STAFF REPORT
CITY OF YORBA LINDA

Administration Department

DATE: SEPTEMBER 17, 2013

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: DAVID CHRISTIAN, FINANCE DIRECTOR / ASSISTANT CITY MANAGER

SUBJECT: UPDATE REGARDING POTENTIAL OPTIONS AND PROCESS PERTAINING TO THE FUTURE USE OF THE WEST BASTANCHURY SITE FORMERLY KNOWN AS THE FRIENDS CHRISTIAN HIGH SCHOOL PROPERTY WITH THE OPTION TO ALSO INCLUDE THE TANK FARM PROPERTY

RECOMMENDATION

It is recommended that the City Council consider pursuing and evaluating the site through the current General Plan Update process by tasking the General Plan Advisory Committee (GPAC) with the review of possible land use alternatives. By doing so we would then have the opportunity to utilize the economic sub-consultant of the current General Plan Update consultant, RBF, to prepare a financial analysis on a limited number of alternatives. As part of its review, the GPAC could in turn recommend to the Planning Commission and City Council consideration of an amendment to current zoning on the property. Their findings would then be presented to the Planning Commission and/or Parks and Recreation Commission and then finally to the City Council.

BACKGROUND

Now that the West Bastanchury property use has reverted back to the City, Council at their regularly scheduled meeting on August 6, 2013 began considering all potential options pertaining to the future use of the site, with the option to also include the adjacent northerly City-owned Tank Farm property.

At that meeting staff was directed to:

1) *begin the process to extend the Conditional Use Permit (CUP) that is still currently in effect for the West Bastanchury site (Main Site and Base Site)*; and

2) *contact Shell (SWEPI) to explore options of lifting the land use restrictions on the Option Site(s)*; and

3) *explore the interest of the property owners of Rocking T Ranch and Loma Vista Nursery in selling their land at the corner of Lakeview Avenue and Bastanchury Road.*

The intent of tonight's report is to: **1)** briefly review the regulatory history about the property; **2)** provide responses to the initial questions and direction given by City Council; **3)** offer a variety of scenarios and potential future land use options; and/or **4)** ask Council to provide direction to staff as to the various processes of which to determine future land use.

REGULATORY HISTORY OF PROPERTY:

As of the August 6, 2013 City Council Meeting, the Council has begun considering the 32.5 acres of the former Friends Christian High School site located on the north side of Bastanchury Road, between Casa Loma Avenue on the west and Eureka Avenue on the east. The site includes two properties; **1)** northerly City-owned parcel, (Shell Option Site), now referred to as the **"Main Site"** consisting of approximately nineteen (19) acres, and **2)** a southerly City-owned parcel consisting of approximately thirteen (13) acres, known as the **"Base Site"**. The City is now also evaluating the option to include an additional seven (7.63) acre City-owned parcel located immediately to the north of the Main Site, which is referred to as the "**Tank Farm**" Site. With the inclusion of the Tank Farm site the City has the opportunity to consider land uses for a total of 40 adjacent acres of City owned property, while knowing that 27 acres of that property has the Use Restrictions attached by the former developer, Shell (SWEPI).

In summary the three (3) properties have the following site characteristics:

BASE SITE:

- 13.5 acres
- Zoned **RE (O) Residential Estate with an Oil overlay** –
    - *a minimum lot size of 15,000 sq. ft. and maximum densities of 1.8 units per acre. While agrarian uses and the keeping of equine, cleft-hoofed and other animals is permitted in this zone district, these uses are clearly incidental and accessory to the primary single-family residential use. Residential areas within the RE zone are characterized by large, custom and semi-custom homes.*

    - *Permitted uses within this district are single family residences, farm/ranch, family daycare, whole sale nursery, second residential unit, transitional and supportive housing. Uses permitted with a conditional use permit include animal hospital, religious institutions, communication facilities, equestrian centers, golf courses, commercial kennels, park/recreation facilities, public*

utilities, private schools/educational institutions, and commercial stables. The (O) overlay refers to oil production.

- **NO RESTRICTIONS** as it is not a part of the Shell Specific Plan area or the Option Site Agreement.

MAIN SITE:

- 19.37 acres
- Zoned **PD (Planned Development)** -The PD distinction refers to the Shell Specific Plan establishing Village Plans for the Vista Del Verde Master Plan Community. For this specific property, the plan identifies allowable uses pursuant to the "Option Site Agreement" or residential use as part of Village Plan IV.
- **USE RESTRICTIONS** subject to the Option Site Agreement with Shell Western E & P Inc. (SWEPI).

TANK FARM SITE:

- 7.63 acres
- Zoned **PD (Planned Development)** -The PD distinction refers to the Shell Specific Plan establishing Village Plans for the Vista Del Verde Master Plan Community. For this specific property, the plan identifies allowable uses pursuant to the "Option Site Agreement" or residential use as part of Village Plan IV.
- **USE RESTRICTIONS** subject to the Option Site Agreement with Shell Western E & P Inc. (SWEPI).

USE RESTRICTIONS: Specifically, the Option Site Agreement ***(Exhibit A – Attachment C)*** spells out the allowable "Public Uses" for the **Main Site and Tank Farm Site**. Though the Shell Specific Plan (PD zone) permits residential development at the **Main Site** and **Tank Farm Site**, the Option Site Agreement includes the fact that no development of housing can occur on the parcel(s). The restrictions in the Option Agreement supersede the permitted residential development as indentified in the Village Plan IV of the Specific Plan in that they were intended to be triggered upon the City exercising the option to acquire the property.

DISCUSSION

RESPONSES TO INITIAL QUESTIONS AND DIRECTION

1) ***Begin the process to extend the Conditional Use Permit (CUP) that is still in effect currently for the West Bastanchury site (Main Site and Base Site).***

A public hearing concerning an extension of the CUP appears separately on this agenda, including the Staff Report and corresponding Resolution.

2) ***Contact Shell (SWEPI) to explore options for lifting the land use restrictions on the Option Site(s).***

On September 5, 2013 staff had an initial meeting with the representatives of Shell (SWEPI) to discuss the possibility of lifting the land use restrictions pertaining to the Tank Farm and Main sites. At this time they have indicated a willingness to lift (or discuss lifting) the restrictions in order to collaborate with the City to an outcome that is mutually beneficial for both parties, which may involve Shell buying back a portion or all of the Main Site and Tank Farm properties. There may also be the possibility of negotiating a price for lifting and/or amending the restrictions themselves on the properties.

3) ***Explore the interest of the property owners of Rocking T Ranch and Loma Vista Nursery in selling their land at the corner of Lakeview Avenue and Bastanchury Road.***

Staff has tried numerous times to contact, (via email, phone calls, and a letter) the appropriate owners of Rocking T Ranch (those that have authority over and control of the land), but as of the writing of this report has not been able to speak directly with the ownership. Any further updates will be provided to the City Council at the September 17 meeting.

Staff was able to contact the owner of the Loma Vista Nursery property. However, they are not currently interested in selling the land at this time. They are aware of the City's interest and will notify the City when and if their interest changes in the future.

ANALYSIS

At this time the initial questions have been addressed, and staff is prepared to discuss in more detail the various land use scenarios and potential process to determine such.

For review and perhaps again for future discussion, below are the various land use scenarios and potential process(es) that may be considered. They are not however, listed in any particular order or preference:

A. Prepare a Request For Proposal to sell or lease part of the property and use the revenue to build "public use" amenities on the balance of land, such as a sports complex, library, equestrian center or similar facility as

appropriate. (Specific property for sale, and to who, is partly determined by negotiations with Shell.)

1) Sell/lease the **Base Site** (13.5 acres) and build Public Use on the **Tank Farm** and **Main sites** (27 acres)

2) Sell **Tank Farm** and/or **Main sites** back or a portion thereof to Shell and build "Public Use" on the balance of the 40 acres, or a combination thereof.

B. Negotiate with Shell to relinquish the restrictions and put the entire 40 acres on the market for sale or lease, which may include selling all or just the **Tank Farm** and/or **Main sites** directly back to Shell, and possibly just preparing an RFP for the **Base Site**.

C. Develop the entire 40 acres for public use
- Council would need to determine funding source(s).

D. Continue to explore and consider opportunities to swap or sell the property or parts thereof in exchange for more appropriate "public land uses" elsewhere within the City or sphere of influence.

E. Investigate the interest level of other private schools looking for property in the area.

FUTURE CONSIDERATION COULD INCLUDE OTHER PROCESSES OR ALTERNATIVES SUCH AS:

1) Continue to discuss the lifting of the restrictions with Shell (SWEPI) with the potential to sell the Tank Farm and Main sites or a portion thereof back to Shell and begin price negotiations, which may include the cost of a third party MAI appraisal.

2) Provide further direction to staff as to preferred land use options and related process that may also include discussions about overall City funding needs pursuant to the sale of the properties.

FISCAL IMPACT

Related to the **Recommendation**, costs will be associated with extending and amending the contract with RBF Consulting to include the land use analysis of this particular site along with and as part of the General Plan Update process.

Should Council decide to choose **Option A or B** listed above under the Analysis section of the report the cost would include the hiring of a consultant to prepare, distribute and review the RFP's.

Should Council choose **Process 1** listed above under Analysis there may be a cost ($5,000 - $10,000) to assist in the payment of a third party appraisal. The City has its own appraisal on file that was completed less than a year ago, March 2012 for the Main and Base sites, but it does not include the Tank Farm property or take into consideration the deed restrictions.

Please note that the recently approved FY 2013/2014 operating budget included the appropriation of $25,000 in anticipation that there may be a need for a consultant to assist in the West Bastanchury Property development process.

ATTACHEMENTS

Exhibit A – August 6, 2013 Staff Report, including Maps, Option Agreement and Deed Restrictions

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Approved by:

Mark A. Pulone
City Manager

Certified as to Fiscal Impacts:

David J. Christian
Finance Director/Assistant City Manager

Exhibit A

STAFF REPORT
CITY OF YORBA LINDA

Administration Department

DATE: AUGUST 6, 2013

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: DAVID CHRISTIAN, FINANCE DIRECTOR / ASSISTANT CITY MANAGER PRO TEMPORE

SUBJECT: POTENTIAL OPTIONS AND PROCESS PERTAINING TO THE FUTURE USE OF THE WEST BASTANCHURY SITE FORMERLY KNOWN AS THE FRIENDS CHRISTIAN HIGH SCHOOL PROPERTY WITH THE OPTION TO ALSO INCLUDE THE TANK FARM PROPERTY

RECOMMENDATION

It is recommended that the City Council consider and give further direction to staff as to preferred land use options and related process outlined in the staff report; and authorize corresponding funds to prepare and carryout Council's direction.

BACKGROUND

City Council at their regular scheduled meeting on February 12, 2013 directed staff to

> *place on a future City Council meeting agenda the potential termination of the Friends Christian Church High School Lease; and if the Council authorized termination of the Lease, staff was also directed to explore all potential options pertaining to the future use of the Property including, but not limited to, City development of the Property for public purposes or lease or sale to a third party after the issuance of a request for proposals for the Property*

Most recently at the May 21, 2013 City Council Meeting, the Termination Agreement between the City and Yorba Linda Friends Church and Friends Christian High School (collectively, "Friends Church") regarding the Ground Lease and Joint Use Agreement was approved. Also at that meeting Council authorized that Friends Church's payment from the Termination Agreement be put into an account and used for maintenance of the Property.

Now that the property use has reverted back to the City, Council should consider all potential options pertaining to the future use of the West Bastanchury site, with the option to also include the adjacent northerly City-owned Tank Farm property. The intent of tonight's report is three-fold:

1) provide background and regulatory history about the property;
2) offer a variety of scenarios and potential future land use options; and
3) ask Council to start considering and providing initial direction to staff as to the various processes of which to determine future land use. Initial direction can be given once two time-sensitive questions are answered by Council. These questions will be asked and explained later in the report.

SITE CHARACTERISTICS:

LOCATION (see Attachment A): Approximately 32 acres of vacant property located on the north side of Bastanchury Road, between Casa Loma Avenue on the west and Eureka Avenue on the east. The site consists of two properties; **1)** northerly City-owned parcel (Shell Option Site) consisting of approximately nineteen (19) acres, and **2)** a southerly City-owned parcel consisting of approximately thirteen (13) acres.

GENERAL PLAN DESIGNATION: The General Plan designation for the property is defined as Medium Low Density Residential (1.8 dwelling units per household) for a portion of the site and Area Plan (former Shell Property) for the remainder of the site. This will be discussed in more detail under the Site History section of the report.

ZONING (see Attachment B): The total site encompasses specifically 32.887 acres. The property does however contain two components:

- The first component is zoned **RE (O) Residential Estate with an Oil overlay**. This first component with frontage on Bastanchury Road consists of a rectangular parcel containing 13.5 acres. For ease of reference we will call this the "**Base Site**". Residential Estate as per Chapter 18.10.040, et al, of the Zoning Ordinance is

> "*intended as an area for residential estates with a minimum lot size of 15,000 sq. ft. and maximum densities of 1.8 units per acre. Only those additional uses are permitted that are complementary to, and can exist in harmony with, a residential neighborhood. While agrarian uses and the keeping of equine, cleft-hoofed and other animals is permitted in this zone district, these uses are clearly incidental and accessory to the primary single-family residential use. Residential areas within the RE zone are characterized by large, custom and semi-custom homes.*"

Permitted uses within this district are single family residences, farm/ranch, family daycare, whole sale nursery, second residential unit, transitional and supportive housing. Uses permitted with a conditional use permit include animal hospital, religious institutions, communication facilities, equestrian centers, golf courses, commercial kennels, park/recreation facilities, public utilities, private schools/educational institutions, and commercial stables. The (O) overlay refers to oil production. This zone is to establish regulations and appropriate performance, development, and maintenance standards for the extraction of new oil, gas and other hydrocarbon substances. Such standards are to be specified in the conditional use permit.

- The second component is immediately north of the Base Site with access via a long driveway along the western site boundary going south to Bastanchury Road. The majority of the property is also rectangular in shape and includes the southwest narrow access driveway just west of the Base Site and contains approximately 19.37 acres. This parcel has been determined to be zoned **PD (Planned Development)**. *(While preparing this report it was identified that the zoning and land use maps were inadvertently mis-labeled, indicating that a portion of this parcel was within the RE zone, when in fact it is not. An amendment to correct these maps will occur in the near future.)* The PD distinction refers to the Shell Specific Plan, which was adopted in March 1999 and in which the City of Yorba Linda established Community Design Guidelines and Village Plans for the Vista Del Verde Master Plan Community. For this specific property, the plan identifies allowable uses pursuant to the "Option Site Agreement" or residential use as part of Village Plan IV. For ease of reference we will call this the "**Main Site**".

Both of these parcels (Base and Main) are now owned in fee by the City of Yorba Linda, however, the **Main Site** (19.37 acres) is subject to deed restrictions as contained in the Option Site Agreement (**Attachment C and listed below**) with Shell Western E & P Inc. (SWEPI).

USE RESTRICTIONS: Specifically, the Option Site Agreement (**Attachment C**) spells out the following allowable public uses for the **Main Site** (**and Tank Farm Site**):

- Child and/or adult day care facility
- Civic center buildings
- Community center
- Fire facilities
- City Hall facility
- City vehicle and equipment storage facilities
- Community garden
- Library

- Museum
- Post office
- Public high school
- Senior citizen center
- Police facilities
- Private high school
- Recreational and/or athletic facilities, including but not limited to one or more of the following: parks; playgrounds; baseball fields and facilities; football fields and facilities; golf facilities; indoor and/or outdoor recreational courts, rinks and facilities for basketball, volleyball, tennis, paddle tennis, racquetball, squash, handball, ice hockey, roller hockey, ice skating, skateboarding, gymnastics, flying disc golf, swimming and aquatics, lawn bowling, and bicycling; and ancillary facilities related to the above

Please note there are **no restrictions on the Base Site**, as it is not a part of the Shell Specific Plan area nor the Option Site Agreement.

SITE HISTORY:

The City purchased the 13.5 acre southerly, Bastanchury frontage **Base Site** portion in 1977. It was the City's original intent to exchange the site for an eleven-acre site known as the "Valley View site," which was owned by the former Yorba Linda School District. The City intended to re-construct the deteriorating baseball fields on the Valley View site in order to create a City sports park. The Yorba Linda School District intended to use the **Base Site** for the establishment of an elementary school. Due to declining enrollment at the time, however, the Yorba Linda School District ultimately did not exchange the Valley View site for the City-owned parcel. Therefore, the City subsequently purchased the Valley View site from the school district, which is now developed as Veterans Park. The City maintained ownership of the **Base Site** over the years, leasing it to various agricultural interests for the purpose of growing vegetables, farming Christmas trees, etc., consistent with the zoning classification of the property at that time, i.e., *Residential Agricultural.*

In 1993, the City adopted the General Plan Update, the first comprehensive update to the City's General Plan since its original adoption in 1971. The northerly 19.37 acres (**Main Site**) of the project site was assigned the *Area Plan*

(Shell Property) designation as part of the General Plan Update. The Area Plan designation required the overall Shell Property to be comprehensively planned and developed through a Specific Plan zoning mechanism. On December 19, 1995, the City Council adopted the Shell Master Planned Community Specific Plan, which included as one of its components the "Option Site" and "Option Site Agreement", which provided the City with the opportunity to purchase the northerly (**Main Site**) nineteen (19.37) acre portion of the subject site, as well as an additional seven (7.63) acre parcel located immediately to the north of the Main Site, which is referred to as the "**Tank Farm**" Site (**see Attachment A/B**). The purpose for inclusion of the Option Site in the Shell Specific Plan was to secure a site for a future public high school. Given the uncertainty at that time as to whether a public high school could be realized on the site, however, other civic/public uses of the property (including a private high school) were also contemplated within the **Option Site Agreement**, which again included the **Main Site** 19.37 and the 7.63 acres of the **Tank Farm** for a total of 27 acres. Both of these properties, the **Main Site** and **Tank Farm Site** came with deed restrictions as defined previously in the Option Site Agreement (**Attachment C**).

Though the Shell Specific Plan (PD zone) permits residential development at the **Main Site** (and **Tank Farm Site**), the Option Site Agreement places restrictions on the site, including the fact that no development of housing can occur on the parcel(s). Absent the lifting of these restrictions, the City would be limited instead to the Public Uses outlined above in the Option Agreement for the **Main Site and Tank Farm**. The restrictions in the Option Agreement supersede the permitted residential development as indentified in the Village Plan IV of the Specific Plan.

The site history also includes the fact that when the City approved the Shell Master Planned Community Specific Plan, the Bridlewood Estates area to the immediate east of the project site was largely vacant property. On April 28, 1999, the Planning Commission approved Tentative Tract Map 15611 for the development of Bridlewood Estates. In that the subject property had been planned for development of a public high school or other active public use of a similar nature since adoption of the Shell Specific Plan 1995, the Planning Commission wanted to be sure that prior to the purchase of a home within the Bridlewood tract, future homeowners would be informed of the planned high school on the subject site. Therefore, the Planning Commission included a specific condition of approval (Condition No. 72 of Planning Commission Resolution No. 3664) that required the developer to obtain signed disclosure statements from prospective buyers. Specifically, the condition of approval reads:

Condition No. 72

The developer is required to obtain and submit to the Building Division prior to occupancy the following signed statement by the purchasers of homes and/or prepared lots within Tract 15611:

"In purchasing the home located on Lot _____, Tract 15611, I understand that the vacant property located adjacent to the west side of the tract may be developed for use as a high school, or other public use, and may contain lighted athletic fields.

Signed (Purchaser)_____

Name _____

Copies of the above disclosure statements signed by each of the original Bridlewood Estates owners are on file with the Planning Division.

Moving forward to March 4, 2003, the City of Yorba Linda and Yorba Linda Friends Church entered into a Ground Lease (collectively, along with amendments thereto, the "Lease"). The Lease pertained to the City owned **"Main Site" and "Base Site"** parcels (not the Tank Farm site). The City allowed Friends Church, subject to the terms of the Lease, to build Friends Christian High School on the Property. The Conditional Use Permit 2003-77, Design Review 2003-23, Tentative Parcel Map 2004-203 and Final E.I.R were approved and referred up to the City Council for final approval by the Planning Commission on May 9 2005. City Council then ultimately approved all items at their September 22, 2005 Council Meeting.

The City and Friends Christian High School then entered into a Joint Use Agreement dated September 22, 2005 for the mutual benefit of the school and the community, specifically the athletic facilities and the assembly hall. Since 2005 minimal improvements have been done with the land. Some grading of the property, along with mitigation efforts pertaining to the previous oil well/ hazardous materials issue were addressed and reduced any impacts to a level of insignificance. Friends Christian High School ultimately defaulted on the Lease payments starting end of year 2011, thus leading to the approval of the Lease termination by the City at the May 21, 2013 City Council Meeting. This property has now reverted back to the City, which leads to the present discussion as to what are the City's potential current land use options.

DISCUSSION

Based on direction from Council, along with internal staff discussions, it has been determined that there are multiple land use options or combinations thereof available at the West Bastanchury site. However, before there is a specific land use option chosen, staff suggests that City Council first answer two initial questions in order to move forward in the process to make those land use option decision(s). Those two questions are:

1. ***Should staff be directed to contact Shell (SWEPI) to determine if the land use restrictions on the Option Site(s) can be lifted?***
    a. If restrictions can be lifted, this will allow the City the ability to add housing as another development option on the Tank Farm and Main Site, other than just public uses. Potentially, SWEPI could ask for the property back at a negotiated price to control the construction of the residential housing on the site.

       If the restrictions were lifted, any housing developer would have to adhere to the Vista Del Verde Master Plan Community - Village IV Development Plan. In referring to Section 4.1.1 in the Village IV Development Plan, the Option Site area is designated for lower density single family residential with development standard Zone 5.0 that limits density to 2.8 dwelling units per acre. Furthermore, the overall Shell Specific Plan allows for approximately 2,100 units, with the Village IV Development Plan providing for a maximum of 893 residential units. At this point it is staff's educated guess that there is the regulatory and perhaps physical ability to build approximately 75 more units on the Option Site(s) (Tank Farm and Main Site, but not including the Base Site).

2. ***Should staff come back to the Council with a report to extend the Conditional Use Permit (CUP) that is still in effect currently for the West Bastanchury site (Main Site and Base Site)? Please keep in mind the following:***

    a. it is scheduled to expire this September 23, 2013;

    b. the CUP stays with the property, not the owner/lessor;

    c. AB 116, an urgency bill that became law July 11, 2013, extends tentative maps approved after January 1, 2000, that have not yet expired, by two years. This would apply to the West Bastanchury site. Knowing this, it would then make sense to extend the CUP. There is a value to extending the CUP in that it would allow for another private (or public) school to make an offer without having to reinitiate the land use approval/EIR process all

over again. This could be a significant consideration in the marketing of the property for sale or lease. Slight changes to the development area footprint could be accommodated if needed, and an amendment to any permits or environmental documents processed if necessary.

d. By extending the CUP it does not restrict the land use just to a school use, but it does allow the City to keep the school use as an option without once again going through the permitting process.

Once the above questions are answered and direction given, it would be staff's preference to:

1) bring back to Council at a future Council meeting prior to the expiration date of September 23, 2013 a Resolution extending the CUP;
2) report back the results of discussions with Shell (SWEPI) as to the possibility of the Option Site(s) restrictions being lifted; and
3) be prepared to discuss in more detail the various land use scenarios and potential process to determine such.

For review and perhaps future discussion, below are the various land use scenarios and potential process that may be considered. They are not, however listed in any particular order or preference:

A. Prepare a Request For Proposal to lease or sell the entire 40 acre site (including Base, Main, and Tank Farm) or combinations thereof including:

1. the 32.887 acres (**Main Site*** **<restricted>** **and Base Site** **<unrestricted>**)
2. the 27 acres **(Tank Farm*** **<restricted>** **and Main Site*** **<restricted>)**
3. the 19.37 acres **(Main Site*** **<restricted>)**
4. the 13.5 acres **(Base Site** **<unrestricted>)**
    - There is available space on the Base Site for potentially 16 lots based on surrounding residential lot sizes.
5. the 7.63 acres **(Tank Farm Site*** **<restricted>)**

*Keep in mind there would be a need for the Main Site and Tank Farm Site restrictions to be lifted in order to sell the property for non-pubic purposes, otherwise a "Public Use" would need to be located on these two parcels.

B. Sell part of the property and use the revenue to build "public use" amenities on the balance of land, such as a sports complex, library, equestrian center or similar facility as appropriate

- May still need to determine if restrictions can be lifted on the Tank Farm and/or Main Site.

C. Develop the entire 40 acres for public use
- Council would need to determine funding source(s).

D. Explore and consider opportunities to swap or sell the property or parts thereof in exchange for more appropriate "public land uses" elsewhere within the City or sphere of influence.

E. Investigate the interest level of other private schools looking for property in the area.

ANALYSIS

Though Council may decide not to determine the specific land use options or process tonight, staff did want to be sure to include additional data to consider when the final decision is to be made whether tonight or at a future Council meeting.

Appraisal: The most recent appraisal done by the City for the West Bastanchury site (Main and Base Sites only) was conducted September 4, 2012 by Boznanski & Company. Based on the analysis of their data, and considering the influences of zoning and use approval, time of sale, general location, site size and configuration, and intended use, among other factors they concluded the following about the two land components:

Base Site = $29.00 +/- per square foot of land, resulting in a total rounded land value indication of **$16,541,000**

Main Site = $23.50 +/- per square foot of land, resulting in a total rounded land value indication of $**19,921,000**

Therefore, the former Friends Christian High School Property, itself overall appraised for **$36,462,000.**

The Tank Farm was not part of Boznanski & Company's scope, however if we were to use the lower appraisal number of the adjacent Main Site psf of $23.50 +/-, we can estimate an appraisal of approximately **$7,810,510.50** for the 7.63 acres of the **Tank Farm**. Therefore, an unofficial and potential total value of the Base Site, Main Site, and Tank Farm Site (40 acres) could be estimated at **$44,272,510** or approximately $1,106,813 per acre. However, the ultimate price of the property will be determined by the true market rate at the time of the sale.

Draft Parks and Recreation Master Plan Update: The Parks and Recreation Master Plan Update (PRMPU) is almost complete and in Draft form. Staff and the Consultants from RBF Consulting have been working diligently through the update process. Modifications were made to the first Draft of the Administrative version of the Master Plan based on Parks and Recreation Commission discussion(s). Staff brings this to your attention as there are references and recommendations made in the Draft PRMPU related to the needs, desires, and wants of the community (and specifically the West Bastanchury Site):

> ***6.5.3c*** *"The City should pursue the acquisition through parkland and open space dedication requirements; or lease agreements, or outright acquisition a 30-40 acre park site to develop a future community park site with recommend facilities and amenities."*
>
> ***6.5.3e*** *"Continue to monitor the options for development of the West Bastanchury Site and ensure that the final decision for the use of the site is consistent with the Parks and Recreation Master Plan for development of facilities and delivery of services." – "The West Bastanchury Site could provide needed fields and recreation facilities if it is developed. Continue to monitor the options for use of the site, financing plans and development plans to ensure that the site is considered for a community park with community sports fields."*
>
> ***6.6*** ***Related to Capital Improvement Projects -*** *"Some of the projects may be bundled into one project if there is community support, for example, it would be more cost effective to build a new community park with a sports complex, multipurpose community center and aquatics center with shared parking as one project versus building separate facilities."*
>
> ***6.6.3*** ***Strategies/Recommendations for Recreation Facilities -*** *"A Community Park with multi-purpose lighted sports fields, a community center with classrooms, studios, preschool facilities, and space for cultural arts activities. The public outreach and Facility Needs Assessment indicate a high demand for an additional community park with a multipurpose community center."* – in addition to the amenities listed above the community would like to include *" a sports complex, a spray pool/water feature, an outdoor amphitheater, walking paths, and group picnic shelters. Identifying a potential site and securing funding within the next ten years should be a strategic goal for the City."*

Please be keep in mind the quoted sections listed above from the Draft PRMPU are in draft form and are scheduled to be reviewed again at the

Parks and Recreation Commission meeting on August 15 with comments received being forwarded on to the General Plan Advisory Committee (GPAC) for their meeting on August 26. If there are any comments received by GPAC then there may be a need to bring those comments back to the Parks and Recreation Commission (and perhaps the Planning Commission) one more time prior to a final presentation and recommendation for approval to the City Council. The goal would be to bring a final version of the Parks and Recreation Master Plan Update to Council in the fall. The information gathered through the Parks and Recreation Master Plan Update has been and will be incorporated into the over-arching Recreation and Resource Element of the General Plan. The schedule to complete the overall General Plan is summer 2014.

General Plan: The General Plan Advisory Committee (GPAC) is reviewing the goals and policies from the 1993 update related to eight elements. Those elements include: Land Use, Circulation, Recreation and Resource, Historic Resource, Noise, Public Safety, Growth Management, and Housing. At this time they are in the process of considering the Land Use Element.

Furthermore, with the information provided as of the date of this report the Council has the opportunity to consider and give direction to staff as to preferred land use options and related processes outlined tonight, and authorize corresponding funds to prepare and carryout Council's direction. However, staff is prepared to bring back a report to a future Council Meeting including answers to the two time-sensitive questions:

1) *Should staff be directed to contact Shell (SWEPI) to determine if the land use restrictions on the Option Site(s) can be lifted?; and*

2) *Should staff come back to the Council with a report to extend the Conditional Use Permit (CUP) that is still in effect currently for the West Bastanchury site (Main Site and Base Site)?*

Future consideration could include the following **processes** or **alternatives**:

1. Pursue and evaluate the site through the current General Plan Update process by tasking the General Plan Advisory Committee (GPAC) with the review of possible land use alternatives. As part of its review, the GPAC could recommend to the Planning and City Council an amendment making zoning changes. We would then also have the opportunity to utilize the economic sub-consultant of the current General Plan Update consultant, RBF, to prepare a financial analysis on a limited number of alternatives. Their findings would then be presented to the

Planning Commission and/or Parks and Recreation Commission and then finally to the City Council.

2. Authorize staff to request bids from any/all consulting firms interested in providing a financial analysis to determine a land residual valuation, product yield and cost to complete at least two predetermined development alternatives on this site. Council will still need to narrow down possible options for development in order to move forward with this alternative. Please note that the more options that the consultant will have to analyze, the higher the cost.

FISCAL IMPACT

1. Should Council decide to choose any of the scenarios in **Option A** listed above in the Discussion section of the report, the cost would include the hiring of a consultant to prepare, distribute and review the RFP's.

2. Should Council choose **process 1** listed above as a future consideration, costs will be associated with extending and amending the contract with RBF Consulting to include the land use analysis of this particular site along with and as part of the General Plan Update process.

The recently approved FY 13/14 operating budget included an appropriation of $25,000 in anticipation that there may be a need for a consultant to assist in the West Bastanchury Property development process. This is an approximate cost based on an informal quote received to provide relevant services.

EXHIBITS

ATTACHMENT A – West Bastanchury Area Map including the Terrain
ATTACHMENT B – City of Yorba Linda Map with Zoning
ATTACHMENT C – Option Agreement, including Deed Restrictions

Approved by:

David Christian
Finance Director / Assistant City Manager Pro Tempore

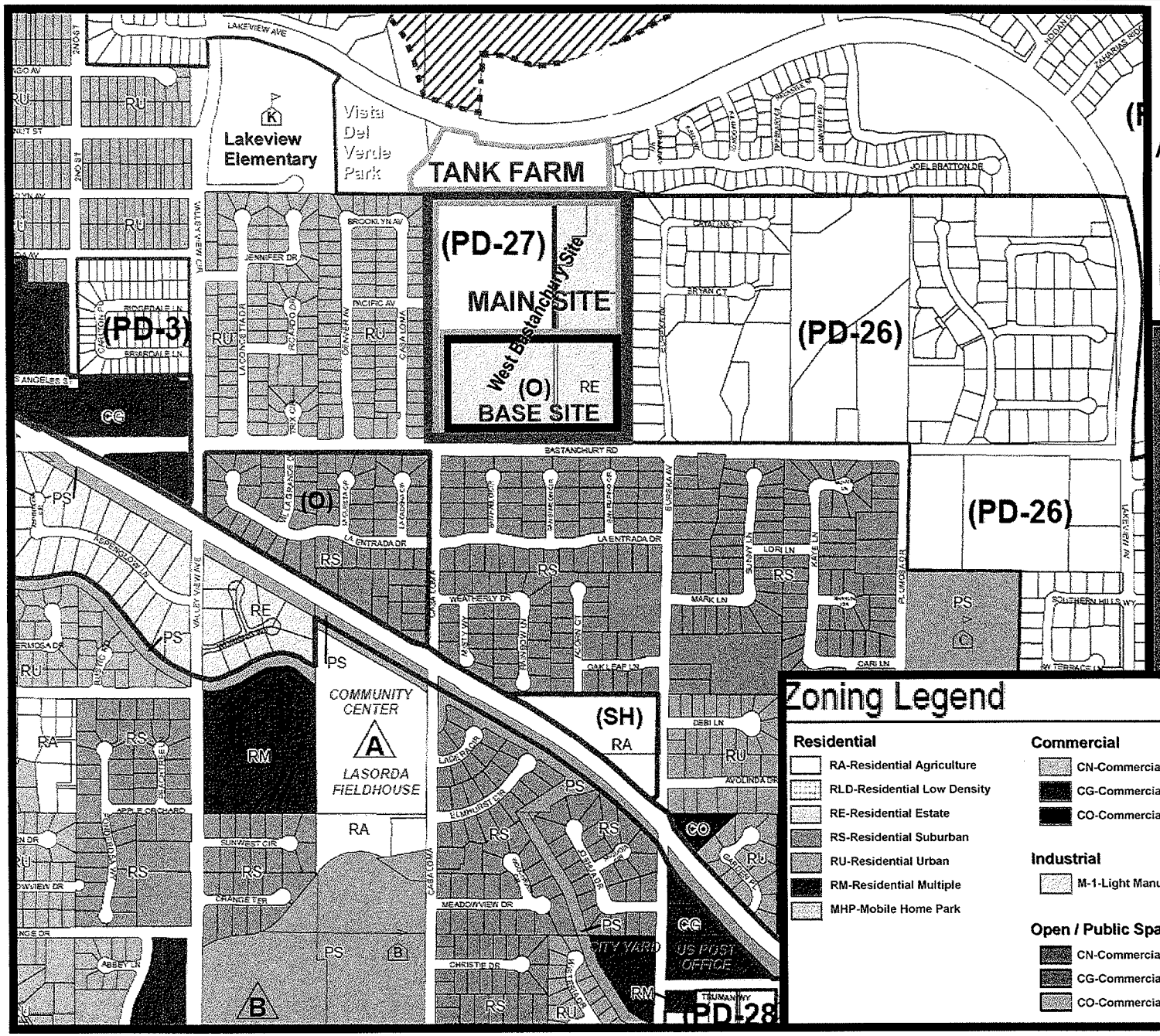
ATTACHMENT A

WEST BASTANCHURY AREA (with terrain and recent development references)

ATTACHMENT B

WEST BASTANCHURY SITE

(Formerly Friends Christian High School Property)



TOTAL ACRES AVAILABLE INCLUDING TANK FARM (option site 2) APPROXIMATELY 40 ACRES

7.63 — **Tank Farm** (option site 2) **Restricted**

West Bastanchury Site
Total 32.87 acres

19.37 acres — **Main Site** (option site 1) **Restricted**

13.5 acres — **Base Site** **Unrestricted**

Zoning Legend

Residential
- RA-Residential Agriculture
- RLD-Residential Low Density
- RE-Residential Estate
- RS-Residential Suburban
- RU-Residential Urban
- RM-Residential Multiple
- MHP-Mobile Home Park

Commercial
- CN-Commercial Neighborhood
- CG-Commercial General
- CO-Commercial Office

Industrial
- M-1-Light Manufacturing

Open / Public Space
- CN-Commercial Neighborhood
- CG-Commercial General
- CO-Commercial Office

Planned Development
- PD-Planned Development

Unincorporated
- UNC-Unincorporated Area

- Combining (o) (SH) (FP-2)
- Special Studies Zone
- Faults
- BNSF Railroad
- City Boundary
- Sphere of Influence

ATTACHMENT C

Recorded in the County of Orange, California
Gary L. Granville, Clerk/Recorder
No Fee
19970059045 4:04pm 02/06/97
005 22019859 22 27
A12 59 7.00 174.00 0.00 0.00 0.00 0.00

FREE RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

The City of Yorba Linda
c/o Rutan & Tucker
611 Anton Blvd., Suite 1400
Costa Mesa, CA 92626
Attn: Anne Nelson Lanphar, Esq.

Space above this line for Recorder's Use Only

OPTION AGREEMENT

THIS OPTION AGREEMENT ("Agreement") is made as of December 31, 1996, by and between SHELL WESTERN E&P INC., a Delaware corporation ("Optionor"), and the CITY OF YORBA LINDA, CALIFORNIA, a municipal Corporation ("Optionee").

R E C I T A L S:

A. Optionor and Optionee are entering into a development agreement dated July 22, 1996 (the "Development Agreement") the terms of which are incorporated herein by reference and made a part hereof. The Development Agreement sets forth certain rights and obligations of the Optionee and Optionor with regard to the development of certain real property more particularly described in Exhibit "A" attached hereto and incorporated herein by reference (the "SWEPI Property") owned by Optionor located in or to be annexed into the City.

B. Pursuant to the Development Agreement, Optionor desires to grant Optionee, on the terms and conditions set forth herein, two (2) separate options to acquire that certain real property consisting of approximately twenty-seven (27) acres of land, hereinafter referred to as the "Real Property," more particularly described on Exhibit "B" attached hereto and incorporated herein by this reference, and as shown in the cross-hatched and parallel lined area labelled "Phased Acquisition Parcel #1" and "Phased Acquisition Parcel #2" on the site map attached hereto as Exhibit "C" and incorporated herein by this reference (the "Site Map") on which oil operations are being conducted.

NOW, THEREFORE, the parties hereto agree as follows:

1. GRANT OF OPTIONS.

1.1. Grant and Exercise of Options. For valuable consideration, Optionor hereby grants to Optionee an option to purchase the approximately 19.37 acres of the Real Property more particularly described on Exhibit "D" attached hereto and incorporated herein by reference and as identified on the Site Map

as Phased Acquisition Parcel #1 ("Main Property"), which property includes all of the Real Property except the "Tank Farm Property" (as that term is defined below), at the price and on the terms and conditions set forth below ("Main Property Option"). Optionor hereby grants to Optionee a second option to purchase approximately 7.63 acres of the Real Property more particularly described on Exhibit "E" attached hereto and incorporated herein by reference and as identified on the Site Map as Phased Acquisition Parcel #2 ("Tank Farm Property") at the price and on the terms and conditions set forth below ("Tank Farm Option"). The Main Property Option and the Tank Farm Option shall be collectively referred to herein as the "Options."

1.2. Option Periods.

1.2.1. Main Property Option Period. The "Main Property Option Period" shall commence on the "Effective Date" (which shall be the date this Agreement is recorded in the Orange County Recorder's Office) and shall expire at 5:00 pm on the date which is fifteen (15) years following the Effective Date. Optionee shall have the right at any time during the Main Property Option Period to exercise the Main Property Option; provided, however, in the event that at any time after the tenth (10th) and prior to the fifteenth (15th) year following the Effective Date, Optionor, in the exercise of its good faith business judgment, elects to record tract maps for subdivision of "Village IV" into individual residential lots, as set forth in the Shell Specific Plan/Master Planned Community/Shell Yorba Linda Planned Community Zoning Ordinance on the Main Property, Optionor may give written notice to Optionee of such election ("Optionor's Notice of Intent to Develop"). In such event, Optionee shall have a period of ninety (90) days following the date of Optionor's Notice of Intent to Develop within which to deliver a written notice of exercise of the Main Property Option to Optionor.

1.2.2. Tank Farm Option Period. If the Optionor exercises the Main Property Option, the Tank Farm Option shall remain in effect. Optionor shall give Optionee a courtesy notice of the date on which Optionor expects to complete remediation of all active and inactive oil and gas wells, pipes and pipelines, oil production and processing equipment, facilities, holding and processing tanks, casings, buildings and structures which are used for transmission of oil and oil products, and for removing or injecting oil, gas, water and other substances into or from the subsurface of the Tank Farm Property ("Oil Facilities"). Optionor shall deliver such courtesy notice at least one (1) year prior to the anticipated date for completion of remediation. Optionee shall be entitled to exercise the Tank Farm Option on the date that Optionor gives Optionee written notice that Optionor has actually ceased and abandoned operation of the Oil Facilities ("Tank Farm Option Commencement Date"); provided, however, in no event shall the Tank Farm Option Commencement Date occur

later than the date which is fifty (50) years following the Effective Date. Optionee shall have one hundred twenty (120) days following the Tank Farm Option Commencement Date to exercise the Tank Farm Option by giving written notice of such election to Optionor ("Tank Farm Option Period"). Notwithstanding anything in this Section 1.2 to the contrary, in the event that the Tank Farm Option Period would expire on a date which is prior to expiration of the Main Property Option Period, the Tank Farm Option Period shall run concurrently with the Main Property Option Period.

1.3. Exercise of Options. Optionee shall exercise the Options by delivering to Optionor three (3) duplicate originals of the Agreement for Purchase and Sale of Real Property and Escrow Instructions attached hereto as Exhibit "G" ("Escrow Instructions") for the Main Property or the Tank Farm Property, as applicable, each executed by Optionee, on or before expiration of the Main Property Option Period or the Tank Farm Option Period, as applicable. Optionor shall thereupon promptly execute the Escrow Instructions and deposit, within ten (10) days after receipt thereof, one (1) executed copy with the Escrow Holder named therein, return one (1) executed copy to Optionee, and retain one (1) executed copy for Optionor's records. The date that the Escrow Instructions are executed and delivered by Optionor to Escrow Holder shall be the date inserted on the first page of the Escrow Instructions as the date of opening of escrow.

1.4. Purchase Price. The purchase price ("Purchase Price") for the Main Property and the Tank Farm Property shall be One Hundred Thousand Dollars ($100,000.00) per acre, subject to increase by the cumulative and compounded percentage increase in the "Index" which is two months prior to the scheduled "Close of Escrow" (as defined in the Escrow Instructions) over the Index for the month which is two months prior to the Effective Date. The term "Index" shall mean the Consumer Price Index - All Urban Consumer - Los Angeles-Anaheim-Riverside-All Items (1982-84=100) published by the United States Department of Labor's Bureau of Labor Statistics ("Bureau"). Should the Bureau discontinue the publication of the Index, or publish the Index less frequently, or alter the Index in some other manner, then Optionee and Optionor shall adopt a substitute index or substitute procedure which reasonably reflects variations in consumer prices.

1.5. Failure to Exercise Option. If Optionee fails to exercise the Main Property Option in accordance with the provisions of this Agreement prior to the expiration of the Main Property Option Period then the Main Property Option and Tank Farm Option shall both automatically terminate without notice to Optionee, and Optionor and Optionee shall have no further obligation to each other under this Agreement. If Optionee exercises the Main Property Option but fails to exercise the Tank Farm Option in accordance with the provisions of this Agreement prior to the expiration of the Tank Farm Option Period then the Tank Farm Option shall automatically terminate without notice to Optionee, and Optionor and Optionee shall have no further obligation to each other under

this Agreement. If either of the Options is not exercised by Optionee for any reason, Optionee shall deliver to Optionor, within three (3) days after written demand by Optionor, a quitclaim deed to the Main Property or the Tank Farm Property, as applicable, in favor of Optionor, together with any other document required by a title insurance company to verify the termination of the Options.

2. TITLE REVIEW.

2.1. Delivery of Preliminary Title Report. Within one hundred eighty (180) days following the Effective Date Optionor shall provide to Optionee for Optionee's review and approval a preliminary title report on the Main Property and the Tank Farm Property ("Preliminary Title Reports") to be issued by First American Title Insurance Company or a title company acceptable to the Optionee ("Title Company"), together with full copies of all written instruments creating exceptions to the title shown thereon, and a plat map locating the Main Property or the Tank Farm Property, as the case may be, and all title exceptions thereon.

2.2. Approved Exceptions. Optionee hereby pre-approves the following title exceptions: (i) encumbrances upon title to the Real Property as shall be reserved in the Grant Deed (as described in the "Escrow Instructions") for the Main Property and the Tank Farm Property, (ii) any restrictions or easements which do not materially interfere with the use of the Real Property for a Public Use as defined in Exhibit "F", (iii) exceptions arising out of the matters disclosed on Attachment 4.3 hereto, and (iv) restrictions and easements which are reasonably necessary for the orderly and commercially customary development of the SWEPI Property, provided the same do not prevent or materially interfere with the Public Uses (collectively, the "Approved Exceptions").

2.3. Removal of Encumbrances. If Optionor has encumbered the Real Property with any mortgages, deeds of trust, leases, licenses, or other liens, Optionor shall arrange to have those obligations released and reconveyed at no cost to Optionee prior to the Closing (as defined in the Escrow Instructions).

2.4. Title Defects. Except for the Approved Exceptions, any other title exceptions shown in the Preliminary Title Report shall be approved or rejected by the Optionee in its reasonable discretion on or before the date which is sixty (60) days following delivery of the applicable Preliminary Title Report. If within forty five (45) days from the delivery of the Preliminary Title Report Optionor has not received any written response from the Optionee regarding the review of title, Optionor shall give Optionee written notice stating that the last date for objecting to the condition of title is fifteen (15) days from the date of such notice or such right to object is waived. If the Optionee has not timely rejected any Exception other than the Approved Exceptions in the Preliminary Title Report, Optionee will be deemed to have approved same. If any of the Exceptions other than the Approved Exceptions are disapproved by Optionee (the "Title Defects"),

Optionor shall have the opportunity to (i) remove or alter the Title Defect in a manner reasonably satisfactory to the Optionee; (ii) endorse around the Title Defects in a manner reasonably satisfactory to Optionee; (ii) commence a Reference Proceeding in accordance with Section 5.5; or (iv) elect to use best efforts to provide Optionee with an alternative twenty seven (27) acres of real property contiguous to the thirteen acre site currently owned by the Optionee ("Substitute Property") in accordance with Section 2.5 below.

2.5. Substitute Property. In the event that Optionor after using best efforts, cannot remove or alter a Title Defect Title Defect in a manner reasonably satisfactory to the Optionee or endorse around a Title Defect in a manner reasonably satisfactory to Optionee, Optionor shall grant Optionee an option to acquire the Substitute Property on similar terms and conditions as set forth in this Agreement.

2.6. Approval of Amended Preliminary Title Report. Upon the issuance of any amendment or supplement to the Preliminary Title Report which adds additional exceptions, the foregoing right of review and approval shall also apply to said amendment or supplement, provided, however, that Buyer's initial period of review and approval or disapproval of any such additional exceptions shall be limited to fifteen (15) days following receipt of notice of such additional exceptions.

3. ENTRY AND INVESTIGATION OF PROPERTY.

3.1. License to Enter. During the term of the Options, Optionor grants Optionee, its agents and employees, a license to enter upon any portion of the Real Property for the purpose of conducting engineering surveys, investigations, soils tests and other studies at its own expense, to ascertain the feasibility of using the Real Property for a Public Use, and provided that Optionor receives not less than five (5) business days advanced written notice. A representative of Optionor must accompany Optionee and its agents or employees, at all times on the Real Property, and Optionee and its employees and agents agree to abide by any and all safety and health requirements imposed by Optionor in conducting such studies.

3.2. Delivery of Documents. After the Effective Date and upon the request o f Optionee thereafter, Optionor agrees to deliver to the Optionee copies of all reports or studies in their possession which concern the Real Property.

3.3. Indemnification. Optionee hereby agrees to indemnify Optionor and the Real Property and agree to defend and hold Optionor and Optionor's employees and agents and the Real Property free and harmless from any and all loss, cost, claim, expense, (including attorneys' fees and cost of investigation and litigation) or liability arising from the activities of Optionee, its agents and employees, upon the Real Property, and from any and

all mechanics', materialmen's and other liens resulting from such activities.

4. OPTIONOR'S REPRESENTATIONS AND WARRANTIES. Optionor, to the best of Optionor's actual knowledge (which shall mean during the period (A) Optionor is Shell Western E & P Inc. and (B) George Basye is project manager, the actual knowledge of only George Basye after his reasonably diligent inquiry within the company) as of the date hereof, makes the following representations and warranties each of which: (i) shall survive the exercise of the Options; (ii) shall be deemed material and are being relied upon by Optionee; (iii) shall be true in all respects as of the date each is made; and (iv) shall be true in all respects on the date that Optionee exercises the Main Property Option and/or Tank Farm Option:

4.1. Optionor shall not enter into any contract with respect to the Real Property which would materially interfere with the Public Use of the Real Property and would survive the exercise of the Options.

4.2. Optionor hereby warrants: (i) that neither this Agreement, nor anything provided to be done hereunder, shall violate, cause a breach of or constitute a default under any written or oral contract, agreement, instrument, indenture, mortgage, deed of trust, bank loan, credit agreement, note, evidence of indebtedness, lease, license undertaking or other agreement or instrument to which Optionor is a party which affects the Real Property; (ii) that Optionor is not in breach of or in default under any such agreement or instrument affecting the Real Property, nor are there any facts, circumstances, conditions or events which, but for notice or lapse of time or both, would constitute or result in any such default, nor has Optionor any reason to believe that there is likely to be a default or breach in the future with respect to any such obligations or liabilities; and (iii) that consummation of the sale, transfer, assignment and further encumbrance contemplated herein shall not result in the violation of any law, ordinance, rule or regulation, federal, state, local or environmental.

4.3. With the exception of the litigation disclosed on Attachment 4.3 attached hereto, there is no pending or threatened litigation, allegation, lawsuit or claim, whether for personal injury, property damage, property taxes, contractual dispute or otherwise, which do or may affect the Real Property or the operation or value thereof, and there are no actions or proceedings pending or, to the best of Optionor's knowledge, threatened against Optionor before any court or administrative agency in any way connected with the Real Property and neither the entering into of this Agreement nor the consummation of the transactions contemplated hereby will constitute or result in a violation or breach by Optionor of any judgment, order, writ, injunction or decree issued against or imposed upon it. There is no action, suit, proceeding or investigation pending or threatened against Optionor which would become a cloud on Optionee's title to and have

a material adverse impact upon the Real Property or any portion thereof or which questions the validity or enforceability of the transaction contemplated by this Agreement or any action taken pursuant hereto in any court or before or by any federal, district, county, or municipal department, commission, board, bureau, agency or other governmental instrumentality.

4.4. Optionor hereby warrants that no document, statement, certificate, schedule or other form of written material furnished or to be furnished directly or indirectly by Optionor to Optionee pursuant to this Agreement or in connection with the transactions contemplated herein contains or shall contain any untrue statement of a material fact or omit or shall omit to state a material fact, necessary to make the statements of facts contained therein not misleading.

4.5. Optionor hereby warrants that: (i) Optionor is duly organized and existing; (ii) Optionor has the full right and authority to enter into this Agreement, consummate the sale, transfer, assignment and further encumbrance contemplated herein; and (iii) the person or persons signatory to this Agreement and any documents executed pursuant hereto on behalf of Optionor have full power and authority to bind Optionor and shall duly execute and, if required, acknowledge such documents.

4.6. Optionee hereby warrants that: (i) Optionee is duly organized and existing; (ii) Optionee has the full right and authority to enter into this Agreement, consummate the sale, transfer, assignment and further encumbrance contemplated herein; and (iii) the person or persons signatory to this Agreement and any documents executed pursuant hereto on behalf of Optionee have full power and authority to bind Optionee and shall duly execute and, if required, acknowledge such documents.

5. GENERAL PROVISIONS

5.1. No Cross-default. Any breach by Optionor under this Agreement shall not give rise to a breach under the Development Agreement or any document related thereto.

5.2. Assignment. Optionor shall have the right to sell, transfer or assign this Agreement or any interest or right hereunder to any third party designated in writing by Optionee at any time prior to expiration of the applicable option period set forth in Section 1.2 above.

5.3. Estoppel Certificate. Within fifteen (15) days following a written request by either of the parties, the other party to this Agreement shall execute and deliver to the requesting party a statement certifying that: (i) this Agreement is unmodified and in full force and effect, or if there have been modifications hereto, that this Agreement is in full force and effect as modified and stating the date and nature of such modifications; (ii) there are no current uncured defaults under this Agreement or specifying the date and nature of any such default; and (iii) any other

reasonable information requested. The failure to deliver such a statement within such time shall constitute a conclusive presumption against the party which fails to deliver such statement that this Agreement is in full force and effect without modification except as may be represented by the requesting party and that there are no uncured defaults in the performance of the requesting party, except as may be represented by the requesting party.

5.4. No Commissions Due. Optionor and Optionee each hereby warrant to the other that no person or entity can properly claim a right to a real estate brokerage commission, finder's fee or other compensation based upon contracts or understandings between such claimant and Optionor or Optionee with respect to the transaction contemplated by this Agreement. Optionor and Optionee agree to indemnify, defend and hold the other party harmless from any claim, action, liability or expense arising out of any real estate brokerage commission, finder's fee or other compensation based upon this Agreement.

5.5. Optionor's Exclusive Remedy. In the event Optionee breaches this Agreement, Optionor shall be entitled to obtain equitable relief including, but not limited to, specific performance, mandatory and prohibitory orders and injunctions in order to restrain, prevent or reverse such breach. Notwithstanding anything to the contrary contained herein, Optionor hereby expressly agrees that with respect to the City of Yorba Linda or any successor governmental agency being Optionee under this Agreement, that Optionor expressly waives the right to seek damages from Optionee in the event of a default by Optionee under this Agreement or any action relating to this Agreement or the subject matter of this Agreement.

5.6. Reference Proceeding. In the event any dispute arises between Optionee and Optionor under the terms of this Agreement or its exhibits, such dispute shall be heard by a reference proceeding from the Orange County Superior Court pursuant to California Code of Civil Procedure Section 638 et seq. Optionee and Optionor agree that a single referee will try all issues, whether of fact or law, and report a finding and judgment thereon, and issue all legal and equitable relief appropriate under the circumstances of the controversy before him. The referee may be asked to issue orders for the settlement, cure, correction or remedy of any default, controversy or deadlock, or to enforce any covenant or agreement herein, to enter a judgment for damages (subject to the limitation set forth in Section 5.4 above), to issue mandatory or prohibitory injunctions, to issue a writ of mandamus, issue a declaration in any declaratory relief action, or to grant any other remedies consistent with the purposes of this Agreement. From the date of the filing of a complaint or petition with respect to this Agreement until the date upon which the one referee chosen by Optionee and Optionor agree to serve and in fact begins serving, the Orange County Superior Court Judge sitting as the writs and receivers judge shall be the referee for the purposes of issuing all orders in any proceedings hereunder. Any referee

selected pursuant to this Section shall be considered a temporary judge appointed pursuant to Article 6, Section 21 of the California Constitution. Immediately upon the service of a complaint in this matter, counsel for Optionee and Optionor shall be obligated to cooperate in good faith to select and formally retain the services of a referee, in writing, through the services of the Judicial Arbitration and Mediation Service. If Optionee and Optionor are unable to agree on the identity of a referee within ten (10) days of the service of such a complaint, either party may seek to have one appointed pursuant to California Code of Civil Procedure Section 640. The cost of such reference proceeding shall initially be borne equally by the parties, but the prevailing party shall ultimately be awarded a judgment for his share of such costs.

5.7. Survival of Covenants. Each of the covenants contained in this Agreement shall, to the extent applicable, survive the performance of the executory provisions of this Agreement, and the exercise of the Options.

5.8. Execution of Documents. In addition to any documents expressly referred to in this Agreement to be executed by any or all parties, all parties agree to execute any and all documents which might be required to implement the provisions of this Agreement.

5.9. Non-Liability of City and Agency Officers and Employees. No official, officer, employee, agent or representative of Optionee shall be personally liable to Optionor, or any successor or assign, for any loss, cost, damage, claim, liability or judgment arising out of or in connection with this Agreement or for any act or omission on the part of Optionee or such official, officer, employee, agent or representative with respect to Optionor.

5.10. Nonliability of Optionor Officers and Employees. No officer, director, shareholder, parent or subsidiary corporation or other affiliate of Optionor or any of their respective employees, agents, or representatives shall be personally liable to Optionee, or any successor or assign, for any loss, costs, damage, claim, liability, or judgment, arising out of or connected to this Agreement, or for any act or omission on the part of Optionor or such officer, director, shareholder, parent or subsidiary corporation or other affiliate of Optionor or any of their respective employees, agents, or representatives.

5.11. No Partnership Created. The relationship of Optionee and Optionor hereunder is that of seller and buyer and vice versa, and none of the provisions of this Agreement is intended to or does create a partnership or joint venture or relationship other than seller and buyer.

5.12. Notices. All notices and communications desired or required to be sent or delivered hereunder shall be in writing and may be served personally, or shall be mailed, by certified mail, return receipt requested, as follows:

To Optionee: CITY OF YORBA LINDA
4845 Casa Loma Avenue
Yorba Linda, CA 92686
Attention: City Manager

Copy To: Leonard A. Hampel, Esq.
RUTAN & TUCKER, LLP
611 Anton Boulevard, Suite 1400
Costa Mesa, CA 92628-1950

To Optionor: SHELL WESTERN E&P, INC.
3030 Saturn Street, Suite 101
Brea, CA 92621
Attention: George Basye

Copy To: Jeffrey E. Donfeld, Esq.
DONFELD, KELLEY & ROLLMAN
11845 West Olympic Boulevard, Suite 1245
Los Angeles, CA 90064

or at such other address or addresses as any such Optionee and Optionor may designate, from time to time, by giving notice to each other in the form of a recorded change of address memorandum with respect to this Agreement.

5.13. Singular & Plural. As used herein, the singular shall include the plural and the plural the singular unless the context otherwise requires, and words of gender may signify the masculine, feminine or neuter gender, as the context may require.

5.14. No Third Party Beneficiary. No provision of this Agreement or any transaction within its purview is intended nor shall in any way be construed to benefit any third party not specifically referenced herein as having such right.

5.15. Severability/Governing Law. The provisions herein shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any of the provisions hereof shall not affect the validity of the remaining provisions. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

5.16. Authority to Execute. Each individual executing this Agreement on behalf of a partnership or corporation represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of such partnership or corporation in accordance with authority granted under the formation documents of such entity, and, if a corporation, by a duly passed resolution of its Board of Directors, that all conditions to the exercise of such authority have been satisfied, and that this Agreement is or will be binding upon such entity in accordance with their respective terms.

5.17. Nondiscrimination. Optionor covenants by and for itself, its heirs, executors, administrators and assigns and all persons claiming under or through it that there shall be no discrimination against or segregation of any person or group of persons on account of race, sex, marital status, color, creed, national origin or ancestry, in connection with any work related to the Real Property, nor shall the Optionor itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation.

5.18. Time of the Essence. Time is of the essence of each of the terms, covenants and conditions of this Agreement.

5.19. No Estoppel. No waiver of any breach of any of the obligations in this Agreement shall constitute a waiver of any succeeding or preceding breach of the same, or any other covenant or restriction contained herein.

5.20. Successors and Assigns. The successors and assigns of the Optionee and Optionor, shall be bound, burdened or benefitted hereby.

5.21. Inconsistency. In the event of an inconsistency between this Agreement, and the Golf Course Agreement of even date herewith by and between the parties hereto, the terms of this Agreement shall control.

5.22. Governing Law.. This Agreement shall be governed by and construed under California law.

5.23. No Violation of Law. Nothing contained herein shall be construed so as to require the commission of any act contrary to law and wherever there is any conflict between any provision contained herein and any present or future statute, law, ordinance, or regulation contrary to which the parties have no legal right to contract, the latter shall prevail but the provisions of this Agreement which is affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law without invalidating or affecting the remaining provisions of this Agreement. Notwithstanding the foregoing, nothing herein shall be deemed to waive Article 4 of the Development Agreement.

5.24. Service of Process. Service of process on Optionee shall be made in accordance with the requirements for service of process on a public entity. Service of process on Optionor Western E&P Inc. shall be made in any manner permitted by law and shall be effective if served on Optionor Western E&P Inc.'s registered agent for service of process, Prentice Hall Corporation System Inc. of California, 5670 Wilshire Boulevard, Suite 750, Los Angeles, California 90036, with a copy mailed by certified or registered mail, postage prepaid, to Division Land Manager, 5060 California Avenue, Bakersfield, California 93309.

5.25. **Entire Agreement**. This Agreement contains the entire agreement of the parties hereto with respect to the matters covered hereby, and all negotiations and agreements, statements or promises between the parties hereto or their agents with respect to this transaction are merged in this Agreement, which alone expresses the parties' rights and obligations and f not contained herein shall not be binding or valid against either of the parties hereto.

5.26. **Modification**. Any amendments or modifications to this Agreement must be in writing and executed by all the parties to this Agreement.

5.27. **Captions**. The captions appearing at the commencement of the paragraphs hereof are descriptive only and for convenience in reference. Should there be any conflict between any such caption and the paragraph at the head of which it appears, the paragraph and not such caption shall control and govern in the construction of this document.

5.28. **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which, when taken together shall constitute one and the same instrument.

5.29. **Exhibits**. All exhibits attached hereto and referred to herein are hereby incorporated herein as though set forth at length.

IN WITNESS WHEREOF, this Agreement has been executed by Optionor and Optionee this 14th day of December, 1996.

"OPTIONOR"

SHELL WESTERN E&P INC.,
a Delaware corporation

By _____
Its Attorney-in-Fact

[signatures continued on following page]

WARNING NOTICE: THIS AGREEMENT MAY NOT BE EXECUTED BY CITY UNTIL THE CONDITIONS SUBSEQUENT IN THE DEVELOPMENT AGREEMENT HAVE BEEN SATISFIED OR NO LONGER EXIST AND PURSUANT TO THE CONDITIONS IN THE CITY COUNCIL RESOLUTION APPROVING THIS AGREEMENT.

"OPTIONEE"

THE CITY OF YORBA LINDA
a municipal corporation

By _____
Mayor

ATTEST:

Carolyn Wallace
Carolyn Wallace, City Clerk

APPROVED AS TO FORM:

Dan Slater
~~Leonard A. Hampel~~, City Attorney
DAN SLATER Assistant

[end of signatures]

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On JANUARY 16, 1997, before me, HELENE KAMMERER personally appeared MARK SCHWING, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~) or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

Witness my hand and official seal.

Helene Kammerer
Notary Public

[SEAL]

HELENE KAMMBER
Commission # 1064688
Notary Public — California
Orange County
My Comm. Expires Sep 7, 1999

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of CALIFORNIA

County of KERN

On January 22, 1997 (Date) before me, Barbara E. Wren (Name and Title of Officer (e.g. "Jane Doe, Notary Public"))

personally appeared J. C. Boyd (Name(s) of Signer(s))

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

BARBARA E. WREN
COMM. # 1051373
Notary Public — California
KERN COUNTY
My Comm. Expires FEB 13, 1999

WITNESS my hand and official seal.

Barbara E. Wren
Signature of Notary Public

OPTIONAL

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

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

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

Signer Is Representing:

_____

_____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer's Name: _____

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

Signer Is Representing:

_____

_____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

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Prod. No. 5907 Reorder Call Toll-Free 1-800-876-6827

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

EXHIBIT "A"

SWEPI PROPERTY DESCRIPTION

A Parcel of land, lying within Sections 15, 16, 17, 21, and 22, all in Township 3 South, Range 9 West, San Bernardino Meridian, in the County of Orange, State of California. Said Parcel being a portion of those lands described in the Grant Deed between Olinda Land Company and Shell Oil Company, dated January 6, 1939 in Book 928, Page 49 of Official Records of said County., and as shown on Record of Survey 93-1077, Instrument No. 95-0051807, recorded on February 7, 1995, in Book 147, Pages 24-29 of Records of Survey, in the Office of the Orange County Recorder; That portion being further described as follows:

Commencing at a 12 inch by 10 inch by 5 inch sandstone marked for the quarter corner between Section 14 and Section 15, as Shown on Map recorded in Book 33, Page 37 of Record of Surveys, in the Office of said County Recorder. Thence South 1°16'51" West, along said Section line, 2653.36 feet, (cited in said Record of Survey as South 0°23'33" West, 2653.61 feet), to the Southeast corner of said Section 15, as shown on Parcel Map 88-156, dated December 5, 1988, recorded In Book 239, Pages 1 through 4 of Parcel Maps, in the Office of said County Recorder. Said point also being the True Point of Beginning; Thence South 25°11'12" West, 1597.06 feet, (cited in said Parcel Map as South 25°11'36" West, 1597.14 Feet), to the Northeast corner of Lot 2, Block 10 of Yorba Linda Tract as shown on Map recorded in Book 5, Page 17 and 18 of Miscellaneous Maps, in the Office of said County Recorder. And as shown on said Record of Survey, recorded in Book 33, Page 37. Thence Westerly along the North line of said Yorba Linda Tract, North 89°41'33" West, 2642.35 feet (cited in said Record of Survey as South 89°25'04" West, 2642.05 feet), to the Northwest corner of Lot 1, Block 11 of said Yorba Linda Tract. Thence North 0°05'39" East, 1354.75 Feet along the East line of Lot 4, Block 7 of said Yorba Linda Tract, (cited in said Record of Survey as North 0°47'06" West, 1354.43 feet), to the Northeast corner of Said Lot 4. Thence Westerly along the North line of said Yorba Linda Tract, North 89°41'39" West, (cited in said Record of Survey as North 89°25'04" East) , 2771.46 feet to a point on the North line of Block 6, Lot 4 of said Yorba Linda Tract, Thence South 0°29'44" West, 751.32 feet; Thence North 89°20'23" West, 1023.49 Feet; Thence South 0°28'22" West, 557.28 feet to the North line of Bastenchury Road, being 80 feet wide; Thence North 89°21'06" West, along said North line, 60.00 feet to the West line of Block 6, Lot 3; Thence North 0°28'22" East, along said West line, 1301.91 feet to the North line of said Yorba Linda Tract. Said point also being the Northwest corner of Block 6, Lot 3, of said Yorba Linda Tract. Thence Westerly along said North Line, North 89°41'39" West, 1319.65 feet to the Southeast Corner of Block 5 of the Town of Carlton as shown on Map Recorded in Book 29, Page 9 and 10 of Miscellaneous Records. In the Office of the County Recorder for Los Angeles County. Thence North 0°29'03" East, along the East line of said Town of Carlton: 660.39 feet to the Southeast corner of Block 7 of said Town of Carlton; Thence North 89°43'55" West, 688.52 feet to the Southwest corner of said Block 7; Thence North 0°28'29" East, along the West line of said Block 7, 330.14 feet to the Southeast corner of Block 9 of said Town of Carlton; Thence North 89°44'10" West, 660.17 feet to the Southwest corner of said Block 9; Thence North 0°28'24" East, 330.09 feet to the Northwest corner of said Block 9; Thence North 89°07'37" West, along the North line of Lots 24 and 25 of said Town of Carlton, 1292.74 feet to the Northwest corner of said Lot 25; Thence North 0°29'25" East, along the East line of Block 2 of said Yorba Linda Tract, 1176.53 feet to a 1" aluminum disk marked "USCE, R/W COR."; Said disk being a corner of Parcel 101 as described in Book 5269, Pages 79 through 116 of Official Records of said County of Orange; and as shown on Real Estate Map, Department of the Army, Office of the Los Angeles District Engineer, South Pacific Division, Map Number 637-P-1, unrecorded; Thence North 00°29'25" East, 79.98 feet; (cited as North 00°29'53" East, 80.00 feet) to a corner of Tract 119 as said in last described Records; Thence along the following courses of said Tract 119, North 89°59'48" East, 167.95 feet; Thence North 20°00'32" East, 1289.08 feet to the most Southern corner of Tract 100 as said in the last described records; Thence along the Following courses of said Tract 100,

North 20°00'32" East, 313.81 feet;
Thence North 50°05'48" East, 13.38 feet;
Thence North 87°47'08" East, 45.62 feet;
Thence South 42°55'45" East, 45.66 feet;
Thence South 00°14'51" East, 141.53 feet;
Thence South 84°44'16" East, 105.49 feet;
Thence South 58°40'11" East, 140.64 feet;
Thence South 10°26'24" East, 46.88 feet;
Thence South 71°52'14" East, 69.52 feet;
Thence North 77°30'10" East, 90.05 feet;
Thence North 51°22'55" East, 67.31 feet;
Thence North 53°38'57" East, 95.47 feet;
Thence North 17°25'23" West, 67.33 feet;
Thence North 76°53'51" West, 152.66 feet;
Thence North 44°17'48" West, 72.36 feet;
Thence North 00°06'12" East, 51.28 feet;
Thence North 54°37'21" East, 169.37 feet;
Thence North 36°11'50" West, 100.63 feet;
Thence South 89°51'40" West, 184.00 feet;
Thence North 45°55'55" West, 78.50 feet;
Thence North 19°46'36" West, 189.66 feet;
Thence South 28°49'46" West, 100.31 feet;
Thence South 54°44'37" West, 68.76 feet;
Thence North 65°30'42" West, 136.09 feet;
Thence North 49°17'18" West, 194.97 feet;
Thence South 82°25'39" West, 132.81 feet;
Thence South 85°57'08" West, 107.52 feet;
Thence North 87°05'05" West, 71.19 feet;
Thence South 52°59'45" West, 67.56 feet;
Thence North 44°00'33" West, 46.10 feet;
Thence North 36°28'54" East, 109.81 feet;
Thence North 41°58'09" East, 71.56 feet;
Thence South 85°02'54" West, 122.70 feet;
Thence North 71°12'45" West, 86.61 feet;
Thence South 46°32'58" West, 165.26 feet;
Thence North 41°25'21" West, 58.28 feet;
Thence North 34°30'36" East, 64.78 feet;
Thence North 8°27'10" West, 64.16 feet;
Thence North 6°43'53" East, 92.19 feet;
Thence North 2°19'16" West, 90.76 feet;
Thence North 15°50'49" East, 37.41 feet;
Thence South 84°42'34" East, 78.31 feet;
Thence South 85°12'34" East, 117.59 feet;
Thence North 87°00'23" East, 183.56 feet;
Thence North 75°45'42" East, 102.30 feet;
Thence North 56°03'37" East, 83.38 feet;
Thence North 57°12'57" East, 82.28 feet;
Thence North 40°19'14" East, 145.92 feet;
Thence North 24°31'27" East, 175.21 feet;
Thence North 22°55'01" East, 136.42 feet;
Thence North 9°25'04" East, 99.16 feet;
Thence North 15°54'55" East, 55.61 feet to a point on the North line of said Section 16; Said point bears South 87°35'19" East, 152.31 feet from the Northwest corner of said Section 16 as shown on the map Recorded in Book 87, Page 48 of said Record of Surveys. Thence South 87°35'20" East, along the North

line of said Section 16, 2531.77 feet to the most Westerly line of Parcel 1006-1-1, as described in a deed Recorded in Book 9137, Page 265 of Official Records of said Orange County and as shown on a Record of Survey Recorded in Book 103, Page 5-7 of said Record of Surveys; Thence South 21°07'03" West, along said Westerly line, (shown as South 20°00'59" in said Record of Survey), 278.13 feet; Thence South 68°50'56" East, along the South line of said Parcel 1006-1-1, 495.56 feet; Thence South 51°05'18" East, 1315.38 feet to a point on the Westerly line of Parcel 1002-2-8 as described in a Deed Recorded in Book 5616, Page 73 of said Official Records; Thence South 61°47'18" West, along said Westerly line, (described in last said Deed as South 60°59'01" West), 1154.64 feet to the most Northerly corner of Parcel 1006-1-7 as described in a deed Recorded in Book 9137, Page 265 of said Official Records; Thence along the Southwesterly prolongation of last said course, South 61°47'18" West, 156.50 feet to the West line of last said Parcel; Thence South 22°10'17" West, 743.50 feet; Thence South 00°46'40" West, 274.67 feet to the South line of that 50 foot wide Permanent Easement described in a Deed Recorded in Book 4208, Page 424 of said Official Records; Said South line also being a portion of the Southerly boundary of said Parcel 1002-2-8; Thence along said South line of said Easement, South 83°53'27" East, 718.10 feet; Thence South 47°50'09" East, 45.00 feet to the most Northerly corner of that Parcel of Land granted to Yorba Linda Water District described in a Deed Recorded in Book 6915, Page 891 of said Official Records; Thence South 42°09'51" West, 450.00 feet; Thence South 47°50'09" East, 480.00 feet; Thence North 42°09'51" East, 450.00 to the South line of said Easement; Thence South 47°50'09" East, 438.24 feet, along said South line of said Easement, to the most Westerly corner of Parcel 1006-1-3 as described in a Deed Recorded in Book 9137, Page 265 of said Official Records; Thence along the following courses of last said Parcel:

South 12°09'05" West, 182.45 feet; (described as "South 11°09'12" West, 182.13 feet");
Thence South 49°20'37" East, 300.00 feet;
Thence North 37°17'54" East, 214.96 feet;
Thence South 76°40'56" East 190.07 feet;
Thence North 31°06'36" East, 445.18 feet;
Thence North 80°48'02" East, 430.11 feet;
Thence South 89°12'02" East, 1000.10 feet;
Thence North 00°47'43" East, 320.06 feet to a Department of Parks and Recreation 2 ½ inch brass cap, marked " PROP. COR., LS 4280, 1985" as shown on a map Recorded in Book 113, Pages 23 and 24 of said Record of Surveys; Thence along the South line of Parcel 3 as described in a Corporation Deed from Shell California Production Inc., Grantor, to the State of California, Grantee, Recorded May 4, 1983, in Instrument Number 83-187215, of said Official Records, South 88°50'27" East, 4333.81 feet to the East line of said Section 15, Thence South 1°16'51" West, 2329.83 feet, along said East line of Section 15, to the True Point of Beginning. Said Parcel contains 878.80 acres more or less.

EXHIBIT "B"

LEGAL DESCRIPTION OF REAL PROPERTY

SEE FOLLOWING PAGE TITLED:
"SCHEDULE I
OPTION SITE DESCRIPTION"

SCHEDULE I
OPTION SITE DESCRIPTION

A Parcel of land, Being a portion of Sections 16 and 21, Township 3 South, Range 9 West, San Bernardino Merdian; In the County of Orange, State of California; Said Parcel being a portion of that Land described in a Grant Deed between Olinda Land Company, Grantor, and Shell Oil Company, Grantee, Recorded January 6, 1939, In Book 926, at Page 49 of Official Records of said Orange County and Including Parcels B-1, B-2, B-3, and B-4 as described in Book 7365, Page 925 - 952 of Official Records, in the Office of the Recorder of said Orange County; The Parcel being more particularly described as follows:

Commencing at the Southeast Corner of Block 5, Town of Carlton as shown on a map, Recorded in Book 29, Pages 9 and 10 of Miscellaneous Maps, In the Office of the County Recorder , In the County of Los Angeles, State of California; And as shown on Record of Survey 93-1077, Recorded in Instrument No. 950051807, Book 147, at Pages 24-29, of Records of Surveys, In the Office of the Recorder of said Orange County. Thence South 89°41'39" East, along the North Line of Block 6 of the Yorba Linda Tract as shown on a map, Recorded in Book 5, at Pages 17 and 18 of Miscellaneous Maps, In the Office of said Orange County Recorder, at a distance of 1319.65 feet to the East line of Tract 4032 as Recorded in Book 157 , at Pages 42 and 43 of Miscellaneous Maps and the True Point of Beginning. Thence South 0°28' 22" West, along the said East line of Tract 4032, 1301.91 feet to the North line of the Right-of-Way for Bastenchury Road; Thence South 89°21'06" East, along said Right-of-Way, 60.00 feet; Thence leaving said Right of Way, North 0°28'22" East , 557.28 feet; Thence South 89°20'23" East, 1023.49 feet to a point on a line parallel with the West line of Lot 4, Block 6 of said Yorba Linda Tract, as described in Book 7365, Page 925 - 952 of Official Records, in the Office of said Orange County Recorder; Thence North 0°29'44" East, along said parallel line, 751.32 feet to the North line of said Lot 4 and the North line of said Yorba Linda Tract. Thence Prolonging said parallel line Northerly, North 0°29'44" East, 350.61 feet to the Southerly edge of the Right-of-way for the Proposed extension of Lakeview Avenue; Said point also being a point on a non-tangent curve, concave to the North and having a radius of 1800.00 feet; the Radial line of which bears South 15°58'09" East; Thence Westerly along said curve, and said Right-of Way , through a central angle of 35°03'09", an arc length of 1101.21 feet to the Northerly prolongation of the East line of said Tract 4032; Thence leaving said Right -of-Way, Southerly along said Northerly Prolongation, South 0°28'22" West, 374.28 feet more or less to the North line of Said Yorba Linda Tract and to the True Point of Beginning. Said Parcel contains 27.00 acres more or less.

This description was prepared by me or under my direction in conformance with the Land Surveyor's Act.
Dated this 15TH day of MARCH, 1996

Stuart Soles, L.S. 6733
Expiration Date: 9-30-96

EXHIBIT "C"

SITE MAP

SEE MAP ON FOLLOWING PAGE

SCHEDULE I
OPTION SITE ILLUSTRATION

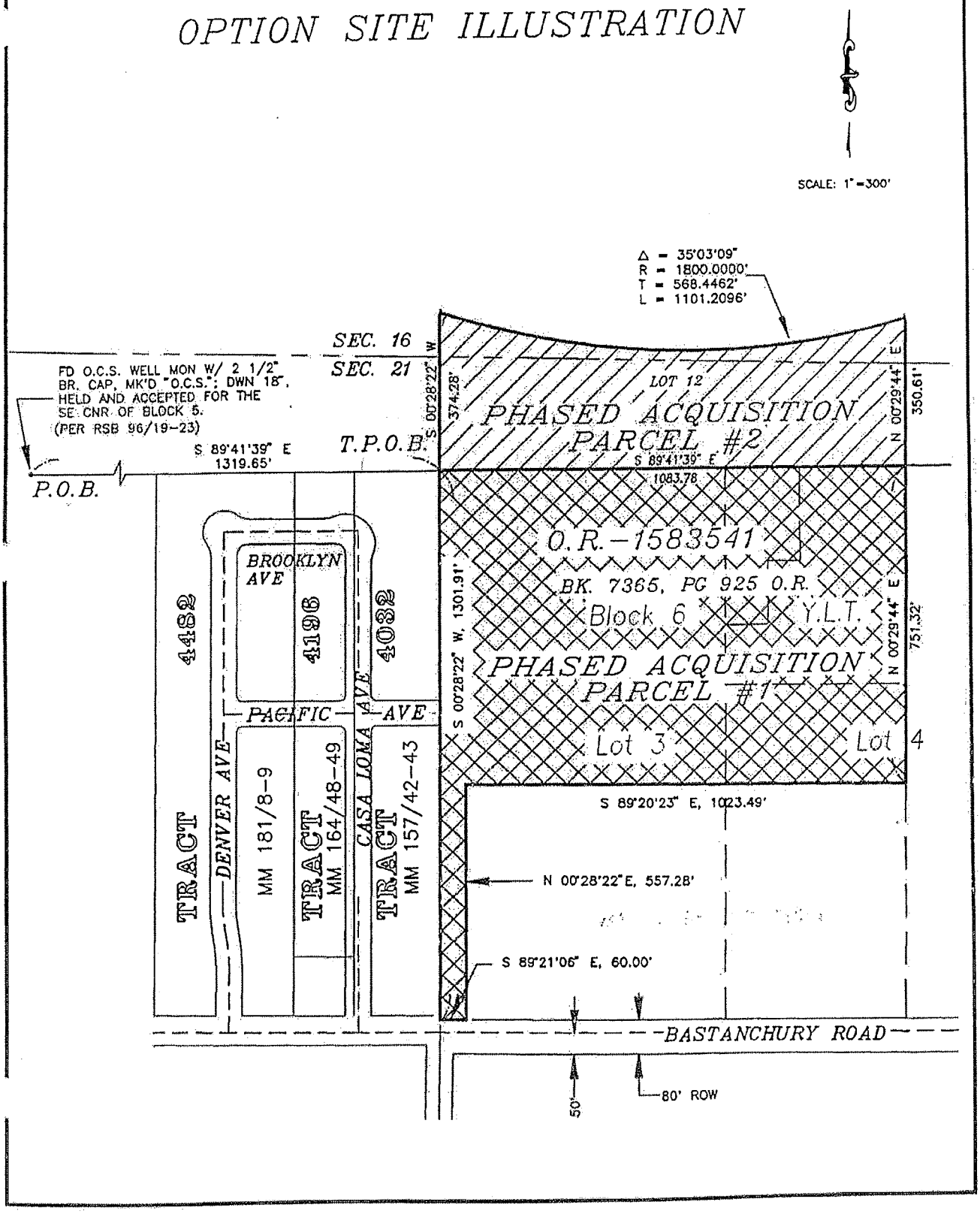

EXHIBIT "D"

LEGAL DESCRIPTION OF MAIN PROPERTY

SEE FOLLOWING PAGE TITLED:
"SCHEDULE I
OPTION SITE DESCRIPTION
PHASED ACQUISITION PARCEL #1"

SCHEDULE I
OPTION SITE DESCRIPTION

PHASED ACQUISITION PARCEL # 1

A Parcel of land, Being a portion of Sections 16 and 21, Township 3 South, Range 9 West, San Bernardino Merdian; In the County of Orange, State of California; Said Parcel being a portion of that Land described in a Grant Deed between Olinda Land Company, Grantor, and Shell Oil Company, Grantee, Recorded January 6, 1939, In Book 926, at Page 49 of Official Records of said Orange County and Including Parcels B-1, B-2, B-3, and B-4 as described in Book 7365, Page 925 - 952 of Official Records, in the Office of the Recorder of said Orange County; The Parcel being more particularly described as follows:

Commencing at the Southeast Corner of Block 5, Town of Carlton as shown on a map, Recorded in Book 29, Pages 9 and 10 of Miscellaneous Maps, In the Office of the County Recorder , In the County of Los Angeles, State of California; And as shown on Record of Survey 93-1077, Recorded in Instrument No. 950051807, Book 147, at Pages 24-29, of Records of Surveys, In the Office of the Recorder of said Orange County. Thence South 89°41'39" East, along the North Line of Block 6 of the Yorba Linda Tract as shown on a map, Recorded in Book 5, at Pages 17 and 18 of Miscellaneous Maps, In the Office of said Orange County Recorder, at a distance of 1319.65 feet to the East line of Tract 4032 as Recorded in Book 157 , at Pages 42 and 43 of Miscellaneous Maps and the True Point of Beginning. Thence South 0°28' 22" West, along the said East line of Tract 4032, 1301.91 feet to the North line of the Right-of-Way for Bastenchury Road; Thence South 89°21'06" East, along said Right-of-Way, 60.00 feet; Thence leaving said Right of Way, North 0°28'22" East , 557.28 feet; Thence South 89°20'23" East, 1023.49 feet to a point on a line parallel with the West line of Lot 4, Block 6 of said Yorba Linda Tract, as described in Book 7365, Page 925 - 952 of Official Records, in the Office of said Orange County Recorder; Thence North 0°29'44" East, along said parallel line, 751.32 feet to the North line of said Lot 4 and the North line of said Yorba Linda Tract. Thence North 89°41'39" West, 1083.78 feet, more or less to the True Point of Beginning. Said Parcel contains 19.37 acres more or less.

This description was prepared by me or under my direction in conformance with the Land Surveyor's Act.
Dated this 27th day of SEPTEMBER, 1996

Stuart Soles, L.S. 6733
Expiration Date: 9-30-96

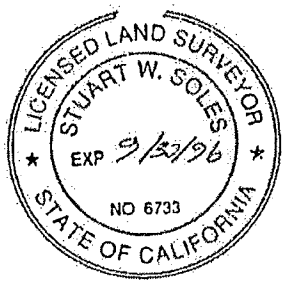

EXHIBIT "E"

LEGAL DESCRIPTION OF TANK FARM PROPERTY

SEE FOLLOWING PAGE TITLED:
"SCHEDULE I - OPTION SITE DESCRIPTION
PHASED ACQUISITION PARCEL #2"

SCHEDULE I
OPTION SITE DESCRIPTION

PHASED ACQUISITION PARCEL # 2

A Parcel of land, Being a portion of Sections 16 and 21, Township 3 South, Range 9 West, San Bernardino Merdian; In the County of Orange, State of California; Said Parcel being a portion of that Land described in a Grant Deed between Olinda Land Company, Grantor, and Shell Oil Company, Grantee, Recorded January 6, 1939, In Book 926, at Page 49 of Official Records of said Orange County and Including Parcels B-1, B-2, B-3, and B-4 as described in Book 7365, Page 925 - 952 of Official Records, in the Office of the Recorder of said Orange County; The Parcel being more particularly described as follows:

Commencing at the Southeast Corner of Block 5, Town of Carlton as shown on a map, Recorded in Book 29, Pages 9 and 10 of Miscellaneous Maps, In the Office of the County Recorder , In the County of Los Angeles, State of California; And as shown on Record of Survey 93-1077, Recorded in Instrument No. 950051807, Book 147, at Pages 24-29, of Records of Surveys, In the Office of the Recorder of said Orange County. Thence South 89°41'39" East, along the North Line of Block 6 of the Yorba Linda Tract as shown on a map, Recorded in Book 5, at Pages 17 and 18 of Miscellaneous Maps, In the Office of said Orange County Recorder, at a distance of 1319.65 feet to the East line of Tract 4032 as Recorded in Book 157 , at Pages 42 and 43 of Miscellaneous Maps and the True Point of Beginning. Thence along said North Line, South 89°41'39" East , 1083.78 feet, Thence Northerly, North 0°29'44" East, 350.61 feet to the Southerly edge of the Right-of-way for the Proposed extension of Lakeview Avenue; Said point also being a point on a non-tangent curve, concave to the North and having a radius of 1800.00 feet; the Radial line of which bears South 15°58'09" East; Thence Westerly along said curve, and said Right-of Way , through a central angle of 35°03'09", an arc length of 1101.21 feet to the Northerly prolongation of the East line of said Tract 4032; Thence leaving said Right -of-Way, South 0°28'22" West, 374.28 feet, more or less to the North line of Said Yorba Linda Tract and to the True Point of Beginning. Said Parcel contains 7.63 acres more or less.

This description was prepared by me or under my direction in conformance with the Land Surveyor's Act.
Dated this 27TH day of SEPTEMBER, 1996

Stuart Soles, L.S. 6733
Expiration Date: 9-30-96

EXHIBIT "F"

Public Uses

The term "Public Use(s)" as used in this Agreement shall mean the type and nature of uses listed below:

Child and/or adult day care facility

City Hall facility

Civic center buildings

City vehicle and equipment storage facility

Community center

Community garden

Fire facilities

Library

Museum

Police facilities

Post office

Private high school

Public high school

Recreational and/or athletic facilities, including but not limited to one or more of the following: parks; playgrounds; baseball fields and facilities; football fields and facilities; golf facilities; indoor and/or outdoor recreational courts, rinks and facilities for basketball, volleyball, tennis, paddle tennis, racquetball, squash, handball, ice hockey, roller hockey, ice skating, skateboarding, gymnastics, flying disc golf,swimming and aquatics, lawn bowling, and bicycling; and ancillary facilities related to the above.

Senior citizen center

EXHIBIT "G"

AGREEMENT FOR PURCHASE AND SALE
OF REAL PROPERTY AND ESCROW INSTRUCTIONS

To: FIRST AMERICAN TITLE COMPANY
("Escrow Holder")
114 East Fifth Street
Santa Ana, California 92701
Attention: _____
Escrow Officer
Telephone: (714) 558-3211

THIS AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS ("Agreement") is entered into as of _____, _____ by and between the CITY OF YORBA LINDA, a California municipal corporation ("Buyer"), and SHELL WESTERN E&P, INC., a Delaware corporation ("Seller").

R E C I T A L S:

A. Buyer and Seller have entered into a development agreement dated _____, 1996 (the "Development Agreement") the terms of which are incorporated herein by reference and made a part hereof. The Development Agreement sets forth certain rights and obligations of the Buyer and Seller with regard to the development of certain real property more particularly described in Exhibit "A" attached hereto and incorporated herein by reference (the "SWEPI Property") owned by Optionor.

B. The parties have previously entered into that certain Option Agreement dated _____, 1996 ("Option Agreement"), whereby Seller granted Buyer two (2) separate options to acquire that certain real property consisting of approximately twenty-seven (27) acres of land, hereinafter referred to as the "Real Property," more particularly described on Exhibit "B" attached hereto and incorporated herein by this reference, and as shown in the cross-hatched area and parallel lined area labelled "Phased Acquisition Parcel #1" and "Phased Acquisition Parcel #2" on the site map attached hereto as Exhibit "C" and incorporated herein by this reference (the "Site Map"). One option (hereinafter, the "Main Property Option") provides for the acquisition of approximately 19.37 acres of the Real Property more particularly described on Exhibit "D" attached hereto and incorporated herein by reference and as identified on the Site Map as Phased Acquisition Parcel #1 ("Main Property"), which property includes all of the Real Property except the "Tank Farm Property" (as that term is defined below). The second option (hereinafter, the "Tank Farm Option") provides for the acquisition of approximately 7.63 acres of the Real Property more particularly described on Exhibit "E" attached

hereto and incorporated herein by reference and as identified on the Site Map as Phased Acquisition Parcel #2 ("Tank Farm Property"). The Main Property Option and the Tank Farm Option shall be collectively referred to herein as the "Options."

C. By execution of this Agreement, Buyer has elected to exercise the Option to acquire either the Main Property or the Tank Farm Property. The term "Property" shall be used herein to refer to both the Main Property and the Tank Farm Property depending on whether the Buyer has exercised the Option to acquire the Main Property or the Tank Farm Property.

D. As set forth in the Option Agreement, Buyer agrees to use the Property for one or more of the Public Uses set forth in Exhibit "F" attached hereto and incorporated herein by reference.

NOW, THEREFORE, with reference to the foregoing Recitals, which are incorporated into the body of this Agreement as though set forth in full therein, and in consideration of the mutual promises contained in this Agreement and of other valuable consideration, the receipt and sufficiency of which both parties hereto expressly acknowledge, it is agreed between Buyer and Seller as follows:

ARTICLE 1

TERMS AND CONDITIONS

1.1 Purchase and Sale of Property. Buyer hereby agrees to purchase from Seller, and Seller agrees to sell to Buyer the Main Property and/or the Tank Farm Property, upon the terms and conditions hereinafter set forth.

1.2 Payment of Purchase Price.

1.2.1 Amount of Purchase Price. The purchase price for the Property is One Hundred Thousand Dollars ($100,000.00) per acre, subject to increase by the cumulative and compounded percentage increase in the "Index" which is two months prior to the scheduled Close of Escrow over the Index for the month which is two months prior to the Opening of Escrow. The term "Index" shall mean the Consumer Price Index - All Urban Consumer - Los Angeles-Anaheim-Riverside-All Items (1982-84=100) published by the United States Department of Labor's Bureau of Labor Statistics ("Bureau"). Should the Bureau discontinue the publication of the Index, or publish the Index less frequently, or alter the Index in some other manner, then Buyer and Seller shall adopt a substitute index or substitute procedure which reasonably reflects variations in consumer prices.

1.2.2 Payment of Purchase Price. On the day preceding Close of Escrow, Buyer shall deposit with Escrow Holder the Purchase Price for the Property in "good funds" payable to Seller or order the sum equal to the Purchase Price. "Good funds" shall mean a wire transfer of funds, cashier's or certified check drawn

on or issued by the offices of a financial institution located in the State of California, or cash.

ARTICLE 2

OPENING AND CLOSING OF ESCROW

2.1 Opening of Escrow. Within seven (7) business days after the execution of this Agreement by Buyer and Seller, the parties shall open an escrow ("Escrow") with Escrow Holder by causing a fully executed copy of this Agreement to be deposited with Escrow Holder ("Opening of Escrow"). Escrow shall be deemed open on the date that the parties deliver this fully executed Agreement to Escrow Holder. The parties shall enter into any supplemental escrow instructions required by the Escrow Holder. In the event of a conflict between the supplemental escrow instructions and this Agreement, the terms and conditions of this Agreement shall control.

2.2 Closing Date. The close of Escrow ("Closing") shall take place on or before the date which is nine (9) months following the Opening of Escrow, provided, however, in order for Seller to place the Main Property in a remediated condition and free of all Oil Facilities, Seller shall be entitled to extend the Closing for up to a maximum of one (1) year in connection with the conveyance of the Main Property to Buyer. Notwithstanding anything to the contrary in this Section 2.2, the Close of Escrow may be extended longer than one (1) year as long as Seller is using best efforts to remediate the Property. The terms "the Close of Escrow," and/or the "Closing" are used herein to mean the time the Grant Deed for the Property is filed for record by the Escrow Holder in the Office of the County Recorder of Orange County, California in accordance with the terms hereof.

ARTICLE 3

CLOSING FUNDS AND DOCUMENTS REQUIRED FROM SELLER AND BUYER

3.1 Seller Documents. Seller agrees that on or before three (3) days preceding the Closing Date, Seller will deposit with Escrow Holder all funds and/or documents (executed and acknowledged, if appropriate) which are necessary to comply with the terms of this Agreement, including without limitation, the following:

3.1.1 A grant deed, conveying the Main Property or the Tank Farm Property to the Buyer which shall be subject to the Reservations & Easements set forth on Exhibit "G" attached hereto ("Grant Deed").

3.1.2 Funds necessary to pay for (i) the Escrow fees; (ii) the premium for the Title Policy insuring the transfer of the to Seller; and (iii) any other costs or expenses attributable to Seller pursuant to this Agreement.

3.1.3 A duly completed and executed affidavit of non-foreign status in compliance with Internal Revenue Code Section 1445 and a duly completed and executed Form 590 in compliance with Revenue and Taxation Codes Sections 18805 and 26131.

3.2 Buyer Documents. Buyer agrees that, on or before three (3) days preceding the Closing Date, Buyer will deposit with Escrow Holder all funds and/or documents (executed and acknowledged, if appropriate) which are necessary to comply with the terms of this Agreement including, without limitation, the following:

3.2.1 Funds necessary to pay for any costs set forth in this Agreement attributable to the Buyer.

3.2.2 A duly completed preliminary change of ownership report for the Property, in accordance with Revenue and Taxation Code Section 480.3.

ARTICLE 4

CONDITIONS PRECEDENT TO CLOSE OF ESCROW

4.1 Conditions to Buyer's Obligation to Close. The obligations of Buyer under this Agreement shall be subject to the satisfaction or written waiver, in whole or in part, by Buyer of each of the following conditions precedent:

4.1.1 The Title Company has committed to issue the Title Policy insuring the conveyance of the Property in to Buyer in accordance with Section 5.1.

4.1.2 Seller has delivered all funds and documents required pursuant to Section 3.1.

4.1.3 Seller has completed all environmental remediation on the Property and delivered all written documentation from necessary governmental authorities approving such remediation in accordance with the Development Agreement.

4.1.4 All of Seller's representations and warranties specified in Article 6 are true and correct in all material respects.

4.1.5 Seller is not in default of any term or condition of this Agreement.

4.2 Conditions to Seller's Obligation to Close. The obligations of Seller under this Agreement shall be subject to the satisfaction or written waiver, in whole or in part, by Seller of each of the following conditions precedent:

4.2.1 Buyer has delivered all funds and documents required pursuant to Section 3.2.

4.2.2 Buyer shall not be in default of any term or condition of this Agreement.

4.3 Failure of Conditions for Benefit of Seller. Should Seller disapprove any of the conditions set forth in Section 4.2 for its benefit, Buyer shall have the right, exercisable by giving written notice to Seller: (i) to notify Seller of Buyer's election to delay the Close of Escrow sixty (60) days so that Buyer can attempt to remedy the cause of Seller's disapproval of such condition, or (ii) alternatively to refer the issue, if applicable, to a reference proceeding pursuant to Section 9.5 below. No waiver of any condition by Seller shall reduce or eliminate the rights or remedies of any party by reason of any breach of any covenant, representation or warranty made by the other party to this Agreement.

ARTICLE 5

TITLE MATTERS

5.1 Title Policy. When Escrow Holder holds for Buyer the Grant Deed in favor of Buyer executed and acknowledged by Seller covering the Property, Escrow Holder shall cause to be issued and delivered to Buyer as of the Closing a C.L.T.A. standard coverage policy of title insurance ("Title Policy") issued by First American Title Insurance Company or such other title insurance company acceptable to the parties ("Title Company"), with liability in the amount of the Purchase Price, covering the Property and showing title vested in Buyer free of encumbrances, except:

5.1.1 Nondelinquent general and special real property taxes and assessments;

5.1.2 Those easements, encumbrances, covenants, conditions, restrictions, reservations, rights-of-way and other matters of record previously approved by Buyer pursuant to the Option Agreement;

5.1.3 If Seller has encumbered the Property with any mortgages, deeds of trust, leases, licenses, or other liens, after the Opening of Escrow Seller shall be obligated to have those obligations released and reconveyed at no cost to Buyer prior to the Closing.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES

6.1 Covenants, Representations and Warranties. Seller hereby represents and warrants to Buyer that all of the previous representations and warranties by Seller in favor of Buyer as more

particularly set forth in Section 4 of the Option Agreement are incorporated herein by this reference and shall be in full force and effect as of the Close of Escrow.

6.2 Changed Circumstances. If Seller becomes aware of any fact or circumstance which would change or render incorrect, in whole or in part, any representation or warranty made by it under this Agreement, whether as of the date given or any time thereafter through the Close of Escrow and whether or not such representation or warranty was based upon Seller's knowledge and/or belief as of a certain date, Seller will give immediate written notice of such changed fact or circumstance to Buyer. Upon Buyer's receiving any notice from Seller of the material change of any representation or warranty previously made by Seller, Buyer shall have ten (10) days from hereunder to terminate this Agreement by providing written notice to the Seller.

ARTICLE 7

ESCROW

7.1 Escrow Instructions. This Agreement, when signed by Buyer and Seller, shall also constitute escrow instructions to Escrow Holder. If required by Escrow Holder, Buyer and Seller agree to execute Escrow Holder's standard escrow instructions, provided that the same are consistent with and do not conflict with the provisions of this Agreement. In the event of any such conflict, the provisions of this Agreement shall prevail.

7.2 Recording Instructions. Escrow Holder shall deliver the Title Policy to Buyer and instruct the County Recorder of Orange County, California, to mail the Grant Deed to Buyer at the address set forth below after recordation. All funds received in this Escrow shall be deposited in one or more general escrow accounts of the Escrow Holder with any bank doing business in Orange County, California, and may be disbursed to any other general escrow account or accounts. All disbursements shall be made by Escrow Holder's check.

7.3 Closing Costs. All costs of Escrow shall be paid equally by Seller and Buyer, including all recording fees and Escrow fees, but Seller shall pay for the Title Policy. Any costs and fees for recording or reconveyances of encumbrances upon the Property shall be paid by Seller. Buyer and Seller will each be responsible for their respective attorneys' fees and costs. All other costs of Escrow not otherwise specifically allocated by this Agreement shall be apportioned between the parties in a manner consistent with the custom and usage of Escrow Holder. In the event this Agreement is terminated by Seller or Buyer for failure of a condition set forth in this Agreement, or either party fails to close the Escrow as provided herein, the terminating party or the party which causes the Escrow to fail to Close, shall pay all costs and charges of the Escrow Holder and the Title Company incurred in connection with this transection prior to such

termination, including, without limitation, escrow and title cancellation fees.

7.4 Tax Proration at Closing. All non-delinquent general and special real property taxes and assessments on the Property shall be prorated to the Close of Escrow on the basis of a thirty (30) day month and a three hundred sixty day (360) year.

7.5 Possession. The right to possession of the Property shall transfer to Buyer on the Closing Date.

ARTICLE 8

REMEDIES FOR DEFAULT

8.1 Seller's Exclusive Remedy. In the event Buyer breaches this Agreement, Seller shall be entitled to obtain equitable relief including, but not limited to, specific performance, mandatory and prohibitory orders and injunctions in order to restrain, prevent or reverse such breach. Notwithstanding anything to the contrary contained herein, Seller hereby expressly agrees that with respect to the City of Yorba Linda or any successor governmental agency being Buyer under this Agreement, that Seller expressly waives the right to seek damages from Buyer in the event of a default by Buyer under this Agreement or any action relating to this Agreement or the subject matter of this Agreement.

8.2 Default by Seller. In the event of a default by Seller, Buyer shall have the right to specific performance. If Seller cannot specifically perform this Agreement, then the Seller must pay Buyer the sum equal to all costs and expenses incurred in connection with this Agreement including all consequential damages relating to Buyer's inability to acquire the Property.

ARTICLE 9

GENERAL PROVISIONS

9.1 Buyer's Post Closing Obligation. After the Close of Escrow Buyer shall, if Seller has paid fees to (i) any governmental entities other than to the City of Yorba Linda, in connection with residential units proposed by Buyer on the Real Property, cooperate in assisting Seller in obtaining refunds of such fees, if any, paid by Seller, or (ii) the City of Yorba Linda or related entity shall refund to Seller the amount so paid within ninety (90) days of receipt of a written request for a refund..

9.2 Assignment. Seller shall have the right to sell, transfer or assign this Agreement or any interest or right hereunder, to any third party at any time during the term of this Agreement, provided that Buyer gives Seller written notice of such assignment and the designated assignee.

9.3 Estoppel Certificate. Within fifteen (15) days following a written request by either of the parties, the other party to this Agreement shall execute and deliver to the requesting party a statement certifying that: (i) this Agreement is unmodified and in full force and effect, or if there have been modifications hereto, that this Agreement is in full force and effect as modified and stating the date and nature of such modifications; (ii) there are no current uncured defaults under this Agreement or specifying the date and nature of any such default; and (iii) any other reasonable information requested. The failure to deliver such a statement within such time shall constitute a conclusive presumption against the party which fails to deliver such statement that this Agreement is in full force and effect without modification except as may be represented by the requesting party and that there are no uncured defaults in the performance of the requesting party, except as may be represented by the requesting party.

9.4 No Commissions Due. Buyer and Seller each hereby warrant to the other that no person or entity can properly claim a right to a real estate brokerage commission, finder's fee or other compensation based upon contracts or understandings between such claimant and Seller or Buyer with respect to the transaction contemplated by this Agreement. Buyer and Seller agree to indemnify, defend and hold the other party harmless from any claim, action, liability or expense arising out of any real estate brokerage commission, finder's fee or other compensation based upon this Agreement.

9.5 Reference Proceeding. In the event any dispute arises between Buyer and Seller under the terms of this Agreement or its exhibits, such dispute shall be heard by a reference proceeding from the Orange County Superior Court pursuant to California Code of Civil Procedure Section 638 et seq. Buyer and Seller agree that a single referee will try all issues, whether of fact or law, and report a finding and judgment thereon, and issue all legal and equitable relief appropriate under the circumstances of the controversy before him. The referee may be asked to issue orders for the settlement, cure, correction or remedy of any default, controversy or deadlock, or to enforce any covenant or agreement herein, to enter a judgment for damages (subject to the limitation set forth in Section 8.1 above), to issue mandatory or prohibitory injunctions, to issue a writ of mandamus, to issue a declaration in any declaratory relief action, or to grant any other remedies consistent with the purposes of this Agreement. From the date of the filing of a complaint or petition with respect to this Agreement until the date upon which the one referee chosen by Buyer and Seller agree to serve and in fact begins serving, the Orange County Superior Court Judge sitting as the writs and receivers judge shall be the referee for the purposes of issuing all orders in any proceedings hereunder. Any referee selected pursuant to this Section shall be considered a temporary judge appointed pursuant to Article 6, Section 21 of the California Constitution. Immediately upon the service of a complaint in this matter, counsel for Buyer and Seller shall be obligated to cooperate in good faith

to select and formally retain the services of a referee, in writing, through the services of the Judicial Arbitration and Mediation Service. If Buyer and Seller are unable to agree on the identity of a referee within ten (10) days of the service of such a complaint, either party may seek to have one appointed pursuant to California Code of Civil Procedure Section 640. The cost of such reference proceeding shall initially be borne equally by the parties, but the prevailing party shall ultimately be awarded a judgment for his share of such costs.

9.6 Survival of Covenants. Each of the covenants contained in this Agreement (including but not limited indemnity provisions) shall, to the extent applicable, survive the performance of the executory provisions of this Agreement, the Close of the Escrow and the recordation of the Grant Deed.

9.7 Execution of Documents. In addition to any documents expressly referred to in this Agreement to be executed by any or all parties, all parties agree to execute any and all documents which might be required to implement the provisions of this Agreement.

9.8 Non-Liability of Buyer Officers and Employees. No official, officer, employee, agent or representative of the Buyer shall be personally liable to Seller, or any successor or assign, for any loss, cost, damage, claim, liability or judgment arising out of or in connection with this Agreement or for any act or omission on the part of City of Yorba Linda or such official, officer, employee, agent or representative with respect to Seller.

9.9 Non-Liability of Seller's Officers and Employees. No officer, director, shareholder, parent or subsidiary corporation or other affiliate of Seller or any of their respective employees, agents or representatives shall be personally liable to Buyer, or any successor or assign, for any loss, cost, damage, claim, liability or judgment arising out of or in connection with this Agreement or for any act or omission on the part of Seller or such officer, director, shareholder, parent or subsidiary corporation or other affiliate of Seller or any of their respective employees, agents or representatives.

9.10 No Partnership Created. The relationship of Buyer and Seller hereunder is that of seller and buyer and vice versa, and none of the provisions of this Agreement is intended to or does create a partnership or joint venture or relationship other than seller and buyer.

9.11 Notices. All notices and communications desired or required to be sent or delivered hereunder shall be in writing and may be served personally, or shall be mailed, by certified mail, return receipt requested, as follows:

To Buyer:	CITY OF YORBA LINDA 4845 Casa Loma Avenue Yorba Linda, CA 92686 Attention: City Manager
Copy To:	Leonard A. Hampel, Esq. RUTAN & TUCKER, LLP 611 Anton Boulevard, Suite 1400 Costa Mesa, CA 92628-1950
To Seller:	SHELL WESTERN E&P, INC. 3030 Saturn Street, Suite 101 Brea, CA 92621 Attention: George Basye
Copy To:	Jeffrey E. Donfeld, Esq. DONFELD, KELLEY & ROLLMAN 11845 W. Olympic Blvd., Suite 1245 Los Angeles, CA 90064

or at such other address or addresses as any such Buyer and Seller may designate, from time to time, by giving notice to each other in the form of a recorded change of address memorandum with respect to this Agreement.

9.12 No Third Party Beneficiary. No provision of this Agreement or any transaction within its purview is intended nor shall in any way be construed to benefit any third party not specifically referenced herein as having such right.

9.13 Singular & Plural. As used herein, the singular shall include the plural and the plural the singular unless the context otherwise requires, and words of gender may signify the masculine, feminine or neuter gender, as the context may require.

9.14 Severability/Governing Law. The provisions herein shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any of the provisions hereof shall not affect the validity of the remaining provisions. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

9.15 Authority to Execute. Each individual executing this Agreement on behalf of a partnership or corporation represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of such partnership or corporation in accordance with authority granted under the formation documents of such entity, and, if a corporation, by a duly passed resolution of its Board of Directors, that all conditions to the exercise of such authority have been satisfied, and that this Agreement is or will be binding upon such entity in accordance with their respective terms.

9.16 Nondiscrimination. Seller covenants by and for itself, its heirs, executors, administrators and assigns and all persons

claiming under or through it that there shall be no discrimination against or segregation of any person or group of persons on account of race, sex, marital status, color, creed, national origin or ancestry, in connection with any work related to the Property, including but not limited to, contracting, grading or construction, nor shall the Seller itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation.

9.17 Time of the Essence. Time is of the essence of each of the terms, covenants and conditions of this Agreement.

9.18 No Estoppel. No waiver of any breach of any of the obligations in this Agreement shall constitute a waiver of any succeeding or preceding breach of the same, or any other covenant or restriction contained herein.

9.19 Successors and Assigns. The successors and assigns of the Buyer and Seller, shall be bound, burdened or benefitted hereby.

9.20 Inconsistency. In the event of an inconsistency between this Agreement, and the Golf Course Agreement of even date herewith by and between the parties hereto, the terms of this Agreement shall control.

9.21 No Violation of Law. Nothing contained herein shall be construed so as to require the commission of any act contrary to law, including but not limited to a waiver of the City of Yorba Linda's police powers, and wherever there is any conflict between any provision contained herein and any present or future statute, law, ordinance, or regulation contrary to which the parties have no legal right to contract, the latter shall prevail but the provisions of this Agreement which is affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law without invalidating or affecting the remaining provisions of this Agreement. Notwithstanding the foregoing, nothing herein shall be deemed to waive Article 4 of the Development Agreement.

9.22 No Waiver. No delay or omission by either party hereto in exercising any right or power accruing upon the compliance or failure of performance by the other party hereto under the provisions of this Agreement shall impair any such right or power or be construed to be a waiver thereof. A waiver by either party hereto of a breach of any of the covenants, conditions or agreements hereof to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions hereof.

9.23 Governing Law.. This Agreement shall be governed by and construed under California law.

9.24 Service of Process. Service of process on Buyer shall be made in accordance with the requirements for service of process

on a public entity. Service of process on Seller Western E&P Inc. shall be made in any manner permitted by law and shall be effective if served on Seller Western E&P Inc.'s registered agent for service of process, Prentice Hall Corporation System Inc. of California, 5670 Wilshire Boulevard, Suite 750, Los Angeles, California 90036, with a copy mailed by certified or registered mail, postage prepaid, to Division Land Manager, 5060 California Avenue, Bakersfield, California 93309.

9.25 Entire Agreement. This Agreement contains the entire agreement of the parties hereto with respect to the matters covered hereby, and all negotiations and agreements, statements or promises between the parties hereto or their agents with respect to this transaction are merged in this Agreement, which alone expresses the parties' rights and obligations and if not contained herein shall not be binding or valid against either of the parties hereto.

9.26 Modification. Any amendments or modifications to this Agreement must be in writing and executed by all the parties to this Agreement.

9.27 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which, when taken together shall constitute one and the same instrument.

9.28 Exhibits. All exhibits attached hereto and referred to herein are hereby incorporated herein as though set forth at length.

[end - signature page follows]

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the date first written above.

Dated this _____ day of _____, 1996.

"SELLER"

SHELL WESTERN E&P INC.,
a Delaware corporation

By: _____
_____,
Its Attorney-in Fact

"BUYER"

THE CITY OF YORBA LINDA

By: _____
_____,
Mayor

ATTEST:

_____
Carolyn Wallace
City Clerk

APPROVED AS TO FORM:

_____
Leonard A. Hampel
City Attorney

EXHIBIT "A"

LEGAL DESCRIPTION OF SWEPI PROPERTY

[SEE FOLLOWING THREE PAGES]

EXHIBIT "A"

SWEPI PROPERTY DESCRIPTION

A Parcel of land, lying within Sections 15, 16, 17, 21, and 22, all in Township 3 South, Range 9 West, San Bernardino Meridian, in the County of Orange, State of California. Said Parcel being a portion of those lands described in the Grant Deed between Olinda Land Company and Shell Oil Company, dated January 6, 1939 in Book 928, Page 49 of Official Records of said County., and as shown on Record of Survey 93-1077, Instrument No. 95-0051807, recorded on February 7, 1995, in Book 147, Pages 24-29 of Records of Survey, in the Office of the Orange County Recorder; That portion being further described as follows:

Commencing at a 12 inch by 10 inch by 5 inch sandstone marked for the quarter corner between Section 14 and Section 15, as Shown on Map recorded in Book 33, Page 37 of Record of Surveys, in the Office of said County Recorder. Thence South 1°16'51" West, along said Section line, 2653.36 feet, (cited in said Record of Survey as South 0°23'33" West, 2653.61 feet), to the Southeast corner of said Section 15, as shown on Parcel Map 88-156, dated December 5, 1988, recorded In Book 239, Pages 1 through 4 of Parcel Maps, in the Office of said County Recorder. Said point also being the True Point of Beginning; Thence South 25°11'12" West, 1597.06 feet. (cited in said Parcel Map as South 25°11'36" West, 1597.14 Feet), to the Northeast corner of Lot 2, Block 10 of Yorba Linda Tract as shown on Map recorded in Book 5, Page 17 and 18 of Miscellaneous Maps, in the Office of said County Recorder. And as shown on said Record of Survey, recorded in Book 33, Page 37. Thence Westerly along the North line of said Yorba Linda Tract, North 89°41'33" West, 2642.35 feet (cited in said Record of Survey as South 89°25'04" West, 2642.05 feet), to the Northwest corner of Lot 1, Block 11 of said Yorba Linda Tract. Thence North 0°05'39" East, 1354.75 Feet along the East line of Lot 4, Block 7 of said Yorba Linda Tract, (cited in said Record of Survey as North 0°47'06" West, 1354.43 feet), to the Northeast corner of Said Lot 4. Thence Westerly along the North line of said Yorba Linda Tract, North 89°41'39" West, (cited in said Record of Survey as North 89°25'04" East) , 2771.46 feet to a point on the North line of Block 6, Lot 4 of said Yorba Linda Tract, Thence South 0°29'44" West, 751.32 feet; Thence North 89°20'23" West, 1023.49 Feet; Thence South 0°28'22" West, 557.28 feet to the North line of Bastenchury Road, being 80 feet wide; Thence North 89°21'06" West, along said North line, 60.00 feet to the West line of Block 6, Lot 3; Thence North 0°28'22" East, along said West line, 1301.91 feet to the North line of said Yorba Linda Tract. Said point also being the Northwest corner of Block 6, Lot 3, of said Yorba Linda Tract. Thence Westerly along said North Line. North 89°41'39" West, 1319.65 feet to the Southeast Corner of Block 5 of the Town of Carlton as shown on Map Recorded in Book 29, Page 9 and 10 of Miscellaneous Records, In the Office of the County Recorder for Los Angeles County. Thence North 0°29'03" East, along the East line of said Town of Carlton; 660.39 feet to the Southeast corner of Block 7 of said Town of Carlton; Thence North 89°43'55" West, 688.52 feet to the Southwest corner of said Block 7; Thence North 0°28'29" East, along the West line of said Block 7, 330.14 feet to the Southeast corner of Block 9 of said Town of Carlton; Thence North 89°44'10" West, 660.17 feet to the Southwest corner of said Block 9; Thence North 0°28'24" East, 330.09 feet to the Northwest corner of said Block 9; Thence North 89°07'37" West, along the North line of Lots 24 and 25 of said Town of Carlton, 1292.74 feet to the Northwest corner of said Lot 25; Thence North 0°29'25" East, along the East line of Block 2 of said Yorba Linda Tract, 1176.53 feet to a 1" aluminum disk marked "USCE, R/W COR."; Said disk being a corner of Parcel 101 as described in Book 5269, Pages 79 through 116 of Official Records of said County of Orange; and as shown on Real Estate Map, Department of the Army, Office of the Los Angeles District Engineer, South Pacific Division, Map Number 637-P-1, unrecorded; Thence North 00°29'25" East, 79.98 feet; (cited as North 00°29'53" East, 80.00 feet) to a corner of Tract 119 as said in last described Records; Thence along the following courses of said Tract 119, North 89°59'48" East, 167.95 feet; Thence North 20°00'32" East, 1289.08 feet to the most Southern corner of Tract 100 as said in the last described records; Thence along the Following courses of said Tract 100,

North 20°00'32" East, 313.81 feet;
Thence North 50°05'48" East, 13.38 feet;
Thence North 87°47'08" East, 45.62 feet;
Thence South 42°55'45" East, 45.66 feet;
Thence South 00°14'51" East, 141.53 feet;
Thence South 84°44'16" East, 105.49 feet;
Thence South 58°40'11" East, 140.64 feet;
Thence South 10°26'24" East, 46.88 feet;
Thence South 71°52'14" East, 69.52 feet;
Thence North 77°30'10" East, 90.05 feet;
Thence North 51°22'55" East, 67.31 feet;
Thence North 53°38'57" East, 95.47 feet;
Thence North 17°25'23" West, 67.33 feet;
Thence North 76°53'51" West, 152.66 feet;
Thence North 44°17'48" West, 72.36 feet;
Thence North 00°06'12" East, 51.28 feet;
Thence North 54°37'21" East, 169.37 feet;
Thence North 36°11'50" West, 100.63 feet;
Thence South 89°51'40" West, 184.00 feet;
Thence North 45°55'55" West, 78.50 feet;
Thence North 19°46'36" West, 189.66 feet;
Thence South 28°49'46" West, 100.31 feet;
Thence South 54°44'37" West, 68.76 feet;
Thence North 65°30'42" West, 136.09 feet;
Thence North 49°17'18" West, 194.97 feet;
Thence South 82°25'39" West, 132.81 feet;
Thence South 85°57'08" West, 107.52 feet;
Thence North 87°05'05" West, 71.19 feet;
Thence South 52°59'45" West, 67.56 feet;
Thence North 44°00'33" West, 46.10 feet;
Thence North 36°28'54" East, 109.81 feet;
Thence North 41°58'09" East, 71.56 feet;
Thence South 85°02'54" West, 122.70 feet;
Thence North 71°12'45" West, 86.61 feet;
Thence South 46°32'58" West, 165.26 feet;
Thence North 41°25'21" West, 58.28 feet;
Thence North 34°30'36" East, 64.78 feet;
Thence North 8°27'10" West, 64.16 feet;
Thence North 6°43'53" East, 92.19 feet;
Thence North 2°19'16" West, 90.76 feet;
Thence North 15°50'49" East, 37.41 feet;
Thence South 84°42'34" East, 78.31 feet;
Thence South 85°12'34" East, 117.59 feet;
Thence North 87°00'23" East, 183.56 feet;
Thence North 75°45'42" East, 102.30 feet;
Thence North 56°03'37" East, 83.38 feet;
Thence North 57°12'57" East, 82.28 feet;
Thence North 40°19'14" East, 145.92 feet;
Thence North 24°31'27" East, 175.21 feet;
Thence North 22°55'01" East, 136.42 feet;
Thence North 9°25'04" East, 99.16 feet;
Thence North 15°54'55" East, 55.61 feet to a point on the North line of said Section 16; Said point bears South 87°35'19" East, 152.31 feet from the Northwest corner of said Section 16 as shown on the map Recorded in Book 87, Page 48 of said Record of Surveys. Thence South 87°35'20" East, along the North

line of said Section 16, 2531.77 feet to the most Westerly line of Parcel 1006-1-1, as described in a deed Recorded in Book 9137, Page 265 of Official Records of said Orange County and as shown on a Record of Survey Recorded in Book 103, Page 5-7 of said Record of Surveys; Thence South 21°07'03" West, along said Westerly line, (shown as South 20°00'59" in said Record of Survey), 278.13 feet; Thence South 68°50'56" East, along the South line of said Parcel 1006-1-1, 495.56 feet; Thence South 51°05'18" East, 1315.38 feet to a point on the Westerly line of Parcel 1002-2-8 as described in a Deed Recorded in Book 5616, Page 73 of said Official Records; Thence South 61°47'18" West, along said Westerly line, (described in last said Deed as South 60°59'01" West), 1154.64 feet to the most Northerly corner of Parcel 1006-1-7 as described in a deed Recorded in Book 9137, Page 265 of said Official Records; Thence along the Southwesterly prolongation of last said course, South 61°47'18" West, 156.50 feet to the West line of last said Parcel; Thence South 22°10'17" West, 743.50 feet; Thence South 00°46'40" West, 274.67 feet to the South line of that 50 foot wide Permanent Easement described in a Deed Recorded in Book 4208, Page 424 of said Official Records; Said South line also being a portion of the Southerly boundary of said Parcel 1002-2-8; Thence along said South line of said Easement, South 83°53'27" East, 718.10 feet; Thence South 47°50'09" East, 45.00 feet to the most Northerly corner of that Parcel of Land granted to Yorba Linda Water District described in a Deed Recorded in Book 6915, Page 891 of said Official Records; Thence South 42°09'51" West, 450.00 feet; Thence South 47°50'09" East, 480.00 feet; Thence North 42°09'51" East, 450.00 to the South line of said Easement; Thence South 47°50'09" East, 438.24 feet, along said South line of said Easement, to the most Westerly corner of Parcel 1006-1-3 as described in a Deed Recorded in Book 9137, Page 265 of said Official Records; Thence along the following courses of last said Parcel:

South 12°09'05" West, 182.45 feet (described as "South 11°09'12" West, 182.13 feet");
Thence South 49°20'37" East, 300.00 feet;
Thence North 37°17'54" East, 214.96 feet;
Thence South 76°40'56" East 190.07 feet;
Thence North 31°06'36" East, 445.18 feet;
Thence North 80°48'02" East, 430.11 feet;
Thence South 89°12'02" East, 1000.10 feet;
Thence North 00°47'43" East, 320.06 feet to a Department of Parks and Recreation 2 ½ inch brass cap, marked " PROP. COR., LS 4280, 1985" as shown on a map Recorded in Book 113, Pages 23 and 24 of said Record of Surveys; Thence along the South line of Parcel 3 as described in a Corporation Deed from Shell California Production Inc., Grantor, to the State of California, Grantee, Recorded May 4, 1983, in Instrument Number 83-187215, of said Official Records, South 88°50'27" East, 4333.81 feet to the East line of said Section 15, Thence South 1°16'51" West, 2329.83 feet, along said East line of Section 15, to the True Point of Beginning. Said Parcel contains 878.80 acres more or less.

EXHIBIT "B"

LEGAL DESCRIPTION OF REAL PROPERTY

SEE FOLLOWING PAGE TITLED:
"SCHEDULE I
OPTION SITE DESCRIPTION"

SCHEDULE I
OPTION SITE DESCRIPTION

A Parcel of land, Being a portion of Sections 16 and 21, Township 3 South, Range 9 West, San Bernardino Merdian; In the County of Orange, State of California; Said Parcel being a portion of that Land described in a Grant Deed between Olinda Land Company, Grantor, and Shell Oil Company, Grantee, Recorded January 6, 1939, In Book 926, at Page 49 of Official Records of said Orange County and Including Parcels B-1, B-2, B-3, and B-4 as described in Book 7365, Page 925 - 952 of Official Records, in the Office of the Recorder of said Orange County; The Parcel being more particularly described as follows:

Commencing at the Southeast Corner of Block 5, Town of Carlton as shown on a map, Recorded in Book 29, Pages 9 and 10 of Miscellaneous Maps, In the Office of the County Recorder , In the County of Los Angeles, State of California; And as shown on Record of Survey 93-1077, Recorded in Instrument No. 950051807, Book 147, at Pages 24-29, of Records of Surveys, In the Office of the Recorder of said Orange County. Thence South 89°41'39" East, along the North Line of Block 6 of the Yorba Linda Tract as shown on a map, Recorded in Book 5, at Pages 17 and 18 of Miscellaneous Maps, In the Office of said Orange County Recorder, at a distance of 1319.65 feet to the East line of Tract 4032 as Recorded in Book 157 , at Pages 42 and 43 of Miscellaneous Maps and the True Point of Beginning. Thence South 0°28' 22" West, along the said East line of Tract 4032, 1301.91 feet to the North line of the Right-of-Way for Bastenchury Road; Thence South 89°21'06" East, along said Right-of-Way, 60.00 feet; Thence leaving said Right of Way, North 0°28'22" East , 557.28 feet; Thence South 89°20'23" East, 1023.49 feet to a point on a line parallel with the West line of Lot 4, Block 6 of said Yorba Linda Tract, as described in Book 7365, Page 925 - 952 of Official Records, in the Office of said Orange County Recorder; Thence North 0°29'44" East, along said parallel line, 751.32 feet to the North line of said Lot 4 and the North line of said Yorba Linda Tract. Thence Prolonging said parallel line Northerly, North 0°29'44" East, 350.61 feet to the Southerly edge of the Right-of-way for the Proposed extension of Lakeview Avenue; Said point also being a point on a non-tangent curve, concave to the North and having a radius of 1800.00 feet; the Radial line of which bears South 15°58'09" East; Thence Westerly along said curve, and said Right-of Way , through a central angle of 35°03'09", an arc length of 1101.21 feet to the Northerly prolongation of the East line of said Tract 4032; Thence leaving said Right -of-Way, Southerly along said Northerly Prolongation, South 0°28'22" West, 374.28 feet more or less to the North line of Said Yorba Linda Tract and to the True Point of Beginning. Said Parcel contains 27.00 acres more or less.

This description was prepared by me or under my direction in conformance with the Land Surveyor's Act.
Dated this 15th day of March, 1996

Stuart Soles, L.S. 6733
Expiration Date: 9-30-96

EXHIBIT "C"

SITE MAP

SEE MAP ON FOLLOWING PAGE

SCHEDULE I
OPTION SITE ILLUSTRATION

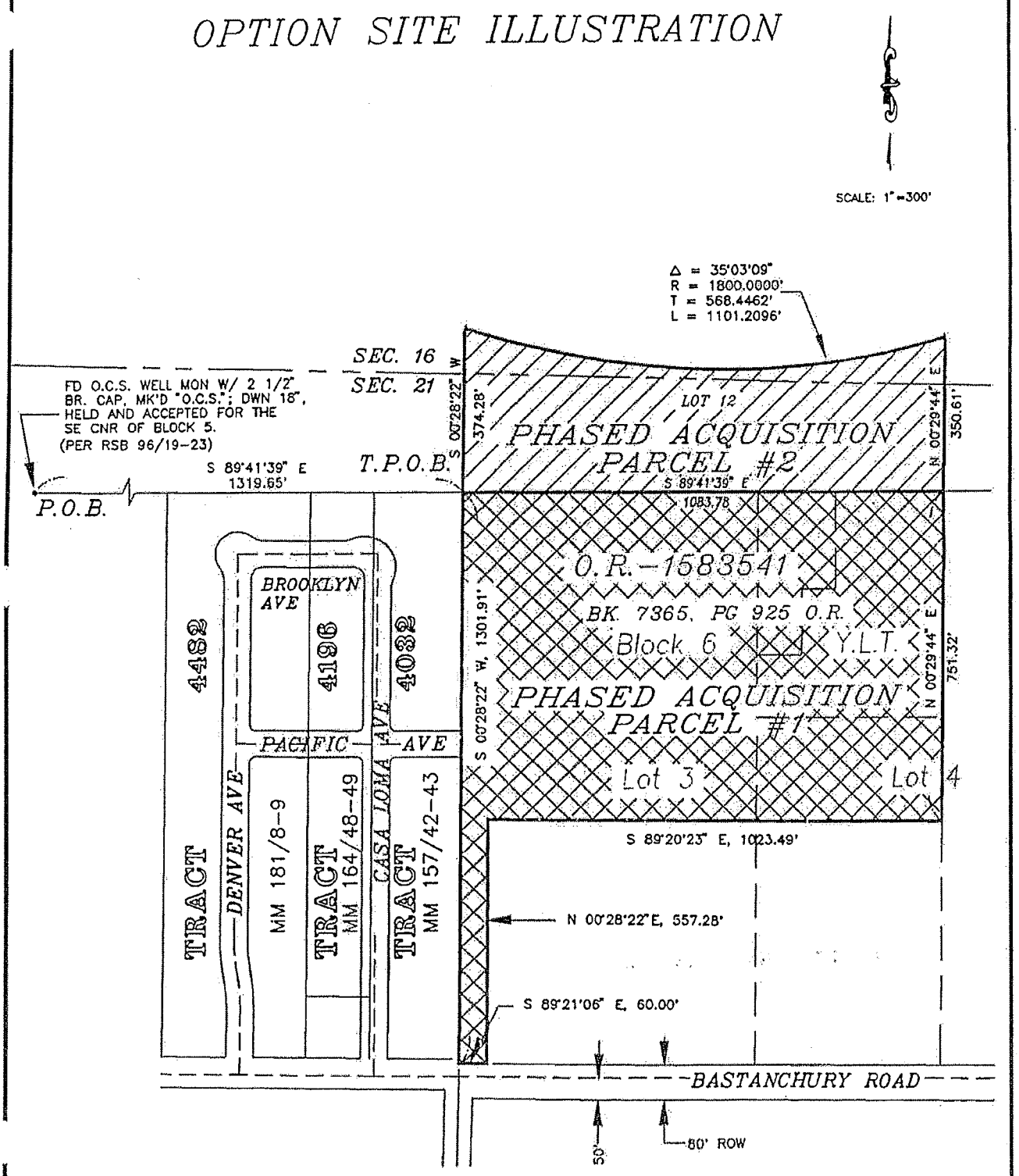

EXHIBIT "D"

LEGAL DESCRIPTION OF MAIN PROPERTY

SEE FOLLOWING PAGE TITLED:
"SCHEDULE I
OPTION SITE DESCRIPTION
PHASED ACQUISITION PARCEL #1"

SCHEDULE I
OPTION SITE DESCRIPTION

PHASED ACQUISITION PARCEL # 1

A Parcel of land, Being a portion of Sections 16 and 21, Township 3 South, Range 9 West, San Bernardino Merdian; In the County of Orange, State of California; Said Parcel being a portion of that Land described in a Grant Deed between Olinda Land Company, Grantor, and Shell Oil Company, Grantee, Recorded January 6, 1939, In Book 926, at Page 49 of Official Records of said Orange County and Including Parcels B-1, B-2, B-3, and B-4 as described in Book 7365, Page 925 - 952 of Official Records, in the Office of the Recorder of said Orange County; The Parcel being more particularly described as follows:

Commencing at the Southeast Corner of Block 5, Town of Carlton as shown on a map, Recorded in Book 29, Pages 9 and 10 of Miscellaneous Maps, In the Office of the County Recorder , In the County of Los Angeles, State of California; And as shown on Record of Survey 93-1077, Recorded in Instrument No. 950051807, Book 147, at Pages 24-29, of Records of Surveys, In the Office of the Recorder of said Orange County. Thence South 89°41'39" East, along the North Line of Block 6 of the Yorba Linda Tract as shown on a map, Recorded in Book 5, at Pages 17 and 18 of Miscellaneous Maps, In the Office of said Orange County Recorder, at a distance of 1319.65 feet to the East line of Tract 4032 as Recorded in Book 157 , at Pages 42 and 43 of Miscellaneous Maps and the True Point of Beginning. Thence South 0°28' 22" West, along the said East line of Tract 4032, 1301.91 feet to the North line of the Right-of-Way for Bastenchury Road; Thence South 89°21'06" East, along said Right-of-Way, 60.00 feet; Thence leaving said Right of Way, North 0°28'22" East , 557.28 feet; Thence South 89°20'23" East, 1023.49 feet to a point on a line parallel with the West line of Lot 4, Block 6 of said Yorba Linda Tract, as described in Book 7365, Page 925 - 952 of Official Records, in the Office of said Orange County Recorder; Thence North 0°29'44" East, along said parallel line, 751.32 feet to the North line of said Lot 4 and the North line of said Yorba Linda Tract. Thence North 89°41'39" West, 1083.78 feet, more or less to the True Point of Beginning. Said Parcel contains 19.37 acres more or less.

This description was prepared by me or under my direction in conformance with the Land Surveyor's Act.
Dated this 27TH day of SEPTEMBER, 1996

Stuart Soles, L.S. 6733
Expiration Date: 9-30-96

LICENSED LAND SURVEYOR
STUART W. SOLES
EXP 9/30/96
NO. 6733
STATE OF CALIFORNIA

EXHIBIT "E"

LEGAL DESCRIPTION OF TANK FARM PROPERTY

SEE FOLLOWING PAGE TITLED:
"SCHEDULE I - OPTION SITE DESCRIPTION
PHASED ACQUISITION PARCEL #2"

SCHEDULE I
OPTION SITE DESCRIPTION

PHASED ACQUISITION PARCEL # 2

A Parcel of land, Being a portion of Sections 16 and 21, Township 3 South, Range 9 West, San Bernardino Merdian; In the County of Orange, State of California; Said Parcel being a portion of that Land described in a Grant Deed between Olinda Land Company, Grantor, and Shell Oil Company, Grantee, Recorded January 6, 1939, In Book 926, at Page 49 of Official Records of said Orange County and Including Parcels B-1, B-2, B-3, and B-4 as described in Book 7365, Page 925 - 952 of Official Records, in the Office of the Recorder of said Orange County; The Parcel being more particularly described as follows:

Commencing at the Southeast Corner of Block 5, Town of Carlton as shown on a map, Recorded in Book 29, Pages 9 and 10 of Miscellaneous Maps, In the Office of the County Recorder , In the County of Los Angeles, State of California; And as shown on Record of Survey 93-1077, Recorded in Instrument No. 950051807, Book 147, at Pages 24-29, of Records of Surveys, In the Office of the Recorder of said Orange County. Thence South 89°41'39" East, along the North Line of Block 6 of the Yorba Linda Tract as shown on a map, Recorded in Book 5, at Pages 17 and 18 of Miscellaneous Maps, In the Office of said Orange County Recorder, at a distance of 1319.65 feet to the East line of Tract 4032 as Recorded in Book 157 , at Pages 42 and 43 of Miscellaneous Maps and the True Point of Beginning. Thence along said North Line, South 89°41'39" East , 1083.78 feet, Thence Northerly, North 0°29'44" East, 350.61 feet to the Southerly edge of the Right-of-way for the Proposed extension of Lakeview Avenue; Said point also being a point on a non-tangent curve, concave to the North and having a radius of 1800.00 feet; the Radial line of which bears South 15°58'09" East; Thence Westerly along said curve, and said Right-of Way , through a central angle of 35°03'09", an arc length of 1101.21 feet to the Northerly prolongation of the East line of said Tract 4032; Thence leaving said Right -of-Way, South 0°28'22" West, 374.28 feet, more or less to the North line of Said Yorba Linda Tract and to the True Point of Beginning. Said Parcel contains 7.63 acres more or less.

This description was prepared by me or under my direction in conformance with the Land Surveyor's Act.
Dated this 27TH day of SEPTEMBER, 1996

Stuart Soles, L.S. 6733
Expiration Date: 9-30-96

LICENSED LAND SURVEYOR
STUART W. SOLES
EXP 9/30/96
NO. 6733
STATE OF CALIFORNIA

EXHIBIT "F"

Public Uses

The term "Public Use(s)" as used in this Agreement shall mean the type and nature of uses listed below:

Child and/or adult day care facility

City Hall facility

Civic center buildings

City vehicle and equipment storage facility

Community center

Community garden

Fire facilities

Library

Museum

Police facilities

Post office

Private high school

Public high school

Recreational and/or athletic facilities, including but not limited to one or more of the following: parks; playgrounds; baseball fields and facilities; football fields and facilities; golf facilities; indoor and/or outdoor recreational courts, rinks and facilities for basketball, volleyball, tennis, paddle tennis, racquetball, squash, handball, ice hockey, roller hockey, ice skating, skateboarding, gymnastics, flying disc golf, swimming and aquatics, lawn bowling, and bicycling; and ancillary facilities related to the above.

Senior citizen center

EXHIBIT "G"

RESERVATIONS & EASEMENTS

1. Reservation of Right to Record Utility Easements. Buyer acknowledges that prior to and during the course of the grading of portions of the SWEPI Property, Seller may be required to execute permanent easements for the benefit of third parties, including for the benefit of public utilities which will encumber portions of the Real Property, including but not limited to easements for the purpose of facilitating development of the SWEPI Property, and which may include: (i) easements to the Yorba Linda Water District; (ii) a spillage easement to Metropolitan Water District ("MWD"); (iii) power line easements to Southern California Edison and to MWD; (iv) natural gas line easements; (v) cable television easements; (vi) sewer, wastewater and storm discharge easements; and (vii) other development oriented utility easements not anticipated at this time (collectively referred to herein as "Utility Easements"). Prior to recording any Utility Easements, Seller shall submit the Utility Easement to Buyer for review and approval in Buyer's reasonable discretion. The Utility Easements shall provide, among other matters, that each grantee of a Utility Easement shall have rights of ingress and egress to the Utility Easement for the purposes of construction, repair, maintenance and replacement of utility lines, provided that (i) the grantee shall be solely and fully responsible for the full repair and restoration of any and all improvements on the Real Property, which are damaged or destroyed as a result thereof, provided further that all utility lines will be buried in accordance with good engineering practice, and (ii) Seller shall only record Utility Easements that are located within ten (10) feet of the outer boundary of the Real Property (the "Utility Standards").

2. Restrictive Covenants. The following restrictive covenants shall apply to the Real Property: (i) the Real Property can only be used by the Buyer for one or more of the Public Uses (as defined in the Agreement); (ii) Seller shall retain the right to reasonably approve the site plans, and all grading and architectural elevations for all improvements to be constructed on the Real Property in order to insure compatibility with the land development in the vicinity of the Real Property; and (iii) no activity shall take place on the Main Property that would prevent or materially hinder the use of the Tank Farm Property for its intended purposes until such time as Seller elects to close and remediate the Oil Facilitates.

3. Reservation of Oil, Gas, Minerals and Related Rights Pertaining to the Real Property.

3.1 Reservation of Rights. Seller reserves any and all oil, oil rights, minerals, mineral rights, natural gas rights, and other hydrocarbons by whatsoever name known, geothermal steam and all products derived from any of the foregoing that maybe within or

under the Real Property below a depth of 250 feet beneath the Real Property (the "Oil, Gas & Minerals");

(a) together with the perpetual right (including the right to grant the same to others) of drilling, mining, exploring, developing and operating therefor, storing in, removing and selling the Oil, Gas & Minerals from the Real Property or any other land, including the right to whipstock or directionally drill and mine from lands other than the Real Property, oil or gas wells, and to bottom such whipstocked or directionally-drilled wells, tunnels, and shafts under and beneath or beyond the exterior limits thereof, and to redrill, retunnel, equip, maintain, repair, deepen, and operate any such wells;

(b) all of Seller's present and future right, title and interest in and to all oil, gas and other mineral leases covering all or any portion of the Real Property, together with all other contractual, working, operating and unit rights and interests held by Seller in connection with the Oil, Gas & Minerals in, under and produced from the Real Property;

(c) all of Seller's present and future right, title and interest in and to Oil, Gas & Mineral royalties, royalties, production payments, rights to take production or royalties in kind, net profits interests or other rights and interests in and to the exploration or production of Oil, Gas & Minerals arising out of the Real Property; and

(d) all facilities, equipment, fixtures, personal property and improvements located below the Real Property and used in connection with the exploration for, development, production, storage or removal of Oil, Gas & Minerals, which, under no circumstances, will Seller be required to remove;

(e) Provided, however, the right to enter and occupy provided in this Section 3 does not include the right to drill, mine, store, explore, or operate through the then current surface of the Real Property.

3.2. Reservation of Pipeline Easements. The Grant Deed shall reserve to Seller and its successors and assigns an easement across a specified portion of the Real Property as specifically identified on an attachment, permitting Seller, its affiliates, successors and assigns in the Oil, Gas & Mineral rights to install, maintain and replace pipelines beneath those properties for the transmission of Oil, Gas & Minerals, water and steam with the duty upon the owner of the dominant tenement to restore the surface of those properties after exercise of the easement rights (the "Pipeline Easement").

4. Seller Indemnification. In consideration for the Reservations and Easements in the Grant Deed, the following indemnification provisions shall also be recited in the Grant Deeds for the Real Property and the benefits shall run in favor of the Real Property and its owners:

4.1 Indemnification for Governmental Demands. Any federal, state or regional agency with jurisdiction over environmental conditions on the Real Property issues an order requiring further remediation of soil or water on that property, and the condition to be remediated arose out of Oil Operations, and such condition violates a law or regulation in effect at the time the Real Property was conveyed to the Buyer, or the condition resulted from Seller's Oil Operations on land adjoining the Real Property subsequent to the transfer, then Seller shall indemnify, defend, and hold harmless Buyer, its officers, officials, employees, and agents, and undertake and supervise such further remediation effort as contained in a final order of such an agency, provided that the remediation obligation is limited to an obligation to remediate to standards customarily acceptable for operation of the Real Property, provided that, as a precondition to such indemnity and holding harmless, that Seller will be permitted to be the decision maker for, and directly implement, the remediation and defense.

4.2 Private Party Demands. Any legal action is filed against Buyer by a property owner or occupant of lands adjoining the Real Property (other than a federal, state or regional agency) demanding further remediation of soil or water on the Real Property, or claiming personal injury arising out of the condition of soil or water on the Real Property, and the condition which is the basis of the complaint arose out of Seller's Oil Operations on or from the Real Property, and such condition violates a law or regulation in effect at the time of the transfer of the Real Property, or the condition resulted from Seller's Oil Operations on land adjoining the Real Property subsequent to the transfer, Seller will indemnify, defend, and hold harmless Buyer, its officers, employees, and agents, provided that, as a precondition to such indemnity and holding harmless, Seller is permitted to be the decision maker for the defense.

4.3 While Seller or Its Successors Use the Pipeline Easements. At all times when Seller or its successors in interest utilize the Pipeline Easements, the current owner of the dominant tenement under the Pipeline Easement in question shall defend, indemnify and hold harmless Buyer and its officers, officials, employees and agents against any actions, demands or orders of a governmental agency, and against any legal action filed by a private party, and for any damages to the Real Property, which arise out of the operation of the pipelines located on any Pipeline Easements, unless such demand, action, order or damage is the result of the Buyer's, or its successor's or agent's, gross negligence or willful misconduct.

5. Gnatcatcher CC&Rs. Those certain Covenant and Equitable Servitude Relating to Conserved Habitat ("Gnatcatcher CC&Rs") encumbering the entire SWEPI Property made by Seller in favor of the State of California, Department of Fish and Game, a department of the State of California Resources Agency; Department of Parks and Recreation, a department of the State of California Resources Agency; and U.S. Fish and Wildlife Service, an agency of the Interior Department of the United States of America, which

Gnatcatcher CC&Rs are set forth as Exhibit O to the Implementation Agreement and Management Authorization (dated on the cover page November, 1996, and with the date of November 8, 1996, as the latest of the dates next to the signatures of the parties evidencing full execution) by and among SWEPI, Metropolitan Water District, State of California Department of Parks and Recreation, and State of California Department of Fish and Game.