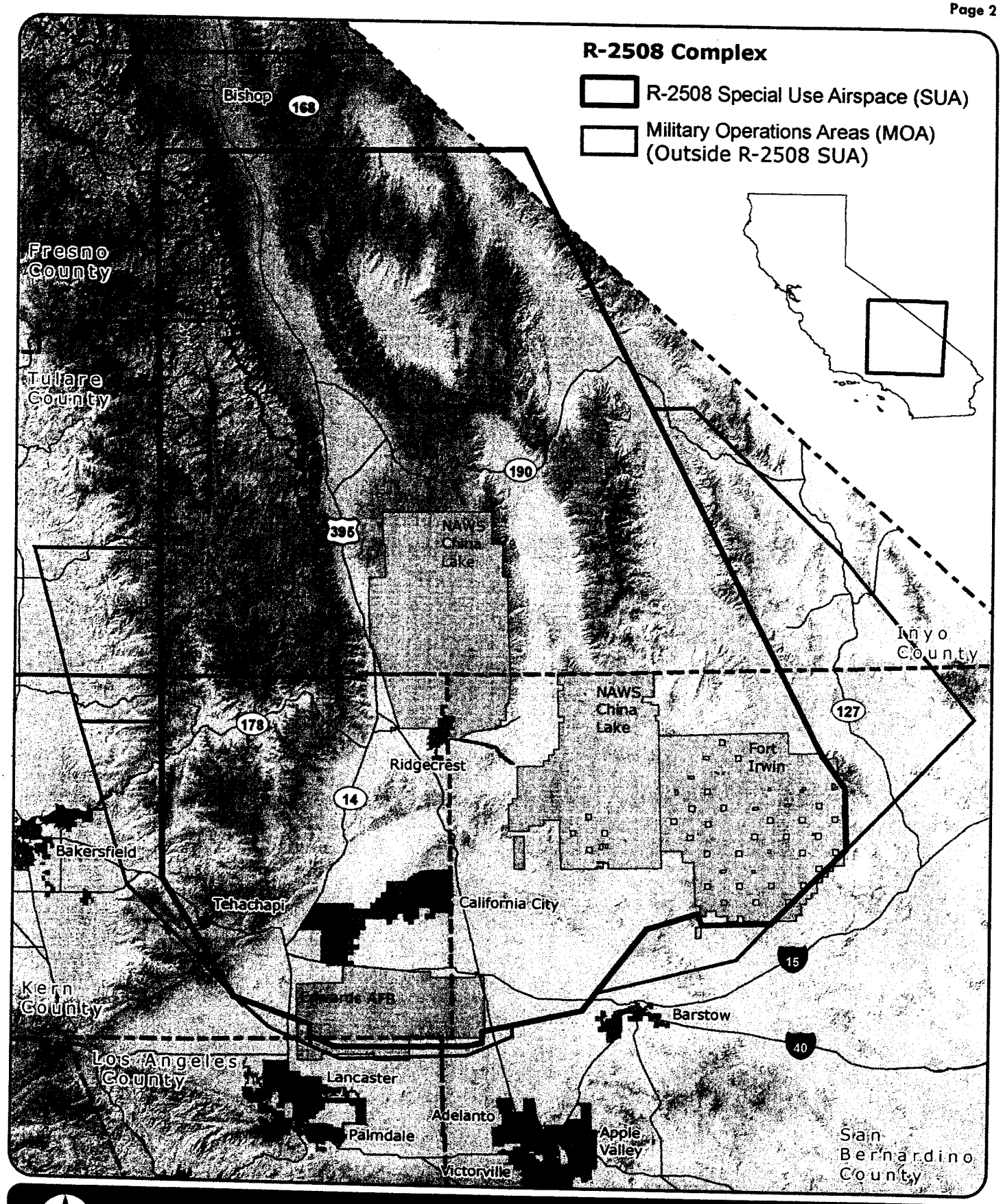
The **R-2508 JLUS** includes Edwards Air Force Base, Fort Irwin, Naval Air Weapons Station China Lake, and the land beneath the Joint Service R-2508 Special Use Airspace Complex and associated military airspace. This 20,000 square mile area encompasses portions of Fresno, Inyo, Kern, Los Angeles, San Bernardino, and Tulare Counties.

The **Beale JLUS** addresses all lands near Beale Air Force Base with a current or potential future impact on military operations at the base, and lands upon which military operations at the base have an actual or potential impact. Given the location of the base within Yuba County, the study area will include the western half of Yuba County and portions of Butte, Nevada, Placer, and Sutter Counties.

Want to know more?



www.cajlus.com


R-2508 Complex
R-2508 Special Use Airspace (SUA)
Military Operations Areas (MOA)
(Outside R-2508 SUA)
Bishop
168
Fresno County
Tulare County
190
395
NAWS China Lake
Inyo County
178
NAWS China Lake
127
Fort Irwin
Ridgecrest
14
Bakersfield
Tehachapi
California City
15
Kern County
Edwards AFB
Barstow
40
Los Angeles County
Lancaster
Adelanto
Palmdale
Apple Valley
Victorville
San Bernardino County
0 5 10 20 30
Miles
R-2508 Complex

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CITY OF
VICTORVILLE

760-955-5000
FAX 760-245-7243
email: vville@ci.victorville.ca.us
14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

AGENDA ITEM

CITY COUNCIL MEETING OF; SEPTEMBER 5, 2006

SUBMITTED BY: Carolee Bates
City Clerk

DATE: 8/28/06

SUBJECT: PRESENTATION OF REPORTS BY COUNCIL MEMBERS

RECOMMENDATIONS: N/A

FISCAL IMPACT: N/A

Budget Amount:
Budget Account No.:

DISCUSSION: In the event Councilmembers have matters on which they wish to report, or desire direction from Council, those matters may be discussed at this time.

--Finance Dept. Use Only—
Additional Appropriation:

_____No
_____Yes/$Amount

Finance Director Review and
Approval_____

CB/dl

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