

J. PERRY

OCT 27 1988

RECEIVED

OCT 20 1988

CITY OF CORONA
PUBLIC WORKS DEPT.

REDEVELOPMENT
DISPOSITION AND DEVELOPMENT AGREEMENT
(Corona Hills Plaza Project)

BY AND AMONG THE REDEVELOPMENT AGENCY
OF THE CITY OF CORONA,

Agency

AND

CORONA HILLS ASSOCIATES

AND

THE PRICE COMPANY,

Redevelopers

November 20, 1987

TABLE OF CONTENTS

	<u>PAGE</u>
1. PARTIES AND DATE.....	1
2. RECITALS	1
3. TERMS OF AGREEMENT.....	2
3.1 The Redevelopment Plan.....	2
3.2 The Redevelopment Project Area.....	2
3.3 The Site.....	2
3.4 Parties to this Agreement.....	3
3.4.1 The Agency.....	3
3.4.2 The Redevelopers.....	3
4. PURCHASE AND DISPOSITION OF THE SALES PROPERTY.....	4
4.1 Acquisition of Site.....	4
4.2 Loans and Funds to be Provided by Redevelopers to Agency for Site.....	4
4.3 Sale of the Site.....	4
4.4 Escrow(s).....	5
4.5 Conveyance of Title and Delivery of Possession....	7
4.6 Form of Deeds.....	8
4.7 Condition of Title.....	8
4.8 Time for and Place of Delivery of Deeds.....	8
4.9 Close of Escrow and Recordation of Grant Deeds....	8
4.10 Redevelopers' Conditions Preceding to Close of Escrow	9
4.10.1 Use Conditions.....	9
4.10.2 Additional Closing Conditions.....	9
4.10.3 Extensions of Escrow.....	10
4.11 Title Insurance.....	10
4.12 Taxes and Assessments.....	11
4.12.1 Ad Valorem Taxes.....	11
4.12.2 Assessments to be Paid by the Agency....	11
4.13 Conveyance Free of Possession.....	11
4.14 CEQA Requirements	11
4.15 Condition of the Site.....	12
4.16 Enactment of Sales Tax Ordinance.....	12
4.17 Agency's Repayment of Site Loan.....	13
4.18 Development Fees.....	13

5.	DEVELOPMENT OF THE SITE.....	15
5.1	Scope of Development.....	15
5.2	Basic Concept and Schematic Drawings.....	15
5.3	Grading and Landscaping Plans.....	15
5.4	Construction Drawings and Related Documents.....	16
5.5	Agency Approval of Plans, Drawings and Related Documents.....	16
5.6	Cost of Construction.....	17
5.7	Construction and Development Schedule of Performance.....	17
5.8	Bodily Injury, Property Damage and Workers' Compensation Insurance.....	17
5.9	City and Other Governmental Agency Permits.....	18
5.11	Local, State and Federal Laws.....	19
5.12	Rights of Access.....	19
5.13	Holder Not Obligated to Construct or Complete Improvements.....	19
5.14	Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders' Right to Cure...	19
5.15	Agency Purchase of Mortgage or Ownership.....	20
5.16	Certificate of Completion.....	21
6.	SITE, USE RESTRICTIONS.....	22
6.1	Uses	22
6.3	Obligation to Refrain from Discrimination.....	23
6.3	Form of Nondiscrimination and Nonsegregation.....	23
6.4	Effect and Duration of Covenants.....	24
7.	DEFAULTS, REMEDIES AND TERMINATION.....	25
7.1	Defaults -- General.....	25
7.2	Legal Actions.....	25
7.2.1	Institution of Legal Actions.....	25
7.2.2	Applicable Law.....	25
7.2.3	Acceptance of Service of Process.....	26
7.2.4	Rights and Remedies Are Cumulative.....	26
7.2.5	Damages.....	26
7.2.6	Specific Performance.....	26
7.3	Certain remedies and Rights of Termination.....	26
8.	GENERAL PROVISIONS.....	27
8.1	Notices, Demands and Communications Between the Parties.....	27
8.2	Conflict of Interests.....	28
8.3	Nonliability of Agency Officials and Employees...	28
8.4	Extension of Times of Performance and Delays.....	28
8.5	Approvals	28
8.6	Real Estate Commissions	29

9.	SPECIAL PROVISIONS.....	29
9.1	Submission of Documents for Approval	29
9.2	Amendment of Redevelopment Plan.....	29
9.3	Entire Agreement, Waivers and Amendments.....	29
9.4	Time for Acceptance of Agreement by Agency.....	30
9.5	Attorneys' Fees.....	30
9.6	Amendments.....	30
9.7	Provisions Not Merged With Deed.....	30
9.8	Disclaimer of Representations.....	30

EXHIBITS

Exhibit "A"	Map of Site
Exhibit "B"	Legal Description of the Site
Exhibit "B-1"	Legal Description of the Price Club Parcel
Exhibit "B-2"	Legal Description of the Shopping Center Parcel
Exhibit "C"	Schedule of Performance
Exhibit "D"	(Intentionally Omitted)
Exhibit "E"	Scope of Development
Exhibit "F"	Grant Deed (Corona Hills Associates)
Exhibit "F-1"	Grant Deed (The Price Company)
Exhibit "G"	Approved Title Exceptions
Exhibit "H"	Certificate of Completion for Construction and Development (Shopping Center Parcel)
Exhibit "H-1"	Certificate of Completion for Construction and Development (Price Club Parcel)
Exhibit "I"	Intentionally Omitted
Exhibit "J"	Agency Note

REDEVELOPMENT

DISPOSITION AND DEVELOPMENT AGREEMENT

(Corona Hills Plaza Project)

1. PARTIES AND DATE.

1.1 THIS AGREEMENT is entered into as of the 20th day of November, 1987, by and between the REDEVELOPMENT AGENCY OF THE CITY OF CORONA (the "Agency") and CORONA HILLS ASSOCIATES, a general partnership, and THE PRICE COMPANY, a California corporation (sometimes herein collectively referred to as the "Redevelopers").

2. RECITALS.

2.1 The City Council of the City of Corona (the "City") has established the Agency and has approved and adopted a Redevelopment Plan (the "Redevelopment Plan") for a redevelopment project known as the McKinley Hills Redevelopment Project (the "Project" or "Project Area") by its adoption of Ordinance No. 1853 on August 19, 1987, pursuant to the provisions of Sections 33000, et seq., of the California Health & Safety Code (the "California Community Redevelopment Law").

2.2 Agency is undertaking a program under the California Community Redevelopment Law (Health & Safety Code Sections 33000 et seq.) for the redevelopment, replanning and redesign of blighted areas within the Project with stagnant, improperly utilized and unproductive land which requires redevelopment in the interest of health, safety, morals and general welfare of the people of the City.

2.3 Agency desires to carry out the Redevelopment Plan for the Project by providing for the disposition and development of a commercial shopping center which shall include a Price Club retail and wholesale warehouse facility together with ancillary parking and access areas, and has determined that disposition and development of certain property within the Project Area for such purposes by the Redevelopers or others pursuant to the terms and conditions of this Agreement is in the best interests of the taxpayers and residents of the City and will otherwise promote the public health, safety, morals and general welfare of City residents, and is in accordance with federal, state and local laws and regulations.

2.4 The Redevelopers acknowledge their responsibility for the maintenance of all improvements and landscaping now existing or hereafter constructed or installed on their respective parcels within the Site and recognize that such maintenance is a private responsibility of the Redevelopers.

2.5 The purpose of this Agreement is to implement the Redevelopment Plan for the Project by providing for the development of the Site (as defined in Section 3.4 below) as a commercial shopping center which shall include a retail and wholesale warehouse facility as the anchor store, together with ancillary parking and access areas to be included within the boundaries of the Project Area.

2.6 The development of the Site as a commercial shopping center pursuant to this Agreement is in the best interests of the City and the health, safety, morals and welfare of its taxpayers and residents and is in accordance with the public purposes of federal, state and local laws and regulations. Implementation of this Agreement will further the goals and objectives of the Redevelopment Plan and City's General Plan by strengthening the City's commercial uses and providing a catalyst for additional private investment in the Project Area and increased public use of and access to additional commercial facilities.

3. TERMS OF AGREEMENT.

3.1 The Redevelopment Plan. This Agreement is subject to the provisions of the McKinley Hills Redevelopment Plan which was approved and adopted by the City Council of the City on August 19, 1987, by Ordinance No. 1853. The Redevelopment Plan, as it now exists subject to Section 9.2 hereof, is incorporated herein and made a part hereof by reference.

3.2 The Redevelopment Project Area. The McKinley Hills Redevelopment Project Area is located in a portion of the City of Corona, California, and the Project's boundaries are specifically described in the Redevelopment Plan of the City for the Project Area.

3.3 The Site. The Site is or will be that 59± acre portion of the Project Area shown on the Site map, attached and incorporated herein as Exhibit "A," and is more particularly described in the legal description attached and incorporated herein as Exhibit "B." The Site includes that portion of the Project area generally bounded by the Riverside Freeway on the south, Promenade Avenue on the north, and McKinley Avenue on the east. The Site is currently owned by BCE Development Inc., a Delaware corporation. Subject to the terms and conditions hereinafter set forth, and all requirements of law, the Agency shall use its best efforts to acquire the Site from the current owner and to transfer a 45± acre portion of the Site (the "Shopping Center Parcel") to Corona Hills Associates for

development by Corona Hills Associates of a commercial shopping center and to transfer a 14± acre portion of the Site (the "Price Club Parcel") to The Price Company for development by The Price Company of the Price Club warehouse facility pursuant to the terms of this Agreement. The Price Club Parcel and Shopping Center Parcel are depicted on the Site Map (Exhibit "A") and are more particularly described on Exhibits "B-1" and "B-2", attached hereto.

Unless the context requires a different interpretation or meaning, the term "Site" as used herein, shall refer to the Shopping Center Parcel and the Price Club Parcel and the rights and obligations of Corona Hills Associates with respect to the Shopping Center Parcel and The Price Company with respect to the Price Club Parcel.

3.4 Parties to this Agreement.

3.4.1 The Agency. The Agency is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under the Community Redevelopment Law of the State of California (Health and safety Code Section 33000 et seq.).

The offices of the Agency are located at 815 West Sixth Street, Corona, CA 91720; Attention: Executive Director.

"Agency," as used in this Agreement, includes the Redevelopment Agency of the City of Corona and any assignee of or successor to its rights, powers and responsibilities.

3.4.2 The Redevelopers. The Redevelopers are Corona Hills Associates, a general partnership ("Corona Hills Associates") and The Price Company, a California corporation ("The Price Company"). The general partners of Corona Hills Associates are BCE Development Inc., and P&K, Associates, a general partnership. The office of Corona Hills Associates for purposes of this Agreement is: Corona Hills Associates, Attention: Thomas F. Love, 2201 Dupont Drive, Suite 2000, Irvine, California 92715. The office of The Price Company for purposes of this Agreement is: The Price Company, Attention: Joseph R. Satz, 2550 5th Avenue, San Diego, California 92103. The office of Kornwasser & Friedman Shopping Center Properties, a general partner of P&K Associates, for purposes of this Agreement is: Kornwasser & Friedman Shopping Center Properties, 145 Fairfax, Los Angeles, CA 90136, Attention: Joe Kornwasser.

Notwithstanding any other provisions hereof, all of the terms, covenants and conditions of this Agreement shall be binding on and shall inure to the benefit of the Redevelopers and the permitted successors and assigns of the Redevelopers according to their terms and application.

Wherever the term "Redevelopers" is used herein, such term shall refer to The Price Company with respect to the Price Club Parcel and Corona Hills Associates with respect to the Shopping Center Parcel.

4. PURCHASE AND DISPOSITION OF THE SALES PROPERTY.

4.1 Acquisition of Site. Within the times set forth therefor in the Schedule of Performance (Exhibit "C"), the Agency shall use its best efforts to acquire the Site from BCE Development, Inc. for the purposes set forth in this Agreement. The Agency shall pay to BCE Development, Inc. for the Site a sum equal to \$3.44 per square foot multiplied by the total number of square feet in the Site so long as such purchase is consummated on or before October 1, 1987. In the event that the purchase of the Site is consummated after October 1, 1987, the purchase price for the Site shall be adjusted on a daily basis by increasing the base purchase price of \$3.44 per square foot by \$.00115 per day for each day after October 1, 1987 until the close of escrow on the purchase of the Site by the Agency from BCE Development, Inc.

4.2 Loans and Funds to be Provided by Redevelopers to Agency for Site. Prior to the Agency's acquisition of the Site as specified in Section 4.1 above, Corona Hills Associates shall loan (the "Site Loan") to the Agency the sum of Nine Million Dollars (\$9,000,000), which sum shall be used by the Agency to (i) purchase the Site for the purchase price set forth in Section 4.1 and (ii) payoff certain offsite improvement assessment liens affecting the Site as provided in Section 4.12.2 of this Agreement. As evidence of the Site Loan, the Agency shall give Corona Hills Associates its duly executed promissory note (the "Agency Note"), which Note is to be deposited by the Agency in the escrow described in Section 4.4 below prior to close of escrow and is to be endorsed and delivered by the Escrow Agent to Corona Hills Associates as of close of escrow. The Agency Note shall be in the same form as that attached hereto as Exhibit "J." The Site loan is a special obligation of the Agency and shall be secured by a first pledge of all sales and use taxes generated from all businesses and other activities conducted on the Site and collected by the Agency pursuant to the sales and use tax ordinances referred to in Section 4.16 hereof.

4.3 Sale of the Site.

In accordance with and subject to all the terms, covenants and conditions of this Agreement, the Agency agrees to sell the Shopping Center Parcel to Corona Hills Associates (in the name of Corona Hills Associates, a general partnership) and Price Club Parcel to The Price Company (in the name of The Price Company, a California corporation), or to their approved assignees, and the Redevelopers agree to purchase their respective parcels from the Agency for the nominal purchase price of One Dollar (\$1.00) each. The conveyance of the Shopping

Center Parcel and the Price Club Parcel shall occur immediately following the acquisition of the Site by the Agency.

Additional consideration for the sale of the Shopping Center Parcel and the Price Club Parcel shall be the undertakings of the Redevelopers under this Agreement, including the obligations of the Redevelopers to develop and use their respective parcels as set forth in this Agreement and the Scope of Development (Exhibit "E"). The Agency has found and determined that the value of such consideration equals or exceeds the fair value of the interests being conveyed in the Site.

4.4 Escrow(s). The Agency agrees to open an escrow or escrows for the conveyance of the Shopping Center Parcel and the Price Club Parcel with TICOR Title Insurance Company, or any other escrow company approved by the Agency and the Redevelopers, as escrow agent (the "Escrow Agent"), within the times established therefor in the Schedule of Performance. (Exhibit "C.") This Agreement constitutes the joint escrow instructions of the Agency and the Redevelopers, and a duplicate original of this Agreement shall be delivered to the Escrow Agent upon the opening of the escrow. The Agency and the Redevelopers shall provide such additional escrow instructions as shall be necessary and consistent with this Agreement. The Escrow Agent is authorized to act under this Agreement, and upon indicating its acceptance of the provisions of this Section 4.4 in writing, delivered to the Agency and to the Redevelopers within five (5) days after the opening of escrow, shall carry out its duties as Escrow Agent hereunder.

Each Redeveloper shall pay in its respective escrow to the Escrow Agent prior to the close thereof the purchase price of One Dollar (\$1.00) for its parcel as required by the terms and conditions of Section 4.3 of this Agreement, and shall pay in escrow to the Escrow Agent the following fees, charges and costs promptly after the Escrow Agent has notified the Redevelopers of the amount of such fees, charges and costs, but not earlier than ten (10) days prior to the scheduled date for the close of escrow(s):

1. The escrow fee;
2. The premiums for the title insurance policies or special endorsements as set forth in Section 4.10 of this Agreement;
3. The cost of drawing the deeds, any recording fees, any notary fees, and documentary or transfer tax; and
4. Any other costs, charges or fees of Escrow.

Such fees, costs and charges shall be allocated between Corona Hills Associates and The Price Company as they shall mutually agree.

The Agency shall timely and properly execute, acknowledge and deliver the grant deed(s) conveying to Redevelopers title to Site in accordance with the requirements of Section 4.3 and Section 4.5 of this Agreement.

The Agency shall not be responsible for any Escrow or other closing costs, fees or charges with respect to the acquisition and conveyance of title to the Site to the Redevelopers except as otherwise expressly required by this Agreement.

Upon delivery of the deeds to the Escrow Agent by the Agency pursuant to Section 4.8 of this Agreement, the Escrow Agent shall record such deeds when title to the Site can be vested in the Redevelopers in accordance with the terms and provisions of this Agreement. The Escrow Agent shall pay any transfer tax required by law. Any insurance policies affecting the Site are not to be transferred.

The Escrow Agent is authorized to:

1. Pay and charge the Redevelopers for any fees, charges and costs payable under this Section 4.4 of this Agreement. Before such payments are made, the Escrow Agent shall notify the Redevelopers of the fees, charges and costs necessary to close the escrow;

2. Disburse funds and deliver the deeds, notes and other documents to the parties entitled thereto when the conditions of this escrow have been fulfilled by the Agency and the Redevelopers. Such funds, notes and other documents shall not be disbursed and delivered by the Escrow Agent unless and until it has recorded the grant deeds to the Site and has delivered to the Redevelopers title insurance policies insuring title conforming to the requirements of Section 4.7 of this Agreement; and

3. Record any instruments delivered through this escrow, if necessary or proper, to vest title in the Redevelopers in accordance with the terms and provisions of this Agreement.

All funds deposited by the Redevelopers into escrow shall be held in a federally insured, interest-bearing bank account or United States Treasury Bills, with all accrued interest credited to the account of the Redevelopers until close of escrow or termination of escrow, as the case may be. Treasury Bills must be delivered and held by a custodian bank. On any occasion when the Escrow Agent is required to pay funds from the Escrow Deposit to either the Agency or the Redevelopers, it shall transmit such funds by check, by United States Overnight Express

Mail, or, if so instructed by the party entitled to the funds, by federal wire transfer. The Escrow Agent shall not cash any checks received by the Redevelopers unless and until the Escrow Agent is prepared to immediately invest such funds, upon collection, in interest-bearing investments as described above.

If this escrow is not in condition to close at the time for conveyance established in Section 4.5 of this Agreement, any party who then shall have fully performed the acts to be performed before the conveyance of title may, in writing, terminate this Agreement in the manner set forth in Section 7.3 hereof and demand the return of its money, papers or documents. Thereupon all obligations and liabilities of the parties under this Agreement shall cease and terminate in the manner set forth in Section 7.3 hereof. If neither the Agency nor the Redevelopers shall have fully performed the acts to be performed before the time for conveyance established in Section 4.5, no termination or demand for return shall be recognized until ten (10) days after the Escrow Agent shall have mailed copies of such demand to the other party or parties at the address of its or their principal place or places of business. If any objections are raised within the ten-day period, the Escrow Agent is authorized to hold all money, papers and documents with respect to the Site until instructed in writing by both the Agency and the Redevelopers or upon failure thereof by a court of competent jurisdiction. If no such demands are made, the escrow shall be closed as soon as possible. Nothing in this Section 4.4 shall be construed to impair or affect the rights or obligations of the Agency or the Redevelopers to specific performance.

Any amendment of these escrow instructions shall be in writing and signed by both the Agency and the Redevelopers. At the time of any amendment, the Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

All communications from the Escrow Agent to the Agency or the Redevelopers shall be directed to the addressees and in the manner established in Section 8.1 of this Agreement for notices, demands and communications between the Agency and the Redevelopers.

The liability of the Escrow Agent under this Agreement is limited to performance of the obligations imposed upon it under Sections 4.1 to 4.12, both inclusive, of this Agreement.

Neither the Agency nor the Redevelopers shall be liable for any real estate commissions or brokerage fees which may arise from the acts of the other hereunder.

4.5 Conveyance of Title and Delivery of Possession. Subject to any mutually agreed upon extensions of time, conveyance to Corona Hills Associates of title to the Shopping Center Parcel and to The Price Company of title to the Price Club Parcel

(in the condition provided in Section 4.7 of this Agreement) shall be completed concurrently with the Agency's acquisition of the Site from BCE Development, Inc. as provided in Section 4.1 of this Agreement. Such conveyance shall occur on or prior to the date specified in the Schedule of Performance (Exhibit "C"). The Agency and the Redevelopers agree to perform all acts necessary to conveyance and acceptance of title in sufficient time for title to be conveyed in accordance with the foregoing provisions.

Possession of Site shall be delivered to the Redevelopers concurrently with the conveyance of title.

If the escrow is not in a condition to close by July 30, 1988, any party hereto may terminate this Agreement by written notice to the other parties.

4.6 Form of Deeds. The Agency shall convey title to the Site to the Redevelopers in the condition provided in Section 4.7 of this Agreement by Grant Deeds to the Redevelopers in a form satisfactory to the title insurance company which will insure the title thereto, consistent with the terms of this Agreement, and substantially in the forms as those set forth as Exhibits "F" and "F-1" attached and incorporated herein.

4.7 Condition of Title. The Agency shall convey to the Redevelopers fee simple merchantable title to their respective parcels free and clear of all recorded liens and encumbrances and other matters of record, except as set forth in "Approved Title Exceptions," attached and incorporated herein as Exhibit "G."

4.8 Time for and Place of Delivery of Deeds. Subject to any mutually agreed upon extension of time and the provisions of this Agreement, the Agency shall deposit the Grant Deeds for the Shopping Center Parcel and the Price Club Parcel with the Escrow Agent on or before the dates established for the conveyance thereof as provided in this Agreement.

4.9 Close of Escrow and Recordation of Grant Deeds. The Escrow Agent shall notify the Redevelopers in writing that the Grant Deeds, properly executed and acknowledged by the Agency, have been delivered to the Escrow Agent and that title is in the condition to be conveyed in conformity with the provisions of Section 4.7 of this Agreement. Upon the close of escrow(s), the Escrow Agent shall file the Grant Deeds for recordation among the land records in the Office of the County Recorder for Riverside County and shall deliver to the Corona Hills Associates and The Price Company, respectively, a title insurance policy insuring title to the Shopping Center Parcel and Price Company Parcel in conformity with Section 4.11 of this Agreement and thereafter shall deliver the Purchase Prices to the Agency.

4.10 Redevelopers' Conditions Preceding Precedent to Close of Escrow.

4.10.1 Use Conditions. Each Redeveloper's obligation to acquire its respective parcel from the Agency and close escrow as set forth in this Section 4 is subject to all the following conditions being either approved or waived by both Redevelopers, in their sole, absolute and unrestricted discretion:

(i) the Site shall be zoned for Redevelopers' Planned Use (as defined below) and the Redevelopers shall have obtained all required governmental land use permits and approvals, site plan, architectural and other approvals and building permits, all under conditions satisfactory to the Redevelopers for the construction and operation on the Site of a Price Club Warehouse Store and shopping center (the "Planned Use");

(ii) the Redevelopers shall be satisfied with respect to all engineering and feasibility studies, drainage, topography, utilities, traffic, ingress and egress and other matters with respect to the Redevelopers' development of the Site;

(iii) sewer, water, drainage, telephone and electric utility lines shall be within a public street adjacent to the Site and available for use and connection (or to be made available as provided in this Agreement) for the size and capacity adequate to properly serve the Redevelopers' plan, development and operation of the Planned Use from the Site without governmental restrictions or prohibition and subject only to payment of the usual front foot benefit charges, connection fees and construction charges, and without the requirements of obtaining easements from other property owners for the extension and connection of any and all utilities; and

(iv) the Price Company has approved the condition of the soils and a soils report for the entire Site.

If either Corona Hills Associates or The Price Company does not notify the Agency that all conditions of this Section 4.10.1 are satisfied or waived, or notifies the Agency of dissatisfaction of any such conditions on or before June 30, 1988, then such conditions shall be deemed not satisfied and this Agreement shall be deemed terminated.

4.10.2 Additional Closing Conditions. Each Redeveloper's obligation to purchase its respective parcel from the Agency is further subject to the following conditions being satisfied as of close of escrow, each of which is for the benefit of the Redevelopers and each may be waived by the Redevelopers:

(i) there are no proceedings or litigation pending which would affect the use of the Site;

(ii) there are no changes in zoning or other laws or ordinances (after all the use conditions of Section 4.10.1 have been satisfied or waived) which would prevent (or impose any conditions or restrictions upon) the Planned Use of the Site, and the period of time to appeal or challenge such changes in zoning or other laws or ordinances has expired.

(iii) at close of escrow, the title company is ready, willing and able to issue an A.L.T.A. owner's policy of title insurance, dated as of the close of escrow, with liability in the amount provided in Section 4.11 of this Agreement, insuring that fee title to the Shopping Center Parcel and the Price Club Parcel is vested as required by Section 4.11 of this Agreement, free of all liens and encumbrances, except as set forth in the Approved Title Exceptions (Exhibit "G").

(iv) the City and the Agency each shall have adopted the sales tax ordinances referred to in Section 4.16 of this Agreement.

(v) there are no toxic materials or hazardous waste on or under the Site.

Close of escrow on the Shopping Center Parcel is dependent on close of escrow on the Price Club Parcel, and vice versa, and neither parcel can be conveyed hereunder unless the other is conveyed concurrently.

4.10.3 Extensions of Escrow. Notwithstanding any provision in this Agreement to the contrary, in the event that any of the conditions described in Sections 4.10.1 and 4.10.2, above, are not approved or waived by the party for whose benefit the conditions are provided during the time specified herein, the Agency and the Redevelopers may agree in writing, either before or after the expiration of the times specified herein for approval or waiver of the condition, to extend the time for approving or waiving any such condition herein and, if necessary, to reinstate the Agreement if there has been an automatic termination thereof.

4.11 Title Insurance. Concurrently with recordation of each Grant Deed, TICOR Title Insurance Company, or some other title insurance company satisfactory to the Agency and the Redevelopers (the "Title Company"), shall provide and deliver to the Redevelopers a title insurance policies issued by the Title Company insuring that title is vested in the Redevelopers in the condition required by Section 4.7 of this Agreement. The Title Company shall provide the Agency with a copy of the title insurance policies, and the title insurance policies shall be in an aggregate amount of \$9,000,000 (or such greater amount as may be specified by the Redevelopers) and shall be allocated as

follows: 14/59this to The Price Company for the Price Club Parcel and 45/59this to Corona Hills Associates for the Shopping Center Parcel. Each Redeveloper shall receive a separate title insurance policy for its parcel.

Concurrently with the recording of the Grant Deed(s) conveying title to the Site, the Title Company shall, if requested by the Redevelopers, provide the Redevelopers with an endorsement to insure the amount of the Redevelopers' estimated development costs of the improvements to be constructed upon their respective parcels.

4.12 Taxes and Assessments.

4.12.1 Ad Valorem Taxes. Ad valorem taxes, accrued but unpaid principal, interest and penalties in connection with the levy of special assessments, if any, on the Site, and taxes upon this Agreement or any rights hereunder, levied, assessed or imposed for any period commencing during the Agency's ownership of the Site and prior to conveyance of title to the Redevelopers, shall be borne by the Agency. All ad valorem taxes and special assessments, accrued, levied or imposed for any period commencing after the close of escrow, except with respect to Assessments to be paid by the Agency, shall be paid by the Redevelopers or its successors.

4.12.2 Assessments to be Paid by the Agency. Notwithstanding anything in this Section 4.12 or the Agreement to the contrary, the Agency shall pay through escrow at close of escrow to the appropriate taxing authority a sum equal to the difference between \$9,000,000 less the purchase price paid by the Agency for the Site as provided in Section 4.1 of this Agreement to payoff a portion of the outstanding but not yet due and payable special assessments encumbering the Site and any improvements thereon as of the close of escrow described in Section 4.4 of this Agreement. The Agency shall use that portion of the funds loaned to the Agency pursuant to Section 4.2 of this Agreement which are not otherwise used by the Agency to acquire the Site as described herein to pay off assessments as follows: 14/59this of such funds shall be used to pay off assessments against the Price Club Parcel and 45/59this shall be used to pay off assessments against the Shopping Center Parcel.

4.13 Conveyance Free of Possession. The Site shall be conveyed free of any possession or right of possession by any person except that of the Redevelopers and as shown on the Approved Title Exceptions (Exhibit "G").

4.14 CEQA Requirements. All necessary environmental reports shall be prepared or obtained by the Agency (at its sole cost and expense) for the commercial shopping center, and related improvements to be undertaken pursuant to this Agreement, in compliance with the requirements of the California Environmental Quality Act, as amended (California Public Resources Code,

Sections 21000 et seq.; hereinafter referred to as "CEQA") and all applicable state regulations and local ordinances and regulations enacted pursuant thereto.

4.15 Condition of the Site. Except as may be otherwise specifically provided in the Scope of Development (Exhibit "E"), the Site shall be conveyed from the Agency to the Redevelopers in an "as is" condition, with no warranty, express or implied, by the Agency as to the condition of the soil, its geology, the presence of known or unknown faults, or the presence or existence of toxic waste or hazardous materials. The Redevelopers shall have access to all data and information on the Site available to the Agency, but without warranty or representation by the Agency as to the completeness, correctness or validity of such data and information. The Agency shall not be responsible for any items of Site work except those which are listed in the Scope of Development as the Agency's responsibilities. It shall be the sole responsibility of the Redevelopers, at their expense, to investigate and determine the adequacy of soil conditions of the Site (including the existence of any toxic waste or hazardous materials) for the development to be constructed thereon. Except as may be otherwise specifically provided in the Scope of Development (Exhibit "E"), if the soil conditions are not in all respects entirely suitable for the use or uses to which the Site will be put, then the Agency shall have no liability with respect to such conditions, including any liability or responsibility for the existence or cleanup of toxic waste or hazardous materials.

4.16 Enactment of Sales Tax Ordinance. If, within the time set forth therefore in the Schedule of Performance (Exhibit "C"), either (i) the City has not adopted an ordinance under California Revenue and Taxation Code Section 7202.5 providing for a credit for sales and use taxes paid to Agency from retail sales from the entire Redevelopment Project Area, or (ii) the Agency has not adopted a sales and use tax ordinance under California Revenue and Taxation Code Section 7202.6 imposing a one percent (1%) tax upon all retail sales occurring within the entire Redevelopment Project Area, Redeveloper may, at any time prior to the close of escrow, terminate this Agreement. The aforementioned City and Agency ordinances may, at City's and Agency's election, contain alternative provisions limiting the credit and imposing the tax only on retail sales occurring on the Site (instead of sales occurring within the entire Redevelopment Project Area) only so long as such alternative provisions do not become effective (and replace the sales and use tax within the entire Redevelopment Project Area) unless and until the same have been judicially validated by a validating action initiated and prosecuted to a final, nonappealable judgment by the City and Agency pursuant to California Code of Civil Procedure Section 860 et seq.

In the event the above described sales and use tax ordinances do not become legally effective or administrably by the State Board of Equalization until after the commencement of the first "Note Year" as defined in Exhibit "J" to this Agreement, then until such ordinances become legally effective and administrable, any debt service payment due under the Site Loan (Exhibit "J") shall be paid by the Agency to the Corona Hills Associates out of all legally available sources using, as a measure of the Agency's obligation, the sales and use taxes paid to the City which are generated or arise from business activities conducted upon the Site.

4.17 Agency's Repayment of Site Loan. The Agency's obligation to repay the Site Loan and Corona Hills Associates right to payment under Loan is set forth in Exhibit "J" attached hereto and incorporated herein. Notwithstanding the foregoing or anything to the contrary in this Agreement, the Agency shall have no obligation to repay the Site Loan unless and until the Price Club Warehouse facility is constructed and opened as required by this Agreement and remains open for business to the public for a period of at least thirty (30) days.

4.18 Development Fees. In addition to the payment by the Agency of assessments against the Site as provided in Section 4.12.2 herein, the Agency shall make payments directly to Corona Hills Associates (referred to herein as "Refund Amount") to enable the Redevelopers to further reduce existing assessments against the Site, pursuant to the following terms and conditions:

4.18.1 The Refund Amount shall be an amount equal to (i) all Development Fees (as defined in Section 4.18.3 herein) paid by the Corona Hills Associates and Price Company and any other party having an interest in the Site (collectively the "Payors") during the three (3) year period beginning on the date of this Agreement plus (ii) interest on the amount of such Development Fees computed from the date of each payment by the Payors, at the same rate of interest as provided in the Agency Note (Exhibit "J") until the Refund Amount is paid by the Agency to the Corona Hills Associates in full as provided in Section 4.18.2.

4.18.2 (1) The terms "Note Year," "Payment Date", "Tax Revenues", and "Allocated Tax Revenues" as used in this Section 4.18.2 shall have the same meanings as provided in the Agency Note, Exhibit "J" attached hereto.

(2) The Refund Amount shall be paid by the Agency to Corona Hills Associates, in semi-annual installments each Note Year on each Payment Date, commencing on the first Payment Date following the completion of the improvements for which such Development Fees were paid. Each installment shall be in an amount equal to up to ten percent (10%) of the Tax Revenues for the Note Year as of the Payment Date less any Refund Amount payments previously paid to Corona

Hills Associates for such Note Year, until the Refund Amount is paid in full, subject to Section 4.18.2(3).

(3) The Refund Amount shall be paid out of the Agency's share of Tax Revenues generated from business activities conducted upon the Site, as set forth in the Agency Note, Exhibit "J" attached hereto. To illustrate, assume that the Refund Amount due on the first Payment Date following the completion of the improvements of which such Development Fees were paid is \$50,000.00. Assume further the total Tax Revenues as of such first Payment Date equals \$300,000.00. The total Refund Amount would equal \$30,000.00, which amount would be paid out of Tax Revenues otherwise payable to the Agency under the Agency Note. The balance of Development Fees (\$20,000.00) would carry over until the next Payment Date.

(4) In the event the Refund Amount has not been paid in full to Corona Hills Associates by the end of the sixth (6th) Note Year, the remaining balance, including accrued unpaid interest, shall be added to the principal balance of the Agency Note by an amendment thereto executed by the Agency, Corona Hills Associates and Price Company.

(5) The payment of the Refund Amount as provided in this Section 4.18 shall have no effect whatsoever on the Agency Note and the obligations thereunder except, as provided in Section 4.18.2.

(6) Notwithstanding anything to the contrary contained in this Section 4.18.2, no portion of the Refund Amount shall be paid unless and until the Price Club Warehouse facility is constructed and opened as required by this Agreement and remains open for business to its membership for a period of at least thirty (30) days.

4.18.3 The term "Development Fees" shall mean all fees, costs and charges whatsoever that are required or will be required to be paid to the City of Corona, or any agency of the City of Corona in connection with the development of the Site and offsite improvements, including, but not limited to: engineering plan checks, construction inspection, architectural plan check, building permits, building inspection, sewer connections, water improvements plan check, inspection fees, etc. Development Fees shall not include any fees, costs or deposits merely collected by the City of Corona on behalf of any independent agency or district not affiliated with the City, such as school impact fees or flood control district fees, nor shall Development Fees include any costs, fees, payments or deposits relating to the operation of the businesses to be constructed on the Site, such as business license fees, and water deposits.

4.18.4 The obligations of the Agency to make payment under this Section 4.18 is a special obligation of the Agency and shall be secured by a first pledge of all sales and

use taxes generated from all businesses and other activities conducted on the Site and collected by the Agency pursuant to the sales and use tax ordinances referred to in Section 4.16 of this Agreement.

4.18.5 In no event shall the amount of the Refund Amount exceed the total amount of assessments existing against the Site as of the date of conveyance of the Site to the Redevelopers. Any payments received by Corona Hills Associates pursuant to this Section 4.18 shall be used by Corona Hills Associates to pay assessments existing against the Site.

5. DEVELOPMENT OF THE SITE.

5.1 Scope of Development. The Shopping Center Parcel shall be redeveloped by Corona Hills Associates and the Price Club Parcel shall be redeveloped by The Price Company as provided in this Section 5, the Scope of Development (Exhibit "E"), the Grant Deeds to the Site, the Specific Plan covering the Site, as amended, and plans and specifications approved by the Agency pursuant to this Agreement.

5.2 Basic Concept and Schematic Drawings. Within the times set forth in the Schedule of Performance (Exhibit "C"); (i) Corona Hills Associates shall prepare and submit to the Agency staff for Agency approval, Basic Concept and Schematic Drawings and related documents containing the plan for development of the Shopping Center Parcel, and (ii) The Price Company shall prepare and submit to the Agency for Agency approval, Basic Concept and Schematic Drawings and related documents containing the plan for development of the Price Club Parcel. The Redevelopers and the Agency staff after approval by the Agency, shall initial and date each page of those drawings and documents. The Price Club Parcel and the Shopping Center Parcel shall be developed as established in the approved Basic Concept and Schematic Drawings and related documents, except for such changes which may be mutually agreed upon between the Agency and The Price Company with respect to the Price Club Parcel, and the Agency and Corona Hills Associates with respect to the Shopping Center Parcel. Any such changes shall be within the limitations established in the Scope of Development (Exhibit "E"). The Basic Concept and Schematic Drawings shall include a site plan, elevations, and a rendering showing the exterior design, architectural style and appearance of the various buildings and improvements in the development.

5.3 Grading and Landscaping Plans. The Price Company, with respect to the Price Club Parcel, and Corona Hills Associates, with respect to the Shopping Center Parcel, shall prepare and submit to the Agency staff for its approval, preliminary and final grading and landscaping plans for the Site. These plans shall be prepared, submitted and approved within the times respectively established therefor in the Schedule of Performance (Exhibit "C"). The grading plans shall be prepared by a registered civil engineer and the landscaping plans shall be

prepared by a licensed landscape architect, either or both of which may be the same firm as the Redevelopers' architect.

5.4 Construction Drawings and Related Documents. The Price Company, with respect to the Price Club Parcel, and Corona Hills Associates, with respect to the Shopping Center Parcel, shall prepare and submit construction drawings and related documents for the development of the Site to the Agency staff for review and written approval as and at the times established in the Schedule of Performance (Exhibit "C"). The construction drawings and related documents shall be submitted in two stages: preliminary and 100% complete final working drawings, plans and specifications. Final drawings, plans, and specifications are hereby defined as those in sufficient detail to obtain a building permit. Any items so submitted and approved in writing by the Agency staff shall not be subject to subsequent disapproval by the Agency. Agency staff approval shall not be unreasonably withheld.

During the preparation of all drawings and plans, the Agency staff and the Redevelopers shall hold regular progress meetings to coordinate the preparation of, submission to, and review of construction plans and related documents by the Agency. The Agency staff and the Redevelopers shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to the Agency can receive prompt and speedy consideration.

5.5 Agency Approval of Plans, Drawings and Related Documents. As referred to in Section 5.4 of this Agreement, the Agency staff shall have the right of architectural and site plan review of all plans, drawings and related documents for the development of the Price Club Parcel and the Shopping Center Parcel, including any proposed changes therein. The agency staff review and approval shall be limited to that necessary and appropriate to insure that the plans, drawings and related documents are consistent with the Scope of Development (Exhibit "E") and with the Basic Concept and Schematic Drawings once they are submitted and approved by the Agency. The Agency staff shall approve or disapprove such plans, drawings, and related documents referred to in Sections 5.2, 5.3 and 5.4 of this Agreement (and any proposed changes therein) within the times established in the Schedule of Performance (Exhibit "C"). Any disapproval shall state in writing the reasons for disapproval. The Redevelopers, upon receipt of a disapproval based upon powers reserved to the Agency staff hereunder, shall review such plans, drawings and related documents and shall resubmit them to the Agency staff provided the Redevelopers agree to the changes requested by the Agency staff as soon as possible after receipt of the notice of disapproval. The Agency staff shall approve or disapprove such revised portions in the same manner and within the same times as provided in this Section for approval or disapproval of plans, drawings, and related documents initially submitted to the Agency staff. No matter once approved shall be subsequently

person or entity except the Agency and the City and their respective officers, directors, agents, servants, employees or contractors.

Prior to the commencement of construction on the Site, Corona Hills Associates as to the Shopping Center Parcel and The Price Company as to the Price Club Parcel shall furnish or cause to be furnished to the Agency duplicate originals or appropriate certificates of bodily injury and property damage insurance policies in the amount of at least Two Million Dollars (\$2,000,000) for any person, Three Million Dollars (\$3,000,000) for any occurrence, and Two Million Dollars (\$2,000,000) property damage, naming the Agency and the City as additional or co-insureds. The Corona Hills Associates and The Price Company shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that any contractor with whom it has contracted for the performance of work on its respective parcel carries workers' compensation insurance as required by law. The obligations set forth in this Section shall remain in effect only until a final Certificate of Completion has been issued by the Agency pursuant to Section 5.22 hereof and said policies shall provide that they shall not be cancelled or reduced in coverages or amounts without giving the Agency at least thirty (30) days prior written notice, and that no such reduction or cancellation shall become effective until at least twenty (20) days after receipt by the Agency of the written notice thereof. Such policies may include a reasonable deductible amount not to exceed \$50,000. Notwithstanding the foregoing, the Corona Hills Associates as to the Shopping Center Parcel and The Price Company as to the Price Club Parcel may self-insure with respect to liability coverage provided, that (i) its net worth is in excess of \$100,000,000, (ii) the particular Redeveloper provides the Agency with a financial statement or similar documentation evidencing such net worth, and (iii) any contractor or subcontractor performing work on the Site carries liability insurance in customary amounts.

5.9 City and Other Governmental Agency Permits. Before commencement of construction or development of any buildings, structures or other work of improvement upon the Site or any part thereof, the Redevelopers shall at their own expense secure or cause to be secured any and all permits which may be required by the City or any other governmental agency affected by such construction, development or work. The Agency shall provide all proper assistance to the Redevelopers in securing these permits.

After conveyance of title by the Agency to Corona Hills Associates as to the Shopping center Parcel and The Price Company as to the Price Club Parcel, in the event any proposed change in the plans for the improvements to be developed and constructed on the respective parcels or any part thereof would require additional or supplementary environmental assessments, the Agency agrees to take such steps as shall be necessary to prepare the same and to cause it to be considered and certified as required

disapproved. The approvals required hereunder are not intended to effect or duplicate any City approvals required to be obtained by the Redevelopers in connection with the development of the Site.

5.6 Cost of Construction. The cost of redeveloping the Site and constructing all improvements thereon shall, except as expressly set forth in this Agreement and the Scope of Development, be borne exclusively by the Redevelopers, including costs related to the demolition, recompaction, clearance, and public improvements as specifically provided for in the Scope of Development (Exhibit "E").

5.7 Construction and Development Schedule of Performance. The Redevelopers shall begin and thereafter complete the construction and development of the improvements and the development of the Site consistent with the Scope of Development (Exhibit "E"). The Redevelopers shall begin and complete all construction and development within the times specified in the Schedule of Performance (Exhibit "C") or such reasonable extension of said dates as may be granted by the Agency. The Schedule of Performance may be subject to revision from time-to-time as mutually agreed upon in writing between the Redevelopers and the Agency.

From time to time during the period of construction as reasonably requested by the Agency, the Redevelopers shall make reports to the Agency on the progress of construction. The reports shall be in such form and detail as may reasonably be required by the Agency.

5.8 Bodily Injury, Property Damage and Workers' Compensation Insurance. During the period commencing with any preliminary work by the Redevelopers on the Site, and until such time as the Agency has issued a Certificate of Completion with respect to the construction of the improvements thereon, Corona Hills Associates as to the Shopping Center Parcel and The Price Company as to the Price Club Parcel agree to and shall indemnify and hold the Agency, its officers, directors, agents, servants, employees and contractors harmless from and against all liability, loss, damage, costs, or expenses (including reasonable attorney's fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person which shall occur on the Shopping Center Parcel or the Price Club Parcel, as the case may be and which shall be directly or indirectly caused by any acts done thereon or any errors or omissions of the Corona Hills Associates or The Price Company or their officers, directors, agents, servants, employees or contractors. The Redevelopers shall not be responsible for (and such indemnity shall not apply to) any acts, errors or omissions of the Agency or the City or their respective officers, directors, agents, servants, employees or contractors. The Agency and City shall not be responsible for any acts, errors or omissions of any

by CEQA and all applicable state regulations and local ordinances and regulations enacted pursuant thereto or any part thereof.

5.10 Antidiscrimination During Construction. The Redevelopers for themselves and their successors and assigns agree that in the construction of the improvements on the Site provided for in this Agreement, the Redevelopers will not discriminate against any employee or applicant for employment because of sex, marital status, race, color, religion, creed, national origin, or ancestry, and that the Redevelopers will comply with all applicable local, state and federal fair employment laws and regulations.

5.11 Local, State and Federal Laws. The Redevelopers shall carry out the construction of the improvements on the Site in conformity with all applicable laws, including all applicable federal and state labor standards.

5.12 Rights of Access. For the purpose of assuring compliance with this Agreement, representatives of the Agency and the City shall have the reasonable right of access to the Site or any part thereof without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to the inspection of the work being performed in constructing the improvements. Such representatives of the Agency or the City shall be those who are so identified in writing by the Executive Director of the Agency.

5.13 Holder Not Obligated to Construct or Complete Improvements. The holder of any mortgage, deed of trust or other security interest on the Site shall in no way be obligated by the provisions of this Agreement to construct or complete the improvements or to guarantee such construction or completion, nor shall any covenant or any provision in the deeds for the Site be construed so to obligate such holder, except if a Redeveloper finances construction costs itself then it shall remain responsible for the construction of the improvements on its respective parcel. Nothing in this Agreement shall be deemed to construe, permit or authorize any such holder to devote the Site or any part thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

The words "mortgage" and "deed of trust" as used herein include all other appropriate modes of financing real estate acquisition, construction and land development.

5.14 Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders; Right to Cure. Whenever the Agency shall deliver any notice or demand to a Redeveloper with respect to any breach or default by such Redeveloper in completion of construction of the improvements, the Agency shall at the same time deliver a copy of such notice or demand to each holder of record of any mortgage, deed of trust or other security

interest and the lessor under a lease-back or grantee under any other conveyance for financing who has previously made a written request to the Agency therefor. Each such holder shall (insofar as the rights of the Agency are concerned) have the right, at its option, within ninety (90) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default and to add the cost thereof to the security interest debt and the lien on its security interest or to the obligation of the lessee under any lease-back, or of the grantor under any other conveyance for financing. In the event there is more than one such holder, the right to cure or remedy a breach or default of the Redeveloper under this Section 5.14 shall be exercised by the holder first in priority or as the holders may otherwise agree among themselves, but there shall be only one exercise of such right to cure and remedy a breach or default of the Redeveloper under this Section 5.14. If such default shall be a default which can only be remedied or cured by such holder upon obtaining possession, such holder shall seek to obtain possession with diligence and continuity through a receiver or otherwise, and shall remedy or cure such default within ninety (90) days after obtaining possession; provided that in the case of a default which cannot with diligence be remedied or cured, or the remedy or cure of which cannot be commenced within such 90 day period, such holder shall have such additional time as reasonably necessary to remedy or cure such default of the Redevelopers.

5.15 Agency Purchase of Mortgage or Ownership. In any case where six (6) months after default by the Price Company or Corona Hills Associates in completion of construction of improvements under this Agreement, if the holder of any mortgage, deed of trust or other security interest creating a lien or encumbrance upon the Price Club Parcel or the Shopping Center Parcel or such portion thereof, has not exercised the option to construct, or if it has exercised the option and has not proceeded diligently with construction, the Agency may, at its option, purchase the mortgage, deed of trust or other security interest by payment to the holder of the amount of the unpaid debt, plus any accrued and unpaid interest, or if the ownership of the Price Club Parcel or the Shopping Center Parcel or such portion thereof has vested in the holder, the Agency, if it so desires, shall be entitled to a conveyance from the holder to the Agency of the Price Club Parcel or the Shopping Center Parcel, as the case may be, or such portion thereof upon payment to the holder of an amount equal to the sum of the following:

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

(b) All expenses with respect to foreclosure;

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

(d) The costs of any improvements made by such holder; and

(e) An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Agency.

5.16 Certificate of Completion.

A. Promptly after completion of all of the construction and development to be completed by The Price Company as to the Price Club Parcel and Corona Hills Associates as to the Shopping Center Parcel, as generally and specifically required by this Agreement and in particular the Scope of Development (Exhibit "E"), the Agency shall furnish The Price Company as to the Price Club Parcel and Corona Hills Associates as to the Shopping Center Parcel with a recordable Certificate of Completion, substantially in the form of either Exhibit "H" or "H-1," upon written request therefor by The Price Company or Corona Hills Associates, as the case may be.

B. Each such Certificate of Completion shall be and shall so state conclusive determination of satisfactory completion of the construction required by this Agreement upon the parcel or portion thereof to which it applies and of full compliance with the terms of this Agreement relating to commencement and completion of construction thereon. After recordation of a Certificate of Completion, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the parcel covered by said Certificate of Completion shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement with respect to the commencement and completion of construction for which such Certificate of Completion is issued, except that such party shall be bound by the covenants contained in Sections 6.1 through 6.3 (inclusive) of this Agreement and the Grant Deed to such parcel. Except as otherwise provided herein, after the issuance of a Certificate of Completion for a parcel, neither the Agency, the City nor any other person shall have any rights, remedies or controls with respect to such parcel that it would otherwise have or be entitled to exercise under this Agreement as a result of a default in or breach of any provision of this Agreement relating to the commencement or completion of construction on such parcel and the respective rights and obligations of the parties with reference to such parcel shall be as set forth in Sections 6.1 through 6.3 (inclusive) of this Agreement and the Grant Deed to such parcel.

The Agency shall not unreasonably withhold any Certificate of Completion. If the Agency refuses or fails to furnish a Certificate of Completion after written request from The Price Company or Corona Hills Associates, as the case may be, the Agency shall, within thirty (30) days after such written request, provide the requesting party with a written statement of the reasons the Agency refused or failed to furnish the Certificate of Completion. The Statement shall also contain the Agency's opinion of the action requesting party must take to obtain a Certificate of Completion. If the reason for such refusal is confined to the immediate availability of specific minor finish items or materials, the Agency will issue its Certificate of Completion upon the posting of a bond with the Agency in an amount representing a fair value of the work not yet completed. If the Agency shall have failed to provide such written statement within said 30-day period, requesting party shall be deemed entitled to the Certificate of Completion.

Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of The Price Company or Corona Hills Associates, as the case may be to any holder of a mortgage, or any insurer of a mortgage securing money loaned to finance the improvements, or any part thereof. Such Certificate of Completion is not notice of completion as referred to in the California Civil Code Section 3093.

6. SITE, USE RESTRICTIONS.

6.1 Uses.

A. Corona Hills Associates covenants and agrees for itself, its successors, its assigns and every successor in interest to the Shopping Center Parcel or any part thereof, that during construction of improvements, and thereafter, that it shall not use or permit the use of the Shopping Center Parcel in violation of the Specific Plan for the Shopping Center Parcel, the Grant Deed for the Shopping Center Parcel and the Redevelopment Plan for the Project, as it now exists or may hereafter be amended pursuant to Section 9.2 of this Agreement.

B. The Price Company covenants and agrees for itself, its successors, its assigns and every successor in interest to the Price Club Parcel or any part thereof, that during construction of improvements, and thereafter for a period of thirty (30) days after the Price Club facility has opened for business to the public, The Price Company, its successors and assigns shall operate a "Price Club" warehouse facility under the trade name the "Price Club" on the Price Club facility. After the expiration of this thirty day period, The Price Company shall not use or permit the use of the Price Club Parcel in violation of the Specific Plan covering the Price Club Parcel, the Grant Deed for the Price Club Parcel and the Redevelopment Plan for the

Project, as it now exists or may hereafter be amended pursuant to Section 9.2 of this Agreement.

6.2 Obligation to Refrain from Discrimination. The Redevelopers covenants and agrees for itself, its successors, its assigns and every successor in interest to the Site or any part thereof, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall the Redevelopers itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site. The foregoing covenants shall run with the land and shall remain in effect in perpetuity.

6.3 Form of Nondiscrimination and Nonsegregation Clause. The Redevelopers shall refrain from restricting the rental, sale or lease of the Site or portion thereof on the basis of race, color, creed, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

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

'That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection,

location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the land herein leased."

3. In contracts: "There shall be no discrimination against or segregation of any persons or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land."

6.4 Effect and Duration of Covenants. After the issuance of a Certificate of Completion for the Shopping Center Parcel or The Price Company Parcel, as the case may be, all of the terms, covenants, agreements or conditions set forth in this Agreement pertaining to such parcels shall terminate except only the following provisions:

1. Section 6.1 shall remain in effect until August 19, 2022, the termination date of the Redevelopment Plan.
2. Sections 6.2 and 6.3 shall remain in effect in perpetuity.
3. The Agency Note (in the form of Exhibit "J") and the Agency's obligations under Sections 4.2 and 4.18 shall remain in effect according to their terms.

The Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. This Agreement and the covenants shall run in favor of the Agency without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Site or any part thereof, or in the Project Area. If the covenants of this Section 6.4 are breached, the Agency shall have the right to exercise all rights and remedies and to maintain all actions and suits as law or in equity or other proper proceedings to enforce the curing of such breaches to which the Agency, its successors and assigns may be entitled. No other person or entity shall have a right to enforce the terms of this Agreement under a theory of third party beneficiary or otherwise. All covenants and obligations of Corona Hills Associates and The Price Company are applicable only to their respective parcels, and no default by Corona Hills Associates shall affect The Price Company nor

shall any default by The Price Company affect Corona Hills Associates.

7. DEFAULTS, REMEDIES AND TERMINATION.

7.1 Defaults -- General. Subject to the extensions of time set forth in Section 8.4, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who so fails or delays must immediately commence to cure, correct or remedy such failure or delay, and shall complete such cure, correction or remedy with reasonable diligence and during any period of curing shall not be in default.

The injured party shall give written notice of default (including any claim of anticipatory breach) to the party in default, specifying the default complained of by the injured party. The injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice and in no event during any period in which the party in default is exercising reasonable diligence to complete a cure. Failure or delay in giving such notice shall not constitute a waiver of any default.

Except as otherwise expressly provided in this Agreement, any failure or delay by either party in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies or deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

7.2 Legal Actions.

7.2.1 Institution of Legal Actions. Subject to the provisions of Sections 7.1 and 7.3 of this Agreement, and in addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement; provided, however, that neither party may institute any action for damages or other relief if it elects to terminate the Agreement pursuant to the provisions of Sections 7.3. Such legal actions must be instituted in the Superior Court of the County of Riverside, State of California, in any other appropriate court in that county, or in the Federal District Court in the Central District of California. The prevailing party in any such legal action may recover its reasonable attorney's fees.

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

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

In the event that any legal action is commenced by the Agency against the Redevelopers, service of process on the Redevelopers shall be made by personal service upon any agent of the Redevelopers (authorized to accept service on behalf of the Redevelopers) or in such other manner as may be provided by law and shall be valid whether made within or without the State of California.

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

7.2.5 Damages. If the Redevelopers or the Agency defaults with regard to any of the provisions of this Agreement, the nondefaulting party shall serve written notice of such default upon the defaulting party. If the default is not cured or commenced to be cured by the defaulting party within thirty (30) days after service of the notice of default, the defaulting party shall be liable to the other party for any damages caused by such default, except as otherwise expressly provided in Sections 7.3 of this Agreement.

7.2.6 Specific Performance. If the Redevelopers or the Agency defaults under any of the provisions of this Agreement, the non-defaulting party shall serve written notice of such default upon the defaulting party. If the default is not commenced to be cured by the defaulting party within thirty (30) days of service of the notice of default, the non-defaulting party, at its option, may institute an action for specific performance of the terms of this Agreement.

7.3 Certain Remedies and Rights of Termination.

(a) Corona Hills Associates, The Price Company, and the Agency each shall have the option of terminating this Agreement if the Agency after and despite its best efforts subject to the Agency's obligations under the California Redevelopment Law, the Redevelopment Plan and the Rules Governing Participation and Preferences by Owners, Operators of Businesses and Tenants in the McKinley Hills Redevelopment Project Area ("Owner Participation Rules") as it deems necessary or appropriate, is unable to acquire the Site and tender conveyance of title to the Site or any part thereof in the manner and condition required by this Agreement, and within the time established

therefor in the Schedule of Performance (Exhibit "C"), and any such failure is not cured within thirty (30) days after written demand by the Redevelopers. In the event of such termination pursuant to this paragraph, neither the Agency nor the Redevelopers shall have any further rights against or liability to the other under this Agreement; any funds deposited in escrow or loaned to the Agency shall be returned to the Redevelopers as provided in this Agreement.

(b) The Agency, Corona Hills Associates and The Price Company shall each have the option of terminating this Agreement if the Redeveloper cannot obtain City approval of the plans, drawings and related documents for the development of the Site, as required by this Agreement, on or prior to the dates set forth therefor in the Schedule of Performance (Exhibit "C"), and such approvals are not forthcoming within thirty (30) days after the date of written demand therefor by either party. In the event of such termination pursuant to this paragraph, neither the Agency nor the Redeveloper shall have any further rights against or liability to the other under this Agreement; any funds or deposits in escrow or loaned to the Agency shall be returned to the party entitled thereto; and the Agency shall have no obligation to make any payments under the Agency Note.

(c) Corona Hills Associates and The Price Company each shall have the option of terminating this Agreement if the conditions of Section 4.10.1 are not satisfied as set forth therein. In the event of such termination pursuant to this paragraph, neither the Agency nor the Redeveloper shall have any further rights against or liability to the other under this Agreement; any funds deposited in escrow or loaned to the Agency shall be returned to the Redevelopers as provided in this Agreement; and the Agency shall have no obligation to make any payments under the Agency Note.

8. GENERAL PROVISIONS.

8.1 Notices, Demands and Communications Between the Parties. Formal notices, demands and communications between the Agency and the Redevelopers shall be sufficiently given if dispatched by Federal Express or similar courier service, registered or certified mail, postage prepaid, return receipt requested, or by personal deliver to the principal offices of the Agency and the Redevelopers as set forth in Section 3.5 hereof. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail. Such notices, demands and other communication will be deemed effective two (2) days after the date of mailing if by mail, and on the date of delivery if by courier service or personal delivery. Copies of any notice, demand or communication given by the Agency to Corona Hills Associates also shall be sent to The Price Company and to Kornwasser and Friedman Shopping Center Properties, a California general partnership. Copies of any notice, demand or

communication given by the Agency to The Price Company also shall be sent to Corona Hills Associates and to Kornwasser and Friedman Shopping Center Properties.

8.2 Conflict of Interests. No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee, participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

8.3 Nonliability of Agency Officials and Employees. No member, official, or employee of the Agency shall be personally liable to the Redevelopers, or any successor in interest, in the event of any default or breach by the Agency or for any amount which may become due to the Redevelopers or to its successor, or on any obligations under the terms of this Agreement.

8.4 Extension of Times of Performance and Delays. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; litigation, including delays beyond the reasonable control of the Agency in conveying title or possession to the Site within the time required by this Agreement; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts of the other party; acts or the failure to act of the City or any other public or governmental Agency or entity (except that acts or the failure to act of the Agency shall not excuse performance by the Agency) or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause.

Times of performance under this Agreement may also be extended in writing by the mutual agreement of the Agency and the Redevelopers.

8.5 Approvals. Any requests for approvals submitted to the Agency shall contain the following heading in bold type:

ATTENTION EXECUTIVE DIRECTOR:

THIS IS A REQUEST FOR AGENCY APPROVAL OF THE ATTACHED DOCUMENT. PLEASE REVIEW THE MATERIAL AND APPROVE OR DISAPPROVE IT IN WRITING WITHIN THE TIME ESTABLISHED THEREFOR IN THE DISPOSITION AND DEVELOPMENT AGREEMENT SCHEDULE OF PERFORMANCE; FAILURE OF THE

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

9.4 Time for Acceptance of Agreement by Agency. This Agreement, when executed by the Redevelopers and delivered to the Agency, must be authorized, executed and delivered by the Agency not later than the time set forth in the Schedule of Performance (Exhibit "C") or this Agreement shall be void, except to the extent that the Redevelopers shall consent in writing to further extensions of time for the authorization, execution and delivery of this Agreement. The effective date of this Agreement shall be the date when this Agreement has been signed by the Agency.

9.5 Attorneys' Fees. If any party hereto files an action or brings any proceeding against the other arising out of this Agreement, or is made a party to any action or proceeding brought by the Escrow Agent, then the prevailing party shall be entitled to recover as an element of its costs of suit, and not as damages, reasonable attorneys' fees to be fixed by the court. The "prevailing party" shall be the party who is entitled to recover its costs of suit, whether or not suit proceeds to final judgment. A party not entitled to recover costs shall not be entitled to recover attorneys' fees.

9.6 Amendments. The Executive Director of the Agency is authorized to approve and execute amendments to this Agreement which are not of a material nature, including, but not limited to, the granting of extensions of time to the Redevelopers.

9.7 Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by any Grant Deed transferring title to any real property which is the subject of this Agreement from the Agency to the Redevelopers or any successor-in-interest, and any such Grant Deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

9.8 Disclaimer of Representations.

A. Neither Corona Hills Associates nor The Price Company make any representation or warranty as to the amount of sales or sales tax to be generated from the Site or any part thereof.

B. Neither Corona Hills Associates nor The Price Company make any representation or warranty as to any specific use to be made of, or any particular tenant to be located on, the Site, except as required by Section 6.1 of this Agreement.

AGENCY TO APPROVE OR DISAPPROVE IN A TIMELY MANNER MAY RESULT IN SUCH DOCUMENT BEING DEEMED APPROVED.

8.6 Real Estate Commissions. Neither the Agency nor the Redevelopers shall be liable for any real estate commissions, brokerage fees or finders fees which may arise from this Agreement. The Agency and the Redevelopers each represent to the other that it has engaged no broker, agent, or finder in connection with this transaction. The representations and covenants set forth herein shall survive the close of escrow, issuance of Certificates of Completion or the expiration or termination of this Agreement.

9. SPECIAL PROVISIONS.

9.1 Submission of Documents for Approval. Whenever this Agreement requires any party to submit plans, drawings or other documents to any other party for approval, which shall be deemed approved if not acted on by the other party within a specified time, said plans, drawings or other documents shall be accompanied by a letter stating that they are being submitted and will be deemed approved unless rejected by the other party within the stated time. If there is no time specified herein for such action, the submitting party may submit a letter requiring approval or rejection by the other party of documents within twenty (20) days after submission to the other party or such documents shall be deemed approved.

9.2 Amendment of Redevelopment Plan. Pursuant to provisions of the Redevelopment Plan for modification or amendment thereof, the Agency agrees that no amendment which changes the uses or development permitted on the Site or changes the restrictions or controls that apply to the Site or otherwise affects the Site shall be made or become effective without the prior written consent of the Redevelopers; but any such amendment shall not require the consent of any tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust or any holder, person or entity having any interest less than a fee in the Site. Amendments to the Redevelopment Plan applying to other property in the Project Area shall not require the consent of the Redevelopers.

9.3 Entire Agreement, Waivers and Amendments. This Agreement is executed in four (4) duplicate originals each of which is deemed to be an original. This Agreement comprises pages 1 through 32 inclusive and Exhibits "A" through "J" attached hereto and incorporated herein by reference, which constitute the entire understanding and agreement of the parties.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.

C. Neither Corona Hills Associates nor The Price Company make any representation or warranty as to the construction of any improvements on the Site except as expressly required by Section 5.1 of this Agreement and the Scope of Development (Exhibit "D").

Dated: November 20, 1987

REDEVELOPMENT AGENCY OF THE CITY OF CORONA

By: Bill Frankel
Chairman

ATTEST:

W. J. H. [Signature]
Secretary

APPROVED AS TO FORM:

BEST, BEST & KRIEGER
Counsel, Redevelopment Agency
of the City of Corona

By: [Signature]

Dated: 11/20/87

CORONA HILLS ASSOCIATES
A General Partnership

By: BCE DEVELOPMENT INC.
General Partner

By: [Signature]

By: [Signature]

(Signature Page Continued)

By: P&K, ASSOCIATES, A
General Partnership
General Partner

By: The Price Company,
a California
Corporation, General
Partner

By: Walter Myers Pres.

By: Kornwasser and
Friedman Shopping
Center Properties, a
General Partnership
General Partner

By: [Signature]

APPROVED AS TO FORM:

O'MELVENY & MYERS
Counsel to Corona Hills Associates

By: James H. Kinney

Dated: November 9, 1987

THE PRICE COMPANY, a
California corporation

By: Walter Myers Pres.

APPROVED AS TO FORM:

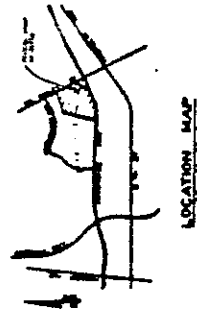
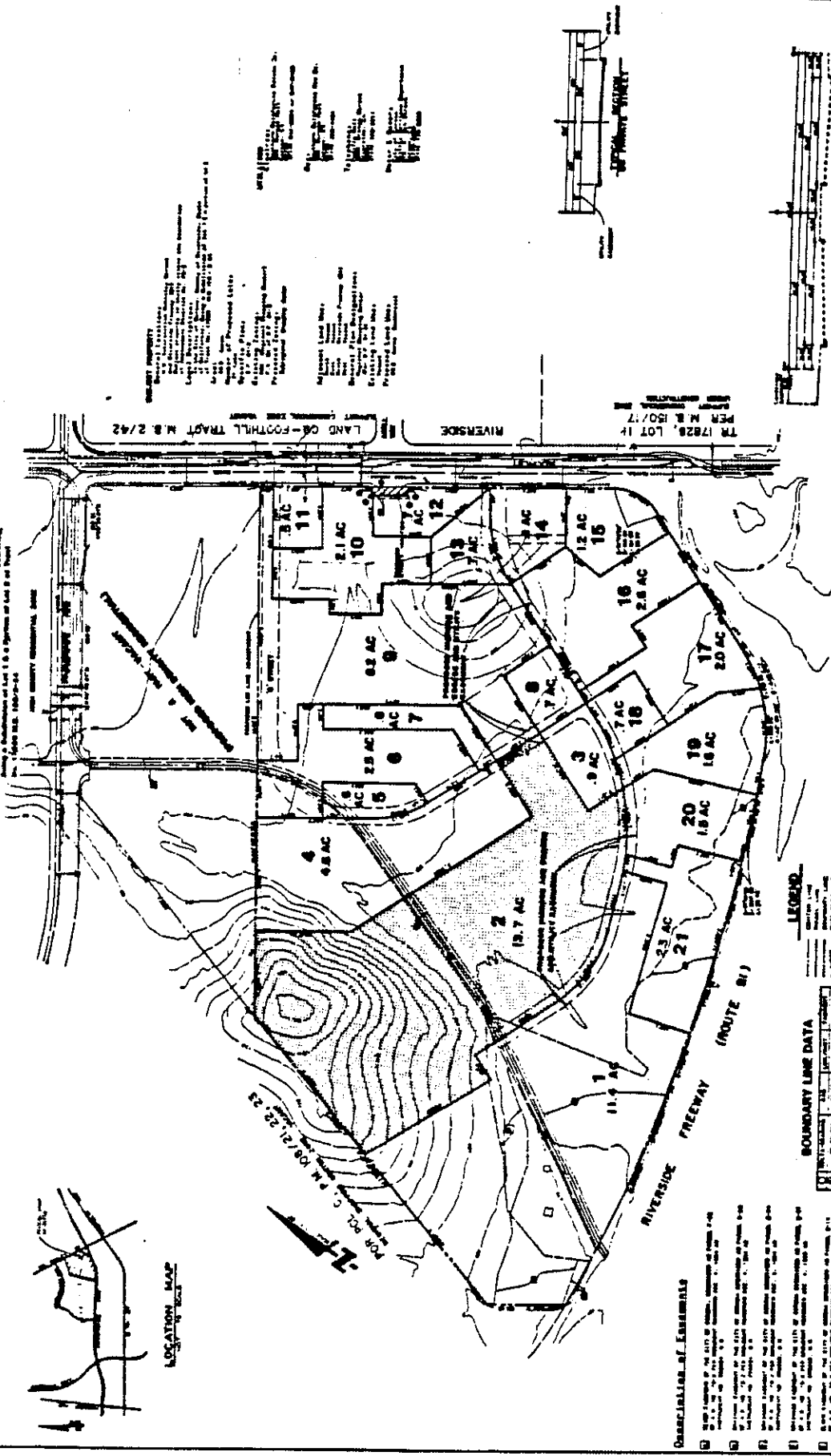
[Signature]
Counsel to The Price Company

EXHIBIT "A"

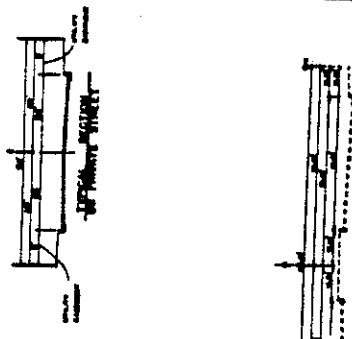
MAP OF SITE

TENTATIVE PARCEL MAP No. 22225

1. Located in the City of Riverside, County of Riverside, State of California.
2. Located on Lot 1 & 2 of Tract No. 10000, as shown on Map No. 10000-1.



- PROPOSED LOTS:**
- 1. Proposed Lot 1
 - 2. Proposed Lot 2
 - 3. Proposed Lot 3
 - 4. Proposed Lot 4
 - 5. Proposed Lot 5
 - 6. Proposed Lot 6
 - 7. Proposed Lot 7
 - 8. Proposed Lot 8
 - 9. Proposed Lot 9
 - 10. Proposed Lot 10
 - 11. Proposed Lot 11
 - 12. Proposed Lot 12
 - 13. Proposed Lot 13
 - 14. Proposed Lot 14
 - 15. Proposed Lot 15
 - 16. Proposed Lot 16
 - 17. Proposed Lot 17
 - 18. Proposed Lot 18
 - 19. Proposed Lot 19
 - 20. Proposed Lot 20
 - 21. Proposed Lot 21
- EXISTING LOTS:**
- 1. Existing Lot 1
 - 2. Existing Lot 2
 - 3. Existing Lot 3
 - 4. Existing Lot 4
 - 5. Existing Lot 5
 - 6. Existing Lot 6
 - 7. Existing Lot 7
 - 8. Existing Lot 8
 - 9. Existing Lot 9
 - 10. Existing Lot 10
 - 11. Existing Lot 11
 - 12. Existing Lot 12
 - 13. Existing Lot 13
 - 14. Existing Lot 14
 - 15. Existing Lot 15
 - 16. Existing Lot 16
 - 17. Existing Lot 17
 - 18. Existing Lot 18
 - 19. Existing Lot 19
 - 20. Existing Lot 20
 - 21. Existing Lot 21



- CONVEYANCE OF EASEMENTS**
1. Easement for utility lines over the property.
 2. Easement for access to the property.
 3. Easement for drainage over the property.
 4. Easement for water supply over the property.
 5. Easement for gas supply over the property.
 6. Easement for sewer service over the property.
 7. Easement for telephone service over the property.

BOUNDARY LINE DATA

LINE NO.	START POINT	END POINT	LENGTH (FEET)	BEARING
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

Imperial Sealed
Notary Public - California

MCE Development Inc.
1444 West 14th Street
Riverside, CA 92504
Tel: (951) 514-1400

CONDONA HILLS PLAZA
City of Riverside, County of Riverside
California

EXHIBIT "B"

LEGAL DESCRIPTION OF THE SITE

Parcels 1 thru 21, inclusive as shown on Tentative Parcel
Map No. 22225.

EXHIBIT "B-1"

LEGAL DESCRIPTION OF THE PRICE CLUB PARCEL

Parcel 2 as shown on Tentative Parcel Map No. 22225.

EXHIBIT "B-2"

LEGAL DESCRIPTION OF THE SHOPPING CENTER PARCEL

Parcel 1 and Parcels 3 thru 21, inclusive as shown on
Tentative Parcel Map No. 22225.

EXHIBIT "C"

SCHEDULE OF PERFORMANCE

[NOTE: The summary of Action Items listed in this Schedule of Performance shall not be construed as making any substantive changes in the provisions of this Agreement to which such Action Items refer.]

<u>Action</u>	<u>Date</u>
1. <u>Execution by Redeveloper.</u> The Redevelopers shall execute and deliver the Agreement to the Agency. (Section 3.6)	Prior to or concurrent with the execution of this Agreement by the Agency.
2. <u>Execution of Agreement by Agency.</u> The Agency shall hold a public hearing to authorize execution of this Agreement, and if so authorized, the Agency shall execute this Agreement. (Section 9.6)	On or before October 31, 1987.
3. <u>Acquisition of the Site.</u> The Agency shall acquire the Site from BCE Development Inc. (Section 4.1)	Within 10 days after the satisfaction or waiver of the Conditions set forth in Section 4.10.1 of the Agreement, but in all events not later than July 30, 1988.
4. <u>Opening of Escrow.</u> The Agency shall open an escrow for conveyance of the Site to the Redevelopers. (Section 4.2)	On a schedule which will coordinate with the acquisition of the Site.
5. <u>Close of Escrow.</u> The Agency shall convey title to the Site to the Redevelopers, and the Redevelopers shall accept such conveyance. (Section 4.4)	Immediately following the acquisition of the Site by the Agency
6. <u>Enactment of Sales Tax Ordinances.</u> The Agency shall adopt and use its best efforts to cause the City to adopt the Sales and Use Tax Ordinances. (Section 4.16)	On or before January 1, 1988.

13. Commencement of Construction of The Price Company Improvements. The Price Company shall commence construction of the improvements to be constructed by The Price Company on the the Price Club Parcel. (Section 5.7) Within 30 days after issuance of all building permits.
14. Completion of Construction of The Price Company Improvements. The Price Company shall complete construction of the improvements to be constructed on the Price Club Parcel. (Section 5.7) Within twelve (12) months after commencement of construction.
15. Commencement of Construction of Corona Hills Associates Improvements. Corona Hills Associates shall commence construction of the improvements to be constructed by Corona Hills Associates on the Shopping Center Parcel. (Section 5.7) Within 30 days after issuance of all building permits.
16. Completion of Construction of Corona Hills Associates Improvements. Corona Hills Associates shall complete construction of improvements to be constructed on the Shopping Center Parcel. (Section 5.7) With 18 months after commencement of construction.
17. Issuance of Certificate of Completion -- The Price Company. The Agency shall furnish The Price Company with a Certificate of Completion for improvements on the Price Club Parcel. (Section 5.22) Promptly after completion of all construction required to be completed by The Price Company on the Price Club Parcel and upon written request therefore by The Price Company.
18. Issuance of Certificate of Completion -- Corona Hills Associates. The Agency shall furnish Corona Hills Associates with a Certificate of Completion for the improvements to be constructed on the Shopping Center Parcel. Promptly after completion of all construction required to be completed by Corona Hills Associates on the Shopping Center Parcel and upon written request therefore by Corona Hills Associates.

7. Submission--Basic Concept Drawings The Redevelopers shall prepare and submit to the Agency for review and approval Basic Concept Drawings, related documents containing the plan for development of the Site. (Section 5.2)
Concurrently with the execution of this Agreement by the Redevelopers.
8. Approval--Basic Concept Drawings. The Agency shall approve or disapprove the Redevelopers' Basic Concept Drawings and related documents (Section 5.2)
Prior to the execution of this Agreement by Agency.
9. Submission--Preliminary Construction Drawings and Landscaping and Grading Plans. The Redevelopers shall prepare and submit to the Agency for review and approval Preliminary Construction Drawings and Landscaping and Grading Plans for the Site. (Section 5.4)
Within 30 days after Execution of the Agreement by the Agency.
10. Approval--Preliminary Construction Drawings and Landscaping and Grading Plans. The Agency shall approve or disapprove the Redevelopers' Preliminary Construction Drawings and Landscaping and Grading Plans. (Section 5.5)
Within 15 days after receipt thereof by the Agency.
11. Submission--Final Construction Drawings, Landscaping and Grading Plans. The Redevelopers shall prepare and submit to the Agency for review and approval Final Construction Drawings and Landscaping and Grading Plans for the Site. Section 5.4)
Not later than 30 days after approval of Preliminary Construction Drawings.
12. Approval--Final Construction Drawings and Landscaping and Grading Plans. The Agency shall approve or disapprove the Redevelopers' Final Construction Drawings and Landscaping and Grading Plans. (Section 5.5)
Within 15 days after receipt thereof by the Agency, but in all events prior to the close of escrow on the Site.

19. Commencement of Operations --
The Price Company. The Price
Company shall open the Price
Club Warehouse Facility to be
constructed on the Price Club
Parcel.

Within 30 days after issuance of a
Certificate of Completion by the
Agency, or 60 days after the
issuance of a Certificate of
Occupancy by the City, whichever is
later.

EXHIBIT "D"

METHOD OF FINANCING

[Intentionally left blank]

EXHIBIT "F"

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Corona Hills Associates
2201 Dupont Drive, Suite 2000,
Irvine, California 92715
Attention: Tom Love

MAIL TAX STATEMENTS TO:

Corona Hills Associates
2201 Dupont Drive, Suite 2000,
Irvine, California 92715

GRANT DEED

For valuable consideration, receipt of which is hereby
acknowledged,

REDEVELOPMENT AGENCY OF THE CITY OF CORONA, a public
body corporate and politic of the State of California, herein
called "Grantor," acting to carry out the Redevelopment Plan for
the McKinley Hills Redevelopment Project (which plan is
hereinafter referred to as the "Redevelopment Plan") under the
Community Redevelopment Law of California, hereby grants
CORONA HILLS ASSOCIATES, a general partnership, as "Grantee," the
real property (hereinafter referred to as the "Property"),
described on Exhibit "A" attached hereto.

1. The Property is conveyed subject to the Redevelopment Plan and pursuant to a Disposition and Development Agreement (the "Agreement") entered into by and between Grantor, Grantee and The Price Company dated _____, 1987 (herein called "Agreement"), the terms of which are incorporated herein by reference. A copy of the Agreement is available for public inspection at the offices of the Grantor, 815 W. Sixth Street, Corona, California 91720. The Property is conveyed further subject to all easements, rights-of-way, covenants, conditions, restrictions, reservations and all other matters of record.

2. The Grantee hereby covenants by and for itself, its representatives, its successors, its assigns and every successor in interest to the Property or any part thereof, that during construction of improvements, and thereafter the Grantee shall not use or permit the use of the Property in violation of the Specific Plan or the Property or the Redevelopment Plan, as amended. No amendment of the Redevelopment Plan which changes the uses or development permitted on the Property or changes the restrictions or controls that apply to the Property or otherwise affects the Property shall be made or become effective without the prior written consent of the Grantee.

3. The Grantee covenants, by and for itself, its representatives, successors and assigns and all persons claiming under or through it (including, without limitation, all lessees), that there shall be no discrimination against or segregation of,

any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Grantee itself or any persons 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 of occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. The foregoing covenants shall run with the land.

All deeds, leases, or contracts made relative to the Property, improvements thereon, or any part thereof, shall contain or be subject to substantially the following nondiscrimination clauses:

(a) In deeds: "The grantee herein covenants by and for himself, his heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or any person claiming under or through him, establish or permit any such practice or

practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself, his heirs, executors, administrators and assigns, and all persons claiming under or through him, and this lease is made and accepted upon the subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land herein leased."

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

4. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument provided, however, that any successor of Grantee to the Property or parcels thereof shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

5. All covenants contained in this Grant Deed shall run with the land and shall be binding and for the benefit of the Grantor and its successors and assigns and such covenants shall

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

6. The covenants contained in Paragraph 2 of this Grant Deed shall remain in effect until August 19, 2022 (the expiration date of the Redevelopment Plan). After issuance of a Certificate of Completion for the Property, the Property shall no longer be subject to the Agreement. The covenants contained in Paragraphs 3, 4, and 5 of this Grant Deed shall remain in effect in perpetuity.

7. The covenants contained in this Grant Deed, without regard to technical classification or designation, shall not benefit or be enforceable by any person, firm or corporation, public or private, except Grantor and its successors and assigns. Any amendments to the Redevelopment Plan which change the uses or development then permitted on the Property, or otherwise change any of the restrictions or controls that then apply to the Property, shall require the written consent of Grantee or the successors and assigns of Grantee in and to all or any part of the

fee title to the Property; but any such amendment shall not require the consent of any tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust or any holder, person or entity having any interest less than a fee in the Property.

8. In the event of any express conflict between this Grant Deed and the Agreement, the provisions of this Grant Deed shall control. Notwithstanding anything in this Grant Deed to the contrary, all restrictions and covenants contained herein, except those contained in paragraphs 3 and 4, shall terminate and have no further force or effect in the event the Agreement is terminated pursuant to any provisions of the Agreement.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on the date or dates shown below.

REDEVELOPMENT AGENCY OF THE CITY
OF CORONA

Dated: _____

By: _____
Chairman

Dated: _____

By: _____
Secretary

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

Dated: _____

CORONA HILLS ASSOCIATES
A General Partnership

By: BCE DEVELOPMENT INC.
General Partner

By: _____

By: P & K, ASSOCIATES, A
General Partnership
General Partner

By: The Price Company, a
California Corporation
General Partner

By: _____

By: Kornwasser and
Friedman Shopping
Center Properties,
a General Partnership,
General Partner

By: _____

[ACKNOWLEDGMENTS]

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

On _____, 1987, before me, the undersigned, a Notary Public in and for said County and State, personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the _____ of the Redevelopment Agency of the City of _____ corporate and politic, that _____ executed the within instrument on behalf of the Redevelopment Agency of the City of _____ therein named, and acknowledged to me that such Agency executed the within instrument pursuant to its bylaws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

On _____, 1987, before me, the undersigned, a Notary Public in and for said County and State, personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the _____ of the Redevelopment Agency of the City of _____ corporate and politic, that _____ executed the within instrument on behalf of the Redevelopment Agency of the City of _____ therein named, and acknowledged to me that such Agency executed the within instrument pursuant to its bylaws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

NOTARY PUBLIC

EXHIBIT "F-1"

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

The Price Company
Attention: Joseph R. Satz
2550 5th Avenue
San Diego, California 92103

MAIL TAX STATEMENTS TO:

The Price Company
Attention: Joseph R. Satz
2550 5th Avenue
San Diego, California 92103

GRANT DEED

For valuable consideration, receipt of which is hereby
acknowledged,

REDEVELOPMENT AGENCY OF THE CITY OF CORONA, a public body
corporate and politic of the State of California, herein called
"Grantor," acting to carry out the Redevelopment Plan for the
McKinley Hills Redevelopment Project (which plan is hereinafter
referred to as the "Redevelopment Plan") under the Community
Redevelopment Law of California, hereby grants to THE PRICE
COMPANY, a California corporation, as "Grantee," the real property
(hereinafter referred to as the "Property"), described on Exhibit
"A" attached hereto.

1. The Property is conveyed subject to the Redevelopment Plan and pursuant to a Disposition and Development Agreement (the "Agreement") entered into by and between Grantor, Grantee and Corona Hills Associates dated _____, 1987 (herein called "Agreement"), the terms of which are incorporated herein by reference. A copy of the Agreement is available for public inspection at the offices of the Grantor, 815 W. Sixth Street, Corona, California 91720. The Property is conveyed further subject to all easements, rights-of-way, covenants, conditions, restrictions, reservations and all other matters of record.

2. The Grantee hereby covenants by and for itself, its representatives, its successors, its assigns and every successor in interest to the Property or any part thereof, that during construction of improvements, and thereafter the Grantee shall not use or permit the use of the Property in violation of the Specific Plan for the Property or the Redevelopment Plan, as amended. amendment of the Redevelopment Plan which changes the uses or development permitted on the Property or changes the restrictions or controls that apply to the Property or otherwise affects the Property shall be made or become effective without the prior written consent of the Grantee.

3. The Grantee covenants, by and for itself, its representatives, successors and assigns and all persons claiming under or through it (including, without limitation, all lessees), that there shall be no discrimination against or segregation of,

any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Grantee itself or any persons 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 of occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. The foregoing covenants shall run with the land.

All deeds, leases, or contracts made relative to the Property, improvements thereon, or any part thereof, shall contain or be subject to substantially the following nondiscrimination clauses:

(a) In deeds: "The grantee herein covenants by and for himself, his heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or any person claiming under or through him, establish or permit any such practice or

practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself, his heirs, executors, administrators and assigns, and all persons claiming under or through him, and this lease is made and accepted upon the subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land herein leased."

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

4. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument provided, however, that any successor of Grantee to the Property or parcels thereof shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

5. All covenants contained in this Grant Deed shall run with the land and shall be binding and for the benefit of the Grantor and its successors and assigns and such covenants shall

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

6. The covenants contained in Paragraph 2 of this Grant Deed shall remain in effect until August 19, 2022 (the expiration date of the Redevelopment Plan). After issuance of a Certificate of Completion for the Property, the Property shall no longer be subject to the Agreement. The covenants contained in Paragraphs 3, 4, and 5 of this Grant Deed shall remain in effect in perpetuity.

7. The covenants contained in this Grant Deed, without regard to technical classification or designation, shall not benefit or be enforceable by any person, firm or corporation, public or private, except Grantor and its successors and assigns. Any amendments to the Redevelopment Plan which change the uses development then permitted on the Property, or otherwise change any of the restrictions or controls that then apply to the Property, shall require the written consent of Grantee or the successors and assigns of Grantee in and to all or any part of the

fee title to the Property; but any such amendment shall not require the consent of any tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust or any holder, person or entity having any interest less than a fee in the Property.

8. In the event of any express conflict between this Grant Deed and the Agreement, the provisions of this Grant Deed shall control. Notwithstanding anything in this Grant Deed to the contrary, all restrictions and covenants contained herein, except those contained in paragraphs 3 and 4, shall terminate and have no further force or effect in the event the Agreement is terminated pursuant to any provisions of the Agreement.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on the date or dates shown below.

REDEVELOPMENT AGENCY OF THE CITY
OF CORONA

Dated: _____

By: _____
Chairman

Dated: _____

By: _____
Secretary

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

THE PRICE COMPANY, A California
Corporation

Dated: _____

By: _____

[ACKNOWLEDGMENTS]

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

On _____, 1987, before me, the undersigned, a Notary Public in and for said County and State, personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the _____ of the Redevelopment Agency of the City of _____, corporate and politic, that _____ executed the within instrument on behalf of the Redevelopment Agency of the City of _____ therein named, and acknowledged to me that such Agency executed the within instrument pursuant to its bylaws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

On _____, 1987, before me, the undersigned, a Notary Public in and for said County and State, personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the _____ of the Redevelopment Agency of the City of _____, corporate and politic, that _____ executed the within instrument on behalf of the Redevelopment Agency of the City of _____ therein named, and acknowledged to me that such Agency executed the within instrument pursuant to its bylaws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

NOTARY PUBLIC

EXHIBIT "G"

APPROVED TITLE EXCEPTIONS

None

EXHIBIT "H"

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Corona Hills Associates
2201 Dupont Drive, Suite 2000,
Irvine, California 92715

Attn: Thomas F. Love

[Shopping Center Parcel]
CERTIFICATE OF COMPLETION
FOR CONSTRUCTION AND DEVELOPMENT

RECITALS

The Agency is executing this document on the basis of the following facts, understandings and intentions:

WHEREAS, pursuant to the Redevelopment Disposition and Development Agreement (the "Agreement") dated _____, 1987, by and between the REDEVELOPMENT AGENCY OF THE CITY OF CORONA (a public body, corporate and politic, hereinafter referred to as the "Agency"), CORONA HILLS ASSOCIATES, a general partnership (hereinafter referred to as the "Owner") and THE PRICE COMPANY, the Owner has developed the Shopping Center Parcel legally described on the Attachment to this Certificate of Completion by constructing or

causing to be constructed thereon, a Shopping Center development and ancillary parking, access and related improvements, in accordance with the terms and conditions of the Agreement; and

WHEREAS, as referenced in the Agreement, promptly after completion of all construction to be completed by the Owner upon the Shopping Center Parcel, the Agency shall furnish the Owner with a Certificate of Completion upon written request therefor by the Owner; and

WHEREAS, the issuance by the Agency of the Certificate of Completion shall be conclusive evidence that the Owner has complied with the terms of the Agreement pertaining to the development of, and the construction of improvements on, the Shopping Center Parcel; and

WHEREAS, the Owner has requested that the Agency furnish the Owner with the Certificate of Completion; and

WHEREAS, the Agency has conclusively determined that the construction on, and development of, the Shopping Center Parcel as required by the Agreement has been satisfactorily completed.

NOW, THEREFORE:

1. As provided in the Agreement, the Agency does hereby certify that development of, and construction on, the Shopping Center Parcel has been fully and satisfactorily performed and completed, and that such development and construction is in full compliance with the Agreement.

2. This Certificate of Completion shall not constitute evidence of compliance with, or satisfaction of, any obligation of the Owner to any holder of a mortgage, or any insurer of a mort-

gage, securing money loaned to finance the improvements or any part thereof. Nothing contained herein shall modify in any way any other provision of the Agreement.

IN WITNESS WHEREOF, the Agency has executed this Certificate this ___ day of _____, 198_.

REDEVELOPMENT AGENCY OF THE CITY
OF CORONA

By: _____
Executive Director

ATTEST:

Secretary of the Redevelopment
Agency of the City of Corona

EXHIBIT "H-1"

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

The Price Company
Attention: Joseph R. Satz
2550 5th Avenue
San Diego, California 92103

[Price Club Parcel]
CERTIFICATE OF COMPLETION
FOR CONSTRUCTION AND DEVELOPMENT

RECITALS

The Agency is executing this document on the basis of the following facts, understandings and intentions:

WHEREAS, pursuant to the Redevelopment Disposition and Development Agreement (the "Agreement") dated _____, 1987, by and between the REDEVELOPMENT AGENCY OF THE CITY OF CORONA (a public body, corporate and politic, hereinafter referred to as the "Agency"), THE PRICE COMPANY, a California corporation (hereinafter referred to as the "Owner") and CORONA HILLS ASSOCIATES, the Owner has developed the Price Club Parcel legally described on the Attachment to this Certificate of Completion by constructing or

causing to be constructed thereon, a warehouse building suitable for use as a Price Club Warehouse Store and ancillary parking, access and related improvements, in accordance with the terms and conditions of the Agreement; and

WHEREAS, as referenced in the Agreement, promptly after completion of all construction to be completed by the Owner upon the Price Club Parcel, the Agency shall furnish the Owner with a Certificate of Completion upon written request therefor by the Owner; and

WHEREAS, the issuance by the Agency of the Certificate of Completion shall be conclusive evidence that the Owner has complied with the terms of the Agreement pertaining to the development of, and the construction of improvements on, the Price Club Parcel; and

WHEREAS, the Owner has requested that the Agency furnish the Owner with the Certificate of Completion; and

WHEREAS, the Agency has conclusively determined that the construction on, and development of, the Price Club Parcel as required by the Agreement has been satisfactorily completed.

NOW, THEREFORE:

1. As provided in the Agreement, the Agency does hereby certify that development of, and construction on, the Price Club Parcel has been fully and satisfactorily performed and completed, and that such development and construction is in full compliance with the Agreement.

2. This Certificate of Completion shall not constitute evidence of compliance with, or satisfaction of, any obligation of the Owner to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the improvements or any part thereof. Nothing contained herein shall modify in any way any other provision of the Agreement.

IN WITNESS WHEREOF, the Agency has executed this Certificate this ___ day of _____, 198__.

REDEVELOPMENT AGENCY OF THE CITY
OF CORONA

By: _____
Executive Director

ATTEST:

Secretary of the Redevelopment
Agency of the City of Corona

ATTACHMENT TO CERTIFICATE
OF COMPLETION

LEGAL DESCRIPTION OF THE PRICE CLUB PARCEL

EXHIBIT "J"

(Form of Note)

UNITED STATES OF AMERICA

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

REDEVELOPMENT AGENCY OF THE CITY OF CORONA

PROMISSORY NOTE

Rate of
Interest: (8 3/4%) per annum

Dated
Date: _____, 1987

Payee: Corona Hills Associates, a California general partnership

Principal Amount: Nine Million (\$9,000,000.00) Dollars

1. The Redevelopment Agency of the City of Corona, in the County of Riverside, State of California (the "Agency"), a public body corporate and politic, duly organized and existing under the laws of the State of California, for value received, promises to pay to the order of Corona Hills Associates, a California general partnership (the "Developer"), at 2201 Dupont Drive, Suite 2000, Irvine, California 92715, or its permitted assigns, the principal sum of:

Nine Million (\$9,000,000.00) Dollars

plus interest from the date hereof at the rate of Eight and Three Quarters (8 3/4%) Percent per annum, to be compounded annually until this Note is paid in full or otherwise forgiven as specifically provided herein. Notwithstanding the rate of interest on this Note herein specified, such rate shall not exceed the stated maximum rate of interest permitted on bonds issued by a redevelopment agency pursuant to Section 33645 of the Health and Safety Code of the State of California, as amended, or the maximum rate of interest otherwise provided by law. The principal of and interest on this Note are payable in lawful money of the United States of America, such payments to be made to the Developer by check or draft at the address referred to above of such other address as the Developer may instruct in writing to the Agency.

2. This Note is issued for the purpose of providing funds to finance certain redevelopment activities of the Agency and the Developer, all as set forth and described in the Disposition and Development Agreement, dated as of _____, 1987, by and between the Agency, The Price Company, a California corporation ("Price Company") and the Developer (the "Agreement"). The term "Site," as used herein, shall mean that certain real property purchased by the Developer and Price Company from the Agency pursuant to the Agreement. This Note is issued under the authority of and pursuant to the community Redevelopment Law, commencing with Section 33000 of the Health and Safety Code of the State of California, as amended, and is a special obligation of the Agency payable solely out of Tax Revenues as hereinafter defined.

3. This Note, together with any accrued interest thereon then owing, may be paid in full in advance of any Payment Date established herein without penalty. Upon such prepayment of the principal amount of this Note, together with any accrued interest thereon then owing, the holder of such Note shall surrender the Note at the principal business office of the Agency in Corona, California, and, notwithstanding any failure to surrender such Note, all obligations and duties of the Agency shall thereupon cease to exist and the Note shall no longer be deemed to be outstanding.

4. Developer shall have the right to transfer or assign this Note to any transferees or assignee of Developer's interest in all or any part of the Site.

5. For purposes of this Note, the following terms shall apply:

A. "Tax Revenues" for a Note Year shall mean an amount equal to one hundred (100%) percent of that portion of taxes due and paid to the City of Corona and/or the Agency which are derived from the imposition of the Bradley Burns Uniform Local Sales and Use Tax Law commencing with Section 7200 of the Revenue and Taxation Code of the State of California, as amended, arising from all businesses and activities conducted on the Site from time to time, which are subject to such Sales and Use Tax Law.

B. "Allocated Tax Revenues" shall mean the Tax Revenues allocated each Note Year to the Developer based upon the following allocation each Note Year:

- (1) First \$200,000.00 to Agency;
- (2) Next \$200,000.00 to Developer;
- (3) Balance 50% to Agency and 50% to Developer.

C. "Note Year" means (i) the twelve (12) calendar months beginning on the first day that a new Price Club facility is open (on the Site) for business to its members, and (ii) each twelve (12) calendar months thereafter. If the Price Club opens on a day other than the first day of a calendar month, the first Note Year shall consist of the twelve (12) calendar months beginning with the first calendar month after the date the Price Club opens, plus the period from the date of the opening until the first day of the first calendar month after the opening.

D. "Payment Date" means the fifteenth (15th) day after the last day of the sixth month of any such Note Year and the fifteenth (15th) day after the first day of any such Note Year.

E. "Debt Service Payment" means each and every payment required to be made by the Agency under paragraph 6 below in repayment of principal and interest on this Note.

6. A. The Agency promises to pay to the order of Developer the Debt Service Payments on each Payment Date during each Note Year in an amount equal to the total Allocated Tax Revenues for the Note Year as of the Payment Date, less any Debt Service Payment previously paid to Developer for such Note Year. Debt Service Payments shall be first credited to the payment of all accrued but unpaid interest and the balance to principal. Debt Service Payments shall be made for a period of forty (40) years or until accrued interest and principal on this Note are paid in full, whichever occurs first. In the event that Debt Service Payments are insufficient to fully discharge the principal and interest on this Note within the forty (40) Note Years, then, in such event, the unpaid balance of principal and accrued interest, if any, shall be deemed forgiven; provided, however, that the Agency shall pay to the Developer after the fortieth (40th) Note Year an amount equal to Allocated Tax Revenues generated on the Site prior to the expiration of the fortieth (40th) Note Year but not received by the agency of the City of Corona until after the fortieth (40) Note Year; such payment to be made by the Agency upon receipt of such Allocated Tax Revenues by the city and/or the Agency.

B. Notwithstanding paragraph 6(a) above herein, in the event that there has not been constructed on the Site (in addition to a Price Club building) an additional building (or buildings) consisting of at least a shell containing floors, walls, and a roof, of at least one hundred then thousand (110,000) square feet of floor area, no later than four (4) years after the date of this Note, the Agency shall give the Developer written notice specifying the extent to which such construction has not been completed. In the event that such construction is not completed within ninety (90) days after the Developer's receipt of such notice, then a portion of the principal balance of this Note in the amount of Four Million, Five Hundred Thousand (\$4,500,000.00) Dollars shall be deemed forgiven and the forty (40) year period within which this Note is to be liquidated, as

provided in paragraph 6(a) above herein, shall be deemed reduced to twenty-five (25) years.

C. Notwithstanding anything herein to the contrary, the Agency shall have no obligation to make any payments on this Note until a Price Club has opened for business to its members on the Site and has conducted such business for a minimum of thirty (30) days. There shall be no obligation to continue such business after such thirty (30) day period and any discontinuance or cessation of such business shall not affect the obligation of the Agency to make payments under this Note.

D. The Agency shall create a special account as part of its special fund and shall deposit and credit to such account all Allocated Tax Revenues received by the Agency which are a first pledge to secure the Agency's obligation on this Note. After each Debt Service Payment, the Agency may debit such special account for the amount of the Debt Service Payment.

7. In the event the Agency fails to make a Debt Service Payment required under this Note when due, and should such default continue for a period of thirty (30) days after the Agency receives from the Developer written notice of default, the Agency shall pay to the Developer a late charge of one (1%) percent of the overdue amount, which late charge shall be due within ten (10) days after the aforementioned thirty (30) day period. Failure by Developer to give such Notice shall not be deemed a waiver of such default.

8. Any Debt Service Payment not paid when due as provided herein shall itself bear interest at the rate provided herein until paid.

9. The Agency shall pay all costs and expenses, including reasonable attorneys' fees incurred in collecting payment on this Note or in enforcing any judgment obtained in any legal process to collect on this Note, whether or not legal action is instituted.

10. The obligations of the Agency under this Note are binding on the Agency's successors and assigns.

IN WITNESS WHEREOF, the Redevelopment Agency of the City of Corona has caused this Note to be executed in its name by the manual signature of its Chairperson and attested by the manual signature of its Executive Director, and its corporate seal to be affixed hereto or imprinted hereon.

REDEVELOPMENT AGENCY OF THE
CITY OF CORONA

By: _____
Chairperson

(SEAL)

ATTEST:

Executive Director

APPROVED AS TO FORM:

Agency Counsel

