DISPOSITION AND DEVELOPMENT AGREEMENT

BY AND BETWEEN

THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON

AND

STOCKTON NEWSPAPERS INC.
A California Corporation
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**EXHIBIT LIST**

- Exhibit A - Property Map
- Exhibit B - Property Description
- Exhibit C - Schedule of Maximum Performance Times
- Exhibit D - Parcelization Map
- Exhibit E - Acquisition Parcels
- Exhibit F - Permitted Encumbrances
- Exhibit G - Offsite Improvements
DISPOSITION AND DEVELOPMENT AGREEMENT

BY AND BETWEEN

THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
AND
STOCKTON NEWSPAPERS INC.,
A California Corporation

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (the "Agreement") is made on FEB 26 1990, by and between the REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, a public body corporate and politic (the "Agency") and STOCKTON NEWSPAPERS INC., a California corporation (the "Developer").

RECITALS

A. Pursuant to authority granted under California law, the Agency has the responsibility to implement the Amended and Restated Redevelopment Plan for the West End Urban Renewal Project No. 1 (Central Stockton), adopted by the City Council of the City of Stockton, Council Ordinance No. 039-91, on July 15, 1991, as amended, (the "Redevelopment Plan"), incorporated into this Agreement by reference.

B. The Redevelopment Plan affects and controls the development and use of all real property located within the West End Urban Renewal Project No. 1 in the City of Stockton, San Joaquin County, California, more particularly described and set forth in the Redevelopment Plan (the "Project Area").

C. The Developer proposes to develop a fenced parking lot, together with related facilities as more fully described in section 1.4 of this Agreement (the "Project") on that certain real property in the Project Area as more particularly shown and described in the attached Exhibit "A" ("Property Map") and Exhibit "B" (Property Description) (the "Property"). It is Developer’s intent, within seven years after completion of this Project, to install or construct an expanded and modernized press or production facility and office, warehouse or similar facilities on the Property.

D. The Agency has found that the development of the Property as a parking facility, in conjunction with the renovation of Developer's existing facilities pursuant to this Agreement, is consistent with the General Plan of the City of Stockton, the applicable zoning requirements of the City of Stockton, and the Redevelopment Plan.

E. The purpose of this Agreement is to provide a mechanism whereby the Developer shall acquire, own, and develop the Property, all as more particularly set forth below. It is for this reason that the Agency will acquire the Property, and it is for this reason that the conditions for development on the Property have been set forth in this Agreement.
F. The Agency has concluded that the Developer has the necessary expertise, skill and ability to carry out the commitments contained in this Agreement and that this Agreement is in the best interests and will materially contribute to the implementation of the Redevelopment Plan.


NOW THEREFORE, the Agency and the Developer agree as follows:

AGREEMENT

Article 1
PARTIES, FACTS AND DEFINITIONS

1.1 Agency. The Agency is a public body, corporate and politic, exercising governmental powers and organized and existing pursuant to the California Community Redevelopment law (Health and Safety Code section 33000 et seq.). The principal office of the Agency is 425 North E1 Dorado Street, Stockton, California 95202. "Agency" as used in this Agreement includes the Redevelopment Agency of the City of Stockton and any assignees of or successors to its rights, powers and responsibilities.

1.2 Developer. The Developer represents the following to be true and correct:

   The Developer is Stockton Newspapers Inc., a California corporation. "Developer" as used in this Agreement means Stockton Newspapers Inc. and any authorized and approved successors and assigns pursuant to this Agreement. The principal office of the Developer is 530 East Market Street; P.O. Box 900; Stockton, California 95201.

1.3 Property. The Property consists of approximately 76,508 square feet as shown on the Property Map (Exhibit "A") and as more particularly described on the attached Exhibit "B."

1.4 Project. The Project to be developed and operated on the Property by the Developer pursuant to this Agreement shall consist of a fenced parking lot of approximately 76,508 gross square feet of surface parking for approximately 229 vehicles, pedestrian, vehicular circulation, and landscaping improvements, wrought iron fence and gate and other ancillary facilities.

1.5 Schedule of Performance. The Schedule of Performance is a summary of the performance obligations of the Developer and the
Agency required by this Agreement prior to the issuance of the Certificate of Completion for the Project. This Agreement and the Schedule of Performance identify the maximum number of calendar days within which performance is to be completed. In addition to the express terms of certain sections of this Agreement, the times for performance stated herein and in the Schedule of Performance may be extended for reasonable periods of time by agreement of Developer and the Executive Director, upon written request of either party, providing the requesting party is proceeding diligently to complete the required performance. Consent to such extensions shall not be unreasonably withheld. The Schedule of Maximum Performance Times is attached to this Agreement as Exhibit "C" and is included for ease of reference only. It is not intended to in any way modify this Agreement.

1.6 Additional Definitions. Additional terms used in this Agreement shall have the following meanings:

1.6.1 "Acquisition Parcel" means each parcel of the Property necessary to be acquired as identified on the attached Property Map, Exhibit "A."

1.6.2 "City" means the City of Stockton, California, a municipal corporation, operating through its City Council and its various departments.

1.6.3 "Closing" means the close of escrow described in section 4.3 of this Agreement to accomplish the purchase and transfer of the Property for the Project from the Agency to the Developer.

1.6.4 "Escrow Holder" means the March Lane office of Chicago Title Company, with which one or more escrows will be established by the parties to accomplish the acquisition and disposition of the Acquisition Parcels as provided in this Agreement.

1.6.5 "Completion of the Project" means the date upon which construction of the Project is approved by the Agency as being completed in conformity with the provisions of this Agreement pursuant to section 5.8.

Article 2
DEVELOPER PRE-DISPOSITION REQUIREMENTS

2.1 Conditions Precedent. As conditions precedent to the Agency's selling and conveying the Acquisition Parcels to the Developer and the Developer's commencement of construction of the Project, the conditions set forth in this Article 2 must first be met by the times set for such conditions, unless such times are extended in writing by the Agency.
2.2 Schematic Plans.

2.2.1 Schematic Plans. At the time Developer was selected through the request for proposals for master development process, the Developer submitted preliminary schematic plans ("Original Schematic Plans") for development of the Project. Agency, in selecting Developer to undertake the Project, has received, reviewed and approved the Original Schematic Plans then submitted by the Developer. Within fifteen (15) days after execution of this Agreement, the Developer shall resubmit to the Agency schematic plans ("Original Schematic Plans") for the development of the Project.

The Original Schematic Plans call for the development on the Property of the Project containing approximately 76,508 gross square feet of space for surface parking for approximately 229 vehicles, together with related landscaping improvements, gates and fencing, pedestrian and vehicular circulation facilities, off site improvements (as necessary) and other ancillary improvements.

The Agency, through its Executive Director or a duly identified designee ("Executive Director"), shall review the resubmitted Schematic Plans and shall determine if said plans are in substantial conformity with the Original Schematic Plans within fifteen (15) days of receipt. If not in substantial conformity, the Executive Director shall disapprove the Schematic Plans and shall state in writing the reasons for the nonconformity and the changes which the Agency requests be made. The Developer shall thereafter submit revised Schematic Plans to the Executive Director for determination of conformity within fifteen (15) days of notification of disapproval.

2.2.2 Changes in Project. If the Developer desires to change the Project in any manner which causes the Schematic Plans to be determined by the Executive Director to not be in conformity with the Original Schematic Plans, the Developer shall submit to the Agency revised Schematic Plans for the Agency's reconsideration within thirty (30) days of the Executive Director's notice of the nonconformity.

The Agency shall review the Schematic Plans and either approve or disapprove the revised Schematic Plans within thirty (30) days of receipt. Any disapproval shall state in writing the reasons for disapproval and the change requested by the Agency. The Developer shall thereafter submit revised Schematic Plans to the Agency for its approval within ten (10) days of the Agency's notification of disapproval. The Agency, through its Executive Director, shall determine if the revised Schematic Plans address the deficiencies identified in the notification of disapproval and shall approve or disapprove the revised Schematic Plans within fifteen (15) days of receipt.
The periods for submission of revised Schematic Plans and review and approval or disapproval by the Agency shall continue to apply until Schematic Plans are agreed to by both parties. Notwithstanding any other provision of this Agreement, it is mutually understood and agreed that the Schematic Plans must be approved by the Agency no later than one hundred twenty (120) days after execution of this Agreement, or, at the option of either party, this Agreement may be terminated pursuant to the provisions of Article 8 below.

When the Schematic Plans have been approved by the Agency, they shall form a part of this Agreement. Only upon Agency approval of the Schematic Plans shall this pre-disposition condition be deemed met.

The Schematic Plans may be modified with the written approval of the Executive Director of the Agency, provided that any such modification shall be consistent with the purposes of this Agreement.

2.3 Developer Advance. Prior to execution of this Agreement by the Agency, Developer shall deposit with Agency the sum of ONE HUNDRED THOUSAND DOLLARS ($100,000.00) as security for Developer's performance (the "Advance"). The deposit shall be in the form of cash or an irrevocable letter of credit reasonably acceptable to the Agency that assures the unrestricted ability of the Agency to draw on the Advance to cure any default in the event Developer breaches any provision of this Agreement. If the Advance is in the form of cash, the sum shall be deposited in an interest bearing account with the accrued interest credited to Developer at the close of escrow.

The parties agree that withdrawal of any portion of the Advance shall not be the Agency's sole remedy for any such breach. If the Advance is not drawn due to Developer's breach as described above and Developer is not otherwise in breach of this Agreement at the Closing, the Agency shall release to the Developer the Advance, or upon appropriate instructions from Developer, credit the Advance and accrued interest, if any, toward the purchase price of the Property.

2.4 Toxics Report. Developer and Agency have caused Phase I and Phase II environmental assessments to be conducted on the Property (collectively, the "Toxics Report"). Several areas of concern were identified in the Toxics Report. Developer has reviewed the Toxics Report and agrees to accept the Property in its current condition as described in the Toxics Report with the following exception: the facilities identified as service pit/sump and fill port at sidewalk on the parcel identified in Exhibit A as "Parcel A" (620-622 Market Street) shall be the Agency's responsibility. The underground storage tanks identified in the Toxics Report as existing on "Parcel D" (the City owned parking lot) have been appropriately removed pursuant to a closure letter.
dated January 9, 1998, from San Joaquin County Public Health Services, Environmental Health Division. Either party may terminate this Agreement pursuant to Article 8 if additional conditions not addressed in the Toxics Report are encountered during acquisition or demolition, except as expressly provided elsewhere, which either party does not accept. Agency and Developer have allocated and paid their respective shares of the cost of the Phase I and II investigations.

2.5 **Off Site Improvements.** The Developer shall install any and all Off Site Improvements. Developer shall take all actions necessary, including securing any permits required, to install any Off Site Improvements necessitated by development of the Project as described in section 5.6. Plans for Off-Sites shall be included in the Final Construction Plans pursuant to section 2.7. The Off Site Improvements shall be completed no later than completion of construction of the Project.

2.6 **City and Other Governmental Approvals.** No later than thirty (30) days after approval of the resubmitted Schematic Plans, Developer shall apply for and thereafter diligently pursue and obtain any City or other governmental permits or approvals (other than a building permit) necessary for construction of the Project. The Developer acknowledges that execution of this Agreement by the Agency does not constitute approval by the City and in no way limits the discretion of the City in the permit and approval process including, without limitation, the City's detailed review and approval of Developer's final plans and specifications. The Agency shall render all reasonable assistance to the Developer in obtaining any necessary City and other governmental permits or approvals.

2.7 **Final Construction Plans.** No later than sixty (60) days following approval of the resubmitted Schematic Plans, the Developer shall submit to the Agency its Final Construction Plans for the Project. "Final Construction Plans" means all construction documentation upon which the Developer and the Developer's contractors shall rely in building the Project and shall include, but not necessarily be limited to, final architectural drawings, landscaping plans and specifications, final elevations, and a time schedule for construction. The Final Construction Plans shall be based upon the approved resubmitted Schematic Plans and shall not materially deviate therefrom without the express written consent of the Agency. Final Construction Plans need not include any tenant improvements.

The scope of the Agency's review of the Final Construction Plans for the Project shall be limited to the Executive Director's determination of conformity with the approved Resubmitted Schematic Plans for the Project, landscaping improvements, pedestrian and vehicular circulation facilities, including methods and location of ingress and egress, and the quality of design and materials for the Project.
The Executive Director shall, if the Final Construction Plans for the Project conform to the provisions of this Agreement, the approved resubmitted Schematic Plans, the Architectural Guidelines, and the Redevelopment Plan, approve in writing such Final Construction Plans and no further filing of Final Construction Plans by the Developer or approval by the Executive Director shall be required except with respect to any material change. Unless rejected by the Executive Director for their failure to comply with the foregoing requirements within thirty (30) days of submission by the Developer, the submitted Final Construction Plans shall be deemed accepted.

If rejected by the Executive Director in whole or in part, the Developer shall submit new or corrected Final Construction Plans for the Project within fifteen (15) days of notification of the Agency's rejection and the reasons therefor. The Agency, through its Executive Director, shall then have ten (10) days to review and approve the Developer's new or corrected Final Construction Plans. The provisions of this section 2.7 relating to time periods for approval, rejection, or resubmission of new or corrected Final Construction Plans shall continue to apply until Final Construction Plans have been approved, at which time they shall be attached to and become a part of this Agreement as if fully set forth herein. Notwithstanding any other provision of this Agreement, it is mutually understood and agreed that unless the Agency, acting in its sole discretion, agrees to extend the date for Agency approval of Final Construction Plans, Final Construction Plans must be approved by the Agency no later than one hundred twenty (120) days after approval of the resubmitted Schematic Plans or, at the option of either party, this Agreement may be terminated pursuant to the provisions of Article 8 below.

The parties further agree and understand that notwithstanding the time requirements set forth in this Article 2 for submissions to the Agency by Developer and review and approval of such items by the Agency, Developer is responsible for assuring that all items are submitted to the Agency in approvable form in a timely manner such that the Agency may have the time permitted by this section 2.7 to review and approve Final Construction Plans no later than the times set forth above. If the Developer submits Plans in an approvable form and Agency, by complete inaction, neither approves nor disapproves within the time frames established for approval of Final Construction Plans, the Final Construction Plans, as submitted, shall be deemed approved and the Agency may not terminate this Agreement pursuant to Article 8.

2.8 Financing Plan. No later than thirty (30) days after approval of the resubmitted Schematic Plans, Developer shall submit for Agency approval, through its Executive Director, evidence of the availability of the funds necessary to purchase the Acquisition Parcels from the Agency pursuant to sections 4.1 and 4.3 and to construct the Project (the "Financing Plan"). The Financing Plan shall include:
2.8.1 An estimated cash flow projection;

2.8.2 An estimated cost breakdown for the Project;

2.8.3 A copy of a commitment to execute a construction contract containing a guaranteed maximum cost for construction of the Project, which specifies the expected guaranteed maximum cost; and

2.8.4 An irrevocable letter of credit in a form satisfactory to Agency in an amount equal to the estimated cost of the construction of the Project.

Upon receipt by the Agency of the proposed Financing Plan, the Executive Director shall promptly review the Financing Plan and shall approve it within thirty (30) days after submission if it conforms to the provisions of this Agreement. Review of the Financing Plan shall be limited to determining if the financing contemplated in the Financing Plan would provide sufficient funds to undertake and complete the development and construction of the Project, to acquire the Acquisition Parcels for the Project, and determining if it is consistent with the terms of this Agreement. If the Financing Plan is not approved, the Executive Director shall set forth in writing and notify the Developer of the reasons therefor. The Developer shall thereafter resubmit a revised Financing Plan for approval within thirty (30) days of notification of disapproval. The Executive Director will either approve or disapprove the revised Financing Plan within fifteen (15) days of resubmission by the Developer, and if disapproved, this Agreement may be terminated pursuant to Article 8 below. Only upon approval of a Financing Plan shall this pre-disposition condition be deemed met.

The parties agree that notwithstanding the time requirements set forth in this section 2.8 for submission and resubmission to the Agency by the Developer of a proposed Financing Plan and review and approval of the Financing Plan by the Agency, the Developer is responsible for assuring that a Financing Plan in approvable form is submitted to the Agency in a timely manner such that the Agency may have the time permitted by this section 2.8 to review and approve a Financing Plan no later than one hundred twenty (120) days after approval of Schematic Plans. Notwithstanding the above time frames, construction shall not commence prior to Agency approval of the Financing Plan.

Prior to the recordation of the Certificate of Completion for the Project, any material change, modification, revision or alteration of the approved Financing Plan must first be submitted to and approved by the Agency for conformity to the provisions of this Agreement. If not so approved, the approved Financing Plan shall continue to control.
The Developer agrees to submit the required information, as provided above, providing that all such information is submitted as "confidential financial information" and such information and documents shall be considered to be and shall remain confidential, subject to the provisions of the Public Records Act.

2.9 Building Permit. Within thirty (30) days after the Agency approves the Final Construction Plans, Developer shall apply for and thereafter diligently pursue and obtain issuance of a building permit from the City allowing the construction on the Property of the Project called for in such Final Construction Plans. The Agency shall render all reasonable assistance to the Developer to obtain such building permit.

2.10 Evidence of Availability of Funds. Within thirty (30) days following the issuance of a building permit for construction but no later than sixty (60) days after issuance of the building permit, the Developer shall submit to the Agency evidence reasonably satisfactory to the Agency that any conditions to release or expend funds described in the approved Financing Plan for the purpose of paying the costs of constructing the Project and acquiring the Acquisition Parcels for the Project have been met or will be met at the Closing and that such funds will be available at or following the Closing for construction of the Project and reimbursement, if any, to the Agency.

2.11 Construction Contracts. The Developer shall enter into contracts for the construction of the Project with reputable contractors. Those contracts shall provide for the work to be performed for fixed and specified maximum amounts or allowances pursuant to the approved Final Construction Plans and the Financing Plan. Within thirty (30) days following the issuance of a building permit for construction of the Project, the Developer shall submit a copy of all construction contracts to the Agency's Executive Director, on a confidential basis, for the sole and limited purposes of determining: (a) that the amount of the costs of work has been clearly fixed and determined and is consistent with the amount set forth in the approved Financing Plan; (b) that no changes to the provisions of the contract requiring the approval of Agency shall be made without the prior consent of the Agency's Executive Director; and (c) that the covenants as to Equal Opportunity in Construction set forth in section 5.7 of this Agreement have been met. Unless the Agency's Executive Director notifies the Developer in writing within ten (10) days of submitting the contract(s) that the contract has been disapproved, it shall be deemed approved.

2.12 Performance and Payment Bonds. Within three (3) days of Agency approval of the construction contract for the Project pursuant to section 2.11 above, the Developer shall deliver to the Agency copies of labor and material bonds and performance bonds issued by a reputable insurance company licensed to do business in California, each in a penal sum of not less than one hundred
percent (100%) of the scheduled cost of construction for the Project. The bonds shall name the Agency and the City of Stockton as co-obligees. In lieu of such performance and payment bonds, Developer may submit evidence reasonably satisfactory to the Agency of the Developer's ability to commence and complete construction of the Project. Such evidence must be submitted in approvable form in sufficient time to allow the Agency to review and approve the information no later than thirty (30) days after issuance of the respective building permits.

2.13 Certificate of Readiness and Completion Guarantee. Upon execution of this Agreement by the Agency, the Developer shall certify to the Agency that the Developer is ready, willing and able, in accordance with the terms of this Agreement, to meet its obligations with respect to acquisition of the Acquisition Parcels and the construction of the Project, and that all conditions precedent to the performance of such obligations and all other pre-disposition requirements of the Developer under this Agreement shall be fulfilled. The Developer shall also deliver to the Agency at this time, a Certificate of Readiness and Completion Guarantee in a form acceptable to the Agency.

2.14 Parcel Configuration. Prior to issuance of any building permit, Developer shall apply for and thereafter diligently pursue and obtain any City or other governmental permits or approvals necessary to merge all parcels of land within the Project, including those parcels identified in section 2.15, below, into a single parcel as shown in the Parcelization Map ("Exhibit D"). Nothing in this Agreement shall be deemed to constitute approval or agreement by the City and in no way limits the discretion of the City as to any approval. Agency shall cooperate and assist Developer in completion of all processes necessary to accomplish the lot merger.

2.15 Developer's Agreement with City to Enter into Agreement Regarding Assessments. Agency and Developer agree that performances required under this Agreement are contingent on Developer entering into an agreement with the City to continue to pay assessments which, but for the development pursuant to this Agreement, would have been due to the Central Parking District for a period of four (4) years following the issuance of the Certificate of Completion. Agency and Developer further agree that the performances required under this Agreement are conditioned on Agency entering into an agreement with the City for acquisition of the City-owned parcels as identified on Exhibit A as "Parcel D."

2.16 Abandonment of American Street. Agency and Developer agree that the performances required under this Agreement are conditioned on Developer applying for, diligently pursuing and receiving approval of the City for abandonment of American Street between East Market Street and East Washington Street and Developer's acquisition of title to the abandoned area subject only
to utility and other public easements, the continuing rights of
other abutting property owners and the existence of this Agreement.

Article 3
AGENCY PRE-DISPOSITION ACTIONS

3.1 Relocation. Upon Developer's posting of the Developer
Advance as described in section 2.3 and execution and acceptance of
the Certificate of Readiness and Completion Guarantee as described
in section 2.13, the Agency shall commence, as necessary, the
timely relocation of all tenants and owners of the Acquisition
Parcels at Agency's cost. Either party may terminate this
Agreement pursuant to Article 8 or the parties may agree to
eliminate any portion of the Property from the Project, to
reconfigure the Property or otherwise amend this Agreement in the
event that either party reasonably determines that the expense of
relocation is too great or the time necessary to complete
relocation constitutes an unacceptable delay. Relocation shall be
completed prior to close of escrow.

3.2 Acquisition of Acquisition Parcels. The Agency's
conveyance of any Acquisition Parcel to Developer is contingent
upon final approval by the Agency, which approval shall not be
given until the Agency has either entered into agreements to
purchase or adopted a resolution of necessity with respect to each
Acquisition Parcel required for the Project.

3.2.1 Agency to Acquire Acquisition Parcels. Upon the
posting of the Developer Advance as described in section 2.3 and
upon execution and acceptance by the Agency of the Certificate of
Readiness and Completion Guarantee described in section 2.13, the
Agency shall undertake to acquire, pursuant to this Section 3.2,
the Acquisition Parcels.

3.2.2 Purchase Agreement or Resolution of Necessity
Required. The Agency shall take all actions necessary, including
its obligations pursuant to Government Code sections 7267, 7267.1
and 7267.3, with respect to voluntary acquisition of the
Acquisition Parcels. Any agreements the Agency enters into for
purchase of said Acquisition Parcels shall be contingent upon
approval of the board of the Agency.

If the Agency is unable to enter into agreements to acquire
any Acquisition Parcel by voluntary acquisition within one hundred
twenty (120) days of its initial offer to acquire, the Agency shall
schedule a hearing on a resolution of necessity authorizing
acquisition of the necessary Acquisition Parcels by exercise of the
power of eminent domain. The resolution of necessity, if adopted
by the Agency, would determine if sufficient public benefit would
accrue from the development of the Property that the Project would
qualify as a public use authorizing acquisition by the Agency's
exercise of eminent domain.
3.2.3 **Developer Acknowledgment of Agency Discretion.**
Developer acknowledges that the Agency has sole and unfettered discretion in determining whether or not it should hold hearings or adopt a resolution of necessity and, therefore, agrees that nothing in this Agreement obligates the Agency to adopt a resolution of necessity with respect to any Acquisition Parcel.

3.2.4 **Developer Acknowledgment of Agency's Required Findings of Fact.**
Developer acknowledges that the Agency will not, prior to its hearing on and adoption of any resolution of necessity, purchase or obtain an option to purchase any Acquisition Parcel unless the Agency first makes an independent finding that it separately desires to acquire that Acquisition Parcel for land-banking or other uses, such evaluation being made without regard to whether or not those parcels are ultimately conveyed to the Developer for use in the Project.

3.2.5 **Developer Acknowledgment of Agency's Discretion Not to Convey.**
Developer acknowledges that Agency is under no obligation, notwithstanding any provisions of the Agreement, to convey any Acquisition Parcel to the Developer which has been acquired by eminent domain, and that the Agency has complete discretion to utilize any such Acquisition Parcel in any manner which best serves a public purpose consistent with the Redevelopment Plan.

3.2.6 **Timing of Actions; Orders for Possession.**
If the Agency adopts a resolution of necessity for any Acquisition Parcel, it shall proceed promptly to file an eminent domain action. At the time the Agency files such action, it shall also seek an order of possession providing for the Agency to obtain possession of the Acquisition Parcel. The Agency shall diligently prosecute the eminent domain action(s) to completion.

3.2.7 **Closing.**
If eminent domain is not necessary, then promptly following entry into any agreement to purchase for an Acquisition Parcel, the Agency shall proceed diligently to close escrow and/or obtain title and possession of such Acquisition Parcel.

3.3 **Abandonment of Eminent Domain Proceedings.**

3.3.1 **Prior to Order of Possession.**
Upon termination of this Agreement due to material breach or default by the Developer prior to Agency procurement of an order of possession for any Acquisition Parcel(s), the Agency may abandon eminent domain proceedings for such Acquisition Parcel(s). If Agency procurement of an order of possession is terminated due to material breach or default by Developer, all costs incurred by the Agency in preparation for the eminent domain proceedings, as well as any costs incurred explicitly as a result of such abandonment of procedures, up until the date of termination of this Agreement,
shall be reimbursed by the Developer within ten (10) days of receipt of the Agency's schedule of expenses.

If the Agreement is terminated for any reason which is not the fault of the Developer or which is beyond the control of the Developer, except for lack of funds, the Agency shall be responsible for all costs incurred in preparation for the eminent domain proceedings as well as any costs incurred explicitly as a result of such abandonment.

3.3.2 Prior to Closing. Upon termination of this Agreement due to a material breach or default by the Developer after the Agency has obtained an order of possession, but before the Closing and conveyance of the applicable Acquisition Parcels, the Agency, at its sole discretion may choose to do either of the following: (i) abandon any further eminent domain proceedings, in accordance with the process set forth in subsection 3.3.1; or (ii) proceed to completion all eminent domain proceedings and acquisition of fee title, and either retain fee title in the Agency or convey title to the Developer, as set forth in subsection 3.3.3 below.

3.3.3 Prior to Final Judgment. Upon termination of this Agreement due to a material breach or default by the Developer after the Agency has already obtained an order of possession and conveyed the applicable Acquisition Parcel to the Developer pursuant to the terms of sections 4.1 and 4.3 below, the Agency shall proceed to complete eminent domain proceedings and obtain a final judgment. In its discretion, the Agency may then either retain title in the Agency or convey title to the Developer. If the Agency conveys title to the Developer, it shall be as soon as practicable after the Agency has (i) obtained title to the parcel and (ii) has received from the Developer payment for all costs incurred by the Agency in acquiring title, including the cost of purchasing the Acquisition Parcels.

3.3.4 No Waiver of Remedies. If the Agency continues the eminent domain process after a termination of this Agreement due to a default of the Developer under section 8.4 below, such continuation shall in no way constitute a waiver of the Agency's rights and remedies for such default under section 8.4.

3.3.5 Indemnification. The Developer shall indemnify, defend and hold the Agency harmless against all claims, costs, and damages suffered by it in connection with the acquisition by eminent domain of the Acquisition Parcels as a result of the termination of such eminent domain proceedings in the event that such termination is caused by the Developer's default pursuant to section 3.3 or Article 8 only; provided that this indemnification shall not extend to any claim arising solely from the Agency's negligence or the Agency's failure to perform its obligations under this Agreement. The Agency may, in its discretion, use the Advance made by the Developer as required by section 2.3 to satisfy the
Developer's obligation set forth in this section. If for any reason the Advance made by the Developer is insufficient to fully reimburse the Agency as described above, the Developer shall immediately upon demand provide the Agency with all additional funds necessary to fully satisfy the Developer's obligation under this section.

3.4 Agency Responsibility for Site Preparation. Prior to the Closing, the Agency shall prepare the Acquisition Parcels for development of the Project. Such preparation shall include demolition of existing buildings and structures, including appropriate removal of asbestos and other such regulated building materials, cavities filled with suitable material (minimum R-value of 40), the area compacted to 90% optimum and brought to a level elevation status. In the event Hazardous Substances (other than asbestos or regulated building materials and other than the conditions identified in section 2.4, above) are encountered, Agency shall notify the Developer immediately. Should the Agency determine that the cost to address and/or remediate such condition(s) is not acceptable, Agency or Developer may terminate this Agreement or Developer may agree to pay the additional costs and pursue recovery of such costs from the responsible parties.

3.5 Notice of Readiness to Convey. The Agency shall cause each Parcel to be conveyed to be placed in the condition described in section 3.4 and shall notify the Developer in writing, by a "Notice of Readiness to Convey," that the Parcels are available for conveyance to the Developer. The Agency shall acquire and prepare the Acquisition Parcels comprising the Project and forward the Notice of Readiness to Convey no later than six hundred seventy (670) days after execution of this Agreement. The time for performance under this section may be extended by mutual agreement upon request of the Agency. Developer shall not unreasonably withhold consent to an extension of the time for performance.

Article 4
DISPOSITION OF PROPERTY

4.1 Sale and Purchase. Provided that all of the Developer's pre-disposition conditions have been met and all required actions taken in the manner and in the time set forth in Article 2, and providing that all the Agency's pre-disposition conditions have been met and all required actions taken in the manner and in the times set forth in Article 3, the Agency shall sell and convey the respective parcels to the Developer, and the Developer shall purchase and accept conveyance from the Agency of the Acquisition Parcels pursuant to the terms, covenants, and conditions of this Agreement. The consideration for the purchase of the Acquisition Parcels through the Closing shall be as set forth in section 4.3 below.

4.2 Opening Escrow. To accomplish the purchase and transfer of the Property, the parties shall, within thirty (30) days of
execution of this Agreement, establish an escrow with the Escrow Holder. The parties shall execute and deliver all written instructions to the Escrow Holder to accomplish the terms hereof, as long as such instructions are consistent with this Agreement.

4.3 Close of Escrow: Purchase Price. The Closing shall occur as soon as possible after the acquisition of title or the right to possession, whether under an order of possession in any eminent domain action or otherwise, of all Acquisition Parcels required for the Project, providing Developer has met all of its pre-disposition conditions for the Project as set forth in Article 2 above, and Agency has met all of its predisposition conditions for the Project as set forth in Article 3 above, but in no event shall the Closing occur later than two (2) years after execution of this Agreement.

Developer shall pay the purchase price by deposit into escrow of cash or other readily available funds. Upon Closing, the Agency shall release the Developer's Advance as provided in section 2.3, above.

The Property to be transferred consists of approximately 76,508 square feet of real property. The total purchase price for the Property shall be Two Hundred Forty Five Thousand Dollars ($245,000.00), subject to application of the provisions of this paragraph. If, due to delay caused by the Developer, the Closing has not occurred within twenty four (24) months of the date of this Agreement, the Consumer Price Index for All Urban Consumers shall be applied to the above-stated purchase price from that date until the actual date of Closing, and Developer shall pay the increased price for all Acquisition Parcels.

Upon Closing, Agency shall convey the respective Acquisition Parcels to Developer by grant deed ("Grant Deed") in substantially the form set forth in the attached Exhibit "E," provided, however, the Agency shall convey any Acquisition Parcel the Agency is acquiring by its power of eminent domain as described in section 3.2 of the Agreement.

4.4 Condition of Title. At Closing, the respective Acquisition Parcels shall be free and clear of all liens, encumbrances, clouds and conditions, rights of occupancy or possession, except those Permitted Encumbrances set forth in the attached Exhibit "F."

4.5 Physical Condition of Property. Except as otherwise expressly provided in this Agreement, the Property shall be conveyed in "as is" condition. The Developer hereby indemnifies and releases the Agency and the City from any and all claims, liabilities, damages, and judgments which may result from the presence, removal, and storage which occur after the Closing, of any Hazardous Substances on the Property (including those identified in the Toxics Report and accepted by the Developer.
pursuant to section 2.4). For purposes of this Agreement, Hazardous Substances shall mean:

4.5.1 any "hazardous substance" as defined in section 101(14) of CERCLA (42 U.S.C. section 9601(14)) or section 25281(d) or 25316 of the California Health and Safety Code at such time;

4.5.2 any "hazardous waste," "infectious waste" or "hazardous material" as defined in section 25117, 25117.5 or 25501(j) of the California Health and Safety Code at such time;

4.5.3 any other waste, substance or material designated or regulated in any way as "toxic" or "hazardous" in RCRA (42 U.S.C. section 6901 et seq.), CERCLA (42 U.S.C. section 9601 et seq.), Federal Water Pollution Control Act (33 U.S.C. section 1521 et seq.), Safe Drinking Water Act (42 U.S.C. section 3000 (f) et seq.), Toxic Substances Control Act (15 U.S.C. section 2601 et seq.), Clean Air Act (42 U.S.C. section 7401 et seq.), California Health and Safety Code (section 25100 et seq., section 3900 et seq.), or California Water Code (section 1300 et seq.) at such time; and

4.5.4 any additional wastes, substances or materials which at such time are classified, considered or regulated as hazardous or toxic under any other present or future environmental or other similar laws relating to the Project.

4.6 Costs of Escrow and Closing. Ad valorem taxes, if any, shall be prorated as of the date of conveyance. The lien of any bond or assessment shall be assumed by the Developer and assessments payable thereon shall be prorated as of the date of conveyance. The Developer shall bear the costs of title insurance. The Agency shall bear the cost of title company document preparation and recordation fees. All other costs of escrow (including the Escrow Holder's fee) shall be evenly borne by the parties. The costs borne by the Developer shall be in addition to the purchase consideration set forth in sections 4.3.

Article 5
CONSTRUCTION OF THE PROJECT

5.1 Construction Pursuant to Plans. Unless modified by operation of section 5.2, all works of construction and development on the Property shall be done in accordance with the approved Final Construction Plans.

5.2 Material Change in Final Construction Plans. If the Developer desires to make any material change in any Final Construction Plans, the Developer shall submit the proposed change to the Agency for its approval. If the Final Construction Plans, as modified by any proposed change, conform to the requirements of this Agreement, the Agency's Executive Director shall approve the change by notifying the Developer in writing.
Unless such proposed change is rejected by the Agency's Executive Director within thirty (30) days, it shall be deemed approved. If rejected within such time period, the previously approved Final Construction Plans shall continue to remain in full force and effect.

5.3 **Commencement of Construction.** Notwithstanding any other provision of this Agreement, the Developer shall not commence any construction of the Project until the Closing has occurred. Any breach of this section shall afford the Agency its rights under Article 8 below. The Developer for itself, its successors and assigns, covenants and agrees to commence construction of the Project within sixty (60) days following the Closing unless the commencement date is extended in writing by the Agency in its sole discretion upon request of the Developer, providing the Developer is diligently pursuing commencement of construction.

5.4 **Completion of the Project.** The Developer, for itself, its successors and assigns, hereby covenants and agrees diligently to prosecute to completion the construction of the Project within six (6) months following the actual date of commencement of any construction.

5.5 **Progress Reports.** The Developer shall provide to Agency a written report regarding construction progress approximately sixty (60) days after beginning construction of the Project. If construction of the Project is not completed within one hundred fifty (150) days after commencement of construction, Developer shall provide to Agency a second written progress report regarding construction progress.

5.6 **Off-Site Improvements.** Development of the Project requires certain infrastructure and related offsite improvements as set forth in the attached Exhibit "G" (the "Offsite Improvements"). The Developer agrees to construct and fund the construction of the Offsite Improvements. The Developer shall complete construction of the Offsite Improvements no later than completion of construction of the Project.

5.7 **Equal Opportunity.** During the construction of the Project there shall be no discrimination on the basis of race, color, creed, religion, sex, sexual orientation, marital status, ancestry or national origin in the hiring, firing, promoting or demoting of any person engaged in the construction work. Moreover, the Developer, by and through its construction contractor, shall give preference, to the extent practicable, for employment to those individuals residing within the geographical area governed by the Redevelopment Plan, as provided by relevant State law.

5.8 **Certificate of Completion.** Promptly after completion of the Project, in accordance with those provisions of this Agreement relating solely to the obligations of the Developer to construct the Project (including the dates for beginning and completing
construction of the Project), the Agency will provide an instrument so certifying ("Certificate of Completion"). This certification shall constitute a conclusive determination that the covenants in this Agreement with respect to the obligations of the Developer, its successors and assigns, to construct the Project (including the dates for the beginning and completing construction of the Project) have been met. The certification shall be in such form as will enable it to be recorded among the official records of San Joaquin County. This certification and determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a deed of trust securing money loaned to finance the Project or any part thereof and shall not be deemed a notice of completion under the California Civil Code.

Article 6
POST-COMPLETION REQUIREMENTS

6.1 **Applicability.** The Developer agrees that upon the completion of the Project, the conditions set forth in this Article 6 shall apply. These conditions shall be set forth in the Grant Deed.

6.2 **Land Use and Maintenance of Property.** The Developer agrees to use the Property for the purposes set forth in this Agreement (as described below and in Recital C and section 1.4, above), to not develop the Property for uses other than as described herein, and to maintain all portions of the Property in good repair and in a neat, clean and orderly condition. Developer shall establish no uses on the Property other than as provided in this Agreement. Developer agrees that if the printing presses and/or printing facilities ("production facilities") utilized by Developer are replaced, expanded or otherwise modified, or new or alternative facilities or capacity are acquired for Developer or its successors, said production facilities shall be located on the Property or the abutting property currently occupied by Developer, utilizing the two properties as an integrated site.

In the event that there arises at any time prior to the expiration of the Redevelopment Plan a condition in contravention of these maintenance standards or land use and development restrictions, then the Agency shall give written notice to the Developer of the deficiency. If the Developer fails to cure the deficiency within thirty (30) days of the Agency's written notice (or, if the deficiency is not susceptible of cure within such thirty (30) day period, the Developer fails to commence the cure and thereafter to diligently pursue the cure to completion), then the Agency shall have the right to perform all acts necessary to cure the deficiency or to take other recourse at law or in equity the Agency may then have and to receive from Developer the Agency's cost in taking such action. The parties further mutually agree that the rights conferred upon the Agency expressly include the right to enforce or establish a lien or other such encumbrance against the Property. The foregoing provisions shall be covenants

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running with the land until expiration of the Redevelopment Plan enforceable by the Agency.

Notwithstanding the above provision, the following shall not be considered a breach or default, providing Developer delivers timely notice to Agency prior to: (1) sale or transfer of the Property to Developer's parent corporation; (2) sale or transfer to a sister or a subsidiary corporation which holds no less than fifty percent (50%) common ownership with Developer; (3) sale to another entity which concurrently purchases The Record newspaper business; (4) sale or other transfer of the Property which is expressly approved by the Agency board. In the event of occurrence of any of the above, the acquiring entity shall assume all duties under and affirmatively agree in writing to be bound by the terms of this Agreement.

6.3 Mandatory Language in All Subsequent Deeds, Leases, and Contracts. All deeds, leases or contracts entered into by Developer as to any portion of the Property shall contain the following language:

6.3.1 In Deeds: "Grantee herein covenants by and for itself, its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed.

The foregoing covenant shall run with the land."

6.3.2 In Leases: "The lessee herein covenants by and for the lessee and lessee's heirs, personal representatives and assigns and all persons claiming under the lessee or through the lessee that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

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

Article 7
CHANGES IN DEVELOPER

7.1 Changes Only Pursuant to this Agreement. The qualifications, experience and expertise of Developer are of particular concern to the Agency. It is because of the qualifications, experience and expertise of this entity that the Agency has entered into this Agreement. No voluntary or involuntary successor in interest to the Developer shall acquire any rights or powers under this Agreement, except as provided in this Article 7.

7.2 Prohibition Against Transfer of Property and Assignment of Agreement Prior to Recording Certificate of Completion.

7.2.1 Transfer and Assignment Prohibited Absent Agency Approval. Developer shall not, except as permitted by this Agreement, make or attempt any total or partial sale, transfer, conveyance, assignment or lease, of all or part of the Property, the buildings or structures on the Property or the rights and obligations under this Agreement without the prior written approval of the Agency until the date when all the following have occurred: (1) the Agency has recorded a Certificate of Completion for the Project pursuant to section 5.8; (2) the proposed transferee has affirmatively agreed in writing to be bound by the provisions of Article 6 of this Agreement; and (3) the Developer has paid any remaining portions of the purchase price for the Acquisition Parcels, or has entered into separate agreements with the Agency, acceptable to the Agency in its sole and absolute discretion, which so provide.

7.2.2 Agency Approval. The Agency will approve such a transfer of the Property or an assignment of this Agreement prior to the occurrence of the events listed in 7.2.1 above only if the following conditions are met:

7.2.2.a The proposed transferee demonstrates to the Agency that, in the Agency's sole judgment, the proposed transferee has sufficient financial strength and experience to competently complete construction of the Project and/or to competently manage the Project in a first-class manner.
7.2.2.b Any transferee, by instrument in writing approved by the Agency and in a form recordable among the land records, for itself and its successors and assigns, and for the benefit of the Agency shall expressly assume all the obligations of the Developer under this Agreement and agree to be subject to all the conditions and restrictions to which the Developer is subject with respect to the portion of the Property so transferred. The Developer shall submit to the Agency for review all documents proposed to effect any such transfer, and if approved by the Agency, its approval shall be indicated to the Developer in writing.

7.2.3 Transfers Facilitating Development Permitted. The prohibitions in subsections 7.2.1 and 7.2.2 of this section shall not be deemed to prevent the granting or temporary easements or permits to facilitate the development of the Property or the leasing or pre-leasing of tenant space for occupancy prior to the recordation of the Certificate of Completion for the Project pursuant to section 5.8 of this Agreement.

In the absence of a specific written agreement by the Agency, no transfer, assignment, sale or approval by the Agency permitted by this section 7.2 shall be deemed to relieve the Developer or any other party from any obligations under this Agreement.

The provisions of this section 7.2 have been agreed upon so as to discourage land speculation by Developer; accordingly, these provisions shall be given a liberal interpretation to accomplish that end.

7.3 Prohibition on Transfer of Ownership Interests. As of the effective date of this Agreement, the Developer represents and warrants to the Agency that The Omaha World-Herald Company wholly owns the Developer. The Omaha World-Herald Company shall continue to wholly own the Developer until the date when all of the following have occurred: (1) the Agency has recorded the Certificate of Completion for the Project pursuant to section 5.8, and (2) any proposed transferee of the Property has affirmatively agreed in writing to be bound by the provisions of Article 6 of this Agreement, and (3) the Developer has paid any remaining portion of the purchase price for the Acquisition Parcels or has entered into separate agreements with the Agency, acceptable to the Agency, in its sole and absolute discretion, which so provide.

7.4 Transfers for Financing Purposes. No transfers for financing purposes are contemplated by the Developer. The Project shall be funded by internally generated funds from Developer and its parent company, The Omaha World-Herald Company.

Notwithstanding any other provisions of this Agreement, the creation of a security interest for the purpose of financing the Project shall be permitted providing that such interest, if placed on the Property prior to issuance of a Certificate of Completion,
is for development purposes only, including funds for acquisition of the Acquisition Parcels, the design and construction of the Project or other necessary development expenditures. Notice shall be promptly provided to the Agency.

Upon default by the Developer, the holder of such security interest shall not be obligated to complete the Project. Nothing in the Agreement shall be construed to permit or authorize such holder to devote the Property or any portion thereof to any use(s), or to construct any improvement(s), other than those authorized by this Agreement. Agency, if exercising its rights under Article 8 of this Agreement, shall notify such holder at the same time as the Developer is notified. The holder may undertake to complete the Project, providing Agency consents and the holder expressly assumes Developer's obligations relating to the Project by written agreement satisfactory to the Agency. Agency may exercise against the holder any of Agency's rights otherwise available against the Developer if the holder fails to complete the Project within six (6) months after undertaking to do so.

Article 8
GENERAL REMEDIES DURING DEVELOPMENT

8.1 Application of Remedies. Before issuance of a Certificate of Completion for the Project, the provisions of this Article shall govern the parties' remedies for breach or failure of the Agreement.

8.2 No Fault of Parties. The following events constitute a basis for a party, otherwise allowed by this Agreement, to terminate this Agreement without the fault of the other:

8.2.1 Either party disapproves the Toxics Report in the time and manner provided in section 2.4; or

8.2.2 The Developer, despite good faith efforts, is unable to obtain any permits or approvals necessary to allow construction of the Project substantially in accordance with the approved Final Construction Plans; or

8.2.3 The Developer, despite good faith efforts on the part of both the Agency and Developer, is unable to obtain approval of its resubmitted Schematic Plans or Final Construction Plans in the time provided in sections 2.2 or 2.7 respectively; or

8.2.4 The Agency, despite good faith efforts, is unable to assemble the Acquisition Parcels or to meet the times for performance and conveyance; and

8.2.5 Either party determines that the cost or delay caused by relocation is too great pursuant to section 3.1.
Upon happening of any of the above-described events, the parties shall meet and confer to attempt to resolve the circumstances and, if not resolved, then at the election of either party, this Agreement may be terminated by five (5) days' written notice to the other party. Upon the effective date of the notice of termination neither party shall have any rights against or liability to the other, and the Agency shall return to the Developer the Advance as described in section 2.3 less any amounts withdrawn or retained due to the Developer's breach under section 2.3 or 8.4 prior to the occurrence of one of the above events or as otherwise permitted pursuant to this Agreement.

8.3 **Fault of Agency.** Except as to events constituting a basis for termination under subsection 8.2.1, 8.2.2, 8.2.3, 8.2.4, or 8.2.5, the following events each constitute a basis for the Developer to take action against the Agency:

8.3.1 The Agency fails to convey the Property within the time, manner and form herein called for and the Developer is otherwise entitled by this Agreement to such conveyance; or

8.3.2 The Agency fails to give the Developer timely approval or disapproval of the resubmitted Schematic Plans and the Financing Plan as called for in sections 2.2 and 2.8, respectively; or

8.3.3 The Agency breaches any other material provision of this Agreement.

Upon the happening of any of the above-described events, the Developer shall first notify the Agency in writing of its purported breach or failure, giving the Agency thirty (30) days from receipt of such notice to cure such breach or failure. In the event the Agency does not then cure the default within such thirty-day period (or, if the default is not susceptible of cure within such thirty (30) day period, the Agency fails to commence the cure within such period and thereafter to prosecute the cure diligently to completion), then the Developer shall be entitled to any rights afforded it in law or in equity. In such event, the Agency shall return to the Developer the Advance as described in section 2.3 less any amounts withdrawn or retained due to the Developer's breach under section 2.3 or 8.4 prior to the occurrence of one of the above events or as otherwise permitted pursuant to this Agreement.

8.4 **Fault of Developer.** Except as to events constituting a basis for termination under subsections 8.2.1, 8.2.2, 8.2.3, 8.2.4, or 8.2.5, the following events each constitute a basis for the Agency to take action against the Developer:

8.4.1 The Developer fails to resubmit its Schematic Plans or fails to submit Final Construction Plans in the time and manner
set forth in sections 2.2 and 2.7 of this Agreement, respectively; or

8.4.2 The Developer fails to submit or to obtain Agency approval of any of the following evidence or documents in the time and manner set forth in Article 2: the Financing Plan required pursuant to section 2.8; the evidence of availability of funds required pursuant to section 2.10; the construction contract(s) required pursuant to section 2.11; the performance and payment bonds required pursuant to section 2.12; or the certificate of readiness and completion guarantee required pursuant to section 2.13; or

8.4.3 The Developer refuses for any reason (including, but not limited to, lack of funds) to accept conveyance from the Agency of any Acquisition Parcel or to provide funds to the Agency within the time period and under terms called for in this Agreement; or

8.4.4 The Developer does not attempt in good faith to procure in a timely manner a building permit pursuant to section 2.9, application for and diligent pursuit of abandonment of American Street pursuant to section 2.16, or any other permits or approvals for the Project or abandons any further attempts when there is a reasonable likelihood that such permit or approval would otherwise be issued by the proper authority in a timely manner; or

8.4.5 The Developer fails to commence or complete construction of the Project within the time limits set forth in this Agreement and in the manner set forth in Article 5; or

8.4.6 The Developer abandons or suspends construction of the Project for a period of thirty (30) days after written notice by the Agency of such abandonment or suspension; or

8.4.7 The Developer voluntarily or involuntarily assigns, transfers or attempts to transfer this Agreement or any rights under this Agreement, or in the Property, except as permitted by this Agreement; or

8.4.8 There is any change in the ownership of the Developer, or the parties in control of the Developer, or any assigns or successors, in violation of this Agreement; or

8.4.9 The Developer fails to enter into an agreement with the City to continue to pay its Central Parking District Assessments as provided in section 2.15 or breaches said agreement;

8.4.10 The Developer breaches any other material provision of this Agreement.

Upon the happening of any of the above-described events, the Agency shall first notify the Developer in writing of its purported
breach, failure or act above-described, giving the Developer thirty (30) days from receipt of such notice to cure such breach, failure, or act.

In the event the Developer does not cure the default within such thirty (30) day period (or if the default is not susceptible of being cured within such thirty (30) day period, the Developer fails to commence the cure within such period and thereafter to prosecute the cure diligently to completion), then the Agency shall be afforded all of its rights at law or in equity by taking any or all of the following remedies: (i) terminating this Agreement by thirty (30) days' written notice to Developer; (ii) prosecuting an action for damages; (iii) seeking specific performance of this Agreement; (iv) seeking the remedies specified in sections 8.5 and 8.6; (v) drawing on the Advance pursuant to section 2.3 in an amount necessary to cure the specific breach or default; or (vi) seeking any remedy available at law or in equity.

8.5 Right of Reverter. If this Agreement is terminated pursuant to section 8.4 following the Closing of and prior to the issuance of the Certificate of Completion of the Project, then the Agency may, in addition to other rights granted in this Agreement, re-enter and take possession of the Property or any portion thereof with all improvements thereon, and revest in the Agency the estate theretofore conveyed to the Developer.

The Grant Deed from the Agency to the Developer shall contain appropriate references and provisions to give effect to the Agency's right of reverter as set forth in this section 8.5.

Upon revesting in the Agency of title to the Property or any portion thereof as provided in this section 8.5, the Agency shall, pursuant to its responsibilities under State law, use its best efforts to resell the Property or applicable portion thereof and as soon as possible, in a commercially reasonable manner and consistent with the objectives of such law and of the Redevelopment Plan to a qualified and responsible party or parties (as determined by the Agency) who will assume the obligation of making or completing the Project in accordance with the uses specified for such property in the Redevelopment Plan and in a manner satisfactory to the Agency. Upon such resale of the Property or any portion thereof the proceeds thereof shall be applied as follows:

8.5.1 First, to reimburse the Agency on its own behalf or on behalf of the City for all costs and expenses incurred by the Agency, including, but not limited to, salaries of personnel and legal fees incurred in connection with the recapture, management, and resale of the Property or any portion thereof and (but less any income derived by the Agency from any part of the Property in connection with such management); all taxes, installments of assessments payable prior to resale, and applicable water and sewer charges with respect to the Property or any portion thereof (or, in
the event the Property or any portion thereof is exempt from taxation or assessment or such charges during the period of ownership by the Agency, an amount equal to the taxes, assessments, or charges that would have been payable if the Property or any portion thereof was not so exempt); any payments made or necessarily to be made to discharge any encumbrances or liens existing on the Property or any portion thereof at the time of revesting of title in the Agency or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Developer, its successors or transferees; and expenditures made or obligations incurred with respect to the making or completion of the Project or any part thereof on the Property; and any amounts otherwise owing the Agency by the Developer and its successors or transferees.

8.5.2 **Second**, to reimburse the Agency for damages to which it is entitled under this Agreement by reason of the Developer's default.

8.5.3 **Third**, to the Agency and the City up to the amount that the Agency and the City have advanced for acquisition of the Property or applicable portion thereof.

8.5.4 **Fourth**, to reimburse the Developer, its successors or transferees, up to the amount equal to:

6.5.4.a The payment made to the Agency for the Property or applicable portion thereof pursuant to section 4.3; plus

8.5.4.b The fair market value of the improvements the Developer has placed on the Property or applicable portion thereof; less

8.5.4.c Any gains or income withdrawn or made by the Developer from the Property or applicable portion thereof, or the improvements thereon.

Notwithstanding the foregoing, the amount calculated pursuant to this subsection shall not exceed the fair market value of the Property or applicable portion thereof, together with the improvements thereon as of the date of the default or failure which gave rise to the Agency's exercise of the right of reverter.

8.5.5 **Retention.** Any balance remaining after such reimbursements shall be retained by the Agency as its property.

The rights established in this section 8.5 are to be interpreted in light of the fact that the Agency will convey the Property to the Developer for development and not for speculation.
8.6 Option to Repurchase, Reenter and Repossess.

8.6.1 Agency Rights. The Agency shall have the additional right at its option to repurchase, reenter and take possession of the Property or any portion thereof owned by the Developer with all improvements thereon if, after conveyance of title to any portion of the Property and prior to the issuance of all the Certificates of Completion for the Project, the Developer shall:

8.6.1.a Fail to proceed with the construction of the improvements as required by this Agreement for a period of thirty (30) days after written notice thereof from the Agency; or

8.6.1.b Abandon or substantially suspend construction of the improvements for a period of thirty (30) days after written notice of such abandonment or suspension from the Agency; or

8.6.1.c Transfer or suffer any involuntary transfer (including a transfer as part of proceedings in bankruptcy) of the Property or any part thereof in violation of this Agreement.

8.6.2 Exercise Subject to Conditions. Such right to repurchase, reenter and repossession, to the extent provided in this Agreement, shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit;

8.6.2.a Any mortgage, deed of trust or other security instrument permitted by this Agreement; or

8.6.2.b Any rights or interest provided in this Agreement for the protection of the holder of such mortgages, deeds of trust or other security instruments.

8.6.3 Calculation of Cost to Exercise. To exercise its right to repurchase, reenter and take possession with respect to the Property owned by the Developer, the Agency shall pay to the Developer in cash an amount equal to:

8.6.3.a The purchase price paid to the Agency for the applicable portion or the Property pursuant to section 4.3; plus

8.6.3.b The fair market value of the improvements existing on the applicable portion of the Property at the time of the repurchase, reentry and repossession; less

8.6.3.c Any gains or income withdrawn or made by the Developer from the applicable portion of the Property or the improvements thereon; less
8.6.3.d The value of any liens or encumbrances on the applicable portion of the Property which the Agency assumes or takes subject to.

Article 9
SPECIFIC REQUIREMENTS REGARDING REMEDIES

9.1 Notices, Demands, and Communications. Formal notices, demands, and communications between the Agency and the Developer shall be sufficiently given if and shall not be deemed given unless dispatched by registered or certified mail, or delivered personally, to the principal offices of the Agency and the Developer as follows:

Agency: Redevelopment Agency of the City of Stockton
425 N. El Dorado Street
Stockton CA 95202
Attn: Executive Director

With copies to: City Attorney
425 N. El Dorado Street
Stockton CA 95202
Attn: City Attorney/Agency Counsel

Housing and Redevelopment Department
305 North El Dorado Street, Suite 200
Stockton CA 95202
Attn: Director

Developer: Stockton Newspapers Inc.
530 East Market Street
P.O. Box 900
Stockton, CA 95201
Attn: Steven A. Peterson

With copies to: Hakeem, Ellis & Simonelli
2800 West March Lane, Suite 200
Stockton, CA 95219
Attn: Michael D. Hakeem

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected party may from time to time designate by mail as provided in this section 9.1.

9.2 Conflict of Interests. No member, official or employee of the Agency shall make any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.
9.3 Non-Liability of Officials, Employees and Agents. No member, official, employee or agent of the Agency or the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the Agency or for any amount which may become due to the Developer or successor or on any obligation under the terms of this Agreement.

9.4 Enforced Delay. In addition to specific provisions of this Agreement, performance by either party shall not be deemed to be in default where delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, quarantine restrictions, freight embargo, lack of transportation, or court order, or any other similar causes (other than lack of funds of the Developer or the Developer's inability to finance the acquisition of the Property or any portion thereof or construction of the Project) beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any cause will be deemed granted if notice by the party claiming such extension is sent to the other within ten (10) days from the commencement of the cause and such extension of time is not rejected in writing by the other party within ten (10) days of receipt of the notice. Times of performance under this Agreement may also be extended by written agreement of the Agency and the Developer.

9.5 Inspection of Books and Records. The Agency has the right during usual business hours and upon reasonable notice to Developer to inspect on Developer's premises on a confidential basis the books and records of the Developer which directly pertain to Developer's obligations under this Agreement. The Developer also has the right at all reasonable times to inspect the books, records and all other documentation of the Agency pertaining to its obligations under this Agreement to the extent such items to be inspected are part of the public records. The Agency's rights of inspection shall terminate upon the issuance of the Certificate of Completion for the Project.

9.6 Provisions Not Merged with Deeds. None of the provisions of this Agreement are intended to nor shall any provisions herein be merged by the Grant Deed(s) transferring title to any real property which is the subject of this Agreement from the Agency to the Developer or any successor in interest and such Grant Deed(s) shall not be deemed to affect or impair the provisions and covenants of this Agreement.

9.7 Title of Parts and Sections. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any part of its provision.

9.8 Indemnity. The Developer shall indemnify, defend and hold the Agency harmless against all claims made against them which arise out of or in connection with the ownership, occupancy, or
development of or construction on the Property by the Developer or the Developer's contractors, subcontractors, agents, employees or tenants; provided, however, that this indemnity shall not extend to any claim arising solely from the Agency's failure to perform its obligations under this Agreement or solely from the Agency's gross negligence.

The Agency shall indemnify, defend and hold the Developer harmless against all claims made against it which arise out of or in connection with the Agency's activities on the Property, except as otherwise expressly provided herein, including construction to be undertaken by the Agency or Agency's contractors, subcontractors, agents, or employees; provided, however, that this indemnity shall not extend to any claim arising solely from the Developer's failure to perform its obligations under this Agreement or solely from the Developer's gross negligence.

9.9 Liability Insurance. The Developer shall cause to have in full force and effect during the construction of the Project pursuant to this Agreement comprehensive general liability insurance policies affording coverage for bodily injury and property damage in the combined single limit of One Million Dollars ($1,000,000) with the Agency and the City named as additional insureds in such policy. The maintenance of any such policy by a contractor doing construction work for the Developer shall be accepted for the purpose of establishing compliance with this section by Developer.

9.10 Real Estate Commission. Neither party shall be responsible to the other for any real estate commissions or brokerage fees which may arise from this Agreement or otherwise be incurred by the other party. Without limiting the generality of the foregoing, the Agency shall not be responsible for any real estate commission or brokerage fees incurred by the Developer arising in connection with the acquisition of the Property or any portion thereof by the Developer and the Developer shall indemnify the Agency and the City with respect thereto.

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

9.12 Applicable Law. This Agreement shall be interpreted under and pursuant to the laws of the State of California.

9.13 Severability. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provision shall continue in full force and effect unless the
rights and obligations of the parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

9.14 Legal Actions. In the event any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach thereof, the party prevailing in any such action shall be entitled to recover against the party not prevailing all reasonable attorney's fees and costs incurred in such action.

9.15 Binding Upon Successors. This Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest and assigns of each of the parties; provided, however, that there shall be no transfer of any interest by the Developer except pursuant to the terms of this Agreement. Any reference in this Agreement to a specifically named party shall be deemed to apply to any successor, heir, administrator, executor or assign of such party who has acquired an interest in compliance with the terms of this Agreement, or under law.

9.16 Parties Not Co-Venturers. Nothing in this Agreement is intended to nor does this Agreement establish the parties as partners, co-venturers, or principal and agent with one another.

9.17 Employment Opportunity. The Developer and its successors, assigns, contractors and subcontractors shall not discriminate against any employee or applicant for employment in connection with the construction and operation of the Project because of race, color, religion, sex, sexual preference, marital status, ancestry or national origin. Each of the following activities shall be conducted in a nondiscriminatory manner: hiring; upgrading; demotion and transfers; recruitment and recruitment advertising; layoff and termination; rate of pay and other forms of compensation; and selection for training including apprenticeship.

9.18 Warranties. The Agency expresses no warranty or representation to the Developer as to fitness or condition of the Property or any portion thereof for the building or construction to be conducted thereon.

9.19 Identity and Authority. Each of the persons executing this Agreement on behalf of the Developer does hereby covenant and warrant: that the Developer is a duly authorized and existing California corporation, in good standing; that the Developer shall remain in good standing; that the Developer has the full right, power and authority to enter into this Agreement and to carry out all actions on its part contemplated by this Agreement; that the execution and delivery of this Agreement were duly authorized by proper action of the Developer and no consent, authorization or approval of any person is necessary in connection with such execution and delivery or to carry out all actions on the
Developer's part contemplated by this Agreement, except as have been obtained and are in full force and effect; and that this Agreement constitutes the valid, binding and enforceable obligation of the Developer.

9.20 Entire Understanding of the Parties. This Agreement is executed in three (3) duplicate originals each of which is deemed to be an original. This Agreement consists of 32 pages, and the attached Exhibits A-G, and constitutes the entire understanding and agreement of the parties. This Agreement shall not be modified except by written instrument executed by and between the parties to this Agreement.

WHEREFORE, the parties have executed this Agreement on or as or the date first above written.

APPROVED AS TO FORM:
CYNTHIA HUMBERT NEELY,
CITY ATTORNEY

By: ____________________________
   Deputy City Attorney

REDEVELOPMENT AGENCY OF THE
CITY OF STOCKTON (the "AGENCY")

By: ____________________________
   Gary Podesto, Chairperson

ATTEST: AGENCY SECRETARY
KATHERINE GONG LEISNER

By: ____________________________

APPROVED AS TO FORM:
COUNSEL FOR DEVELOPER

By: ____________________________
   Michael D. Hakeem, Esq.

STOCKTON NEWSPAPERS INC.
(the "DEVELOPER")

By: ____________________________
EXHIBIT B
PROPERTY DESCRIPTION
PARCELS TO BE ACQUIRED

Parcel A

Manuben Patel  Cunningham Hotel  620-622 E. Market Street

Lot 5 and the east one-third of Lots 13 and 14, in Block 25, East of Center Street, in the City of Stockton, according to the Official Map or Plat thereof.

Parcel B

California Fidelity, Inc.  632 E. Market Street

Lot 7, in block 25, East of Center Street, in the City of Stockton, according to the Official Map or Plat thereof.

Parcel C

Thomas A. Migliori, Karen Wolf Migliori, Eugene T. Migliori, Margaret Jane Migliori  Vacant Parking

Lots 9, 12, 15 and 16 in Block 25, East of Center Street, in the City of Stockton, according to the Official Map or Plat thereof.

Parcel D

City of Stockton  Parking Lot

All that certain piece or parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows, to wit:

Beginning at the Southwest corner of Block 25, East of Center Street, as said block is shown on the Official Map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said Map is on file in the Office of the City Clerk of said City, said corner also being the point of intersection of the North line of Washington Street and the East line of American Street; thence N. 78 Degrees 04' E., along said North line of Washington Street, 252.5 Feet to the
Southwest corner of Lot 12 in said Block 25; thence N. 12 Degrees 00' W. along the West line of said Lot 12, 101.0 Feet to the Northwest corner of said Lot 12; thence S. 78 Degrees 04' W., 151.5 Feet to the Northwest corner of Lot 6 in said Block 25; thence N. 12 Degrees 00' W., 101.0 Feet to the Southwest corner of Lot 5 in said Block 25; thence S. 78 Degrees 04' W. 101.0 Feet to the Southwest corner of Lot 1 in said Block 25, said corner also being the East line of American Street; thence S. 12 Degrees E., 202.0 feet to a point, said point as hereinbefore referred to, the point of beginning.
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** NOTICE OF READINESS TO CONVEY** (3.5)

NO LATER THAN
+670 execution

** CERTIFICATE OF COMPLETION** (5.8)

issue promptly after completion

PERFORMANCE BY:
DEVELOPER AGENCY
DATE COMPLETED

670

n/a

* each number represents the number of calendar days allowed for performance or completion of the described activity

** this exhibit is designed to be a working document--the date of actual performance should be inserted; subsequent dates for performance can be determined by calculating the number of days allowed

*** n/a--the date for performance or completion of the activity cannot be calculated until the trigger event has occurred; updating of the subsequent performance dates shall occur upon the occurrence of the trigger event
EXHIBIT E
FORM OF GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Redevelopment Agency of the
City of Stockton
425 N. El Dorado Street
Stockton, CA 95202
Attention: Executive Director

NO RECORDING FEE PURSUANT TO
GOVERNMENT CODE SECTION 27383

GRANT DEED

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

THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, a body corporate and politic, existing under the laws of the State of California (the "Grantor"), acting to carry out the Amended and Restated Redevelopment Plan for the West End Urban Renewal Project No. 1 (Central Stockton) (the "Redevelopment Plan") under the Community Redevelopment Law of the State of California, as it is currently drafted and as it may be amended, hereby grants to Stockton Newspapers Inc., a California corporation ("Grantee"), the real property (the "Property") described in the document attached hereto, labeled Exhibit A, and incorporated in this Grant Deed by this reference.

1. The Property is conveyed subject to the Redevelopment Plan and pursuant to a Disposition and Development Agreement (the "DDA"), a copy of which is on file with the Agency Secretary and incorporated by this reference, entered into by and between Grantor and Grantee and dated ______________, a memorandum of which was recorded on ______________, in the official records of San Joaquin County as Document No. ______________. The Property is further conveyed and subject to all easements and encumbrances of record.

2. The Grantee hereby covenants and agrees, for itself and its successors and assigns, that the Grantee and such successors and assigns shall promptly begin and diligently prosecute to completion the redevelopment of the Property through the construction of the commercial development required to be constructed pursuant to the DDA (the "Project"), and that such construction shall be commenced and completed within the times provided in the DDA. Grantee hereby covenants and agrees, for itself and its successors and assigns, that no construction shall be initiated or undertaken except as provided in the DDA.
Promptly after completion of the Project and satisfaction of other specified obligations in accordance with the provisions of the DDA, the Grantor will furnish the Grantee with an appropriate instrument so certifying (the "Certificate of Completion"). The Certificate of Completion by the Grantor shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the DDA and in this Grant Deed with respect to the obligations of the Grantee and its successors and assigns to construct the Project and the dates for the beginning and completion of such construction.

3. The Grantee hereby covenants and agrees, for itself and its successors and assigns, that during construction and thereafter, the Grantee shall devote the Property only to the uses specified in the Redevelopment Plan and the DDA.

4. The Grantee hereby covenants and agrees, for itself and its successors and assigns, that during construction and thereafter, the Grantee shall operate and maintain the Property and the Project, thereon in compliance with all requirements set forth in the DDA.

5. The Grantee covenants and agrees, for itself and its successors and assigns that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, age, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use occupancy, tenure or enjoyment of the Property or the Project, nor shall the Grantee itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Property and the Improvements.

All deeds, leases or contracts made relative to the Property, the Project, or any part thereof, shall contain or be subject to substantially the following non-discrimination clauses:

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

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

That there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, age, marital status, national origin or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants or vendees in the land herein leased."

c. In contracts: "There shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, age, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants or vendees in the land. The foregoing provisions shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under this instrument."

6. The Grantee represents and agrees that its purchase of the Property, and its other undertakings pursuant to the DDA, are and will be used for the purposes of timely redevelopment of the Property and not for speculation in landholding. The Grantee further recognizes that in view of the following factors, the qualifications of the Grantee are of particular concern to the community and the Grantor:

a. The importance of the redevelopment of the Property to other properties to be developed as part of the Redevelopment Plan, and to the general welfare of the community, with particular reference to the community's objective of assisting and providing for economic recovery, business retention and expansion, redevelopment of underutilized properties, and elimination of blight through effective redevelopment of the Property; and

b. The land acquisition assistance and other public aid that has been made available by law and by the government for the purpose of making such redevelopment possible; and

c. The reliance by the Grantor upon the unique qualifications and ability of the Grantee to serve as the catalyst for development of the Property and upon the interest which the Grantee will have in the Property to assure the quality of the use, operation and maintenance deemed critical by the Grantor in the redevelopment of the Property; and
d. The fact that a change in ownership or control of the Grantee, or of a substantial part thereof, or any other act or transaction involving or resulting in a significant change in ownership or with respect to the identity of the parties in control of the Grantee or the degree thereof is for practical purposes a transfer or disposition of the Property and is not permitted pursuant to the DDA except as expressly provided for therein; and

e. The fact that the Property is not to be acquired or used for speculation, but only for development and use by the Grantee in accordance with the DDA; and

f. The importance to the Grantor and the community of the standards of development, use, operation and maintenance of the Property.

The Grantee further recognizes that it is because of such qualifications and identity that the Grantor has entered into the DDA with and has conveyed the Property to the Grantee.

For the reasons stated above, the Grantee covenants, for itself and its successors and assigns, that there shall be no sale, transfer, assignment, conveyance, lease, pledge or encumbrance of the DDA, the Property or the Project or any part thereof, or of the ownership interest in the Grantee or its officers, directors, or general partners in violation of the DDA.

No voluntary or involuntary successor in interest of the Grantee shall acquire any rights or powers under this Grant Deed or the DDA, except as expressly set forth in this Grant Deed and the DDA.

7. The covenants contained in Sections 2, 3, and 4 regarding construction, use, and operation and maintenance shall remain in effect so long as the provisions of the Redevelopment Plan remain in effect. The covenants against discrimination contained in Section 5 shall remain in effect in perpetuity. The covenants against prohibited sales, transfers, assignments, conveyances, leases, pledges and encumbrances contained in Section 6 shall remain in effect for the period set forth in the DDA.

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

9. The covenants contained in Sections 2, 3, 4, 5 and 6 of this Grant Deed shall be, without regard to technical classification or designation, legal or otherwise specifically provided in this Grant Deed, to the fullest extent permitted by law
and equity, binding for the benefit and in favor of and enforceable by the Grantor, its successor and assigns, the City of Stockton and any successor in interest to the Property or any part thereof, and such covenants shall run in favor of the Grantor and such aforementioned parties for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. In the event of any breach of any of such covenants, the Grantor and such aforementioned parties shall have the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other property proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor, its successors and such aforementioned parties.

10. Subject to and in accordance with the procedures and provisions of Sections 8.5 and 8.6 of the DDA, the Grantor shall have the right, at its option, to reenter and take possession of the Property, with all improvements thereon, and revest in the Grantor the estate conveyed to the Grantee, if the DDA is terminated pursuant to Section 8.4 of the DDA, and such termination occurs prior to issuance of the Certificate of Completion.

The Grantor shall have the right to institute such actions or proceedings as it may deem desirable for effectuating the purposes of this Section, including also the right to execute and record or file with the Recorder of the County of San Joaquin a written declaration of the termination of all rights and title of the Grantee, and its successors in interest and assigns, in all or that portion of the Property and the revesting of title thereto in the Grantor. Any delay by the Grantor in instituting or prosecuting any such actions or proceedings or otherwise asserting its rights under this Section shall not operate as a waiver of such rights or to deprive it of or limit such rights in any way (it being the intent of this provision that Grantor should not be constrained so as to avoid the risk of being deprived of or limited to the exercise of the remedy provided in this Section because of concepts of waiver, laches, or others), nor shall any waiver in fact made by the Grantor with respect to any other defaults by the Grantee or with respect to the particular default except to the extent specifically waived.

11. Only the Grantor, its successors and assigns, and the Grantee and the successors and assigns of the Grantee in and to all or any part of the fee title to the Property shall have the rights to consent and agree to changes or to eliminate in whole or in part any of the covenants contained in this Grant Deed, to subject the Property to additional covenants, easements, or other restrictions, or to consent and agree to changes in the Redevelopment Plan as they apply to the Property. For purposes of this Section, successors and assigns of the Grantee shall be defined to include only those parties who hold all or any part of the Property in fee title, and not to include a tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under deed of trust, or
any other person or entity having an interest less than a fee in the Property.

12. In the event there is a conflict between the provisions of this Grant Deed and the DDA, it is the intent of the parties hereto and their successors in interest that the DDA shall control.

IN WITNESS WHEREOF, the parties hereto have executed this ___ day of __________, ____.

GRANTEE:

STOCKTON NEWSPAPERS INC.
a California Corporation

By: ______________________
Its: ______________________

GRANTOR:

REDEVELOPMENT AGENCY
OF THE CITY OF STOCKTON, a body corporate and politic, existing under the laws of the State of California

By: ______________________
Its: ______________________
EXHIBIT A

PROPERTY LEGAL DESCRIPTION
EXHIBIT F

PERMITTED ENCUMBRANCES

1. Property taxes for the current fiscal year which are a lien not yet payable.

2. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with section 75) of the California Revenue and Taxation Code.


4. Flood Protection Restoration Assessment District established under the guidelines of the San Joaquin Area Flood Control Agency, Resolution of Intention SJAFCA No. 95-0026.
EXHIBIT G

DOES NOT EXIST