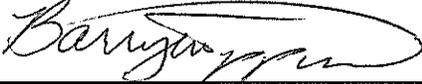


ITEM NO. _____ 4 _____
MEETING DATE <u>September 23, 2013</u>
APPROVED BY
STAFF AUTHOR
ASSISTANT CITY MANAGER 

**OVERSIGHT BOARD TO THE
CITY OF REDDING AS
SUCCESSOR AGENCY TO THE
REDDING REDEVELOPMENT AGENCY**

DATE: September 16, 2013
R-030-605

FROM: Barry Tippin, Assistant City Manager

SUBJECT: Consideration of Long-Range Property Management Plan

Recommendation

It is the recommendation of staff that the Oversight Board (OB) review and approve, by resolution, the Long-Range Property Management Plan (LRPMP), attached, and authorize its transmittal to the State Department of Finance (DOF) for its consideration.

Background

Based on its successful completion of certain required dissolution activities, the City of Redding as Successor Agency to the former Redding Redevelopment Agency (Successor Agency) received a Finding of Completion (FOC) from DOF on June 20, 2013.

Pursuant to current regulations, upon receipt of an FOC, one of the next dissolution actions to be undertaken by the Successor Agency is the disposition of the non-housing real property assets of the former redevelopment agency. Health and Safety Code (HSC) Section 34191.5(b) directs the SA to prepare a LRPMP addressing the disposition and use of these properties for submittal to the OB and to DOF. The Successor Agency has six months from receipt of the FOC to prepare a LRPMP and submit it for both OB and DOF approval.

The LRPMP is required to include the following:

- An inventory of all former redevelopment agency properties, with the following information for each property:
 - The date of acquisition and the value at acquisition;
 - The purpose for which the property was acquired;
 - Parcel data, including address, lot size, and current zoning;
 - An estimate of the current value of the property, including, if available, any appraisal information;
 - An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds;
 - The environmental history of the property, including environmental contamination, any remediation efforts, any related environmental studies;

- A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the SA; and
 - A brief history of previous development proposals and activity.
- The LRPMP must also address the SA's desired use or disposition of each property.

Permissible "uses" include the retention of the property for governmental use under limited circumstances, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. In order for any property to be retained for future development, that future development, or project, must have been identified within an approved redevelopment plan. If a property is to be disposed of through sale, all sale proceeds are to be distributed as property tax to the various taxing entities.

Staff has prepared the LRPMP in compliance with the above-listed regulations. Included in the LRPMP are six properties owned in fee by the former redevelopment agency and three public service easements held by the former redevelopment agency (see attached Location Map). All but two of these are recommended to be transferred to the City of Redding (City) for future development projects consistent with the former redevelopment agency's redevelopment plans. The two properties recommended to be sold are the remaining portion of the old Gas-a-Mat property at the corner of Cypress Avenue and Henderson Road (2360/2380 Henderson Road) and the last parcel remaining from the realignment of Railroad Avenue/West Street/Buenaventura Boulevard (2350 Buenaventura Boulevard). Finally, included within the LRPMP is a discussion of the prior interest that the former redevelopment agency had in the underground parking structure beneath the old Dicker's building and a portion of the California Street parking structure. It is the opinion of legal staff that based upon the terms contained within various security documents entered into between the City and the former redevelopment agency, the former redevelopment agency's interest in these structures has expired. The former redevelopment agency only held a lease-hold interest in the California Street parking structure. It also held fee title interest in the parking structure beneath Dicker's. Legal staff has indicated that a title document transferring the title to the City will need to be completed for that structure only. The properties have been included within the LRPMP as no other more appropriate vehicle has been identified within the existing legislation.

On September 3, 2013, the Successor Agency approved the LRPMP and authorized its transmittal to the OB for its consideration.

Issue

Does the OB wish to approve the LRPMP and adopt the attached resolution?

Alternatives; Implications of Alternatives

The OB could:

1. Choose to accept the LRPMP as proposed and adopt the attached resolution. Adoption of the resolution will allow the LRPMP to be submitted to the DOF for final review and approval in a timely fashion.
2. Choose to not approve the LRPMP as proposed.

Conclusion

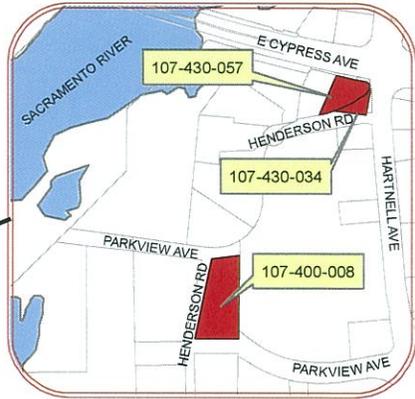
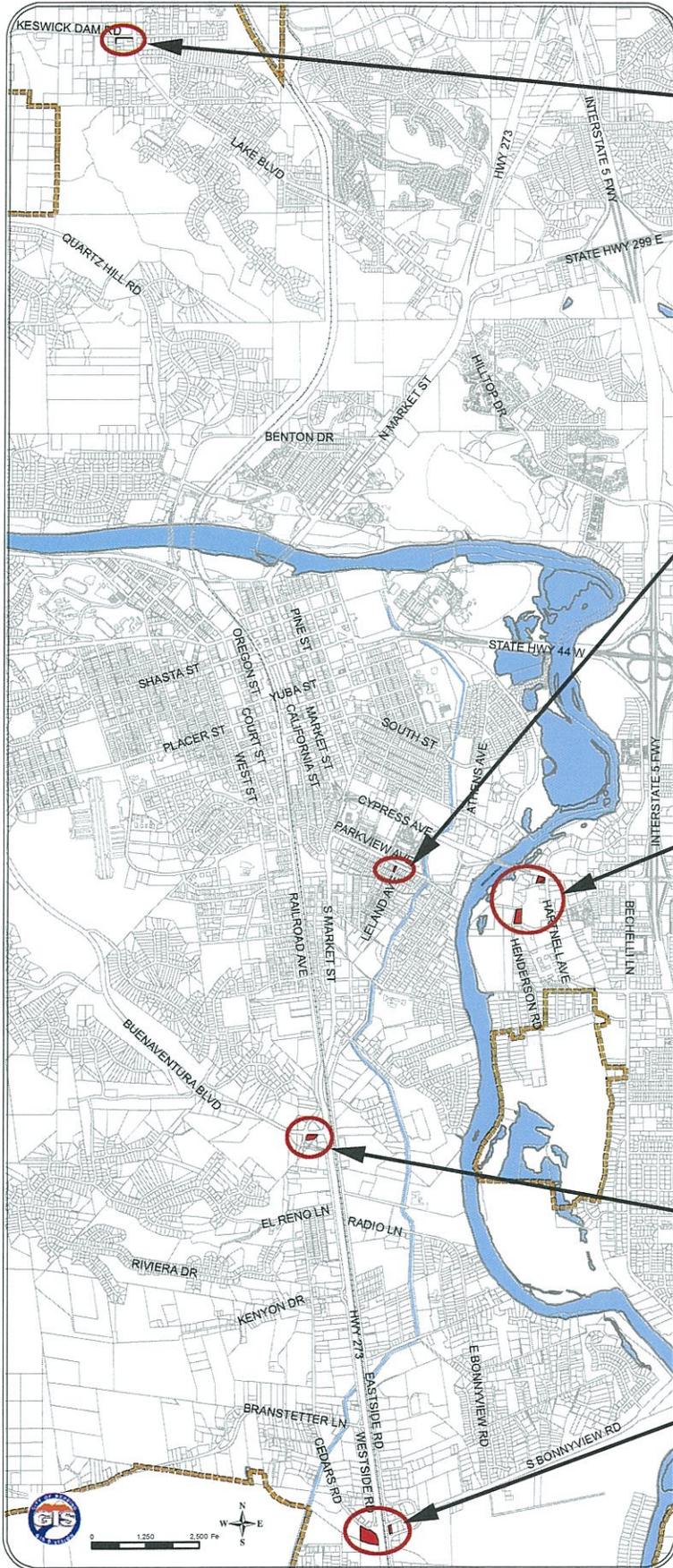
Completion of an LRPMP and its submittal to the OB and the DOF is required by current regulations within six months of receipt of an FOC from the DOF. Upon approval by both the OB and DOF, transfer of the identified properties to the City for future public infrastructure development and/or continued use as parking facilities would take place. Sale of the other identified properties would also proceed.

Attachments

Location Map

Resolution with Exhibit: Long-Range Property Management Plan

REAL ESTATE ASSETS OF THE CITY OF REDDING, AS SUCCESSOR AGENCY TO THE REDDING REDEVELOPMENT AGENCY



RESOLUTION NO. 2013-__

RESOLUTION OF THE OVERSIGHT BOARD TO THE CITY OF REDDING AS SUCCESSOR AGENCY TO THE REDDING REDEVELOPMENT AGENCY APPROVING THE LONG-RANGE PROPERTY MANAGEMENT PLAN, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.5

WHEREAS, on February 1, 2012, the Redding Redevelopment Agency (“RRA”) was dissolved pursuant to Health and Safety Code (HSC) Sections 34161 - 34166; and

WHEREAS, pursuant to HSC §34173(d), by Resolution No. 2012-01, the City Council of the City of Redding (City) elected to become the Successor Agency to the RRA (“Successor Agency”); and

WHEREAS, HSC Section 341791.7, provides for the State Department of Finance (“DOF”) to issue a Finding of Completion to successor agencies under certain conditions; and

WHEREAS, on June 20, 2013, the DOF did issue a Finding of Completion to the Successor Agency; and

WHEREAS, HSC Section 34191.4, provides, upon issuance of a Finding of Completion, that all real property and interests in real property held by the former redevelopment agency may be transferred to the Successor Agency upon approval by the Successor Agency’s Oversight Board and DOF of a Long-Range Property Management Plan (“LRPMP”); and

WHEREAS, a LRPMP was prepared pursuant to HSC Section 34191.5(c); and

WHEREAS, on September 3, 2013, the Successor Agency by Resolution No. 2013-01 approved the LRPMP and authorized its transmittal to the Oversight Board and to DOF for consideration.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board of the Successor Agency to the Redding Redevelopment Agency, hereby finds and determines:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Approval of Transfer. The Oversight Board hereby approves the Long-Range Property Management Plan, attached to this Resolution as Exhibit A, and authorizes its transmittal to the DOF for consideration.

I HEREBY CERTIFY that the foregoing resolution was introduced, read, and adopted at a Special Meeting of the Oversight Board of the Successor Agency to the Redding Redevelopment Agency on the 23rd day of September 2013, and was duly adopted at said meeting by the following vote:

AYES: BOARD MEMBER:
NOES: BOARD MEMBER:
ABSENT: BOARD MEMBER:
ABSTAIN: BOARD MEMBER:

Sue Thompson, Chair

ATTEST:

Pamela Mize, City Clerk

CITY OF REDDING
SUCCESSOR AGENCY
LONG RANGE PROPERTY MANAGEMENT PLAN
(HSC 34191.5)

HSC Section 34191.5 (c) (1) (A-H)	Description	2350 Buena Ventura Boulevard	5950/5960 Cedars Road 6010 Westside Road	2515 Henderson Road	2520 Leland Avenue	2321 S. Bonnyview Road	2360/2380 Henderson Road	Public Service Easements (3) at Keswick Dam Road/Lake Blvd.
A	Date of Acquisition	January 18, 1991	January 29, 1991	July 15, 1991	March 15, 1999	September 23, 2004	January 4, 2005	2010
	Value of Property at Acquisition	\$177,158 (part of larger site acquisition)	\$250,000	\$170,000 (At acquisition, the property was improved with a 1,362 square foot concrete block office building, which has been demolished.)	\$47,000	\$120,000 (At acquisition, the property was improved with a single-family home and a mobile home. Both structures have been demolished and the remaining property is vacant.)	\$430,000 (As part of a larger parcel, the property was improved with a gas station that has been demolished. The remaining property is vacant.)	\$15,900 - Acquisition of Public Service Easements only
B	Purpose Acquired	Right-of-way for realignment of Westside Road	Right-of-way to accommodate the future development of a grade separation at South Bonnyview and State Route 273	Right-of-Way to accommodate the extension of Parkview Avenue and the future development of a bridge crossing over the Sacramento River	Development of mixed-use project including an affordable housing component	Right-of-way to accommodate the widening of South Bonnyview Road and a grade separation at South Bonnyview and State Route 273	Right-of-way to accommodate the widening of the Cypress Street Bridge over the Sacramento River	Right-of-way easements to accommodate the signalization of Lake Boulevard and Keswick Dam Road
C	Assessor Parcel #/Lot Size (acres)	APN 108-080-047/0.66 acres	APN 049-240-043/2.93 acres	APN 107-400-008/1.17 acres	APN 104-350-020/0.15 acres	APN 050-270-033/0.27 acres	APN 107-430-034 & -057/0.43 acres	APN 114-080-035, -037, -039
	Zoning	General Commercial	Heavy Commercial	General Office	Neighborhood Commercial/Mixed Use	General Commercial	Shopping Center Retail/General Commercial	General Office/Residential
D	Estimate of Current Value	Property was last appraised in 1996. Net value at that time after anticipated soil remediation was \$28,000. Site will be reappraised prior to disposition.	Property has not been appraised since it was purchased in 1991.	Property has not been appraised since it was purchased in 1991.	Property was appraised in 2008 at \$79,000. It is estimated that values have declined since that time by 25%-30% to approximately \$59,250 - \$55,300.	Property has not been appraised since it was purchased in 2004. Property will be appraised prior to disposition.	Property was appraised in October 2004 prior to acquisition. It was reappraised in February 2006 for \$445,000. Property will be appraised prior to disposition.	2010 appraisal for value of easements only.
	Appraisal Information Available	December 1996	No	No	October 2008	No	October 2004 & February 2006	Yes
E	Estimate of Revenues generated by property	\$0	\$0	\$0	\$0	No revenues currently. Leased for a contractor staging area for \$300/month in 2008.	\$0	\$0
	Contractual Requirements for disposition of funds	None	None	None	None	None	None	None
F	Environmental History	Historical uses on and in the vicinity of site included a saw mill, a box factory, and a holding pond for treated logs. Limited Phase II Environmental Site Assessments were done in 1996 and 1997. Likely soil conditions on site may require some remediation due to potential contamination and/or the presence of foreign materials.	70% of property lies within the floodplain of adjacent Olney Creek	The City has no knowledge of any environmental issues related to this property.	The City has no knowledge of any environmental issues related to this property.	The City has no knowledge of any environmental issues related to this property.	A Phase I Environmental Site Assessment was completed in November 2004 prior to acquisition. No signs of petro hydrocarbon contamination, or other contamination were observed. No further evaluation of the site was recommended at that time.	The City has no knowledge of any environmental issues related to this property.
G	Potential for Transit Development	The parcel is located with frontage along an existing transit corridor.	The parcel is located with frontage along an existing transit corridor.	There is no potential for transit oriented development as parcel is not located on a main traffic corridor.	The parcel is located with frontage along an existing transit corridor.	The parcel is located with frontage along an existing transit corridor.	The parcel has minimal frontage along an existing transit corridor.	N/A
H	History of Previous Development Proposals	See Exhibit A	There are no documented development proposals for this site. It has been held for right-of-way purposes since acquisition in 1991.	There are no documented development proposals for this site. It has been held for public purposes since acquisition in 1991.	See Exhibit A	There are no documented development proposals for this site.	In 2006, negotiations for the sale of the property were initiated with an adjoining property owner for development of a office/restaurant/retail complex. For a variety of reasons, most significantly the state of the general economy, the negotiations were ended in 2008.	N/A
HSC Section 34191.5 (c) (2)	Planned Disposition	Sale of Property for future development	Transfer to City of Redding for future infrastructure development in support of redevelopment goals and objectives (See Exhibit B)	Transfer to the City of Redding for public access to Sacramento River recreational amenities in support of redevelopment goals and objectives (See Exhibit B)	Transfer to the City of Redding Successor Housing Agency for future development of mixed-use with affordable housing component	Transfer to City of Redding for future infrastructure development in support of redevelopment goals and objectives (See Exhibit B)	Sale of Property for future development	Transfer to City of Redding for future infrastructure (traffic signal) development. Not fee interest.

CITY OF REDDING
SUCCESSOR AGENCY
LONG RANGE PROPERTY MANAGEMENT PLAN
(HSC 34191.5)

HSC Section 34191.5 (c) (1) (A-H)	Description	California St. Parking Structure	Underground Parking Lot - Dicker's Bldg
A	Date of Acquisition	See Exhibit C-1	1972
	Value of Property at Acquisition	See Exhibit C-1	\$550,000 (acquisition of the development rights and construction costs of the parking garage)
B	Purpose Acquired		The RDA purchased the right to construct a 147 stall underground parking garage beneath a privately owned commercial building. Property interest is in the form of "air rights" NOT fee title to site above or below parking structure.
C	Assessor Parcel #/Lot Size (acres)	N/A	N/A
	Zoning	Central Business District-Specific Plan	Central Business District-Specific Plan
D	Estimate of Current Value	N/A	Unknown
	Appraisal Information Available	No	No
E	Estimate of Revenues generated by property	\$0	\$0
	Contractual Requirements for disposition of funds	See Exhibit C-1	Security for Loan Agreement between the City of Redding and Redding Redevelopment Agency (RRA) dated August 25, 1972. Loan Agreement contains the condition that upon termination or dissolution of the RRA, the RRA shall convey all of its right, title, and interest in the parking facility to the City of Redding. (See Exhibit C-2)
F	Environmental History	Structural issues related to the parking garage have surfaced over the years.	Structural issues related to the parking garage have surfaced over the years.
G	Potential for Transit Development	N/A	N/A
H	History of Previous Development Proposals	N/A	N/A
HSC Section 34191.5 (c) (2)	Planned Disposition	Pursuant to Site Lease and Project Lease, all interest in the property and facility has expired.	Pursuant to Loan Agreement, title to the facility must be conveyed to the City of Redding.

EXHIBIT A

HSC SECTION 34191.5(c)(1)(H) – History of Previous Development Proposals Detail

2350 Buenaventura Boulevard

This property was acquired by the Redding Redevelopment Agency (RRA) in January 1991 specifically for the realignment of both Railroad Avenue and Westside Road at Buenaventura Boulevard and State Route 273. Following completion of the public improvements in approximately late 1995, the remaining land not needed for the street improvements was redivided into several parcels to be sold and developed in support of the goals and objectives within the Market Street Redevelopment Plan. This is the last remaining parcel. While a number of development proposals were received over the years involving this site (most recently, a fast food business and a retail/office complex in 2002 and a proposed medical clinic in 2006) none came to fruition.

2550 Leland Avenue

This property was acquired by the RRA in March 1999 utilizing resources from its Low- and Moderate-Income Housing Fund (LMIHF). At the time of acquisition, the property was developed with four (4) rental units in extremely poor condition. The units were subsequently demolished. Two similarly-sized adjoining parcels were acquired by the RRA in 2002 with the intent to create a larger, more developable property by combining the three lots. Under the mixed-use zoning, the retail commercial component must be the primary use with residential secondary. As a stand-alone parcel, a viable mixed use project, consistent with the current zoning might be possible, however, it is likely that the residential component would be limited to one unit only. With a larger site, the residential element can be considerably larger. A larger site also provides many more design options along with some economy of scale regarding development costs.

Following acquisition, the RRA attempted to market the three parcels as one property suitable for a mixed use development in support of goals and priorities expressed within its 2001 Parkview Neighborhood Strategic Revitalization Plan document. Solicitation of development proposals occurred in 2003 and in 2007, with no positive result. In 2008, the three parcels were marketed for sale, again with no positive result. Existing redevelopment regulations stipulated that property acquired with LMIHF resources must be developed within 10 years of acquisition or sold. In order to comply with the March 2009 deadline for development or sale of the original lot, the RRA used its capital resources to “purchase” the lot in January 2009, at its October 2008 appraised value of \$79,000. While the RRA continued its efforts to secure a developer up to its dissolution in 2012, no solid development proposal materialized.

The City as Successor Housing Agency is still committed to the continued revitalization of the Parkview neighborhood and believes that a medium-sized mixed-use development with an affordable housing component is most realistic for the combined properties.

EXHIBIT B

HSC SECTION 34191.5(c)(2) – Planned Disposition Detail

5960/5960 Cedars Road 6010 Westside Road

2321 South Bonnyview Road

These two properties were acquired for the same reason, that is, to improve the South Bonnyview Road/Cedars Road/State Route 273 intersection. While there have been some public improvements completed in the immediate vicinity, specifically the widening and resignalization of the easterly side at South Bonnyview, it is still anticipated that traffic conditions at some point in the future will warrant an additional reconfiguration of the intersection, possibly including, but not limited to, a grade separation. These properties are essential elements to successfully completing the anticipated public improvements in this area. The full improvement of this intersection is supported by the goals and objectives stated within the Market Street Redevelopment Plan and is listed as a potential activity within that document. The proposed disposition is to transfer the properties to the City of Redding for the future completion of the identified public improvement activities.

2515 Henderson Road

The property was acquired by the Redding Redevelopment Agency in July 1991 specifically for right-of-way anticipated to be necessary to accommodate a westerly extension of Parkview Avenue and a new bridge crossing over the Sacramento River. The timing for development of these public infrastructure improvements was noted to be when future traffic flow conditions at Redding's existing bridge crossings warranted an additional crossing. Today, more than two decades later, the conditions still do not warrant the identified crossing as a best alternative to alleviate traffic flow issues crossing the river. Today, the property is viewed as a valuable component in the continued enhancement of the City's existing Sacramento River Pedestrian Trail system in this location along the east side of the River. The City's Community Services Division that manages the City's existing recreational amenities has informally utilized the property over the past five years as a parking area for the public wishing to access the Sacramento River for fishing, rafting, and other recreational pursuits. Both the Market Street Redevelopment Plan and the Canby-Hilltop-Cypress Redevelopment Plan prioritize the creation of additional public access opportunities to enjoy the Sacramento River amenity within our community. Continued utilization of the property as a public parking area specifically for accessing the River in this location is consistent with the stated goals and objectives of these redevelopment documents and with activities listed within the same.

EXHIBIT C-1

California Street Parking Facility Detail

On May 1, 1977, the Redding Redevelopment Agency (RDA) entered into a Site Lease, as Lessee, and a Project Lease, as Lessor, with the City of Redding relative to the financing, construction, and operation of a parking facility on property owned by the City of Redding in the 1600 block of California Street in Redding's Midtown Redevelopment Project Area. (Both documents are attached.) The stated term of the Site Lease was from May 1, 1977 through May 10, 2013. The stated term of the Project Lease was from May 1, 1977 through May 1, 2013.

Under Section 13 of the Project Lease, upon termination or expiration of the Project Lease, the City shall surrender to the RRA the Project (consisting of the parking facility) for disposition by the RRA pursuant to Section 8 of the Site Lease.

Under Section 8 of Site Lease, upon termination or expiration of the Site Lease, the Site and any permanent improvements and structures existing upon the Site at the time of such termination or expiration of the lease are to remain and title thereto shall vest with the City of Redding.

Whether termination of both lease documents occurred upon dissolution of the RRA in February 2012, or expiration of the both lease documents was reached in May 2013, the Lease Hold interest in the Site held by the former RDA has expired and the title to the improvements has transferred to the City of Redding.

Attachments:

Site Lease dated May 1, 1977

Project Lease dated May 1, 1977

SITE LEASE

THIS SITE LEASE, dated for convenience as of May 1, 1977, by and between the CITY OF REDDING, a general law city and municipal corporation organized and existing under the laws of the State of California (herein called the "City") and the REDDING REDEVELOPMENT AGENCY, a public body, corporate and politic, duly created, organized and existing under and by virtue of the laws of the State of California (herein called the "Agency");

WITNESSETH:

WHEREAS, the Agency intends to assist the City by financing the construction of the Facilities, as defined in the Project Lease, on the Site, as hereinafter defined (the Site and Facilities are together herein called the "Project"); and

WHEREAS, the Agency intends to lease the Project to the City by a lease, dated for convenience as of May 1, 1977 (herein called the "Project Lease"), and the City proposes to enter into this lease with the Agency as a material consideration for the Agency's agreement to finance the construction of the Facilities for and on behalf of the City;

Now, THEREFORE, It Is HEREBY MUTUALLY AGREED as follows:

SECTION 1. Site.

The City hereby leases to the Agency and the Agency hereby hires from the City, on the terms and conditions hereinafter set forth, the real property situated in the City of Redding, County of Shasta, State of California, and described in Exhibit A attached hereto and made a part hereof and all improvements thereon (herein called the "Site"), subject, however, to any conditions, reservations, and easements of record or known to the City.

SECTION 2. Term.

The term of this lease shall commence on the date of recordation of this lease in the office of the County Recorder of Shasta County, State of California, or on May 1, 1977, whichever is earlier, and shall end on May 10, 2003, unless such term is extended or sooner terminated as hereinafter provided. If on May 10, 2003, any

bonds or other indebtedness of the Agency incurred to pay for the construction of the Facilities shall not be fully paid and retired or any resolution authorizing such bonds shall not be discharged by its terms, or if the rental payable under the Project Lease shall have been abated at any time and for any reason, then the term of this lease shall be extended until ten (10) days after all bonds and other indebtedness of the Agency incurred to pay for the Facilities shall be fully paid and retired and any such resolution shall be discharged by its terms, except that the term of this lease shall in no event be extended beyond May 10, 2013. If prior to May 10, 2003, all bonds and other indebtedness of the Agency incurred to pay for the Project shall be fully paid and retired and any such resolution shall be discharged by its terms, the term of this lease shall end ten (10) days thereafter or ten (10) days after written notice by the City to the Agency, whichever is earlier.

SECTION 3. *Rental.*

The Agency shall pay to the City as and for rental hereunder the sum of One Dollar (\$1), all of which rental shall be payable in full within ten (10) days of the recordation hereof. In addition to the foregoing rental payment, the Agency may pay to the City as and for rental hereunder such surplus moneys as shall be permitted to be paid over to the City pursuant to the resolution of the Agency authorizing the issuance of bonds to finance the construction of the Facilities.

SECTION 4. *Purpose.*

The Agency shall use the Site solely for the purpose of permitting the construction of the Facilities thereon and leasing the Site and the Facilities to be constructed thereon to the City pursuant to the Project Lease and for such purposes as may be incidental thereto, including the demolition of any improvements which are designated for demolition in the plans and specifications for the Project; provided, that in the event of default by the City under the Project Lease the Agency may exercise the remedies provided in the Project Lease.

SECTION 5. *Owner in Fee.*

The City covenants that it will be the owner in fee of the Site, as described in Exhibit A hereto at the time of the recordation of this lease.

SECTION 6. *Assignments and Subleases.*

Unless the City shall be in default under the Project Lease, the Agency shall not assign its rights under this lease or sublet the Site without the prior written consent of the City.

SECTION 7. *Right of Entry.*

The City reserves the right for any of its duly authorized representatives to enter upon the Site at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

SECTION 8. *Termination.*

The Agency agrees, upon the termination or expiration of this lease, to quit and surrender the Site in the same good order and condition as the same was in at the time of commencement of the term hereunder, except for reasonable wear and tear, and agrees that any permanent improvements and structures existing upon the Site at the time of such termination or expiration of this lease shall remain thereon and title thereto shall vest in the City.

SECTION 9. *Default.*

In the event the Agency shall be in default in the performance of any obligation on its part to be performed under the terms of this lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Agency, the City may exercise any and all remedies granted by law, except that no merger of this lease and of the Project Lease shall be deemed to occur as a result thereof; *provided*, however, that the City shall have no power to terminate this lease by reason of any default on the part of the Agency if such termination would affect or impair any assignment or sublease of all or any part of the Site then in effect between the Agency and any assignee or subtenant of the Agency (other than the City under the Project Lease). So long as any

such assignee or subtenant of the Agency shall duly perform the terms and conditions of this lease and of its then existing sublease (if any), such assignee or subtenant shall be deemed to be and shall become the tenant of the City hereunder and shall be entitled to all of the rights and privileges granted under any such assignment or sublease; *provided further*, however, that so long as any indebtedness of the Agency is outstanding and unpaid in accordance with the terms of any resolution authorizing such indebtedness, the rentals or any part thereof payable to the trustee pursuant to such resolution (by the terms of such assignment or sublease) shall continue to be paid to said trustee.

SECTION 10. *Quiet Enjoyment.*

The Agency at all times during the term of this lease, subject to the provisions of Section 9 hereof, shall peaceably and quietly have, hold and enjoy all of the Site.

SECTION 11. *Waiver of Personal Liability.*

All liabilities under this lease on the part of the Agency are solely corporate liabilities of the Agency as a public corporation, and the City hereby releases each and every member, officer, agent and employee of the Agency of and from any personal or individual liability for negligence under this lease. No member, officer, agent or employee of the Agency shall at any time or under any circumstances be individually or personally liable for negligence under this lease to the City or to any other person whomsoever for anything done or omitted to be done by the Agency hereunder.

SECTION 12. *Taxes.*

The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Site (including both land and improvements).

SECTION 13. *Eminent Domain.*

In the event the whole or any part of the Site or the improvements thereon (including the Facilities) is taken permanently or temporarily under the power of eminent domain, the interest of the Agency shall be recognized and is hereby determined to be the

amount of the then unpaid indebtedness incurred by the Agency to finance the construction of the Facilities, including the unpaid principal of and interest on any then outstanding bonds of the Agency, and shall be paid to the trustee under any resolution authorizing such indebtedness and applied as provided in said resolution. The term "unpaid indebtedness," as used in the preceding sentence, includes the face amount of the indebtedness evidenced by any outstanding bonds of the Agency issued to finance the Facilities, together with the interest thereon and all other payments required to be made by the trustee pursuant to the resolution authorizing the issuance of said bonds on account of said indebtedness, until such indebtedness, together with the interest thereon, has been paid in full in accordance with the terms thereof.

SECTION 14. *Partial Invalidity.*

If any one or more of the terms, provisions, covenants or conditions of this lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this lease shall be affected thereby, and each provision of this lease shall be valid and enforceable to the fullest extent permitted by law.

SECTION 15. *Notices.*

All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests, agreements or promises or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, and, if to the City, addressed to the City in care of the City Clerk, City Hall, 760 Parkview Avenue, Redding, California 96001, or, if to the Agency, addressed to the Agency in care of its Secretary, City Hall, 760 Parkview Avenue, Redding, California 96001, or to such other addresses as the respective parties may from time to time designate by notice in writing.

SECTION 16. *Section Headings.*

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this lease.

SECTION 17. *Execution.*

This lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same lease. It is also agreed that separate counterparts of this lease may separately be executed by the Agency and the City, all with the same force and effect as though the same counterpart had been executed by both the Agency and the City.

IN WITNESS WHEREOF, the City and the Agency have caused this lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF REDDING, a general law city and
municipal corporation

By *Geo. F. ...*

Mayor

[SEAL]

ATTEST:

Michael L. Layton
City Clerk

Approved as to Form:

Paul R. Murphy
City Attorney

REDDING REDEVELOPMENT AGENCY, a public
body, corporate and politic

By *James S. ...*

Chairman

[SEAL]

ATTEST:

Monica J. ...
Secretary

EXHIBIT A

All that portion of the City of Redding described as follows:

That portion of Blocks 24 and 29 and a portion of Yuba Street adjoining said lots, of the Town (now City) of Redding as per map thereof filed September 25, 1872 in Book of Old Plats at page 65, Shasta County Records, described as a whole as follows:

BEGINNING at the southwest corner of said Block 29; thence along the west line of Blocks 29 and 24 of said Original Town and along the east line of California Street North $17^{\circ}40'$ West, 503.00 feet to a point from which the Southwest corner of Lot 12 in said Block 24 bears North $17^{\circ}40'$ West 2 feet; thence North $72^{\circ}20'$ East, 66.00 feet; thence South $17^{\circ}40'$ East, 180.00 feet; thence North $72^{\circ}20'$ East, 74.00 feet to the northerly extension of the west line of the alley as shown on the map of Block 29 of said Original Town of Redding; thence along said west line and the northerly extension thereof South $17^{\circ}40'$ East, 323.00 feet to the southeast corner of said Block 29 and to the north line of Placer Street; thence along said line South $72^{\circ}20'$ West, 140.00 feet to the point of beginning.

STATE OF CALIFORNIA }
COUNTY OF SHASTA } ss.

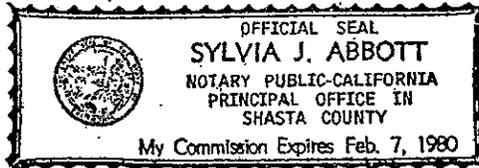
On this second day of June, 1977, before me, Sylvia J. Abbott, a Notary Public, State of California, duly commissioned and sworn, personally appeared LEE D. FULTON, known to me to be the Mayor, and MILDRED L. BRAYTON, known to me to be the City Clerk, respectively, of the City of Redding, a general law city and municipal corporation, that executed the within instrument, and known to me to be the persons who executed the within instrument on behalf of said city therein named, and acknowledged to me that such city executed the within instrument pursuant to an ordinance of the City of Redding.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year in this certificate first above written.

Sylvia J. Abbott
Notary Public
State of California

My commission expires:

[Notarial Seal]



STATE OF CALIFORNIA }
COUNTY OF SHASTA } SS.

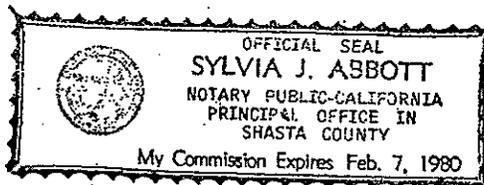
On this second day of June, 1977, before me, Sylvia J. Abbott, a Notary Public, State of California, duly commissioned and sworn, personally appeared JAMES L. WILLIAMS, known to me to be the Chairman, and FRANCIS E. HENSON, known to me to be the Secretary, respectively, of the Redding Redevelopment Agency, a public body, corporate and politic, that executed the within instrument, and known to me to be the persons who executed the within instrument on behalf of said redevelopment agency therein named, and acknowledged to me that such redevelopment agency executed the within instrument pursuant to a resolution of the Redding Redevelopment Agency.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year in this certificate first above written.

Sylvia J. Abbott
Notary Public
State of California

My commission expires:

[Notarial Seal]



PROJECT LEASE

This lease, dated for convenience as of May 1, 1977, by and between the REDDING REDEVELOPMENT AGENCY, a redevelopment agency and public body, corporate and politic (herein called the "Agency"), duly organized and existing under and by virtue of the laws of the State of California, and the CITY OF REDDING, a general law city and municipal corporation, duly organized and existing under and by virtue of the laws of the State of California (herein called the "City");

WITNESSETH:

In consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

SECTION 1. Definitions.

Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Project Lease, have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined:

Bonds

The term "Bonds" means those bonds to be issued by the Agency under the Resolution for the purpose of raising money to provide for the construction of the Facilities and the payment of expenses incurred in connection therewith and in the issuance and sale of said bonds.

Facilities

The term "Facilities" means the parking facility, including equipment, furniture and fixtures, together with all other works, property or structures necessary or convenient for a parking facility, all to be constructed by the City on the Site.

Project

The term "Project" means the Site and Facilities.

Project Lease

The term "Project Lease" means this lease.

Resolution

The term "Resolution" means the resolution adopted by the Agency authorizing the issuance of the Bonds, as originally adopted or as it may from time to time be amended or supplemented by any supplemental resolution adopted pursuant to the provisions thereof.

Site

The term "Site" means that certain real property situated in the City of Redding, County of Shasta, State of California, more particularly described in Exhibit A attached hereto and made a part hereof, and all improvements thereon; subject, however, to any conditions, reservations and easements of record or known to the City.

Site Lease

The term "Site Lease" means the lease, dated for convenience as of May 1, 1977, and entitled "Site Lease" to be entered into between the City, as lessor, and the Agency, as lessee, providing for the lease of the Site from the City to the Agency.

Substantial Completion, Substantially Completed

The term "Substantial Completion" or "Substantially Completed" means construction to the extent that the Facilities are ready for use and occupancy as evidenced by the issuance of all applicable certificates of occupancy by the Public Works Director of the City and certification by the Architect having principal charge of the design of the Facilities that such construction has been substantially completed in accordance with all applicable plans and specifications,

Trustee

The term "Trustee" means the trustee or fiscal agent appointed under the Resolution and referred to therein as the Trustee.

SECTION 2. *Term; Commencement of Rental.*

The Agency hereby leases to the City and the City hereby hires from the Agency, on the terms and conditions hereinafter set forth, the Project.

The term of this Project Lease shall commence on the date of recordation of this Project Lease in the office of the County Recorder of Shasta County, State of California, or on May 1, 1977, whichever is earlier, and shall end on May 1, 2003, unless such term is extended or sooner terminated as hereinafter provided. If on May 1, 2003, the Bonds or any other indebtedness of the Agency incurred to pay for the Project shall not be fully paid and retired or the Resolution shall not be discharged by its terms, or if the rental payable hereunder shall have been abated at any time and for any reason, then the term of this Project Lease shall be extended until ten (10) days after all Bonds and any other indebtedness of the Agency incurred to pay for the Project shall be fully paid and retired and the Resolution shall be discharged by its terms, except that the term of this Project Lease shall in no event be extended beyond May 1, 2013. If prior to May 1, 2003, all Bonds and any other indebtedness of the Agency incurred to pay for the Project shall be fully paid and retired and the Resolution shall be discharged by its terms, the term of this Project Lease shall end ten (10) days thereafter or ten (10) days after written notice by the Agency to the City, whichever is earlier.

It is contemplated that the City will take possession of the Project on or before January 1, 1978, and the first payment of rental shall be due on January 1, 1978, as provided in Section 3 hereof. If the Facilities shall be Substantially Completed before January 1, 1978, the City may take possession of the Project upon such Substantial Completion.

If the Agency, for any reason whatsoever, cannot deliver possession of the Project to the City by January 1, 1978, this Project Lease shall not be void or voidable, nor shall the Agency be liable to the City for any loss or damage resulting therefrom; but in that event no rent shall be payable hereunder with respect to the period between January 1, 1978, and the time when the City takes possession, and the term of this Project Lease shall be extended by, and to the extent of, such delay, provided that this Project Lease shall in no event be extended beyond May 1, 2013.

SECTION 3. *Rental.*

The City shall pay to the Agency, its successors or assigns, as rental for the use and occupancy of the Project (subject to the provisions of Sections 12 and 20 of this Project Lease), the following amounts, at the times and in the manner set forth herein, as follows:

(a) *Base Rental.* The City shall pay to the Agency, as a base rental (herein called the "Base Rental"), \$20,091.67 on January 1, 1978. Thereafter, the City shall pay to the Agency Base Rental in the following amounts due and payable at the following times:

July 15, 1978	\$77,470.20	July 15, 1991	\$77,470.20
July 15, 1979	77,470.20	July 15, 1992	77,470.20
July 15, 1980	77,470.20	July 15, 1993	77,470.20
July 15, 1981	77,470.20	July 15, 1994	77,470.20
July 15, 1982	77,470.20	July 15, 1995	77,470.20
July 15, 1983	77,470.20	July 15, 1996	77,470.20
July 15, 1984	77,470.20	July 15, 1997	77,470.20
July 15, 1985	77,470.20	July 15, 1998	77,470.20
July 15, 1986	77,470.20	July 15, 1999	77,470.20
July 15, 1987	77,470.20	July 15, 2000	77,470.20
July 15, 1988	77,470.20	July 15, 2001	77,470.20
July 15, 1989	77,470.20	July 15, 2002	77,470.20
July 15, 1990	77,470.20		

provided that if the Facilities have not been Substantially Completed and the Project is not ready for occupancy on January 1, 1978, such rentals shall not commence until such Substantial Completion takes place and that the rental to be paid for the portion of the period

in which the first payment of Base Rental occurs shall be prorated and paid within fifteen (15) days following commencement of such liability. If the term of this Project Lease shall have been extended pursuant to Section 2 hereof, the payments of Base Rental shall continue to and including the July 15 preceding the date of termination of this Project Lease. The first payment of Base Rental shall be for the semiannual period commencing on January 1, 1978, and extending through June 30, 1978, unless the City shall take possession prior to January 1, 1978, in which event said payment shall be for the period commencing on the date the City takes possession through June 30, 1978, or unless Substantial Completion takes place on or after July 1, 1978, in which event the first payment shall be for the period from the date of Substantial Completion until the next succeeding June 30. Each subsequent payment of Base Rental shall be for the use of the Project for the annual period, commencing on the first day of the month in which such payment is scheduled to be made, and ending on the next succeeding June 30, except the final rental payment which shall be for the use of the Project for the period, commencing July 1, 2002, and ending May 1, 2003.

(b) *Additional Rental.* The City shall also pay to the Agency, as rental hereunder in addition to the foregoing Base Rental, such amounts (herein called the "Additional Rental") as shall be required by the Agency for the payment of the following:

(1) All taxes and assessments of any type or nature charged to the Agency or affecting the Project or the respective interests or estates of the Agency or the City therein, or affecting the amount available to the Agency from rentals received hereunder for the retirement of the Bonds (including taxes or assessments assessed or levied by any governmental agency or district having power to levy taxes or assessments).

(2) All administrative costs of the Agency relating to the Project including, but without limiting the generality of the foregoing, salaries, wages, all expenses, compensation and indemnification of the Trustee payable by the Agency under the Resolution, fees of auditors, accountants, attorneys or engineers, and all other necessary administrative costs of the Agency or charges required to be paid by it in order to maintain its

existence or to comply with the terms of the Bonds or of the Resolution or to defend the Agency and its members.

(3) Insurance premiums for all insurance required pursuant to Sections 7, 8 and 9 of this Project Lease and not obtained by the City.

Such Additional Rental shall be billed to the City by the Agency or the Trustee from time to time, together with a statement certifying that the amount billed has been paid by the Agency or by the Trustee on behalf of the Agency, for one or more of the items above described, or that such amount is then payable by the Agency or the Trustee for such items. Amounts so billed shall be paid by the City within thirty (30) days after receipt of the bill by the City.

Such payments of the foregoing Base Rental and Additional Rental for each rental period during the term of this Project Lease shall constitute the total rental for said rental period, and the parties hereto have agreed and determined that such total rental represents the fair rental value of the Project. In making such determination, consideration has been given to the costs of financing the acquisition and construction of the Project, the uses and purposes which may be served by the Project and the benefits therefrom which will accrue to the City and the general public. Said total rental shall be paid for and in consideration of the use and occupancy of the Project and in consideration of the continued quiet use and enjoyment thereof during each rental period for which said rental is to be paid.

Each installment of rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Agency at the principal office of the Trustee in San Francisco, California, or such other place as the Agency shall designate. Any such installment of rental accruing hereunder which shall not be paid when due shall bear interest at the rate of eight per cent (8%) per annum from the date when the same is due hereunder until the same shall be paid. Notwithstanding any dispute between the Agency and the City, the City shall make all rental payments when due and shall not withhold any rental payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said rental payments or any portion thereof, said payments or excess of payments, as the case may be,

shall be credited against subsequent rental payments due hereunder or refunded at the time of such determination.

The City covenants to take such action as may be necessary to include all such rental payments due hereunder in its annual budgets and to make the necessary annual appropriations for all such rental payments. The City will furnish to the Agency and the Trustee copies of each proposed and final budget of the City within ten (10) days after the filing or adoption thereof. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Project Lease agreed to be carried out and performed by the City.

SECTION 4. *Construction of the Facilities.*

The City has obtained open competitive bids for the construction of the Facilities, and will enter into a construction contract (which shall provide that the Agency will make all payments pursuant to the construction contract) providing for the construction of the Facilities with the lowest responsible bidder (herein called the "Contractor"), and will supervise and provide for the complete construction of the Facilities. For the purposes of supervision and construction of the Facilities, the Agency grants to the City a right of entry therefor. The City agrees that the Facilities will be constructed in accordance with the plans and specifications prepared by Patterson, Langford and Stewart (herein called the "Architect"). The City further agrees that it will cause notice to commence work under said construction contract to be given not later than twenty-four hours after the issuance and delivery of the Bonds, and that the Facilities will be Substantially Completed in accordance with said plans and specifications on or prior to January 1, 1978. The City agrees that upon Substantial Completion of the Facilities it will take possession of and occupy the Project under the terms and provisions of this Project Lease. The time within which the City is required to complete the Facilities shall be

extended for a period equal to any extensions of time to which the Contractor is entitled under such construction contract (except extensions resulting from acts of the City) and any delays in construction resulting from other causes and events not within the reasonable control of the Contractor or the City. No changes shall be made in such plans and specifications unless such changes are approved in writing by the City and the Agency. Before giving such approval, the Agency may require the City to deposit with the Trustee moneys sufficient to pay any increased costs resulting from such changes.

SECTION 5. *Maintenance and Utilities.*

Throughout the term of this Project Lease, as part of the consideration for the rental of the Project, all improvement, repair and maintenance of the Project shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Project, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Project resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the rentals herein provided, the Agency agrees to provide only the Project. The City waives the benefits of subsections 1 and 2 of Section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the City under the terms of this Project Lease.

SECTION 6. *Changes to the Project.*

The City shall have the right during the term of this Project Lease to make alterations or improvements or to attach fixtures, structures or signs to the Project if said alterations, improvements, fixtures, structures and signs are necessary or beneficial for the use of the Project by the City. The City may remove any fixture, structure or sign added by the City, but such removal shall be accomplished so as to leave the Project in substantially the same condition as it was in before the fixture, structure or sign was attached.

SECTION 7. *Public Liability and Property Damage Insurance.*

The City shall maintain or cause to be maintained, throughout the term of this Project Lease, a standard Comprehensive General Liability (including Automobile Liability) insurance policy or policies in protection of the Agency, its members, officers, agents and employees, the Trustee, the City and its officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the construction or operation of the Project. Said policy or policies shall provide coverage in the following minimum amount: \$1,000,000 per person, \$2,000,000 per occurrence limit for bodily and personal injury and death and \$500,000 per occurrence limit for property damage. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the City, provided that the deductible amount shall not exceed such amount applicable to the City's insurance.

SECTION 8. *Fire and Extended Coverage and Earthquake Insurance.*

During the course of the construction of the Facilities, the City shall maintain or cause to be maintained standard All Risk Builders' Risk insurance (including but not limited to coverage against loss or damage to the Project by fire and lightning, extended coverage, vandalism, malicious mischief, flood, earthquake and collapse) and war damage insurance (if and when such war damage insurance is obtainable from the United States of America, or any agency thereof, or any corporation formed thereby) on all structures constituting any part of the Project. Such insurance shall be in an amount equal to one hundred per cent (100%) of the replacement cost of such structures (in excess of a deductible amount not to exceed \$10,000), except that flood and earthquake insurance need be maintained in that amount only in the event that they are fully and reasonably available and except that flood and earthquake insurance may be subject to a deductible clause of up to five per cent (5%).

Throughout the balance of the term of this Project Lease, the City shall also maintain, or cause to be maintained, fire and lightning insurance (with an extended coverage endorsement and with a vandalism and malicious mischief endorsement), flood and earthquake insurance, subject to the conditions hereinafter in this

Section set forth, and war damage insurance (if and when such war damage insurance is obtainable from the United States of America, or any agency thereof, or any corporation formed thereby) on all structures constituting any part of the Project in an amount equal to one hundred per cent (100%) of the replacement cost of such structures (subject to a deductible amount equal to the remaining balance in the Insurance Reserve Fund established pursuant to the Resolution) or such lesser amount equal to the then outstanding Bonds.

All insurance required to be maintained pursuant to this Section 8 may be maintained either separately or as a part of any insurance carried by the City and shall be subject to deductible clauses providing for deductible amounts not exceeding the deductible amounts indicated above for any one loss available on the date of such insurance. Extended coverage provided by the insurance policies described in this Section 8 shall, as nearly as practicable, cover loss or damage by explosion, windstorm, hail, riot, civil commotion, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such endorsement. Each such policy of insurance shall contain a standard replacement cost endorsement providing for no deduction for depreciation and a stipulated amount endorsement. All flood insurance and earthquake insurance required to be maintained pursuant to this Section 8 need be maintained only if it is obtainable in the coverage required on the open market from reputable insurance companies at a premium cost considered to be reasonable by the Agency.

SECTION 9. *Rental Income Insurance.*

The City shall maintain or cause to be maintained throughout the term of this Project Lease, rental income insurance in an amount not less than the total Base Rental payable by the City pursuant to this Project Lease for a period of at least twelve (12) months, plus the Additional Rental expected to be payable pursuant to this Project Lease for such period, to insure against loss of rental income from the Project caused by perils covered by the insurance required by Section 8 of this Project Lease. Such insurance shall also apply to delays during construction caused by said perils which cause an abatement of rental for failure of the Agency to deliver possession of the Project to the City by January 1, 1978. Such

rental income insurance may be maintained as part of or in conjunction with any other rental income insurance carried by the City.

SECTION 10. Insurance Proceeds; Form of Policies.

All policies of insurance required by Sections 8 and 9 hereof shall provide that all proceeds thereunder shall be payable to the Trustee pursuant to a lender's loss payable endorsement substantially in accordance with the form approved by the Insurance Services Office and the California Bankers Association. All policies of insurance required by this Project Lease shall be in form satisfactory to the Trustee. The City shall pay when due the premiums for all insurance policies required by this Project Lease, and shall promptly furnish evidence of such payments to the Agency and the Trustee. All such policies shall provide that the Trustee shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

SECTION 11. Default.

(a) If the City shall fail to pay any rental payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence of this Project Lease, or the City shall fail to keep, observe or perform any other term, covenant or condition contained herein to be kept or performed by the City, or upon the happening of any of the events specified in subsection (b) of this Section, the City shall be deemed to be in default hereunder and it shall be lawful for the Agency to exercise any and all remedies available pursuant to law or granted pursuant to this Project Lease. Upon any such default, the Agency, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate this Project Lease in the manner hereinafter provided on account of default by the City, notwithstanding any re-entry or re-letting of the Project as hereinafter provided

for in subparagraph (2) hereof, and to re-enter the Project and remove all persons in possession thereof and all personal property whatsoever situated upon the Project and place such personal property in storage in any warehouse or other suitable place in the County of Shasta, State of California. In the event of such termination, the City agrees to surrender immediately possession of the Project, without let or hindrance, and to pay the Agency all damages recoverable at law that the Agency may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Project and removal and storage of such property by the Agency or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay rent or to deliver up possession of the Project given pursuant to law nor any entry or re-entry by the Agency nor any proceeding in unlawful detainer, or otherwise, brought by the Agency for the purpose of effecting such re-entry or obtaining possession of the Project nor the appointment of a receiver upon initiative of the Agency to protect the Agency's interest under this Project Lease shall of itself operate to terminate this Project Lease, and no termination of this Project Lease on account of default by the City shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Agency shall have given written notice to the City of the election on the part of the Agency to terminate this Project Lease. The City covenants and agrees that no surrender of the Project or of the remainder of the term hereof or any termination of this Project Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Agency by such written notice.

(2) Without terminating this Project Lease, (i) to collect each installment of rent as it becomes due and enforce any other term or provision hereof to be kept or performed by the City or (ii) to exercise any and all rights of entry and re-entry upon the Project. In the event the Agency does not elect to terminate this Project Lease in the manner provided for in subparagraph (1) hereof, the City shall remain liable and agrees

to keep or perform all covenants and conditions herein contained to be kept or performed by the City and, if the Project is not re-let, to pay the full amount of the rent to the end of the term of this Project Lease or, in the event that the Project is re-let, to pay any deficiency in rent that results therefrom; and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of rent hereunder, notwithstanding the fact that the Agency may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental herein specified, and notwithstanding any entry or re-entry by the Agency or suit in unlawful detainer, or otherwise, brought by the Agency for the purpose of effecting such re-entry or obtaining possession of the Project. Should the Agency elect to re-enter as herein provided, the City hereby irrevocably appoints the Agency as the agent and attorney-in-fact of the City to re-let the Project, or any part thereof, from time to time, either in the Agency's name or otherwise, upon such terms and conditions and for such use and period as the Agency may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Project and to place such personal property in storage in any warehouse or other suitable place in the County of Shasta, State of California, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Agency from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Project and removal and storage of such property by the Agency or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Project Lease constitute full and sufficient notice of the right of the Agency to re-let the Project in the event of such re-entry without effecting a surrender of this Project Lease, and further agrees that no acts of the Agency in effecting such re-letting shall constitute a surrender or termination of this Project Lease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that,

on the contrary, in the event of such default by the City the right to terminate this Project Lease shall vest in the Agency to be effected in the sole and exclusive manner provided for in subparagraph (1) hereof. The City further waives the right to any rental obtained by the Agency in excess of the rental herein specified and hereby conveys and releases such excess to the Agency as compensation to the Agency for its services in re-letting the Project. The City further agrees to pay the Agency the cost of any alterations or additions to the Project necessary to place the Project in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations.

The City hereby waives any and all claims for damages caused or which may be caused by the Agency in re-entering and taking possession of the Project as herein provided and all claims for damages that may result from the destruction of or injury to the Project and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Project.

Each and all of the remedies given to the Agency hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Agency to other or further exercise thereof nor to the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in this Section shall include, but not be limited to, re-letting by means of the operation by the Agency of the Project. If any statute or rule of law validly shall limit the remedies given to the Agency hereunder, the Agency nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Agency shall prevail in any action brought to enforce any of the terms and provisions of this Project Lease, the City agrees to pay a reasonable amount as and for attorney's fees incurred by the Agency in attempting to enforce any of the remedies available to the Agency hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

(b) If (1) the City's interest in this Project Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Agency as hereinafter provided for, or (2) the City or any assignee shall file any petition or institute any proceeding under the Bankruptcy Act, either as such Act now exists or under any amendment thereof which may hereafter be enacted, or under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to effect a composition or extension of time to pay the City's debts or asks, seeks or prays for a reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City shall be appointed by any court, except a receiver appointed at the instance or request of the Agency, or if the City shall make a general or any assignment for the benefit of the City's creditors, or if (3) the City shall abandon or vacate the Project, then the City shall be deemed to be in default hereunder.

(c) The Agency shall in no event be in default in the performance of any of its obligations hereunder or imposed by any statute or rule of law unless and until the Agency shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Agency properly specifying wherein the Agency has failed to perform any such obligation.

SECTION 12. *Eminent Domain.*

(a) If the entire Project shall be taken permanently under the power of eminent domain, the term of this Project Lease shall cease as of the day possession shall be so taken. If less than the entire Project shall be taken permanently, or if the entire Project or any part thereof shall be taken temporarily, under the power of eminent

domain, (1) this Project Lease shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there shall be a partial abatement of rent to be agreed upon by the City and the Agency, but in no event shall the rental be less than the amount required for the retirement of the Bonds and the payment of the interest thereon as such Bonds and interest become due.

(b) So long as any of the Bonds shall be outstanding, any award made in eminent domain proceedings for taking or damaging the Project in whole or in part shall be paid to the Trustee and applied as provided in the Resolution. Any such award remaining after all of the Bonds have been fully paid and retired and the Resolution has been discharged shall be paid to the Agency and the City as their respective interests may appear.

SECTION 13. *Surrender of Premises and Vesting of Title.*

Upon the termination or expiration of this Project Lease (other than as provided in Sections 11 and 12 of this Project Lease), the City shall surrender to the Agency the Project, and any other improvements thereon, in good order and condition and in a state of repair that is consistent with prudent use and conscientious maintenance, except for reasonable wear, for disposition by the Agency pursuant to Section 8 of the Site Lease.

SECTION 14. *Right of Entry.*

The Agency and its assignees shall have the right to enter the Project during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Agency's rights or obligations under this Project Lease, and (c) for all other lawful purposes.

SECTION 15. *Liens.*

In the event the City shall at any time during the term of this Project Lease cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Project, the City shall pay, when due, all sums of money that may become due for, or purporting to be for,

any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Project and which may be secured by any mechanics', materialmen's or other lien against the Project or the Agency's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the City desires to contest any such lien, it may do so. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or, if so stayed, said stay thereafter expires, the City shall forthwith pay and discharge said judgment.

SECTION 16. *Quiet Enjoyment.*

The parties hereto mutually covenant that the City, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this Project Lease peaceably and quietly, have, hold and enjoy the Project without suit, trouble or hindrance from the Agency.

SECTION 17. *Agency Not Liable.*

The Agency and its members, officers, agents and employees shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Project. The City shall indemnify and hold the Agency, its members, officers, agents and employees, the Trustee and its officers, agents and employees harmless from, and defend each of them against, any and all claims, liens and judgments for death of or injury to any person or damage to property whatsoever occurring in, on or about the Project.

SECTION 18. *Assignment.*

Neither this Project Lease nor any interest of the City hereunder shall be mortgaged, pledged, assigned, sublet or transferred by the City by voluntary act or by operation of law or otherwise, except with the prior written consent of the Agency, which shall not be unreasonably withheld.

SECTION 19. *Title to Property.*

The appropriate leasehold interest in the Site and title to the Facilities and all structural additions thereto shall remain in the Agency during the term of this Project Lease, provided that title to all fixtures added to the Project pursuant to Section 6 of this Project Lease together with all personal property placed in or about the Project by the City shall remain in the City.

SECTION 20. *Abatement of Rental.*

The rental shall be abated proportionately, during any period in which by reason of any damage or destruction (other than by condemnation which is hereinbefore provided for) there is a substantial interference with the use and occupancy of the Project by the City, in the proportion which the initial cost of that portion of the Project rendered unusable bears to the initial cost of the whole of the Project. Such abatement shall continue for the period commencing with such damage or destruction and ending with the completion by the Agency of the work of repair or reconstruction. In the event of any such damage or destruction, (a) this Project Lease shall continue in full force and effect and the City waives any right to terminate this Project Lease by virtue of any such damage or destruction, and (b) the term of this Project Lease shall be extended by the period during which the rental is abated hereunder, except that the term shall in no event be extended beyond May 1, 2015.

SECTION 21. *Law Governing.*

This Project Lease shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same from time to time exist.

SECTION 22. *Notices.*

All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests, agreements or promises or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, and, if to

the City, addressed to the City in care of the City Clerk, City Hall, 760 Parkview Avenue, Redding, California 96001, or, if to the Agency, addressed to the Agency in care of its Secretary, City Hall, 760 Parkview Avenue, Redding, California 96001, or to such other addresses as the respective parties may from time to time designate by notice in writing. A copy of any such notice or other document herein referred to shall also be delivered to the Trustee.

SECTION 23. *Validity and Severability.*

If for any reason this Project Lease shall be held by a court of competent jurisdiction to be void, voidable, or unenforceable by the Agency or by the City, or if for any reason it is held by such a court that any of the covenants and conditions of the City hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this Project Lease is and shall be deemed to be a Project Lease under which the rentals are to be paid by the City annually in consideration of the right of the City to possess, occupy and use the Project, and all of the rental and other terms, provisions and conditions of this Project Lease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

SECTION 24. *Nondiscrimination.*

The City and the Agency herein covenant by and for themselves and assigns, and all persons claiming under or through them, and this Project 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 age, race, color, creed, sex, sexual orientation, 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, sublessees, subtenants, or vendees in the premises herein leased.

SECTION 25. *Waiver.*

Failure of the Agency to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Agency to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Agency on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Project Lease.

SECTION 26. *Net Lease.*

This Project Lease shall be deemed and construed to be a "net lease" and the City hereby agrees that the rentals provided for herein shall be an absolute net return to the Agency, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 27. *Taxes.*

The parties understand and agree that the Project constitutes public property free and exempt from all taxation; however, the Agency agrees to take whatever steps may be necessary, upon written request by the City, to contest any proposed valuation, the amount of any proposed tax or assessment, or to take steps necessary to recover any tax or assessment paid. The City agrees to reimburse the Agency for any and all costs and expenses thus incurred by the Agency.

SECTION 28. *Section Headings.*

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Project Lease.

SECTION 29. *Execution.*

This Project Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Project Lease. It is

also agreed that separate counterparts of this Project Lease may separately be executed by the Agency and the City, all with the same force and effect as though the same counterpart had been executed by both the Agency and the City.

IN WITNESS WHEREOF, the Agency and the City have caused this Project Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

REDDING REDEVELOPMENT AGENCY,
A REDEVELOPMENT AGENCY AND PUBLIC
BODY, CORPORATE AND POLITIC

By *James S. Hillman*
Chairman

[Seal]

Attest:

Janice E. Hanson
Secretary

CITY OF REDDING, A GENERAL LAW CITY AND
MUNICIPAL CORPORATION

By *Rob. Fullon 1992*
Mayor

[Seal]

Attest:

Nicholas L. Doughty
City Clerk

EXHIBIT A

All that portion of the City of Redding described as follows:

That portion of Blocks 24 and 29 and a portion of Yuba Street adjoining said lots, of the Town (now City) of Redding as per map thereof filed September 25, 1872 in Book of Old Plats at page 65, Shasta County Records, described as a whole as follows:

BEGINNING at the southwest corner of said Block 29; thence along the west line of Blocks 29 and 24 of said Original Town and along the east line of California Street North $17^{\circ}40'$ West, 503.00 feet to a point from which the Southwest corner of Lot 12 in said Block 24 bears North $17^{\circ}40'$ West 2 feet; thence North $72^{\circ}20'$ East, 66.00 feet; thence South $17^{\circ}40'$ East, 180.00 feet; thence North $72^{\circ}20'$ East, 74.00 feet to the northerly extension of the west line of the alley as shown on the map of Block 29 of said Original Town of Redding; thence along said west line and the northerly extension thereof South $17^{\circ}40'$ East, 323.00 feet to the southeast corner of said Block 29 and to the north line of Placer Street; thence along said line South $72^{\circ}20'$ West, 140.00 feet to the point of beginning.

STATE OF CALIFORNIA }
COUNTY OF SHASTA } ss.

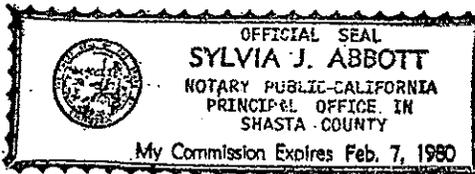
On this second day of June, 1977, before me, Sylvia J. Abbott, a Notary Public, State of California, duly commissioned and sworn, personally appeared JAMES L. WILLIAMS, known to me to be the Chairman, and FRANCIS E. HENSON, known to me to be the Secretary, respectively, of the Redding Redevelopment Agency, a public body, corporate and politic, that executed the within instrument, and known to me to be the persons who executed the within instrument on behalf of said redevelopment agency therein named, and acknowledged to me that such redevelopment agency executed the within instrument pursuant to a resolution of the Redding Redevelopment Agency.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year in this certificate first above written.

Sylvia J. Abbott
Notary Public
State of California

My commission expires:

[Notarial Seal]



STATE OF CALIFORNIA }
COUNTY OF SHASTA } ss.

On this second day of June, 1977, before me, Sylvia J. Abbott, a Notary Public, State of California, duly commissioned and sworn, personally appeared LEE D. FULTON, known to me to be the Mayor, and MILDRED L. BRAYTON, known to me to be the City Clerk, respectively, of the City of Redding, a general law city and municipal corporation, that executed the within instrument, and known to me to be the persons who executed the within instrument on behalf of said city therein named, and acknowledged to me that such city executed the within instrument pursuant to an ordinance of the City of Redding.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year in this certificate first above written.

Sylvia J. Abbott
Notary Public
State of California

My commission expires:

[Notarial Seal]

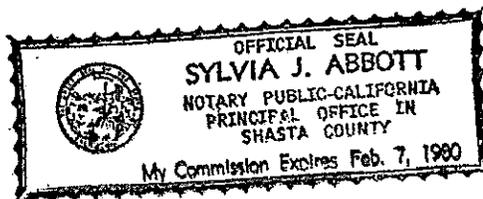


Exhibit C-2

Underground Parking Garage – Dicker’s Building Detail

On August 25, 1972, the Redding Redevelopment Agency and the City of Redding entered into a Loan Agreement for the acquisition and construction of public underground parking facilities. Under the Agreement, the City would lend funds to the Agency for acquisition and construction of a 147 space parking facility to be located underneath a privately owned building in the Midtown Redevelopment Project Area. Upon completion of construction the Agency was to repay the \$550,000 City Loan, in installments over “a period of years” beginning in tax year 1973-74. The Agency simultaneously entered into an agreement with the private owner of the property, C. M. Dicker, Inc. to secure the necessary air rights and easements to allow construction of the facility. The Agency did construct the facility, however, over the subsequent years insufficient tax increment was generated within the Midtown Project to cover the Agency’s debt to the City. Currently, the principal balance of the loan is \$308,104.75 with \$274,752.82 in accrued interest for a total outstanding debt owed to the City of \$582,857.57. The Loan Agreement has been listed on each ROPS document submitted by the City as Successor Agency since dissolution of the redevelopment agency and has been accepted as an Enforceable Obligation by DOF.

Section 5 of the Loan Agreement states “. . . upon the pending dissolution or termination of the Agency by operation of law or otherwise, or upon completion of the payment of said loan by the Agency to the City, or upon demand by the City Council of the City of Redding, which ever first occurs, the Agency shall convey all of its right, title and interest in and to the aforesaid public underground parking facility and all easements thereto appertaining, to City; it being the intent of the parties hereto that City succeed the Agency as the owner of the said underground parking facility at any time that the Agency shall cease to exist.”

Based on the Loan Agreement terms stated above, we believe that the title to the facility should now be conveyed to the City.

Attachment:

Loan Agreement dated August 25, 1972

AGREEMENT FOR THE LOAN AND REPAYMENT OF FUNDS FOR
THE ACQUISITION OF PUBLIC UNDERGROUND PARKING FACILITIES

THIS AGREEMENT, made and entered into this 25th day of August, 1972, by and between the CITY OF REDDING, a municipal corporation incorporated under the general laws of the State of California, located in the County of Shasta, hereinafter referred to as "City", and the REDDING REDEVELOPMENT AGENCY, hereinafter referred to as "Agency",

W I T N E S S E T H:

The parties agree to the following recitals, to wit:

(a) Agency proposes to acquire, for the total cost of construction or the sum of \$550,000.00, whichever is the less, an underground public parking facility, providing not less than 147 automobile parking spaces, located within the area of Midtown Project No. 1 and constructed in conformance with plans and specifications heretofore approved by the Public Works Department of the City of Redding, the Building Official of the City of Redding, and the Redding Redevelopment Agency.

(b) Both Agency and the City Council of City have heretofore determined by resolution that the construction and acquisition of the aforesaid underground public parking facility is of benefit to the project area of Midtown Project No. 1, and the City Council of City has heretofore consented by resolution to the payment by the Agency of the cost of the installation and construction of the said facility, or the sum of \$550,000.00, whichever is the less, for the acquisition of such facility.

(c) Agency is without the funds with which to acquire said underground parking facility, and has requested of City that City provide to the Agency the necessary funds to pay all of the costs of acquisition of the proposed underground parking facility, pursuant to an agreement with the Agency as authorized by the provisions of Section 33445 of the Health and Safety Code of the State of California, wherein the Agency agrees to reimburse the

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City for said funds by periodic payments over a period of years, and the Agency intends that the obligation of the Agency under this contract shall constitute an indebtedness of the Agency for the purpose of carrying out the redevelopment project for such project area, and that such indebtedness shall be made payable out of taxes levied in such project area, or any amendment thereof, which are allocated to the Agency under Subdivision (b) of Section 33670 of the Health and Safety Code of the State of California, or out of any other available funds.

NOW, THEREFORE, IT IS MUTUALLY UNDERSTOOD AND AGREED BETWEEN THE PARTIES HERETO, AS FOLLOWS:

1. That for and in consideration of each and every one of the covenants and agreements herein set forth to be performed by Agency, City agrees to loan to Agency, upon demand, the sum of \$550,000.00.

2. Agency covenants and agrees to use said loan funds for the sole purpose of acquiring, for the total cost of construction or the sum of \$550,000.00, whichever is the less, an underground public parking facility, providing not less than 147 automobile parking spaces, located within the area of Midtown Project No. 1, and constructed in conformance with plans and specifications heretofore approved by the Public Works Department of the City of Redding, the Building Official of the City of Redding, and the Agency, together with all modifications and addenda thereto included subsequently as hereafter approved by City, copies of said plans and specifications being on file in the office of the City Clerk of City. Agency further covenants and agrees that the deed of acquisition shall be as described in Exhibit A of that certain agreement entered into on the 25th day of August, 1972, between the Agency and C. M. Dicker, Inc., a California corporation, for the construction and purchase of public parking facilities, and does include the necessary air rights to contain the aforescribed underground parking facilities, together with the required easements in the respective parcels of real property

lying above and below the aforesaid underground parking facilities necessary for encroachment or support, or both, of certain elements of construction extending across the boundary lines of the said parcels or as are necessary to obtain support from said adjoining parcels of real property and improvements thereon, or both; together with the necessary easements of access and use required in the parcels lying above or below the aforesaid parking facility necessary to the proper operation and maintenance of the aforesaid parking facility. In this connection, City agrees that Agency may acquire said facility and the necessary air rights to contain same as set forth in said Exhibit A, subject to such similar easements as are reserved therein for the necessary encroachment of said air rights or the support of structures built by C. M. Dicker, Inc. in the parcels of real property lying above or below the said parking facility as such easements are reserved in said Exhibit A.

3. The Agency covenants and agrees to repay City said loan by periodic payments over a period of years commencing with the tax year 1973-1974, and that such loan shall bear interest at the rate of three per cent (3%) per year on the unpaid principal balance, commencing from the date of payment of the loan sum to the Agency by the City. The Agency further covenants that this obligation under this contract shall constitute an indebtedness of the Agency for the purpose of carrying out the redevelopment project for such project area (Midtown Project No. 1), or any subsequent amendment of the boundaries of said project area, which indebtedness shall be made payable out of taxes levied in the project area and allocated to the Agency under Subdivision (b) of Section 33670 of the Health and Safety Code of the State of California, or out of any other available funds. Agency herein agrees to pay to City the total of the taxes so levied and so allocated in the tax year 1973-1974 and each year thereafter towards the payment of the interest and principal due and payable on that indebtedness until the total of same shall have been repaid.

4. Agency covenants and agrees that if the total cost of the construction and acquisition of the aforesaid underground parking facilities, as such cost is defined in the aforesaid agreement between the Agency and C. M. Dicker, Inc., is less than \$550,000.00, upon the completion of the said acquisition it shall pay over to City the unexpended balance and the indebtedness shall be reduced accordingly thereby.

5. Agency covenants and agrees that upon the pending dissolution or termination of the Agency by operation of law or otherwise, or upon completion of the payment of the said loan by the Agency to the City, or upon the demand of the City Council of the City of Redding, whichever first occurs, the Agency shall convey all of its right, title and interest in and to the aforesaid public underground parking facility and all easements thereto appertaining, to City; it being the intent of the parties hereto that City succeed the Agency as the owner of the said underground parking facility at any time that the Agency shall cease to exist.

Agency further covenants and agrees that following its acquisition of the said underground parking facility it will convey no portion of its right, title and interest in said parking facility, or any of the easements pertaining thereto, nor will it do or perform any act to encumber, infringe upon or reduce the state or condition of its right, title and interest in the facility, without first obtaining the written consent of the City Council of City so to do.

6. It is recognized by the parties hereto that Agency is without the funds to employ the inspectors required to make certain during the course of construction that the aforesaid underground parking facility is constructed in conformance with the approved plans and specifications; therefore, City covenants and agrees to provide and Agency hereby designates for the purposes of paragraph 13 of the aforesaid agreement between the Agency and C. M. Dicker, Inc., the Public Works Director of City, his agents, deputies, or subordinates, as assigned by him, to perform the inspection rights vested in the Agency pursuant to the aforesaid

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Agency - Dicker agreement, and to perform such other and additional inspections as are required to assure Agency and City that the said underground public parking facility is constructed in accordance with the approved plans and specifications. City shall provide such personnel and such inspections at no cost to Agency.

7. The parties hereto mutually covenant and agree to enter into a lease agreement prior to or at the time of acquisition of the underground parking facility by Agency, wherein Agency agrees to lease the aforesaid facility to City for a nominal annual rental and for a term of years to be mutually agreed upon and subject to the right of the City to extend said term at the City's sole option, and wherein City agrees to operate and maintain same as a public parking facility, to apply all revenues collected from such operation to the cost of such operation and maintenance, and in the event there are any surplus revenues remaining after the payment of all such costs of operation and maintenance, to apply same to the reduction of the principal of the loan indebtedness.

8. The parties hereto mutually and individually declare that the principal and primary purpose for entering into this agreement is to make possible the provision of additional and necessary automobile parking facilities for the convenience of the citizens of Redding and other members of the public, shopping, transacting business or otherwise using the project area known as Midtown Project No. 1; however, the parties hereto mutually agree that the aforesaid underground parking facilities are suitable and desirable for many other temporary public uses in time of natural catastrophe, war, or civil defense, or other such similar circumstances, and the parties hereto also recognize that there could be some future time wherein the automobile was no longer the major means of transportation of persons within our City, and therefore, the parties hereto each covenant and agree with the other that neither shall do any act, nor enter into any restraining agreement, without first obtaining the written consent of the other, so long

as both parties shall continue to exist as separate public agencies, which would in any way subvert the primary use of these premises as a public parking facility or would interfere or prevent their temporary or emergency use for other public purposes during times of natural catastrophe, civil defense, war or similar circumstances, so long as the automobile remains the major means of the transportation of people.

9. The Agency shall acquire the aforesaid underground public parking facility within twelve months of the date of execution of this agreement, or this agreement shall terminate and be of no further force and effect, provided only that if within that period Agency has demanded and City has paid over all or any portion of said loan funds, Agency shall return all such funds to City together with the interest due thereon.

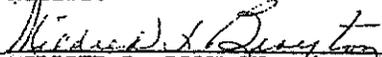
10. Time is of the essence of this Agreement, and each and every part thereof.

11. The conditions, covenants and agreements herein contained shall inure to the benefit of and be binding upon the successors and assigns of the respective parties hereto.

12. The lease referred to in paragraph 7 hereinabove, which the parties hereto intend to execute subsequent to the execution of this agreement, is not a mandatory condition precedent to the consummation of the loan from the City to the Agency referred to in paragraph 1 hereinabove.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first hereinabove written.

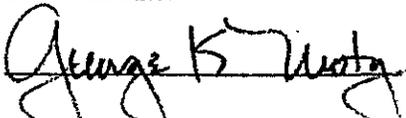
ATTEST:


MILDRED L. BRAYTON, City Clerk

FORM APPROVED:


EARL D. MURPHY, City Attorney

CITY OF REDDING

BY 

REDDING REDEVELOPMENT AGENCY

BY 
CHAIRMAN

G R A N T D E E D

C. M. DICKER, INC., a California corporation, does hereby grant to the REDDING REDEVELOPMENT AGENCY, a public body, corporate and politic, all of its right, title and interest in and to the following described real property in the County of Shasta, State of California:

Parcel A and Parcel B as shown and described on that certain parcel map recorded August 23, 1972, in Book 1 of Parcel Maps at page 111, Shasta County Records, together with all of its right, title and interest in and to that certain parking structure and improvements related thereto lying within said Parcels A and B.

TOGETHER WITH perpetual rights and easements appurtenant to said Parcels A and B for ducts, conduits, vents and related equipment and facilities through the land described in that certain deed recorded 1972 in Book of Official Records at page , Shasta County Records, and the commercial building constructed by C. M. Dicker, Inc. in and on said land, together with the perpetual right and easement for the inspection, maintenance, repair, alteration, replacement and use thereof, said rights and easements described as Parcels 15-18 on Sheet 2 of that certain parcel map recorded August 23, 1972 in Book 1 of Parcel Maps at page 111 Shasta County Records.

ALSO TOGETHER WITH a perpetual right and easement appurtenant to said Parcels A and B to use the land beneath said Parcels A & B, to support said Parcels A and B and the parking structure and improvements related thereto, said right and easement described as Easement 2 on Sheet 3 of that certain Parcel Map recorded August 23, 1972 in Book 1 of Parcel Maps at page 111, Shasta County Records.

ALSO TOGETHER WITH perpetual rights and easements appurtenant to said Parcels A and B for required pedestrian ingress, egress and access, said rights and easements described as stairwell parcels 1 through 3 on Sheet 2 of said Parcel Map.

ALSO TOGETHER WITH perpetual rights and easements appurtenant to said Parcel A and B required to provide vehicular ingress and egress from said Parcels A and B at those vehicular ramps shown on the plans and specifications prepared by Smart-Clabaugh-Young, dated July 18, 1972, together with additions and addenda thereto.

The above deed is subject to that certain agreement for construction and purchase of Public Parking Facilities between C. M. Dicker, Inc., and The Redding Redevelopment Agency, dated August , 1972 and recorded , 1972 in Book of Official Records at page , Shasta County Records.

RESERVING unto C. M. Dicker, Inc., the perpetual right and easement appurtenant to grantor's remaining property of support on, over, upon and through said Parcels A and B extending downward and throughout said Parcels A and B upon and along the top deck, walls, columns, foundation and other structural members of Parcels A and B for the support and stability of the commercial building to be constructed on said land by C. M. Dicker, Inc. pursuant to plans and specifications prepared by Smart-Clabaugh-Young, A.I.A., Architects, Redding, California, dated July 18, 1972,

-Continued-

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together with additions and addenda thereto, including but not limited to the right to use the top deck of Parcels A and B as the floor of said commercial building and to join to and to obtain load bearing support from the top deck of the parking facility constructed on Parcels A and B, said right and easement described as Easement 1A and Easement 1B on Sheet 3 of that certain Parcel Map recorded August 23, 1972 in Book 1 of Parcel Maps at page 111, Records of Shasta County, California;

FURTHER RESERVING unto C. M. Dicker, Inc. the perpetual rights and easements appurtenant to grantor's remaining property to run pipes, lines, wires, beams, ducts, conduits, vents and related equipment and facilities through Parcels A and B, including the right to inspect, maintain, repair, alter, replace, and use said facilities, said easements described as UG-W Sprinkler Parcels 1 through 14 on Sheet 1 and Parcels 13, 14 and Parcels 19 through 30 on page 2 of that certain map recorded August 23, 1972, in Book 1 of Parcel Maps at page 111, Records of Shasta County.

IN WITNESS WHEREOF, said corporation has executed these presents by its officers thereunto duly authorized, this day of , 1972.

C. M. DICKER, INC.

By: _____
President

By: _____
Secretary

AMENDMENT TO AGREEMENT FOR THE LOAN AND REPAYMENT OF
FUNDS FOR THE ACQUISITION OF PUBLIC UNDERGROUND
PARKING FACILITIES

This Amendment, made and entered into this 16th day of December, 1985, by and between the CITY OF REDDING, a municipal corporation incorporated under the general laws of the State of California, located in the County of Shasta, hereinafter referred to as "City," and the REDDING REDEVELOPMENT AGENCY, hereinafter referred to as "Agency."

W I T N E S S E T H:

WHEREAS, the City and Agency entered into an Agreement for the Loan and Repayment of Funds for the Acquisition of Public Underground Parking Facilities dated August 25, 1972, hereinafter referred to as the "Agreement," copy attached and incorporated by reference; and

WHEREAS, the City and Agency desire to reaffirm the commitments contained in said Agreement insofar as they are not inconsistent herewith, and amend said Agreement to make the obligations for repayment or reimbursement to the City more specific as to amounts periodically due and payable;

NOW, THEREFORE, the parties agree to the following amendments and modifications of said Agreement, to wit:

1. The first sentence of paragraph 3, which reads as follows, is hereby stricken and cancelled:

"The Agency covenants and agrees to repay City said loan by periodic payments over a period of years commencing with the tax year 1973-1974, and that such loan shall bear interest at the rate of three per cent (3%) per year on the unpaid

principal balance, commencing from the date of payment of the loan sum to the Agency by the City."

2. The following is inserted as the first sentence of paragraph 3 in the place of the language above stricken:

"The Agency covenants and agrees to repay City said loan by annual payments of \$12,350 on June 30, commencing on June 30, 1986, with interest at the rate of three percent (3%) per year on the unpaid principal balance and continuing until the Agency's indebtedness is liquidated."

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Agreement for the Loan and Repayment of Funds for the Acquisition of Public Underground Parking Facilities as of the day and year first above written.

CITY OF REDDING

By: Howard D. Kirkpatrick

HOWARD D. KIRKPATRICK, Mayor

ATTEST:

Ethel A. Nichols
ETHEL A. NICHOLS, City Clerk

FORM APPROVED:

Randall A. Hays
RANDALL A. HAYS, City Attorney

REDDING REDEVELOPMENT AGENCY

By: James S. Bellman

Chairman

ATTEST:

Shelly A. Perry
Secretary