

SUBJECT: Approval of an Owner Participation Agreement with Shadow Valley Heights, LLC

DEPARTMENT: Redevelopment

MEETING DATE: April 26, 2006

DEADLINE FOR ACTION: N/A

CONTACT PERSON: Keith Scott

APPROVED:

[Signature]
Redevelopment

[Signature]
Executive Director

[Signature]
Finance

RECOMMENDATION:

Approve the Owner Participation Agreement (OPA) with Shadow Valley Heights LLC, a California Limited Liability Company.

BACKGROUND:

On March 22, 2006, the Agency Board approved the assignment of an OPA, by and between Glory to God Ministries and the Redevelopment Agency, to Shadow Valley Heights LLC (Shadow Valley). Shadow Valley now proposes modifications to some of the terms of that OPA in order to facilitate and expedite their proposed project.

ANALYSIS:

Since the Glory to God OPA has been assigned to Shadow Valley and other changes are mutually desired, a new OPA with Shadow Valley has been drafted (Attachment 1).

Shadow Valley will be building 107 single family dwellings in a planned unit development and will be applying for permits for a three additional up-scale homes immediately to the south of the 107 unit development. They will also be building a bridge over the West Cathedral Channel to Bankside Drive at approximately Sunair Road. Shadow Valley wants to expedite their project and is willing to build, at their expense, an additional east-bound travel lane on East Palm Canyon Drive (which would be a part of a City project in the near future), including cutting back the knoll to the west of their property to accommodate the lane, and pay up to \$200,000 for a new traffic signal at East Palm Canyon and Bankside Drives in exchange for the Agency placing 26 acres of its mountain open space property (Attachment 2) into conservation. It is important to note that the proposed conservation area is only to facilitate the 107 unit development and does not include the additional proposed three units.

The following chart shows the proposed changes in responsibilities of Shadow Valley and the Redevelopment Agency.

	EXISTING OPA	PROPOSED OPA
Signal at East Palm Canyon and Bankside Drives	Shadow Valley pays 75% of the signal, total estimated cost of \$200,000. Agency agrees to pay 25%	Shadow Valley pays 100% of the cost of signal, up to \$200,000. Agency agrees to pay cost over \$200,000.
East Palm Canyon Drive public improvements	Shadow Valley builds a deceleration lane and cuts back the knoll to accommodate the extra lane contributes a "proportionate share" to the reconstruction of the West Cathedral Channel. City builds 1 additional travel lane, cuts back the knoll for the additional lane and funds the balance of the cost of the West Cathedral Channel bridge.	Shadow Valley builds center median, additional travel lane and deceleration lane (total of 2 new lanes) and cuts back the knoll to accommodate both lanes. City pays for the reconstruction of the West Cathedral Channel bridge.
Mitigation Land	Shadow Valley locates and purchases 26 acres of mitigation land and establishes a conservation easement in order for project to proceed. Agency has no obligation.	Shadow Valley prepares easement document and locates entity to manage easement. Agency allows conservation easement or deed restriction on 26 acres of Agency open space land to satisfy the conservation requirement.

ENVIRONMENTAL CLEARANCE

This project is covered by a Mitigated Negative Declaration, approved on October 26, 2005 by Council Resolution 2005-84, and on file in the Planning Department.

FISCAL IMPACT:

The savings to the Agency for the signal is estimated at \$50,000 (1/4 of estimated cost to install signal). The specific costs to construct the travel lane, center median, cutting back the knoll for one travel lane or bridge improvements is unknown at this time, as no estimates have been yet been made. However, building all of the highway improvements now at Shadow Valley's expense benefits the City both in terms of timing and because the City will not have to demolish improvements when the Highway and the West Cathedral Channel Bridge are eventually widened.

ALTERNATIVES:

1. Amend the OPA and approve the amended OPA. If this alternative is chosen, Shadow Valley will need to evaluate the amendment to see if the transaction is still feasible.
2. Do not approve the OPA. This will render the project infeasible and, thus, the development will not happen.

ORIGINAL ¹²⁵⁸

CATH\0046-31\157-6.WPD
3\27\06 330 LAW

RECORDING REQUESTED BY:

REDEVELOPMENT AGENCY OF THE CITY OF CATHEDRAL CITY

AND WHEN RECORDED RETURN TO:

GREEN, DE BORTNOWSKY & QUINTANILLA, LLP
23801 Calabasas Road
Suite 1015
Calabasas, California 93065
Attn: Charles R. Green

Apr 26, 2006

(Space Above for Recorder's Use)

REDEVELOPMENT AGENCY OF THE CITY OF CATHEDRAL CITY

OWNER PARTICIPATION AGREEMENT

(SHADOW VALLEY HEIGHTS, LLC)

By and Between

REDEVELOPMENT AGENCY OF
THE CITY OF CATHEDRAL CITY

and

SHADOW VALLEY HEIGHTS, LLC
A California Limited Liability Company

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EXHIBIT "A" Legal Description
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REDEVELOPMENT AGENCY OF THE CITY OF CATHEDRAL CITY
OWNER PARTICIPATION AGREEMENT
(SHADOW VALLEY HEIGHTS, LLC)

This Owner Participation Agreement (this "Agreement") is dated for record purposes as of this 26th day of April, 2006, by and between the Redevelopment Agency of the City of Cathedral City, a public body, corporate and politic, duly organized and existing pursuant to the Community Redevelopment Law of the State of California (hereinafter referred to as the "Agency"), and Shadow Valley Heights, LLC, a California limited liability company (hereinafter referred to as the "Participating Owner") and is entered into by the parties hereto with reference to the following facts:

RECITALS

A. WHEREAS, the Agency is authorized and empowered by the Community Redevelopment Law, Chapter 1 of Division 24 of the California Health and Safety Code, as amended (the "CRL"), to permit owner participation in the redevelopment of real property; to enter into agreements for the acquisition, disposition and development of property or to otherwise assist in the redevelopment of real property within a redevelopment project area conforming with a redevelopment plan adopted for such area; to acquire real and personal property in redevelopment project areas; to receive consideration for the provision of redevelopment assistance; to make and execute contracts and other instruments necessary or convenient to the exercise of its powers; and to incur indebtedness to finance or refinance redevelopment projects; and

B. WHEREAS, the Redevelopment Plan (the "Redevelopment Plan") for the project area in which the subject property is located (the "Project Area") has been approved and adopted by the City of Cathedral City, California (the "City"), by duly adopted ordinance; and

C. WHEREAS, the Participating Owner is the owner of certain real property located within the City, legally described in Exhibit "A" hereto (the "Property") and consisting of the following parcels:

1. Undeveloped land consisting of approximately fifteen (15) acres (the "Owner Parcel") which the Participating Owner intends to develop with residential uses (the "Project"), to be constructed in two phases; and

2. Undeveloped land consisting of approximately ten (10) acres (the "Second Owner Parcel") which the Participating Owner desires to develop as a low density high end housing project with a maximum of three (3) dwelling units (the "Second Project").

D. WHEREAS, the Agency is willing to provide assistance to the Participating Owner in obtaining appropriate entitlements and provide assistance to facilitate the development of the Owner Parcel with the Project and the Second Owner Parcel with the Second Project; and

E. WHEREAS, the property which is the subject of this Agreement was previously the subject of that certain Amended and Restated Owner Participation Agreement by and between the Agency and Glory to God Ministries, dated as of March 22, 2003 (the "Glory to God OPA"), and Glory to God Ministries has assigned to Participating Owner its right, title and interest in and to the Glory to God OPA, and the Agency consented to such assignment on March 22, 2006; and

F. WHEREAS, Participating Owner has requested certain amendments to the Glory to God OPA assigned to it by Glory to God Ministries, and the Agency is willing to amend said agreement as set forth in this Agreement; and

G. WHEREAS, the Glory to God OPA is intended to be replaced in total by this Agreement.

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

Section 1. Defined Terms; Incorporation of Recitals; Effect of Restated Agreement. All terms not otherwise defined herein shall have the same meaning as used in the CRL. The recitals are by this reference incorporated herein and made a part of this Agreement. This Agreement replaces the Glory to God OPA, and the Glory to God OPA shall be of no further force or effect after the approval and execution of this Agreement.

Section 2. Public Purpose. The Agency and the Participating Owner agree that the completion of the Project and the Second Project shall be undertaken for the common benefit of the parties hereto and the residents of the City in order to eliminate blight within the City and areas in or adjacent to the Project Area.

Section 3. Agency Obligations.

a. The Agency agrees that it will henceforth, for the term of this Agreement, use good faith efforts to assist the Participating Owner in its efforts to obtain entitlements for the Owner Parcel and the Second Owner Parcel, in order to construct the Project and the Second Project. The Project will include 107 single family dwellings as a Planned Unit Development. The Second Project will include up to three (3) upscale dwelling units and dedicated conservation land. The Participating Owner acknowledges and agrees that the Agency lacks the authority to grant or compel the City to grant such entitlements, and further acknowledges and agrees that any requested entitlements must be processed using the City's prescribed processes, including, but not limited to, public hearings before the Planning Commission and/or the City Council, if so required. Nothing in this Agreement shall constitute the agreement of the Agency, the City or any board, commission, body or officer of either, to grant the entitlements to the Owner Parcel or the Second Owner Parcel. The Agency's assistance to the Participating Owner with respect to the application for entitlements shall consist of providing information regarding the City's processes therefor, assisting in the assembling of necessary documents and forms, interfacing with City staff and providing guidance as to City requirements.

b. The Agency agrees to establish a conservation easement over approximately 26 acres of Agency-owned land in a form acceptable to the Agency, the U.S. Fish and Wildlife Service, the California Department of Fish and Game and/or other agencies having jurisdiction over or requiring such easement. The land to be the subject of the conservation easement is described in Exhibit "B" attached hereto.

c. The Agency's obligations under this Agreement shall terminate, and the Agency shall be excused from performance thereof, if the entitlements for the Project and the Second Project are not obtained within 12 months of the Effective Date, or at any earlier date when the Participating Owner ceases its efforts to

obtain the entitlements to either the Project or the Second Project.

d. The Agency agrees that no residential development will be allowed on Agency-owned Parcel No. 687-040-056, and that should the Agency divest itself of such parcel, Agency shall record a deed restriction with that limitation that runs with the land.

Section 4. Participating Owner Obligations.

a. The Project to be constructed on the Owner Parcel is a Planned Unit Development which will have a homeowner's association ("HOA"). The Participating Owner will establish a community services district as required by Section 6.1 of the Conditions of Approval of the Tentative Parcel Map for the Project. The Participating Owner agrees that the Second Project will be annexed into the community services district established for the Project so that the Second Project pays equitable assessments for City provided services. The Participating Owner shall make such provisions in the formative documents for the Planned Unit Development as are necessary to effectuate this requirement.

b. The Participating Owner will identify, with the approval of the Agency and the City, a means of entry from East Palm Canyon Drive to the Project which will be consistent and in keeping with the quality of the development that is proposed.

c. The Participating Owner agrees to pay the cost of a traffic signal to be constructed by the City at the intersection of East Palm Canyon Drive and Bankside Drive, up to a maximum contribution by the Participating Owner of Two Hundred Thousand Dollars (\$200,000), with any additional cost related to such signal to be the responsibility of the Agency or the City.

d. The Participating Owner shall prepare, to the satisfaction of the Agency, the easement that the Agency will cause to be established over the Agency's land.

e. The Participating Owner shall construct and pay for one additional east-bound travel lane along the front of the Owner Parcel, up to but not including the bridge over the West Cathedral Channel, a deceleration lane for the approach to the East Palm Canyon Drive access to the Project, including any transit from existing facilities, and a median in East Palm Canyon Drive, all to the satisfaction and approval of the City Engineer.

f. The Project will be undertaken by the Participating Owner at its sole cost.

Section 5. Participating Owner's Disclosure Obligations.

a. The Participating Owner represents that none of its principals, officers or board members has any family or other material relationship with any official, elected or appointed, or any other employee or agent of the City or of the Agency.

b. The Participating Owner will disclose to the Agency any and all other information that would reasonable bear upon or affect the decisions of the Agency or the Board in negotiating or approving this Agreement.

c. To the extent legally permitted, the Agency shall keep confidential all financial and proprietary information submitted to the Agency by the Participating Owner.

Section 6. Environmental Compliance. The Project and/or the Second Project is or may be subject to the California Environmental Quality Act ("CEQA"), and nothing contained herein shall be deemed a determination by the Agency as to the impacts of the Project and/or the Second Project on the environment or a waiver of the Agency's rights and duties with respect to the review of such impacts. The Project and the Second Project must each comply with the requirements of CEQA.

Section 7. Development Clearance. The Project and the Second Project are subject to the City's normal development process, and nothing contained herein shall be deemed an approval of any aspect of the Project or the Second Project. The Agency will in good faith seek to expedite City review and/or approval processes to the extent reasonably possible.

Section 8. Notices. All notices and demands of any kind which any party hereto may be required or entitled to serve upon any other party under the terms of this Agreement shall be served in writing on such other party by personal service of such notice or demand at the address hereinafter set forth, whereupon service shall be deemed complete and notices and demands shall be deemed to have been received on the date of such personal service; or by mailing a copy thereof by certified or registered mail, postage prepaid, airmail if the address is outside the State in

which the same is mailed, with return receipt requested, addressed as follows:

If to the Agency: Cathedral City Redevelopment Agency
68-700 Avenida Lalo Guerrero
Cathedral City, CA 92234
Attention: Executive Director

With a copy to: Green, de Bortnowsky & Quintanilla
23801 Calabasas Road, Suite 1015
Calabasas, California 91302
Attention: Charles R. Green

If to the Participating Owner: Shadow Valley Heights, LLC
3535 Inland Empire Blvd
Ontario CA 91764
Attn: George Baker

With a copy to: _____

In case of service by mail, service shall be deemed complete and notices and demands shall be deemed to have been received at the expiration of the third business day after the date of mailing, notwithstanding any other date for receipt set forth on any return receipt or the failure of any party to receive a return receipt. The addresses to which notices and demands may be delivered or sent may be changed from time to time by service of notice as hereinabove provided by any party upon the other party.

Section 9. Applicability of Laws and Litigation Costs. This Agreement shall be construed and enforced in accordance with the laws of the State of California. Should any action regarding this Agreement be brought in any court of competent jurisdiction, the prevailing party in such action shall be entitled to reimbursement by the other party for all reasonable attorney's fees, court costs and other costs related to such litigation.

Section 10. Nondiscrimination and Related Covenants. The Participating Owner agrees that the covenants set forth in this

Section 10 shall bind it, for itself and its successors and assigns, and all subsequent holders of any interest in the Owner Parcel and the Second Owner Parcel. The covenants set forth in this Section 10 shall be covenants running with the land and shall consist of the following:

a. 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, domestic arrangement, national origin or ancestry in the development, construction, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, the Project, the Second Project or any interest to be conveyed therein, nor shall the Participating Owner or any grantees or any persons claiming under or through the Participating Owner 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 Owner Parcel, the Second Owner Parcel or the projects to be constructed thereon. This covenant shall remain in effect without limitation as to time.

b. All of the foregoing agreements and covenants shall run with the land, and shall inure to the benefit of and be enforceable by the Agency, and its successors and assigns.

c. The covenants set forth in this Section 10 shall run in favor of the Agency in perpetuity, and shall be in effect without regard to whether the Agency has at any time been, remains, or is an owner of any land or interest therein to which these covenants relate. In the event of any breach of these covenants, the Agency shall have the right to exercise all the rights and remedies available at law or in equity to enforce these covenants.

Section 11. Successors and Assigns; Assignment. The provisions of this Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto. The Participating Owner shall not assign, transfer or in any manner hypothecate any or all of the rights and obligations of the Participating Owner under this Agreement without the prior written approval and consent of the Agency. Such consent shall not be unreasonably withheld.

Section 12. Events of Default. "Event of Default", wherever used in this Agreement, means any one of the following

events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary, or be effectuated by operation of law pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body superior to the Agency), as well as any other event specified elsewhere in this Agreement as an Event of Default:

a. Default in the performance, or breach, of any material provision of this Agreement by the Participating Owner, and continuance of such default or breach for a period of thirty (30) calendar days after the Agency has given written notice as specified hereinabove requiring the breach or default to be remedied and stating that such notice is a "Notice of Default" hereunder (or if such default or breach cannot reasonably be cured within thirty (30) days of a Notice of Default, the failure to commence to cure and to timely, diligently and in good faith proceed to cure within a reasonable time not to exceed 90 days); or

b. The entry of a decree or order by a court having jurisdiction in the premises adjudging the Participating Owner bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Participating Owner under the federal Bankruptcy Code or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee, sequestrator, or other similar official of the Participating Owner or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) calendar days; or

c. The institution by the Participating Owner of proceedings to be adjudged bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Act or any other applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Participating Owner or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Participating Owner in furtherance of any such action.

Section 13. Remedies. In the case of an Event of Default, the Agency shall have available to it all legal and equitable remedies, including, without limitation, actions to compel performance of the obligations of the Participating Owner under this Agreement.

Section 14. Entire Agreement; Amendment; Incorporation of Exhibits.

a. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior and contemporary agreements and understandings. The parties intend this Agreement to be the final expression of their agreement with respect to the terms hereof and a complete and exclusive statement of such terms.

b. This Agreement may be amended from time-to-time as deemed necessary by the parties hereto in written instruments, which shall be valid, binding and legally enforceable only if executed by both the Participating Owner and the Agency, and approved by the Board of the Agency.

c. Each of the Exhibits referenced in the text of this Agreement and attached hereto is incorporated herein by reference.

Section 15. Severability. Each and every section of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

Section 16. Section Headings. The headings of the sections of this Agreement are inserted solely for convenience of reference, and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

Section 17. Meaning of Terms. Where the context so requires, the use of the masculine gender shall include the feminine and the neuter gender, and the singular shall include the plural and vice versa.

Section 18. Indemnification. It is understood and agreed that no official, employee or agent of the Agency shall be personally liable to the Participating Owner or to anyone else as to any obligation or obligations under the terms of this Agreement. The Participating Owner shall save the Agency, its officers and employees, and all parties in privity to it, harmless from all claims, demands, causes of action, expenses, and liability of whatsoever kind or nature which may arise out of, because of, concerning, or incident to the performance of the Participating Owner under this Agreement, including all court actions, costs and expenses and attorney's fees relative to the Agency being a party to this Agreement as may be initiated by the Participating Owner or any third party for any reason whatsoever, including any claims for damages or with respect to personal injuries on the Property.

Section 19. Effective Date of This Agreement; Execution; Term of Agreement. This Agreement shall not be effective for any purpose whatsoever or binding and enforceable upon the Agency until such time as this Agreement has been approved pursuant to official action of the Agency in accordance with a duly adopted and approved Agency resolution authorizing the Executive Director of the Agency to execute this Agreement on behalf of the Agency, and has been executed by representatives of both the Agency and the Participating Owner. The date of which all of said events have occurred shall be the date on which this Agreement becomes effective (the "Effective Date"). This Agreement may be executed in original counterparts, each of which shall be deemed to be an original for all purposes, and such counterparts shall constitute one and the same instrument. This Agreement shall remain in full force and effect until all of the obligations hereunder have been satisfied in full.

[END OF THIS PAGE]

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

"AGENCY"

REDEVELOPMENT AGENCY OF
THE CITY OF CATHEDRAL CITY
A public body, corporate and
politic

By: Donald E. Bradley
Executive Director

ATTEST:

Pat Hammer
Agency Secretary

Approved as to form:

Green, de Bortnowsky
& Quintanilla

Colin
Agency Counsel

"PARTICIPATING OWNER"

SHADOW VALLEY HEIGHTS, LLC
A California limited liability
company

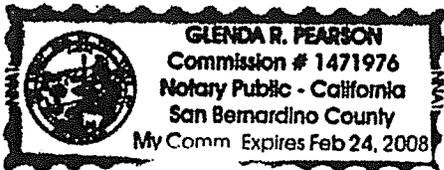
By: George C. Baker
Name: George C. Baker
Title: Managing Member

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California)
County of San Bernardino) ss.

On April 7, 2006, before me, Glenda R. Pearson, Notary Public,
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared George Baker
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence



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

WITNESS my hand and official seal.

Place Notary Seal Above

Glenda R. Pearson
Signature of Notary Public

OPTIONAL

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

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

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

Signer is Representing: _____

Right Thumbprint of Signer

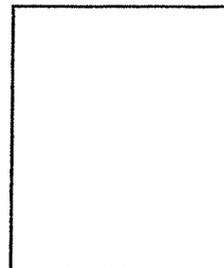


EXHIBIT "A"
(TO OWNER PARTICIPATION AGREEMENT)

(Legal Description)

EXHIBIT "A"

All that certain real property situated in the County of Riverside, State of California, described as follows:

Parcel A: 687-640-057

That portion of the West half of Section 33, Township 4 South, Range 5 East, San Bernardino Meridian, in the City of Cathedral City, County of Riverside, State of California, according to the Official Plat thereof, more particularly described as follows:

Beginning at the West Quarter corner of said Section 33;
Thence North 00° 13' 15" East, 520.36 feet along the West line of said Section to the Southwest corner of the land described as Parcel 1 in a Lease to Donald E. Kramer and Marion B. Kramer, recorded April 5, 1992, as Instrument No. 31209 of Official Records of Riverside County, California;

Thence North 89° 45' 45" East, 530.00 feet along the South line of said Parcel 1;
Thence North 00° 14' 48" East, 583.83 feet along the East line of said Parcel 1 to the Southwest corner of the land described in Parcel 2 of said Lease to Kramer;
Thence North 80° 09' 36" East, 80.90 feet along the Southerly line of said Parcel 2;

Thence North 55° 30' 45" West, 59.51 feet along the Northerly line of said Parcel 2 to the Northeast corner of said Parcel 1;

Thence South 89° 40' 55" East, 266.99 feet to the existing Southerly Right-of-Way of East Palm Canyon Drive; (40 foot half width)

Thence South 55° 30' 45" East, 116.86 feet along the existing Southerly Right-of-Way of East Palm Canyon Drive to the True Point of Beginning.

Thence South 07° 31' 41" East, 180.94 feet;

Thence South 15° 21' 53" West, 147.34 feet;

Thence South 08° 21' 00" East, 68.60 feet;

Thence South 06° 36' 39" West, 112.98 feet;

Thence South 10° 29' 57" West, 103.67 feet;

Thence South 34° 36' 52" West, 38.45 feet;

Thence South 16° 16' 27" East, 75.56 feet;

Thence South 13° 17' 32" West, 79.29 feet;

Thence South 07° 46' 52" East, 27.59 feet;

Thence South 12° 52' 57" West, 134.49 feet;

Thence South 43° 17' 12" West, 194.04 feet;

Thence South 88° 22' 43" West, 110.61 feet;

Thence North 71° 31' 44" West, 238.69 feet;

Thence South 63° 49' 53" West, 80.78 feet;

Thence South 22° 33' 33" East, 308.14 feet;

Thence South 51° 55' 37" East, 146.94 feet;

Thence South 59° 03' 54" East, 198.51 feet;

Thence South 24° 29' 25" East, 100.99 feet;

Thence South 29° 10' 03" East, 54.32 feet;
Thence South 21° 49' 37" West, 130.28 feet;
Thence South 72° 31' 04" East, 255.48 feet;
Thence North 50° 40' 30" East, 70.64 feet;
Thence North 79° 34' 20" East, 86.51 feet;
Thence South 72° 57' 03" East, 229.30 feet;
Thence South 08° 54' 12" East, 20.25 feet to the beginning of a curve concave to the Northwest having a radius of 47.09 feet;
Thence along said curve 157.73 feet through a central angle of 191° 55' 06" to the Westerly Right-of-Way of the West Cathedral Canyon Flood Control, said point also being the beginning of a non-tangent curve concave to the Southwest having a radius of 500.00 feet, a radial line through said point bears North 59° 26' 42" East;
Thence along the Westerly Right-of-Way of the West Cathedral Canyon Flood Control Channel, the following four (4) courses:

Northwesterly along said curve 31.01 feet through a central angle of 3° 33' 15";
Thence North 34° 06' 33" West, 13.07 feet to the beginning of a curve concave to the East having a radius of 1900.00 feet;
Thence along said curve 1350.32 feet through a central angle of 40° 43' 12";
Thence North 06° 36' 39" East, 406.06 feet to the existing Southerly Right-of-Way of East Palm Canyon Drive;

Thence North 55° 30' 45" West, 247.33 feet along the existing Southerly Right-of-Way of East Palm Canyon Drive to the True Point of Beginning.

Parcel B: 687-040-058

That portion of the West half of Section 33, Township 4 South, Range 5 East, San Bernardino Meridian, in the City of Cathedral City, County of Riverside, State of California, according to the Official Plat thereof, more particularly described as follows:

Commencing at the West Quarter corner of said Section 33;
Thence North 00° 13' 15" East, 520.36 feet along the West line of said Section 33 to the Southwest corner of the land described as Parcel 1 in a Lease to Donald E. Kramer and Marion B. Kramer, recorded April 5, 1962, as Instrument No. 31209 of Official Records of Riverside County, California;
Thence North 89° 45' 45" East, 530.00 feet along the South line of said Parcel 1;

Thence North 00° 14' 48" East, 583.83 feet along the East line of said Parcel 1 to the Southwest corner of the land described in Parcel 2 of said Lease to Kramer;
Thence North 80° 09' 36" East, 80.90 feet along the Southerly line of said Parcel 2;
Thence North 55° 30' 45" West, 59.51 feet along the Northerly line of said Parcel 2 to the Northeast corner of said Parcel 1;
Thence South 89° 40' 55" East, 266.99 feet to the existing Southerly Right-of-Way of East Palm Canyon Drive (40.00 foot half width);

Thence South 55° 30' 45" East, 364.19 feet along the existing Southerly Right-of-Way of East Palm Canyon Drive to the Westerly Right-of-Way of the West Cathedral Canyon Flood Control Channel;

Thence along said Westerly Right-of-Way, the following five (5) courses:

South 06° 36' 39" West, 406.06 feet to the beginning of a tangent curve concave Northeasterly and having a radius of 1900.00 feet;

Thence Southeasterly 1350.32 feet along said curve through a central angle of 40° 43' 12";

Thence South 34° 06' 33" East, 13.07 feet to the beginning of a tangent curve concave Southwesterly and having a radius of 500.00 feet;

Thence 31.01 feet along said curve through a central angle of 3° 33' 15" to the True Point of Beginning;

Thence continuing 739.26 feet along said curve through a central angle of 84° 42' 45";

Thence leaving said Westerly Right-of-Way, North 28° 13' 39" West, 117.28 feet;

Thence North 83° 09' 33" West, 56.41 feet;

Thence South 52° 00' 16" West, 142.87 feet;

Thence North 19° 07' 30" West, 116.16 feet;

Thence North 04° 12' 24" West, 99.77 feet;

Thence South 44° 00' 12" West, 117.99 feet;

Thence South 33° 54' 15" West, 112.84 feet;

Thence North 75° 58' 04" West, 60.35 feet;

Thence North 00° 00' 00" East, 76.09 feet;

Thence North 40° 47' 39" West, 98.58 feet;

Thence North 66° 57' 17" West, 74.76 feet;

Thence North 88° 21' 50" West, 51.25 feet;

Thence North 17° 10' 31" West, 143.54 feet;

Thence North 21° 49' 37" East, 380.00 feet;

Thence South 72° 31' 04" East, 255.48 feet;

Thence North 50° 40' 30" East, 70.64 feet;

Thence North 79° 34' 29" East, 86.51 feet;

Thence South 72° 57' 03" East, 229.30 feet;

Thence South 08° 54' 12" East, 20.25 feet to the beginning of a non-tangent curve concave Northwesterly and having a radius of 47.09 feet;

Thence 157.73 feet Easterly along said curve through a central angle of 191° 55' 06" to the True Point of Beginning.

Excepting therefrom all minerals, including, but not limited to, oil, gas and other hydrocarbon substances lying under a plane 500 feet below the surface of the herein described property, together with the exclusive right to enter into and drill through said property below said plane (from other property) for the purpose of producing, extracting and taking therefrom (or from other property) all such minerals, oil, gas and other hydrocarbons, provided, however, that Grantee herein shall not have the right of entry to the surface thereof or any portion thereof lying above said plane, as conveyed to Greenwood Sales Co., a California

Corporation, by deed recorded February 4, 1971 as Instrument No. 11320 of
Official Records of Riverside County, California.

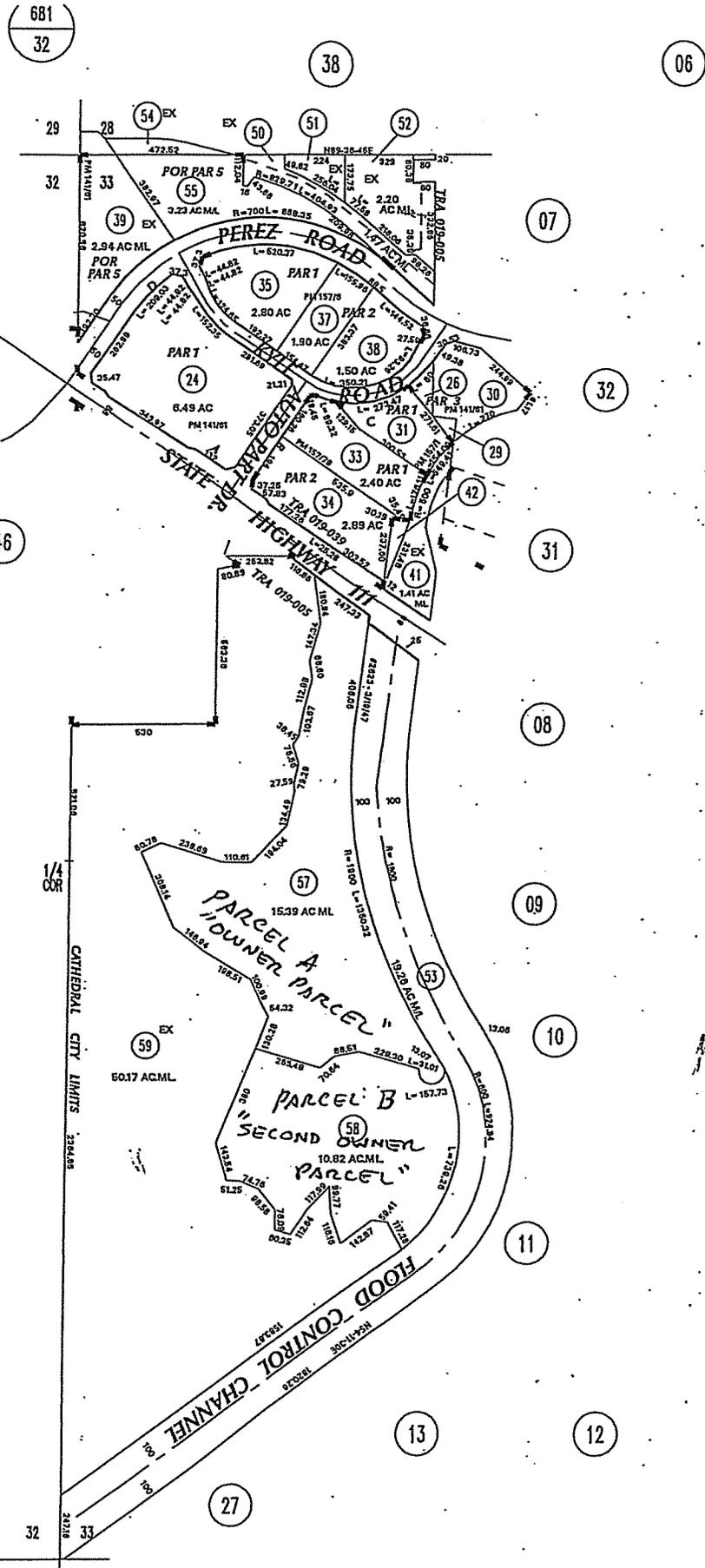
THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL LOT-SPLIT OR BUILDING SITE ORDINANCES.

NOV 15 2005

SEC. 32 33 T. 4S. R. 5E
CITY OF CATHEDRAL CITY

T.R.A. 019-039
019-005

687-04
687-14



ASSESSOR'S MAP BR007 PG.04
Riverside County, Calif.

C300

DATE: 10/29/05
BY: J. L. ...
CHECKED: ...
APPROVED: ...

PM 141/80-83 PARCEL MAP NO. 21729
PM 157/1-2 PARCEL MAP NO. 24123
PM 157/78-79 PARCEL MAP NO. 24531
PM 157/6-7 PARCEL MAP NO. 23983

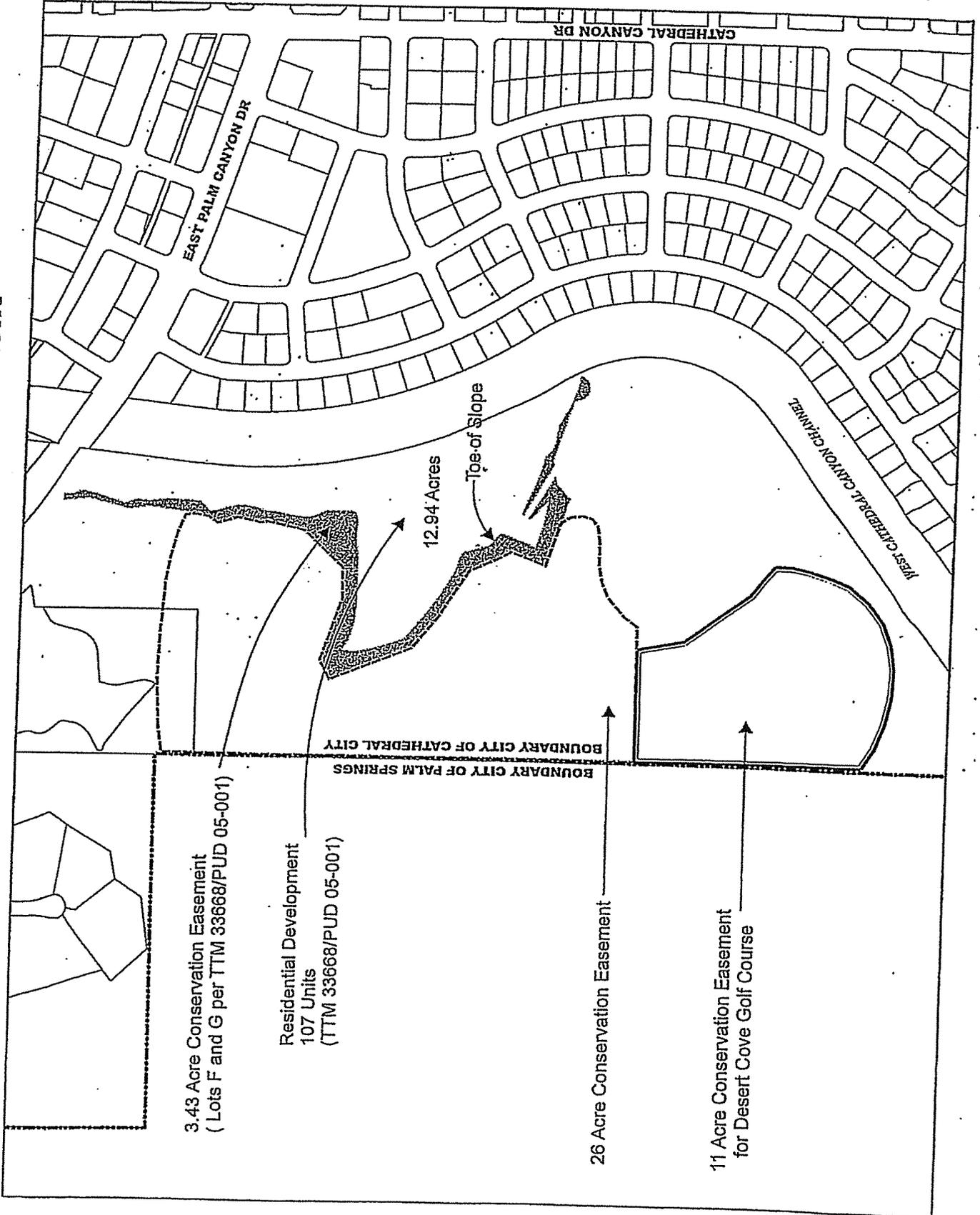
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10/27/05	2	2	
10/27/05	3	3	
10/27/05	4	4	
10/27/05	5	5	
10/27/05	6	6	
10/27/05	7	7	
10/27/05	8	8	
10/27/05	9	9	
10/27/05	10	10	
10/27/05	11	11	
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10/27/05	98	98	
10/27/05	99	99	
10/27/05	100	100	

Nov 2005

1" = 400'

EXHIBIT "B"
(To Owner Participation Agreement)
(Conservation Easement Property)

Proposed 29.43 Acre Peninsular Bighorn Sheep Habitat Conservation Easement



3.43 Acre Conservation Easement
(Lots F and G per TTM 33668/PUD 05-001)

Residential Development
107 Units
(TTM 33668/PUD 05-001)

12.94 Acres

TOE OF SLOPE

BOUNDARY CITY OF PALM SPRINGS
BOUNDARY CITY OF CATHEDRAL CITY

26 Acre Conservation Easement

11 Acre Conservation Easement
for Desert Cove Golf Course

EAST PALM CANYON DR

CATHEDRAL CANYON DR

WEST CATHEDRAL CANYON CHANNEL