

“EXHIBIT G”

**AGREEMENT FOR PURCHASE AND SALE
OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS**

THIS AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS ("Agreement") is made this day of _____, 20__ by and between the CITY OF HESPERIA, a municipal corporation, ("Seller"), and the County of San Bernardino, a political subdivision of the State of California, ("Buyer"), collectively the "Parties."

RECITALS:

Seller is the owner of approximately +/- 4.42 acres of real property located in the City of Hesperia, County of San Bernardino, State of California, commonly known as 15900 Smoke Tree Street, Hesperia, CA, which is referred to as Assessor's Parcel Number ("APN") 0407-224-001-0000, and which is legally described on Exhibit "A" and depicted on Exhibit "B" attached hereto and incorporated herein by this reference, and the related improvements, appurtenances, and certain related personal and intangible property ("Property").

The Property is improved with a two-story building ("Building") encompassing some 66,778 square feet which is currently vacant.

City desires to sell and County desires to purchase the Property (defined hereinbelow), including the Building and Improvements, as specifically described below.

DEFINITIONS:

"Business Days" - shall mean calendar days excluding weekends and holidays.

"Calendar Days" - shall mean consecutive calendar days excluding recognized federal and state holidays.

"City" - shall mean the City of Hesperia, a municipal corporation formed and existing under the laws of the State of California. The term City also includes any assignee of, successor to, its rights, powers, and responsibilities.

"Closing" - shall mean the exchange of money and documents, and shall be deemed to have occurred when City's Deed to County has been recorded, the Escrow Holder holds and can record and deliver the remaining documents described in the Agreement, the Title Company is irrevocably and unconditionally committed to issue the Title Policy, and County has delivered the Purchase Price in immediately available funds to Escrow Holder.

“Construction Agreement” - shall mean the Agreement for the Program Management, Construction and Future Purchase of a High Desert Government Center, entered into as of [REDACTED], 2009, by and between the City and the County.

“County” - shall mean the County of San Bernardino, a political subdivision of the State of California.

“Escrow Holder” - shall mean Chicago Title and Escrow.

“Guaranteed Maximum Price” or “GMP” - shall mean and refer, interchangeably, to the fixed amount of TWENTY-SIX MILLION NINE HUNDRED SEVENTY-FOUR THOUSAND AND 00/100 DOLLARS (\$26,974,000.00) which is the total cost for the completion of the design, development and construction of the San Bernardino County High Desert Government Center (Scope of Work by City’s Program Manager) and is the maximum amount of money the County will be required to pay the CITY for the completion of the Project. The GMP is more particularly described in Exhibit “D” to the Construction Agreement and said Exhibit is incorporated herein by reference.

“High Desert Government Center” or “HDGC” - shall mean and refer, interchangeably, to the proposed County High Desert region office building encompassing approximately 66,778 square feet of office space in a two story configuration, including all appurtenances, furniture, fixtures, and equipment necessary and other improvement necessary for issuance of a Certificate of Occupancy for said facility including the location of the various County departments so that approximately 200 persons are employed and housed within the new office building.

“Improvements” - shall mean the construction of the HDGC building, parking lot, utilities, sidewalks, landscaping, all fixtures and furniture, as detailed in the approved Plans and Specifications for the Project.

“Plans” - shall mean all plans for grading, drainage, traffic, parking, construction, and/or building, landscaping and other plans related to the HDGC, and all designs, diagrams, specifications, drawings, and other representations of or documents associated with the HDGC.

“Permitted Exceptions” - shall mean (a) the standard preprinted exceptions and exclusions of the Title Company, and (b) any other exception shown on the Preliminary Report, other than exceptions for monetary liens, which County does not object to by written notice to City within ten (10) days after delivery of the Preliminary Report, or as otherwise provided in Section 6 of this Agreement.

“Project” - shall mean the design, development, and construction of the County’s High Desert Government Center pursuant to the County approved Plans and Specifications.

“Property” - shall mean that certain City-owned real property, or portion thereof, located at the northwest corner of Smoke Tree Street and Seventh Avenue in the City of

Hesperia identified as Assessor's Parcel Number ("APN") 0407-224-01-0000, and consisting of approximately 4.42 acres, and more particularly described in Exhibit "A" of this Agreement, which is necessary for the development and construction of the HDGC.

"Title Company" - shall mean Chicago Title and Escrow.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the parties hereto agree as follows:

TERMS AND CONDITIONS

1. PURCHASE AND SALE OF PROPERTY.

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and subject to and on the terms and conditions herein set forth, Buyer hereby agrees to purchase from Seller, and Seller agrees to sell, assign and convey to Buyer the Property herein described together with:

(a) All privileges, rights, easements, appurtenances belonging to the Property,

(b) All development rights, air rights, water rights and water stock relating to the Property,

(c) All minerals, oil, gas, and other hydrocarbon substances on and under the Property; all right, title and interest of Seller in and to any streets, alleys, passages, water and sewer taps, sanitary or storm drain capacity or reservations and rights under utility agreements, and other easements and rights-of-way including in, adjacent to or used in connection with the beneficial use and enjoyment of the Property (all privileges, rights, easements and appurtenances described in this Section 1(a), (b) and (c) are referred to herein, collectively, as the "Appurtenances").

(d) All improvements on the Property, including, without limitation, all buildings, structures, fences, parking areas, or improvements located upon the Property or upon the Improvements, including fixtures, systems, and equipment attached to the Property or Improvements and used in connection with the operation or occupancy of the Property and Improvements (such as heating and air conditioning systems, refrigeration, ventilation, garbage disposal, or utility conduits (collectively, the "Improvements", which together with the Property and Appurtenances are referred to herein as the "Real Property"), and

(e) Certain tangible personal property and all intangible property owned by City that is located on or in or is used in connection with the use or operation of any of the Real Property, including without limitation, all transferrable and assignable warranties, licenses, and permits owned by or held by the City in connection with the construction of the Project, the Plans and Specifications, the Construction Contract, and all plans, drawings, sketches, profiles, and other documentation and

materials relating to the construction of the HDGC, including autocad as-built plans ("Personal Property").

2. OPENING OF ESCROW.

Within five (5) business days after Seller's receipt of a copy of the fully executed (by both Buyer and Seller) Agreement, the parties shall open an escrow ("Escrow") with the Escrow Holder by causing an executed copy of this Agreement to be deposited with Escrow Holder. Escrow shall be deemed open on the date the executed Agreement is delivered to Escrow Holder ("Opening of Escrow"). The Escrow Holder shall be Chicago Title & Escrow, 17330 Bear Valley Road, Suite 101, Victorville, CA 92395. The Escrow Officer shall be Debbie Tarango who can be contacted at (760) 241-8606.

3. PAYMENT OF PURCHASE PRICE.

3.1 Purchase Price.

As a condition to City's performance hereunder, County shall pay to City total consideration of the actual cost of construction not to exceed the amount of the Guaranteed Maximum Price ("Purchase Price") for the Property. County shall receive a credit to be applied toward the Purchase Price in an amount equal to all amounts paid by County pursuant to the Construction Agreement.

4. ADDITIONAL FUNDS AND DOCUMENTS REQUIRED FROM BUYER AND SELLER.

4.1 Buyer.

Buyer agrees that on or before 12:00 noon on the date preceding the Closing Date, Buyer will deposit with Escrow Holder all additional funds and/or documents (executed and acknowledged, if appropriate) which are necessary to comply with the terms of this Agreement.

4.2 Seller.

Seller agrees that on or before 12:00 noon on the business day preceding the Closing Date, Seller will deposit with Escrow Holder an executed and recordable grant deed ("Grant Deed"), substantially in the form as provided in Exhibit "C", conveying the Property to Buyer, together with such funds and other items and instruments as may be necessary in order for the Escrow Holder to comply with this Agreement. Escrow Holder will cause the Grant Deed to be recorded when (but in no event after the date specified in Section 5.1 below) it can issue the Title Policy in the form described in Article 6 below, and holds for the account of Seller the items described above to be delivered to Seller through Escrow, less costs, expenses and disbursements chargeable to Seller pursuant to the terms hereof.

5. CLOSING DATE; TIME OF ESSENCE.

5.1 Closing Date.

The Parties desire that the Escrow close no later than ninety (90) calendar days after the date the Seller provides the Buyer with a Certificate of Completion for the HDGC ("Closing Date") unless otherwise extended by mutual written agreement. The terms "Close of Escrow" and/or "Closing" and/or "Closing Date" are used herein to mean the time that Seller's Grant Deed is filed for recording by the Escrow Holder in the Office of the County Recorder of San Bernardino County, California.

5.2 Possession.

Possession and occupancy shall be delivered to Buyer at 5:00 p.m. on the Closing Date.

5.3 Time of Essence.

Buyer and Seller specifically understand that time is of the essence and Buyer and Seller each specifically agrees to strictly comply and perform its obligations herein in the time and manner specified and waives any and all rights to claim such compliance by mere substantial compliance with the terms of this Agreement.

6. TITLE POLICY.

6.1 Approval of Title.

Buyer and Seller acknowledge Seller's delivery to Buyer of a preliminary title report under the Construction Agreement covering title matters through and including the date of execution of the Construction Agreement. Promptly following execution of this Agreement, but in no event later than ten (10) calendar days following Opening of Escrow, Seller shall furnish Buyer with a supplemental preliminary title report ("SPTR") issued by the Title Company, describing the state of title of the Property, together with copies of all exceptions specified therein and a map plotting all easements specified therein. The Title Officer shall be Dan Dulin, who may be contacted at (800) 722-0824, and/or other appropriate personnel of the Title Company authorized and qualified to provide title services. Within ten (10) calendar days after Buyer's receipt of the SPTR, Buyer shall notify Seller in writing ("Buyer's Title Notice") of Buyer's approval of all matters contained in the SPTR or of any objections Buyer may have to title exceptions or other matters ("Disapproved Exceptions") contained in the SPTR, provided, however, that any Disapproved Exceptions shall be limited to title exceptions or other matters that were recorded subsequent to the date of execution of the Construction Agreement. If Buyer fails to deliver Buyer's Title Notice within said ten (10) calendar day period, Buyer shall be conclusively deemed to have approved the SPTR and all matters shown therein, including those standard preprinted exceptions and exclusions of the Title Company (Permitted Exceptions) unless a time extension to this provision has been approved in writing amongst the Parties.

(a) In the event Buyer delivers Buyer's Title Notice or Buyer is deemed to have disapproved of the SPTR, Seller shall have a period of ten (10) calendar days after receipt of Buyer's Title Notice in which to notify Buyer of Seller's election to either (i) agree

to attempt to remove the Disapproved Exceptions prior to the Close of Escrow; or (ii) decline to remove any such Disapproved Exceptions ("Seller's Notice"). Seller's failure to deliver Seller's Notice within said ten (10) calendar day period shall be deemed Seller's election to decline to remove the Disapproved Exceptions. If Seller notifies Buyer of its election to decline to remove the Disapproved Exceptions, if Seller is deemed to have elected to decline to remove the Disapproved Exceptions, or if Seller is unable to remove the Disapproved Exceptions, Buyer may elect either to terminate this Agreement and the Escrow or to accept title to the Property subject to the Disapproved Exception(s). Buyer shall exercise such election by delivery of written notice to Seller and Escrow Holder within five (5) calendar days following the earlier of (i) the date of written advice from Seller that such Disapproved Exception(s) cannot be removed; or (ii) the date Seller declines or is deemed to have declined to remove such Disapproved Exception(s).

(b) Upon the issuance of any amendment or supplement to the SPTR 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 ten (10) calendar days following receipt of notice of such additional exceptions.

(c) Nothing to the contrary herein withstanding, Buyer shall be deemed to have automatically objected to all deeds of trust, mortgages and similar monetary liens affecting the Property recorded subsequent to the execution date of the Construction Agreement, and Seller shall discharge any such non-permitted title matter of record prior to or concurrently with the Close of Escrow.

(d) Buyer acknowledges that approval of Title is essential to the successful completion of HDGC and conveyance of the Property herein contemplated. For that reason Buyer must notify Seller in writing of its approval of Title in accordance with the time specified in this Section 6.1. Failure to deliver such notice to Seller shall be conclusively deemed Buyer's approval of all Title matters.

6.2 Title Policy.

At the Close of Escrow, the Escrow Holder shall furnish Buyer with an American Land Title Association ("ALTA") Owner's Extended Coverage Policy of Title Insurance ("Title Policy") for the Buyer's interest, wherein the Title Company shall insure that title to the Property shall be vested in Buyer, containing no exception to such title which has not been approved or waived by Buyer in accordance with this Section. The Title Policy shall include any available title insurance, extended coverage or endorsements that Buyer has reasonably requested.

7. RESERVED.

8. CONDITIONS PRECEDENT TO CLOSE OF ESCROW.

8.1 Conditions to Buyer's Obligations.

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:

(a) Title Company will issue the CLTA Title Policy as required by Section 6 of this Agreement insuring title to the Property vested in Buyer.

(b) Buyer has approved in writing the condition to title of the Property on or before the date provided in Section 6.1 above.

(c) Reserved.

(d) Escrow Holder holds and will deliver to Buyer the instruments and funds, if any, accruing to Buyer pursuant to this Agreement.

(e) Seller has deposited an executed and recordable Grant Deed into Escrow.

(f) Seller has duly executed an assignment document thereby assigning to Buyer Seller's interest in (a) the Plans (if any), (b) all warranties of which Seller is beneficiary with respect to the Improvements or Personal Property (c) in all intangible assets of the Property, if any, and (d) in such service contracts and other agreements as Buyer elects to assume, to the extent any of the foregoing exist.

(g) Seller, if applicable, has provided a complete schedule of all tangible Personal Property to be sold under this Agreement and a complete schedule of all service contracts related to the Property that the Seller does not intend to cancel before the Closing Date.

(h) Seller has provided to Buyer a copy of any survey of the Property it has in its possession.

(i) Seller has provided to Buyer copies of all written easements, covenants, restrictions, agreements, service contracts, and other documents that affect the Property, including without limitation any agreements relating to insurance, service, operation, repair, supply, or management of the Property to the extent they exist and are reasonably available.

(j) Seller has provided to Buyer copies of any licenses, permits, or certificates required by governmental authorities in connection with construction or occupancy of the Improvements, including without limitation building permits, certificates of completion, certificates of occupancy, and environmental permits and licenses, and any correspondence related to the Improvements to the extent they exist and are reasonably available.

(k) Seller has provided to Buyer copies of any existing construction drawings, as-built plans and specifications for the Property.

(l) Seller shall deliver to Buyer copies of any liability, fire, and casualty insurance carried by the Seller to the extent they exist and are reasonably available.

(m) Seller shall provide to Buyer any reports, studies, or documents related to the condition of the Property including environmental impact reports, "Phase I" or "Phase 2" reports, or environmental site assessments concerning hazardous materials on the Property, geological studies, soils tests, engineering reports, inspection results, complaints, or notices received regarding the safety of the Property to the extent they exist or are reasonably available.

(n) Seller shall provide Buyer any other documents to the extent they exist and are reasonably available pertaining to any litigation on or about the Property plus copies of any correspondence, complaints, court orders, settlements, and/or judgments pertaining to the Property.

(o) Seller shall provide to the extent they exist and are germane to the contemplated transaction other data, correspondence, documents, etc., pertaining to transactions with taxing authorities, governmental agencies, utilities, vendors, and others with whom the Buyer may be dealing from and after the Closing Date.

8.2 Condition to Seller's Obligations.

The obligations of Seller under this Agreement shall be subject to the satisfaction or written waiver, in whole or in part, by Seller of the following condition precedent:

(a) Escrow Holder holds and will deliver to Seller the instruments and funds accruing to Seller pursuant to this Agreement.

(b) Buyer has delivered the Purchase Price to Escrow.

(c) Buyer has delivered to Escrow all required documents and funds necessary to Close Escrow as set forth in this Agreement, the Construction Contract, and those forms, documents, and certifications standard and customary with respect to escrow processing in the State of California.

(d) Buyer has duly executed an assignment document thereby assuming Seller's interest in (a) the Plans (if any), all warranties of which Seller is beneficiary with respect to the Improvements or Personal Property' (c) in all intangible assets of the Property, if any, and (d) in such service contracts and other agreements as Buyer elects to assume, to the extent any of the foregoing exist.

(e) Buyer provides proof of its authority and authorization to enter into and perform under this Agreement, and such proof of power and authority of the individuals executing or delivering any instruments, documents, or certificates on behalf of the Buyer to act for and bind Buyer as may reasonably be required by the Seller and the Escrow Holder.

(f) Buyer has caused to be executed or tendered such documents, including written Escrow instructions consistent with this Agreement, as may be necessary or desirable for conveyance of the Property in accordance with this Agreement.

(g) The representations and warranties of Buyer in this Agreement must be true in all material respects on and as of the Closing Date with the same effect as if such representations and warranties had been made on and as of the Closing Date. Buyer must have performed and complied with all covenants, agreements, and conditions required by this Agreement to be performed or complied with by it before or on the Closing Date. City must have been furnished with a certificate of Buyer dated as of the Closing Date, certifying to the fulfillment of the foregoing conditions such certificate shall have the effect of a representation and warranty of Buyer made on and as of the Closing Date.

8.3 Termination for Failure of a Condition.

If County's Closing Conditions or City's Closing Conditions, as the case may be, have not been previously approved or waived, this Agreement may be terminated by the party in whose favor the Closing Condition runs by written notice to the other. If this Agreement is so terminated, the parties shall have no further obligation or liability under this Agreement, except as provided that Escrow Holder must return all amounts deposited by Buyer into Escrow, to Buyer. Any cancellation fee or other costs of the Escrow Holder and Title Company shall be borne equally by Buyer and Seller and each party shall pay its own expenses.

9. REPRESENTATIONS AND WARRANTIES.

9.1 Representations and Warranties - Seller.

Seller hereby makes the following representations and warranties to Buyer, each of which is true in all respects as of the date hereof and shall be true in all respects on the date of Close of Escrow on the Property:

(a) Seller has received no notice and/or has no knowledge that any governmental authority or any employee or agent thereof considers the present or proposed operation, use or ownership of the Property to violate or have violated any ordinance, rule, law, regulation or order of any government or agency, body or subdivision thereof, or that any investigation has been commenced or is contemplated respecting such possible violations.

(b) There are no pending or threatened allegations, lawsuits or claims which would affect the Property.

(c) There are no natural or environmental hazards or endangered species located on or adjacent to the Property that would limit its marketability, merchantability, or suitability for development or impede its use in any way. Seller shall disclose, no later than ten (10) days following Opening of Escrow if Property is located in a Special Flood

Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; Seismic Hazard Zone; and disclose any other zone as required by Law (any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state, federal, legislative, judicial, or executive body or agency).

(d) To the best of Seller's knowledge, the Property is not in violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to the environmental conditions on, adjacent, under or about the Property including, but not limited to, soil and ground water conditions. Seller has received no written notice from any third parties, prior owners of the Property, or any federal, state or local governmental agency indicating that any hazardous waste remedial or clean-up work will be required on the Property. To the best of Seller's knowledge, there are no environmental, health or safety hazards on, adjacent, under or about the Property, including but not limited to soil and groundwater conditions. Neither Seller, nor to the best of Seller's knowledge any third party (including but not limited to Seller's predecessors in title to the Property), has used or installed any underground tank, or used, generated, manufactured, treated, stored, placed, deposited or disposed of on, under or about the Property or transported to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials ("Hazardous Materials," which for the purpose of this Agreement shall include, but shall not be limited to, substances defined as "hazardous substances, hazardous materials or toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 USC Section 9601, et seq.; the Hazardous Materials Transportation Act, 49 USC Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 USC Section 6901, et seq.; those substances defined as "hazardous wastes" in Section 25117 of the California Health & Safety Code or as "hazardous substances" in Section 25316 of the California Health & Safety Code; and those chemicals known to cause cancer or reproductive toxicity, as published pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, Section 25249.5, et seq., of the California Health & Safety Code; and in the regulations adopted and publications promulgated pursuant to each of the aforesaid laws).

(e) There are no contracts, leases, claims or rights affecting the development on use of Property and no agreements entered into by or under Seller that shall survive the Close of Escrow that would adversely affect Buyer's rights with respect to the Property except as heretofore disclosed in writing by Seller to Buyer.

(f) There are no easements or encroachments that may affect the development or use of the Property.

(g) Seller has received no written notice from any third parties, prior owners of the Property, or any federal, state or local governmental agency, indicating that any hazardous waste remedial or clean-up work will be required on the Property.

(h) No condemnation or eminent domain proceeding has been threatened commenced, or completed that has or will involve or result in the taking of any material

portion of the Project ("material" of the Project will be a taking of any one or more of the following: (i) more than ten percent (10%) of the Property; (ii) more than ten percent (10%) of the parking for the Improvements; (iii) any part of the Building; (iv) any means of access to the Property; (v) any part of the Project that would materially and adversely affect the use or value of the Project).

(i) Until the Closing, Seller shall not do anything which would impair Seller's title to any of the Property.

(j) Seller is not a foreign person as defined in Internal Revenue Code Section 1445(f)(3).

(k) Until the Closing, if Seller learns of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of the Closing, Seller shall immediately give written notice of such fact or condition to Buyer.

(l) Any damage to the Project has been restored to a condition equivalent with the Completion of Improvements.

(m) Completion of the Improvements to the Property has occurred in accordance with the Plans and Specifications and the Construction Agreement enabling the issuance of a Certificate of Substantial Completion.

(n) All water, sewer, gas, electric, telephone, drainage facilities, and all other utilities required by law or by the normal operation of the Property are adequate to service the Property in its present use and to permit full compliance with all requirements of law and normal usage by the tenants of the Property.

(o) Seller has all licenses, permits, easements, and rights of way, including proof of dedication, building permits, and occupancy permits that are required from any governmental authority having jurisdiction over the Property, or from private parties, in order to continue the present use of the Property and to insure adequate vehicular and pedestrian ingress and egress to the Property. Such licenses, permits, easements, and rights-of-way shall be in full force and effect on the Closing Date. All permits, rights, and documents to be transferred to Buyer at close of escrow have been fully paid for and are not subject to any liens, encumbrances, or claims of any kind, and their transfer and assignment do not require the consent of third parties other than as set forth in such documents or as required by law. Seller has, and at close of escrow shall deliver to County, good and marketable title to all such permits, rights, and documents.

(p) To the best of Seller's knowledge neither Seller nor any previous owner of the Property has, except by operation of law, sold, transferred, conveyed, or entered into any agreement regarding "air rights," "excess floor area ratio," or other development rights or restrictions relating to the Property, except as otherwise expressly set forth in the Preliminary Report.

(q) This Agreement and the performance of Seller's obligations under it and all documents executed by Seller that are to be delivered to Buyer at the Closing are, or on the Closing Date shall be, duly authorized, executed, and delivered by Seller and are, or at the Closing Date shall be, legal, valid, and binding obligations of Seller, and do not, and on the Closing Date shall not, violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject. No consent of any partner, shareholder, creditor, investor, judicial or administrative body, government agency, or other party is required for Seller to enter into or to perform Seller's obligations under this Agreement, except as has already been obtained. Seller is a California municipal corporation, organized and existing under the Constitution and laws of the State of California.

(r) Seller has the unimpeded power and authority to execute, deliver and perform Seller's obligations under this Agreement and the documents executed and delivered by Seller pursuant hereto.

9.2 Representations and Warranties – Buyer.

(a) Despite anything to the contrary in this Agreement, Buyer hereby warrants and represents that, as of the Effective Date, this Agreement and the performance of Buyer's obligations under it and all the documents executed by Buyer that are to be delivered to City at the Closing are, or on the Closing Date shall be, duly authorized, executed, and delivered by Buyer and are, or at the Closing Date shall be, legal, valid, and binding obligations of Buyer, and do not, and on the Closing Date shall not, violate any provisions of any agreement or judicial order to which Buyer is a party or to which Buyer or the Property is subject. No consent of any partner, shareholder, creditor, investor, judicial or administrative body, government agency, or other party is required for Buyer to enter into or to perform Buyer's obligations under this Agreement, except as has already been obtained. Buyer is a political subdivision of the State of California.

9.3 Effect of Representations and Warranties.

Each representation and warranty in this Article 9 (a) is material and being relied on by the party to which the representation and warranty is made; (b) is true in all respects as of the Effective Date; (c) shall be true in all respects on the Closing Date; and (d) shall survive the Closing, except as otherwise provided in this Agreement.

10. ESCROW PROVISIONS.

10.1 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.

10.2 General Escrow Provisions.

Escrow Holder shall deliver the Title Policy to the Buyer and instruct the San Bernardino County Recorder to mail the Grant Deed to Buyer at the address set forth in Section 14.5 after recordation. On behalf of the Buyer, Escrow Holder shall file with the San Bernardino County Auditor's Office, Property Tax Division, a Request for Property Tax Exemption effective upon Close of Escrow. 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 San Bernardino County, California, and may be disbursed to any other general escrow account or accounts. All disbursements shall be made by Escrow Holder's check. This Agreement and any modifications, amendments, or supplements thereto may be executed in counterparts and shall be valid and binding as if all of the parties' signatures were on one document.

10.3 Proration of Real Property Taxes.

All non-delinquent general and special real property taxes shall be pro-rated to the Close of Escrow on the basis of a thirty (30) day month and a three hundred sixty (360) day year.

10.4 Payment of Costs.

Seller shall pay documentary transfer taxes, the premium charges for the CLTA Title Policy, the cost for preparation of a Natural Hazard Zone Disclosure ("NHD") report and the cost to record the Grant Deed, if any, and one-half of the Escrow fees. Buyer shall pay one-half of the Escrow fees and any non-standard coverage or endorsements requested by Buyer. 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.

10.5 Termination and Cancellation of Escrow.

Time is of the essence in this Agreement. If Escrow fails to close as provided above, Escrow shall terminate automatically without further action by Escrow Holder or any party, and Escrow Holder is instructed to return all funds and documents then in Escrow to the respective depositor of the same with Escrow Holder. Cancellation of Escrow, as provided herein, shall be without prejudice to whatever legal rights Buyer or Seller may have against each other arising from the Escrow or this Agreement.

10.6 Information Report.

Escrow Holder shall file and Buyer and Seller agree to cooperate with Escrow Holder and with each other in completing any report ("Information Report") and/or other information required to be delivered to the Internal Revenue Service pursuant to Internal

Revenue Code Section 6045(e) regarding the real estate sales transaction contemplated by this Agreement, including without limitation, Internal Revenue Service Form 1099-B as such may be hereinafter modified or amended by the Internal Revenue Service, or as may be required pursuant to any regulation now or hereinafter promulgated by the Treasury Department with respect thereto. Buyer and Seller also agree that Buyer and Seller, their respective employees and attorneys, and Escrow Holder and its employees, may disclose to the Internal Revenue Service, whether pursuant to such Information Report or otherwise, any information regarding this Agreement or the transactions contemplated herein as such party reasonably deems to be required to be disclosed to the Internal Revenue Service by such party pursuant to Internal Revenue Code Section 6045(e). The parties further agree that neither Buyer nor Seller shall seek to hold the other party liable for the disclosure to the Internal Revenue Service of any such information.

11. BROKERAGE COMMISSIONS.

Buyer and Seller each represent and warrant to the other that no third party is entitled to a broker's commission and/or finder's fee with respect to the transaction contemplated by this Agreement. Buyer and Seller each agree to indemnify and hold the other party harmless from and against all liabilities, costs, damages and expenses, including, without limitation, attorneys' fees, resulting from any claims or fees or commissions, based upon agreements by it, if any, to pay a broker's commission and/or finder's fee other than the commission referred to in the prior sentence.

12. RISK OF PHYSICAL LOSS.

Risk of physical loss to the Property shall be borne by Seller prior to the Close of Escrow and by Buyer thereafter subject to the Insurance provisions of the Construction Agreement. In the event that the Property shall be damaged by fire, flood, earthquake or other casualty the Parties shall meet and confer for the purpose of extending the Closing Date to allow for restoration of the Property, Building, and Improvements.

13. DEFAULT

13.1 Buyer's Default.

Buyer shall be deemed to be in Default under this Agreement if Buyer fails, for any reason other than Seller's default under this Agreement or the failure of a condition precedent to Buyer's obligation to perform under this Agreement, to meet, comply with, or perform any covenant, agreement, or obligation required on its part within the time limits and in the manner required in this Agreement, or a material breach shall have occurred of any representation or warranty (made by Buyer) by reason of Buyer's actual fraud or intentional misrepresentation; provided, however, that no such Default shall be deemed to have occurred unless and until Seller has given Buyer written notice of this Agreement, describing the nature of the Default, and Buyer has failed to cure such Default within five (5) days after the receipt of such notice (but in any event before the Closing Date, unless such Default occurs after Closing).

13.2 Seller's Default.

Seller shall be deemed to be in Default under this Agreement if Seller fails, for any reason other than Buyer's Default under this Agreement or the failure of a condition precedent to Seller's obligation to perform under this Agreement, to meet, comply with, or perform any covenant, agreement, or obligation required on its part within the time limits and in the manner required in this Agreement, or a material breach shall have occurred of any representation or warranty (made by Seller) because of Seller's actual fraud or intentional misrepresentation; provided, however, that no such Default shall be deemed to have occurred unless and until Buyer has given Seller written notice of the Default, describing its nature, and Seller has failed to cure such Default within five (5) days after receipt of such notice (but in any event before the Closing Date, unless such Default occurs after Closing).

13.3 Joint Remedies for Default By Either Party.

Given the nature of the Construction Agreement and other relationships between the Parties it is mutually agreed that should either party be in Default in the performance of their respective obligations under this Agreement the Parties will use their best efforts to resolve such Default(s) without resorting to legal action inasmuch as this Agreement is subordinate to the overarching Construction Agreement.

14. MISCELLANEOUS.

14.1 No Conflict of Interest.

No officer or employee of the Seller shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which effects his financial interest or the financial interest of any corporation, partnership or association in which he is, directly or indirectly, interested, in violation of any State statute or regulation. Buyer warrants that it has not paid or given and will not pay or give any third party, any money or other consideration for obtaining this Agreement.

14.2 Improper Consideration.

Seller shall not offer (either directly or through an intermediary) any improper consideration such as, but not limited to, cash, discounts, service, the provision of travel or entertainment, or any items of value to any officer, employee or agent of the Buyer in an attempt to secure favorable treatment regarding this Agreement.

The Buyer, by written notice, may immediately terminate this Agreement if it determines that any improper consideration as described in the preceding paragraph was offered to any officer, employee or agent of the Buyer with respect to this Agreement or any solicitation for consideration was not reported. This prohibition shall apply to any amendment, extension or evaluation process once this Agreement has been executed and becomes effective.

Seller shall immediately report any attempt by an officer, employee or agent of Buyer to solicit (either directly or through an intermediary) improper consideration from Seller. The report shall be made to the supervisor or manager charged with supervision of the employee or to the County Administrative Office. In the event of a termination under this provision, the Buyer is entitled to pursue any available legal remedies.

14.3 Assignment.

Buyer shall not have the right to assign this Agreement or any interest or right hereunder or under the Escrow without the prior written consent of the Seller. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of Buyer and Seller and their respective heirs, personal representatives, successors and assigns. Buyer will provide written notice to Seller and Escrow Holder of any assignment and/or vesting designation as may be required so as to not delay Close of Escrow.

14.4 Attorneys' Fees.

If any legal action is instituted to enforce or declare any party's rights hereunder, each party, including the prevailing party, must bear its own costs and attorneys' fees. This paragraph shall not apply to those costs and attorneys' fees directly arising from any third party legal action against the Buyer, including such costs and attorneys' fee payable under Section 14.9 regarding indemnification.

14.5 Notices.

Any notice which either party may desire to give to the other party or to the Escrow Holder must be in writing and may be given by personal delivery, facsimile or by mailing the same by U.S. mail to the party to whom the notice is directed at the address of such party hereinafter set forth, or such other address and to such other persons as the parties may hereafter designate:

To Seller: City of Hesperia
9700 Seventh Avenue
Hesperia, CA 92345
Attn: City Manager
Fax: (760) 947-2881

To Buyer: County of San Bernardino
Director of Real Estate Services Department
825 East 3rd Street
San Bernardino, CA 92415-0832
(909) 387-7842

Copy To: Aleshire & Wynder, LLP
18881 Von Karman Avenue, Suite 400

Irvine, California 92612
Attn: Eric L. Dunn, Esq.
Fax: (949) 223-1180

14.6 Interpretation; Governing Law.

This Agreement shall be construed according to its fair meaning and as if prepared by both parties hereto. This Agreement shall be construed in accordance with the laws of the State of California in effect at the time of the execution of this Agreement. Titles and captions are for convenience only and shall not constitute a portion of this Agreement. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others wherever and whenever the context so dictates.

14.7 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.

14.8 Modifications.

Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made by written instrument or endorsement thereon and in each such instance executed on behalf of each party hereto.

14.9 Indemnification.

To the extent provided by law, Buyer shall indemnify, defend and save harmless Seller, its officers, employees, servants, volunteers, and agents from any and all claims, losses or liability for personal injury or property damage due to any active negligence or willful misconduct by Buyer in connection with this Agreement.

To the extent provided by law, Seller shall indemnify Buyer, its officers, employees, servants, volunteers, and agents from any and all claims, losses or liability for personal injury or property damage due to any active negligence or willful misconduct by Seller in connection with this Agreement.

In the event that either party is determined to be comparatively at fault for any claim, action, loss or damage which results from their respective obligations under this Agreement, the party shall indemnify the other to the extent of its comparative fault.

14.10 Severability.

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

14.11 Merger of Prior Agreements and Understandings.

This Agreement and other documents incorporated herein by reference contain the entire understanding between the parties relating to the transaction contemplated hereby and all prior to contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein and shall be of no further force or effect.

14.12 No Withholding Because Non-Foreign Seller.

Seller represents and warrants to Buyer that Seller is not, and as of the Close of Escrow will not be, a foreign person within the meaning of Internal Revenue Code Section 1445 or an out-of-state seller under California Revenue and Tax Code Section 18805 and that it will deliver to Buyer on or before the Close of Escrow (i) a non-foreign affidavit on Escrow Holder's standard form pursuant to Internal Revenue Code Section 1445(b)(2) and the Regulations promulgated thereunder and (ii) a California Form 590-RE.

14.13 Time.

Time is of the essence in the performance of the Parties' respective obligations under this Agreement.

14.14 Non-Liability of Officials or Employees.

No officer, official or employee of either party shall be personally liable to the other, or any successor in interest of such other party, in the event of any default or breach or for any amount which may become due hereunder, or on any obligations under the terms of this Agreement.

14.15 Continuing Cooperation.

Each party shall execute and deliver such other reasonable documents requested by the other party or by Escrow Holder to consummate the transactions described herein.

14.15 Execution in Counterparts.

This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first set forth above.

SAN BERNARDINO COUNTY

CITY OF HESPERIA

By: _____
Gary C. Ovitt, Chairman
Board of Supervisors

By: _____
Print Name: _____
Title: _____

SIGNED AND CERTIFIED THAT A COPY OF
THIS DOCUMENT HAS BEEN DELIVERED TO
THE CHAIRMAN OF THE BOARD

By: _____
Dena M. Smith, Secretary

APPROVED AS TO FORM:

Approved as to Legal Form	Reviewed by Contract Compliance	Presented to Board for Signature
►	►	►
Counsel		
Date _____	Date _____	Date _____
Rev 080307		

Doc #2133578

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT "B"

MAP OF THE PROPERTY

EXHIBIT "C"

GRANT DEED

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

(Space Above This Line for Recorder's Office Use Only)
(Exempt from Recording Fee per Gov. Code § 6103)

GRANT DEED

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, CITY OF HESPERIA ("Grantor"), hereby grants to the COUNTY OF SAN BERNARDINO ("Grantee"), the real property, hereinafter referred to as the "Property," in the City of Hesperia, County of San Bernardino, State of California, as more particularly described in Attachment "1" attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed on its behalf by its officers or agents hereunto as of the date written below.

"GRANTOR":
CITY OF HESPERIA

Date: _____

Attachment "1"

Legal Description of the Property

