

TWENTYNINE PALMS CHAMBER OF COMMERCE AND VISITORS BUREAU

MONTHLY RECAP REPORT: August 2007

Chamber staff has been working diligently on Pioneer Days 2007. New events include Paper Airplane contest, decorated bicycle parade for those under 12, skateboard exhibition and contest, rubber duck regatta, horseshoe contest, "hot" chicken wing contest just to name a few.

Those past events coming into a new age are the Buckey Bucklin Memorial Arm Wrestling Tournament, pet parade, out house races and the stick horse rodeo.

California Travel and Tourism coordinated a meeting, at the California Welcome Center, of the California Desert Regions to discuss forming a cooperative marketing association. Represented regions were Kern County, Ridgecrest, Palm Springs, Indio, Barstow and Morongo Basin.

By pooling marketing dollars, the association will effectively promote the desert throughout the region as well as to key U.S. and international markets.

The desert regions voted in favor to form the "California Deserts Visitor Association."

Association membership will allow joint marketing, advertising and promotion of the Desert's regional communities, attractions, lodging, retail, community events, annual events and restaurants.

VISITOR SERVICES

New information/publications available in the Visitor Center include:

- August classes;
- August Chamber Newsletter
- Knott's Joe Cool Club Discount tickets;

Gift Shop -

- Sales in Gift Shop for June 2007: \$322.00

August New Members: 0

Total Chamber Members: 265

Contact Statistics: August 2007:

Phone Calls: 956

Visitors: 600

Information Packets: 4

29chamber.com

Successful requests:

Average successful requests per day: 2,324,301

Average successful requests per day: 3,957

Successful requests for pages: 499,771

Visit29.org:

Successful requests: 2,222,533

Average successful requests per day: 1,616

Successful requests for pages: 333,918

MARKETING

- Steering Committee for Travel Media Showcase met on July 29, 2007;
- Participation on committee workshop on the Cultural and Heritage Workshop to be held in Ridgecrest in November;
- Preparing for submission of articles with information regarding Summer & Fall events to newspapers, magazines, and websites;

Tours, Conferences & Meetings

- Working on additional tour aboard base with Developers/ investors (on-going);
- City Council Connections, Roughly Manor, August 27 2007;
- Cultural Heritage and Tourism Workshop Steering Committee, (on going);

Other Marketing

Chamber will capitalize event information regarding the following:

- 2007 Pioneer Days;
- Theater 29 Tri-Chamber event on September 13, 2007;
- Cultural and Heritage Workshop;

The following articles highlighted Twentynine Palms area and events:

- All Business, "U.S. Marine wins \$10,000 from Bid4Prizes!" August 15, 2007;

NETWORKING

- Basin Wide Foundation Breakfast, August 2, 2007;
- DRTA Board of Director's August 23, 2007;
- City Council Connections, August 27, 2007;

**BUSINESS & ECONOMIC
DEVELOPMENT**

- “California Deserts Visitor Association” was formed with the help of the California Travel and Tourism on August 30, 2007. This association will allow matching funding /marketing of the desert region. *(See attachment.*

LEGISLATIVE AFFAIRS

- City Council Connections, August 27, 2007;
- City Council Connections, September 12, 2007, Twentynine Palms High School;
- **MILITARY AFFAIRS**
- Chamber invited to participate “Welcome Aboard”, September 6, 2007;
- M.A.C. Assistance Fund The Chamber has continued to maintain a small fund of donated monies which has been set aside to assist military personnel and their families with urgent needs. Military personnel are eligible to apply for assistance upon referral from the Navy/Marine Corps Relief Society.

EVENTS

- Theater 29 will sponsor the Tri-Chamber Event will be held at Mental Physics, September 13, 2007, 5PM to 7PM;
- Youth Center Luau, September 15, 6PM, Luckie Park;
- Board of Directors meeting, September 20, 2007, 12PM Chamber Conference Room;
- Judge and Sheriff Kick Off Mixer, Club Silver Screen, September 20, 2007, 5PM to 7PM;
- Sky’s the Limit Groundbreaking Celebration , September 30, 2007, 3PM

Twentynine Palms Chamber of Commerce
Phone Call/Visitor Breakdown for the Month of August 2007

Subject	Phone Calls	Walk-Ins
Art Galleries		5
Bank	1	
Camping	7	
Chamber Business	232	168
Demographics	15	
Developers	6	16
Directions	6	17
Email Inquiry	60	
Employment	6	
Entertainment	15	
Gift Shop		8
Government		15
Information 411	11	5
Joshua Tree N.P.	76	45
Laundromat	2	
Lodging	31	5
Maps	5	6
Marine Base	10	13
Marketing	3	15
Miscellaneous	149	117
Mixers	9	
Murals	12	2
Packet Requests (Relocation/Visitor)	4	3
Phone Books	18	8
Pioneer Days	170	126
Realtors, Rentals, Homes, Apartments, Business	22	4
Reporters	1	2
Resturants	3	5
Road Conditions	27	5
RV Park	8	5
Sun Runner	2	
Transportation	25	5
Voting Information	1	
Wild Flowers	4	
Weather	15	
TOTAL	956	600

Packets 4

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STAFF REPORT

TO: City Council
FROM: Community Development Director via City Manager
DATE: September 25, 2007

SUBJECT: Ordinance No. 209, amending the General Plan and Zoning on the Land Use Map:

- a. From CO (Commercial Office) to CG (General Commercial) on APN 0616-101-07;
and
- b. From P (Public) to RS-1 (Single Family Residential) on APN 0621-121-06.

RECOMMENDATION: Adopt Ordinance No. 209 and Resolution. No. 07-36

ORDER OF PROCEDURE:

Request Staff Report (Meyerhoff presenting)
Council Questions of Staff
Council Discussion
Motion/Second
Discussion of Motion
Call the Question (Roll call vote)

Attachments

1. Ordinance No. 209
2. Locator Maps
3. Resolution 07-36

BACKGROUND:

At its meeting on September 11, 2007, following a public hearing on this matter, the City Council modified one item, the designation from RS-3 to RS-1 on #B, and eliminated one element (#C) of the amendment. At the City Attorney's suggestion, the City Council's motion affirmed the Planning Commission's August 21, 2007 action in approving PC 07-21 (Casa Inn and Suites). A resolution to that effect is attached.

Pursuant to Section 65358 of the Government Code, if it is deemed to be in the public interest, the legislative body (City Council) may amend all or part of a General Plan. No element of a General Plan may be amended more than four times in one calendar year. Regarding Ordinance 209, two General Plan Amendments/ Zone Changes are proposed:

- a. PC 07-21 – An application by Jay Corbin/Casa Inn and Suites for an amendment from CO (Commercial Office) to CG (General Commercial) on APN 0616-101-07;
- b. PC 07-34 – An application by San Bernardino County for an amendment from P (Public) to RS-1 (Single Family Residential) on APN 0621-121-06; and

CEQA: The environmental review processes were summarized in the staff reports for each item, and were previously provided to the City Council under separate cover.

FISCAL IMPACT: None.

ORDINANCE NO. 209

AN ORDINANCE OF THE CITY OF TWENTYNINE PALMS, CALIFORNIA, AMENDING THE GENERAL PLAN LAND USE MAP AND CHANGING THE ZONING DESIGNATION FROM CO (COMMERCIAL OFFICE) TO CG (GENERAL COMMERCIAL) FOR APN 0616-101-07; AND FROM P (PUBLIC) TO RS-1 (SINGLE FAMILY RESIDENTIAL) ON APN 0621-121-06.

The City of Twentynine Palms makes the following findings:

WHEREAS, the subject APN 0616-101-07 is identified on the General Plan Land Use Map as CO (Commercial Office); and

WHEREAS, the subject APN 0621-121-06 is identified on the General Plan Land Use Map as P (Public); and

WHEREAS, the City Council finds that the General Plan Amendment and Change of Zoning are in compliance with the adopted General Plan Land Use Map.

WHEREAS, sufficient traffic circulation systems are in place adjacent to the site and in the vicinity of the site, and the City Council finds that the adequate infrastructure exists to serve future development in the area.

WHEREAS, the City Council finds that the Planning Commission conducted duly notice public hearings, received testimony regarding the proposed amendments, and recommended approval of the General Plan amendment and Changes of Zoning, and the City Council has considered the recommendation of the Planning Commission before taking action.

WHEREAS, the City Council conducted duly notice public hearings on September 11, 2007, and received testimony regarding the proposed project, and the City Council finds that opportunity has been extended to citizens wishing to review and comment upon the projects.

WHEREAS, the City Council finds that the review process has provided opportunity for all interested agencies to consider and comment on the proposals.

WHEREAS, the City Council finds that the proposed action will not result in an adverse effect on wildlife resources or the public health safety and welfare.

WHEREAS, the City Council finds that the proposed action is consistent with the City's adopted General Plan.

NOW, THEREFORE, the City Council of the City of Twentynine Palms hereby ordains as follows:

SECTION 1: Ordinance No. 209, Amends the General Plan Land Use Map and Changes the Zoning from CO (Commercial Office) to CG (General Commercial) on APN 0616-101-07; and from P (Public) to RS-1 (Single Family Residential) on APN 0621-121-06.

SECTION 2: The General Plan Land Use and Zoning Map shall be amended to reflect the General Plan Amendment and Change of Zoning for the parcels as identified as APN 0616-101-07, and 0621-121-06.

SECTION 3: This Ordinance shall be effective 30 days from the date of its adoption and the City Clerk shall certify to the passage of this Ordinance and shall cause the same to be published as required by law.

PASSED AND ADOPTED THIS 25TH DAY OF SEPTEMBER, 2007

Joel A. Klink, Mayor

CERTIFICATION:

I, Charlene L. Sherwood, City Clerk of the City of Twentynine Palms, do hereby certify that the foregoing Ordinance No. 209 was introduced and placed upon first reading at a regular meeting of the City Council on the 11th day of September 2007. That thereafter, said Ordinance was duly adopted and passed at a regular meeting of the City Council on the 25th day of September 2007, by the following vote, to wit:

AYES: COUNCIL MEMBER:

NOES: COUNCIL MEMBER:

ABSENT: COUNCIL MEMBER:

ABSTAIN: COUNCIL MEMBER:

Charlene L. Sherwood, City Clerk

CITY OF TWENTYNINE PALMS
CITY COUNCIL
RESOLUTION NO. 07-36

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TWENTYNINE PALMS, CALIFORNIA, RATIFYING THE ACTION OF THE PLANNING COMMISSION AND APPROVING PC 07-21, AN APPLICATION BY JAY CORBIN ON BEHALF OF BISRAM FOR APPROVAL OF A GENERAL PLAN AMENDMENT AND CHANGE OF ZONE FROM CO TO CG FOR APN# 0616-101-07, A CONDITIONAL USE PERMIT TO CONSTRUCT A 81 ROOM, 48,607 SQUARE FOOT CASA INN HOTEL ON A 67,500 SQUARE FEET LOT, AND FOR APPROVAL OF THE VACATION OF 15' AND 20' OF RIGHT OF WAY, LOCATED AT THE SOUTH WEST CORNER OF THE INTERSECTION OF THE TWENTYNINE PALMS HIGHWAY (SR 62) AND MISSION AVENUE, ZONE CG AND CO, APN 0616-101-02, 03, 04, 05, 06 AND 07, T1N, R9E, SECTION 31

WHEREAS, on March 14, 2007 an application was received from Jay Corbin on behalf of Bisram Hospitality for approval of a General Plan Amendment, Change of Zone, Conditional Use Permit, and Right of Way Vacation to construct a hotel in the CG zone; and

WHEREAS, revisions to the project were received and the application was deemed complete on July 17, 2007; and

WHEREAS, the land use designation (zoning) for the subject property is General Commercial (CG) and Office Commercial (CO); and

WHEREAS, with the proposed Conditions of Approval, the proposed project design is consistent with the General Plan and Development Code; and

WHEREAS, the proposed General Plan Amendment and Change of Zone constitute minor alterations in land use limitations, and therefore the project is eligible for a Categorical Exemption pursuant to Section 15305 of the CEQA Guidelines, therefore the project is exempt from further environmental review under state law; and

WHEREAS, Pursuant to Section 15332 of the CEQA Guidelines, Class 32 consists of projects characterized as "In-Fill Development" meeting the conditions described in this section, which are also exempt from further review under state law; and

WHEREAS, with approval of the General Plan Amendment and Change of Zone the project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations; and

WHEREAS, the project is consistent with the General Plan Mission Statement objective of facilitating new tourism related development within the community; and

WHEREAS, the proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses; and

WHEREAS, the project site has no value as habitat for endangered, rare or threatened species; and

WHEREAS, approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality; and

WHEREAS, the site can be adequately served by all required utilities and public services; and

WHEREAS, public hearing notice was published in a newspaper of record and notice was mailed to all property owners located within 300 feet of the project site; and

WHEREAS, a public hearing was held by the Planning Commission on August 21, 2007; and

WHEREAS, following consideration of all testimony, including oral and written testimony and staff reports and all related correspondence, the Planning Commission voted 5-0 to recommend that the City Council approve the project; and

WHEREAS, public hearing notice was published in a newspaper of record and notice was mailed to all property owners located within 300 feet of the project site; and

WHEREAS, a public hearing on the General Plan Amendment and Change of Zone was conducted by the City Council on September 11, 2007; and

WHEREAS, with respect to the General Plan Amendment and Change of Zone application the City Council finds the following:

- A. That the amendment is consistent with the intent of the goals and policies of the General Plan as a whole, and is not inconsistent with any element thereof; and
- B. That the amendment prescribes reasonable controls and standards for affected land uses to ensure compatibility and integrity of those uses with other established uses; and
- C. That the amendment provides reasonable property development rights while protecting environmentally sensitive land uses and species; and
- D. That the amendment provides for the protection of the general health, safety, or welfare of the community

WHEREAS, with respect to the Conditional Use Permit application the City Council finds the following:

- A. The site is located on the Twentynine Palms Highway (Hwy 62) and will therefore not be detrimental to the public health, safety, or welfare, or materially injurious to properties or improvements in the vicinity.
- B. The subject site is approximately 1.55 acres and is therefore adequate in size to accommodate the proposed use.
- C. The shape of the parcel is typical, and allows for orderly development such as the proposed use.
- D. With the recommended conditions, the proposed project will meet the objectives of the General Plan and CG land use designation.
- E. The proposed project, as conditioned, does not conflict with and is consistent with the goals and objectives of the Twentynine Palms General Plan.

- F. Approval of the project would not allow a use or activity which is prohibited by the zoning regulation governing the parcel.
- G. That granting the Conditional Use Permit is consistent with the City of Twentynine Palms General Plan and Development Code.
- H. The proposed use will not generate excessive noise, vibration, traffic or other disturbance and will therefore not have a substantial adverse effect on abutting property or uses located or potentially developed in a commercial area.
- I. Routing of the proposal to the County Clerk of San Bernardino has afforded an opportunity for review and comment by the County.
- J. The project will result in circulation improvements in the community.

WHEREAS, with respect to the Right of Way Vacation application the City Council finds that Pursuant to Section 66477.5 of the Public resource Code (Subdivision Map Act), the City may reconvey the property to the property owner once it has determined that the same purpose for which the dedication was required no longer exists.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Twentynine Palms, hereby affirms the action of the Planning Commission, adopts the Categorical Exemption, approves the Conditional Use Permit and vacates the Right of Way, subject to the attached Conditions of Approval.

APPROVED AND ADOPTED THIS 25th DAY OF SEPTEMBER, 2007.

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

Joel A. Klink, Mayor

ATTEST:

Charlene L. Sherwood, City Clerk

I hereby certify that the foregoing is a true copy of Resolution No. 07-36 duly adopted by the City Council of the City of Twentynine Palms in a meeting held on the _____ day of _____, _____, in Twentynine Palms, California.

Dated this _____ day of _____, _____.

Charlene L. Sherwood, City Clerk

CONDITIONS OF APPROVAL

PC 07-21

Applicant: Jay Corbin, on behalf of Bisram Properties

Project: 81 Room Casa Inn Hotel

Location: S.W.C Mission Avenue/ Twentynine Palms Highway (SR 62)

APN# 0616-101-02, 03, 04, 05, 06 and 07,

Approved: August 21, 2007

Expires: August 20, 2008

The following Standard Conditions of Approval shall be applicable to all Conditional Use Permits in the City. Additionally, site specific conditions will be applicable as necessary to protect the public health, safety and welfare.

Planning Division

Per Section 19.30.090 (A) of the Development Code, Conditional Use Permits shall expire one (1) year from the date the approval was granted, unless prior to the expiration date:

1. A Building Permit is issued and remains active for any approved phase of the project; or
2. A Certificate of Occupancy is issued for the use or structure; or
3. The site is occupied in accordance with the approved use. (A use permit for a public utility installation may be valid for a longer period if specified by the Approval Authority or City Council.)
4. The site is occupied in accordance with an approved phase as part of a phased development.

Per Section 19.30.090 (B), an approved Conditional Use Permit shall expire if the use has been commenced and then is discontinued for a period of one (1) year or more.

Planning Conditions

- P1. Conditional approval is recommended by the Planning Commission acting as Review Authority on August 21, 2007, to permit an 81 room hotel. All development of the site shall be in substantial conformance with the adopted site plan and shall comply with all Conditions of Approval.
- P2. The Applicant shall ascertain and comply with requirements of all State, County and Local agencies as are applicable to the project proposal.
- P3. The property owner shall keep the property neat, clean, and in good physical condition including open spaces, sidewalks, lighting, driveways, parking areas, and landscaping.
- P4. All outdoor lighting shall conform to Development Code Chapter 19.70, *Lighting Standards*, and shall be designed to not glare or reflect onto neighboring properties or public rights-of-way. Outdoor lighting shall be shielded and limited to that required for security and safety purposes. Minimize lighting.
- P5. Prior to construction, the applicant shall submit three sets of plans to the City's Building Official and secure a Building Permit in conformance with the Uniform Building Code.
- P6. All construction and improvements shall comply with *Encroachments into Yards or*

Setbacks standards established in the Development Code for the underlying land use district.

- P7. The applicant shall defend, at its sole expense (with attorneys approved by the City), and indemnify the City against any claim, action, or proceeding brought by any third party against the City, its agents, officers or employees resulting from or relating to this approval. The applicant shall reimburse the City, its agents, officers or employees for any judgment, court costs and attorney's fees which the City, its agents, officers or employees may be required to pay as a result of such claim, action, or proceeding. The City may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve the applicant of its obligations under this condition.
- P8. A copy of the final grading plan shall be submitted to the Building and Safety Division for review and approval by the Community Development Director.
- A. All on-site cut and fill slopes shall conform to the Uniform Building Code and Development Code (Chapter 19.64) relating to maximum slope, height and setbacks.
 - B. Slopes shall be contour graded to blend with existing natural contours.
 - C. All slopes over five (5) feet in vertical height and all fill slopes over three (3) feet in vertical height and steeper than 3:1, shall incorporate erosion control.
 - D. Minimize elevation differences between adjacent parcels and project.
 - E. Fill-slopes shall not be permitted to be located on the perimeter of the project.
- P9. The applicant shall submit landscape plans consistent with Go Native Landscape Design Guidelines, for review and approval by the Community Development Director, prior to issuance of building permits.
- P10. Parking lots shall be screened from view from the public right of way, **by landscaping**.
- P11. ~~No sign approvals are granted with this approval. A maximum of 200 square feet of signage is permitted. The maximum sign height for a monument sign is 8'. The maximum area for an accessory sign is 3 square feet. One monument sign, with a maximum of 75 square feet is allowed. The maximum allowable sign area for a wall sign is 75 square feet. The sign program shall be redesigned to meet these requirements. In order to promote high quality sign design, the use of back lit, or halo illumination signage, shall be required.~~
- P12. Parcels 0616-101-02, 03, 04, 05, 06, and 07 shall be merged prior to final building permit approval.

General Conditions

- G1. All Conditions are continuing Conditions. Failure of the Applicant and/or operator to comply with any of the said Conditions at any time may result in the revocation of the Conditional Use Permit and/or citation for code violation.
- G2. The applicant and applicant's successors in interest shall be responsible for payment of

all applicable fees, including reimbursement for all City expense in ensuring compliance with the Conditions of Approval.

Building and Safety

- B1. Grading and drainage plans are to be submitted to, and approved by, the Building Official prior to permit issuance.
- B2. The applicant/developer shall submit plans and obtain building permits for all structures and walls. No work is to be done prior to approvals and permit issuance.

Engineering

- E1. The project shall comply with all applicable City ordinances and resolutions.
- E2. All road easements required shall be offered for dedication to the public and shall continue in force until the City accepts or abandons such offers. All dedications shall be free from all encumbrances.
- E3. Easements, when required for roadway slopes, drainage facilities, landscaping, utilities, etc., shall be submitted and recorded as directed by the City Engineer. No structures shall be placed on any part of the easements except those directly related to the purposes of said easements.

Drainage

- E4. Prior to issuance of a grading permit, a final drainage plan with street layouts shall be submitted for review and approval by the City Engineer showing provisions for receiving and conducting offsite and onsite tributary drainage flows around or through the site in a manner which will not adversely affect adjacent or downstream properties. This plan shall consider retaining onsite drainage flows from a 100-year design storm.
- E5. Prior to the submittal of any improvement plans or issuance of a grading permit, the developer/representative shall submit to the City Engineer, detailed drainage studies indicating how potential grading in conjunction with the drainage conveyance systems, will allow building pads to be safe from inundation from rainfall run off, which may be expected from all storms up to, and including, the theoretical 100 year storm.
- E6. In addition to the drainage requirement stated herein, other "onsite" or "offsite" improvement may be required which cannot be determined from tentative plans at this time and would have to be reviewed after more complete improvement plans and profiles have been submitted to the Engineering Department.
- E7. Onsite retention utilizing underground detention chambers shall be utilized as recommend by the Preliminary Hydrology Study and as approved by the City Engineer.
- E8. ~~The finished floor of the structure shall be raised to 2' above highest adjacent natural grade. The building pad shall be compacted to 95%, in compliance with FEMA regulations.~~

Grading

- E9. Prior to the issuance of a grading permit, the developer's engineer shall submit a comprehensive grading plan in conformance with, FEMA, California Building Code and the requirements of the City.
- E10. A grading permit shall be obtained from the City Engineer prior to any grading or other

work done on the site.

- E11. A preliminary soils report and a current preliminary title report shall be submitted to the engineering Department concurrently with the grading plan. The soils report shall include stability of the site as well as the grading requirements. The Soil Engineer shall state the "R" value (soils resistance) for the site, based upon a "TI" value set by the City Engineer.
- E12. ~~Due to the close proximity of two known fault lines, one to the north and one to the south, the San Bernardino County Geologist shall review and approve the geology report for this project. If the County Geologist determines that no geology report is needed and waives this requirement, written notification to the City shall be required prior to grading permit issuance.~~

Street Improvements

- E13. A 30' foot half-width street dedication along Mission Avenue shall be dedicated to the City of Twentynine Palms prior to Grading Permit Issuance.
- E14. A 52' foot half-width street dedication along State Route 62 shall be dedicated to the Caltrans prior to Grading Permit Issuance.
- E15. All streets abutting the development shall be improved a minimum half-width of 28 feet with curb and gutter on the development side.
- E16. Improvement plans shall be based upon a centerline profile extending a minimum of three hundred (300) feet beyond the project boundaries.
- E17. The minimum structural section of all public streets shall be four (4) inches of asphalt concrete over compacted native soil. A soils report containing a design structural section based on a traffic index assigned by the City Engineer shall be submitted prior to the approval of street improvement plans. Improvements on State Route 62 shall be constructed to Caltrans standards.
- E18. Sidewalks shall be constructed adjacent to the curb along all City and State rights of way, in accordance with City Street Standards (Mission Ave. and State Route 62).
- E19. An encroachment permit separate from the grading onsite permit shall be obtained from the City of Twentynine Palms (760-367-6799), and Caltrans prior to any construction occurring within the public right-of-way.
- E20. Any developer fees including but not limited to traffic impact fees shall be paid by the developer as per City enactment.
- E21. Applicant shall apply for and obtain a Vacation of Right-Of-Way for the alley adjacent to project prior to grading permit issuance.
- E22. All Mission Avenue driveways shall be a minimum 150' from State Route 62 per SB Standard #130.
- E23. Final improvement plans and profiles shall indicate the location of any existing utility which would affect construction and shall provide for its relocation at no cost to the City.
- E24. All proposed existing and proposed utilities adjacent to and onsite shall be underground.

Fire Department

- F1. Prior to any construction, the owner shall contact the Twentynine Palms Fire Department for verification of current fire protection requirements.
- F2. All construction and activities shall comply with applicable sections of the 1988 edition of the Uniform Fire Code and all other state, county, and city ordinances, rules and regulations regarding fire protection.
- F3. All flammable vegetation shall be cleared a minimum distance of 30 feet, or to the property line, from any flammable building materials or finished structures.
- F4. Street addresses shall be posted with numbers a minimum height of four (4) inches. Posted numbers shall contrast with their background and be visible and legible from the street. Developer shall furnish the fire department with a list and map of all of the street names and addresses within the project.
- F5. Prior to commencement of construction, an approved water supply capable of supplying required fire flow for fire protection shall be provided to all premises upon which buildings or portions of buildings are hereafter constructed. The following are the minimum requirements for the proposed development:

A: SYSTEM STANDARDS

Fire Flow: 1500 GPM @ 20 PSI Residual Pressure
Duration: 2 Hours
Hydrant Spacing: 660 Feet

B: DISTRIBUTION SYSTEM

Mains: 6-Inch Minimum
Laterals: 6-Inch Minimum
Riser: 6-Inch Minimum

C: FIRE HYDRANTS

Number: To be determined
Type: 6-Inch, with one (1) two and one half (2 ½) inch outlet and one (1) four (4) inch outlet with National Standard Threads.
Street Valve: 6-Inch Gate

- F6. The developer shall furnish the fire department with a copy of the water system improvement plans. A letter from the water purveyor stating what fire flow can be met shall be required.
- F7. The applicant shall install a Knox Box.

The undersigned applicant verifies that he/she has read the Conditions of Approval, understands each Condition, and agrees to adhere to the Conditions of Approval.

Applicant/Developer

Date



STAFF REPORT

TO: City Council via City Manager
FROM: Community Services Director
DATE: September 25, 2007

SUBJECT: Approval to Award Contract to S.R. Building Inc., in the Amount of \$150,293.00 for the Construction of Bucklin Park.

RECOMMENDATION: The City Council approve the Bucky Bucklin Park Project to S. R. Building Inc., in the amount of \$150,293.00.

ORDER OF PROCEDURE:

- Request Staff Report (Randy Councill)
- Request Public Comment
- Council Questions of Staff
- Council Discussion
- Motion/Second
- Discussion of Motion
- Call the Question (roll call vote)

Attachments
Bid Sheet Bids

BACKGROUND:

In the fall of 2005, the City of Twentynine Palms was notified that they had received approval from the State of California Parks and Recreation Department that it had received a grant from the State in the amount of \$233,000 with the total project being approximately \$408,000. In December of 2005, the City Council approved the project, with the Action Council transferring the property to the City in August of 2006. The City allocated \$210,000 Community Development Block Grant funds in 2006 and 2007 toward the construction of the project.

In June of 2007, the City Council approved the purchase of the precast seating/planter wall along with other precast fixtures from Miracle Playground and Sales for \$155,000. At the same time, the City hired a landscape architect to draw the landscaping portion of the project. The entire project was put out to bid in August with seven different local contractors pulling papers. The City received four bids ranging from \$150,293 to \$255,500. The lowest bidder was from S.R. Building Inc. for \$150,293. Attached are copies of each bid sheets.

ALTERNATIVES:

Review of Staff Report: _____
City Manager City Attorney City Engineer Department Head

The first option is to award the contract to S.R. Building Inc., with the second option being to rebid the project. The first option allows the City to complete the project in early December. The second option would push the work back into next year.

FISCAL IMPACT:

Between the States grant of \$233,000, the City's Community Development Block grant funds of \$210,000, and the donation of the property and other in-kinds, the project has over \$500,000 committed toward the project.

Therefore, Staff's recommendation is to approve the awarding of \$150,293.00 to S.R. Building Inc. for the construction of Bucky Bucklin Park.



STAFF REPORT

TO: City Council
FROM: City Manager
DATE: September 25, 2007

SUBJECT: Authorization of Contract for Computer Consulting Services to Marshall Networking

RECOMMENDATION: It is recommended that the City Council authorize the City Manager to execute a one (1) year contract with Marshall Networking on a time and materials basis, with an option to extend two (2) additional years.

ORDER OF PROCEDURE:

Request Staff Report (Michael Tree Presenting)
Council Questions of Staff
Request Public Comment
Council Discussion
Motion/Second
Discussion of Motion
Call the Question (roll call vote)

Attachments

1. Request for Proposal
2. Proposal by Marshall Networking
3. Proposal by CCI
4. Proposal by Southwest Networks

BACKGROUND: The City is in need of a qualified consultant to provide computer and network support services on an ongoing basis. These services include network administration, application installation, troubleshooting, system and network improvement, preventative maintenance, and software license agreement management.

The Request for Proposals (RFP) was advertised in the local newspaper. It is included in this staff report as Attachment #1. The RFP scope of services includes the abovementioned service needs with the City seeking a firm fixed price contract of no-less-than 180 hours.

Several firms requested the RFP. Staff received proposals from CCI, Marshall Networking, and Southwest Networks. All are considered excellent computer consulting firms.

On September 12, 2007, a Task Force composed of Councilman Spear, Councilman Cole, City Manager Michael Tree, Finance Director Ron Peck, and consultant Dennis DeMille interviewed all three consulting firms. Each of the firms was rated based on comprehensiveness of response, understanding of local issues, computer networking experience, and cost.

Review of Staff Report: _____
City Manager City Attorney City Engineer Department Head

Although all three firms had expertise and experience, the interview panel's final consultant recommendation is based on the extensive level of the consultant's technical skills, experience, track record of success, cost of work, quality of the written and oral proposals/presentations, and enthusiasm for the project.

Marshall Networking presented a proposal (see Attachment #2) and oral presentation which demonstrated the highest level of the abovementioned qualities.

ALTERNATIVES:

1. Authorize the City Manager to execute a one (1) year contract with Marshall Networking on a time and materials basis, with an option to extend two (2) additional years.
2. Do not authorize the City Manager to execute a one (1) year contract with Marshall Networking on a time and materials basis, with an option to extend two (2) additional years.
3. Provide staff with alternative direction.

FISCAL IMPACT: The City Council has budgeted \$75,000 in general funds for computer consulting services and computer hardware replacement for FY 2007-08. It is anticipated that replacement computers and equipment costing more than \$2,500 will be purchased through a competitive bid process.



STAFF REPORT

TO: City Council
FROM: City Manager
DATE: September 25, 2007

SUBJECT: Resolution opposing high-tension power lines through the Hi Desert

RECOMMENDATION: Adopt Resolution No. 07-34 opposing high-tension power lines through the Hi Desert

ORDER OF PROCEDURE:

Request Staff Report (Michael Tree Presenting)
Council Questions of Staff
Request Public Comment
Council Discussion
Motion/Second
Discussion of Motion
Call the Question (roll call vote)

Attachments

1. Resolution No. 07-34

BACKGROUND: In 2005 the Los Angeles Mayor Antonio Villaraigosa declared that 20 percent of Los Angeles' power would be generated by alternative sources by 2010. A significant part of his plan includes geothermal and solar sources located near the Salton Sea.

The transmission of the power from the Salton Sea area to Los Angeles will require more than 100 miles of new 500 kilovolt transmission lines from the Coachella Valley to Los Angeles, and the creation of two new substations. One proposed path appears to follow between the base of the hills and the residential streets west of Pioneertown Road, north past the Bighorn Mountain Wilderness areas, west to Hesperia.

The Los Angeles Department of Water and Power is still working on the analysis and the final route hasn't been selected, but it has been said that the I-10 corridor, which is the shortest route for the lines, has been built out to capacity. Another factor of the possible route through the high desert is cost. Purchase of right of way along I-10 would be considerably higher than rental fees paid to the BLM.

The Wildlands Conservancy has declared opposition to the proposal, due to the encroachments directly onto Conservancy property that will impact the wildlife movement and animal plant migrations patterns, and a maintenance road along the power line will provide motor-vehicle access to protected areas.

ALTERNATIVES: Do not adopt the resolution

FISCAL IMPACT: None

Review of Staff Report:

City Manager

City Attorney

City Engineer

Department Head

RESOLUTION NO. 07-34

A RESOLUTION OF THE CITY COUNCIL, OF THE
CITY OF TWENTYNINE PALMS, CALIFORNIA,
OPPOSING THE CONSTRUCTION OF HIGH TENSION
POWER TRANSMISSION LINES IN THE MORONGO BASIN

WHEREAS, the City of Twentynine Palms City Council supports the use of renewable resources and encourages programs that reduce greenhouse gas emissions, and also places a high value on preserving and protecting the natural resources of the California desert; and

WHEREAS, the residents of Twentynine Palms are aware of a proposal to build a “green path” of high tension power lines in and around the Morongo Basin in order to achieve energy conservation objectives in Los Angeles, Riverside, Imperial and San Diego Counties; and

WHEREAS, construction of the proposed “green path” project is likely to have immediate and long-term detrimental impacts on the local flora, fauna, viewshed and quality of life with no apparent benefit to Twentynine Palms residents; and

WHEREAS, the local community has expressed strong concern that agencies in larger metropolitan areas are making decision and proposing solutions that will have serious negative impacts on the Morongo Basin;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TWENTYNINE PALMS, CALIFORNIA RESOLVE AS FOLLOWS:

That it opposes the installation of high tension power transmission lines in and around the Morongo Basin as proposed by the Los Angeles Department of Water and Power.

APPROVED AND ADOPTED this 25th day of September, 2007.

Mayor, City of Twentynine Palms

ATTEST:

City Clerk

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO) ss.
CITY OF TWENTYNINE PALMS)

I, _____, Clerk of the City of Twentynine Palms, do hereby certify that the foregoing Resolution of the City of Twentynine Palms, was duly adopted by City Council of the City of Twentynine Palms, California, at a regular meeting held on the 25th day of September, 2007, by the following vote:

AYES: Council Members:

NOES: Council Members:

ABSENT: Council Members:

ABSTAINED: Council Members:

Clerk of the City of Twentynine Palms



STAFF REPORT

TO: City Council via City Manager
FROM: Finance Director
DATE: September 25, 2007

SUBJECT: Year-end budget adjustment

RECOMMENDATION: The City Council adopt Resolution No. 07 - 30 amending the 2006 - 2007 budget.

Attachments Resolution No. 07-30

ORDER OF PROCEDURE:

- Request Staff Report (Ron Peck Presenting)
- Request Public Comment
- Council Questions of Staff
- Council Discussion
- Motion/Second
- Discussion of Motion
- Call the Question (roll call vote)

BACKGROUND:

Throughout each fiscal year there are a number of expenditures that were not included in the original budget. Some of the costs were for projects approved by the City Council with the knowledge that they would have to be added later, some were offset by increased revenue, and others were over-spending that was necessary for normal operations. The General Fund will end the year with revenues in excess of expenditures, and exceeding budgeted revenue by a little over \$2,000,000. This will more than cover the additional expenditures. The recommended adjustments are as follows:

Review of Staff Report: _____
City Manager City Attorney City Engineer Department Head

General Fund

City Attorney, Additional work	25,000
Building and Safety, additional inspection and engineering costs, related to the increase in building activity	90,000
Law Enforcement Overtime	<u>25,000</u>
	140,000

Municipal Lighting District

The City paid an additional monthly bill this year	3,750
--	-------

The other Funds that need amendments are new Funds that were not budgeted at the beginning of the year:

Lighting and Landscaping Assessment District	230
Public Access Television	2,500
Adobe Road Federal Grant	1,530

ALTERNATIVES:

The City Council may decide to not make the adjustments. This would indicate a disapproval of the process of exceeding the budget.

FISCAL IMPACT:

None of the adjustments will have a significant fiscal impact.

RESOLUTION NO. 07-30

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TWENTYNINE PALMS, CALIFORNIA, AUTHORIZING ADJUSTMENTS TO THE BUDGET FOR FISCAL YEAR 2006 - 2007

WHEREAS, the City Council established the 2006 – 2007 budget on May 23, 2006 and amended it on November 14, 2006; and

WHEREAS, there have been expenditures made since that date that were not anticipated; and

WHEREAS, there were additional revenues that more than cover the expenditures.

NOW, THEREFORE, BE IT RESOLVED, the City Council of the City of Twentynine Palms makes the following adjustments to the budgeted expenditures for the fiscal year ended June 30, 2007:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General Fund		
	City Attorney	25,000
	Building and Safety Contract	90,000
	Law Enforcement Overtime	25,000
Municipal Lighting District		
	Electricity – Street Lights	3,750
Lighting and Landscaping Assessment District		
	Publishing Notices	230
Public Access Television		
	Electronic Equipment	2,500
Adobe Road Federal Grant		
	Engineering	1,530

PASSED, APPROVED, AND ADOPTED on the 25th day of September 2007.

Joel A. Klink, Mayor

ATTEST:

Charlene Sherwood, CMC, City Clerk

I hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Twentynine Palms at a regular meeting thereof, held on the 25th day of September 2007, by the following vote of the Council:

AYES: Councilmembers:
NOES: Councilmembers:
ABSENT: Councilmembers:

Charlene Sherwood, CMC, City Clerk



STAFF REPORT

TO: City Council
FROM: City Manager
DATE: September 25, 2007

SUBJECT: Proposed Changes to Fee Schedule

RECOMMENDATION: That the City Council approve the amendment to the Fee Schedule for Fiscal Year 2007-08 by the adoption of Resolution 07-35.

ORDER OF PROCEDURE:

Request Staff Report (Michael Tree Presenting)
Open Public Hearing
Request Public Comment
Close Public Hearing
Council Discussion
Motion/Second
Discussion of Motion
Call the Question (roll call vote)

Attachments

1. Resolution 07-35
2. Law Enforcement Fine Schedule

BACKGROUND: The fee schedule was adopted by the City Council in May, along with the budget. It was suggested that the Fee Task Force review the fees and recommend changes. The Task Force has recently met and recommends that the Pre-Application Fee in the Conditional Use Permit (CUP) section of the Planning Category of the Fee Schedule be changed from \$3,500 to \$500.

The Pre-Application Fee is a fee charged to potential development applicants who desire to have a meeting with City staff, as well as other agency managers (Water District, MBTA, etc.), to review and receive input on possible projects. The City has historically charged \$500 for this meeting and staff seeks to correct the fee schedule.

The Fee Task Force also recommends changes to the Law Enforcement Fine Schedule of the Fee Schedule (see Attachment #2). These changes have been recommended based on discussion with local judges within the Morongo Basin, as well as with the District Attorney.

ALTERNATIVES: Any changes suggested may be included in a motion to pass the resolution.

FISCAL IMPACT: The change will bring slight increases in the fines received.

Review of Staff Report:

_____ City Manager

_____ City Attorney

_____ City Engineer

_____ Department Head

EXPLANATION	COUNTY CODE	Current 2007-08	Proposed 2007-08	CHANGE
CATEGORY: LAW ENFORCEMENT				
Parking prohibited	52.0112	\$ 24.00	\$ 50.00	\$ (26.00)
Parking prohibited - School zone	52.0116A	\$ 24.00	\$ 75.00	\$ (51.00)
Parking prohibited - Specific places	52.0117	\$ 24.00	\$ 50.00	\$ (26.00)
Parked on median strip	52.0113	\$ 24.00	\$ 75.00	\$ (51.00)
Parked wrong way on one-way	52.0114	\$ 24.00	\$ 75.00	\$ (51.00)
Parked in excess of 72 hours	52.0119 (a)	\$ 40.00	\$ 75.00	\$ (35.00)
Parked in violation of signs or curb markings	52.0121	\$ 24.00	\$ 100.00	\$ (76.00)
Parked in alley	52.0121(l)	\$ 24.00	\$ 50.00	\$ (26.00)
				\$ -
Vending from vehicle on public right-of-way	52.0120	\$ 23.00	\$ 100.00	\$ (77.00)
				\$ -
Repairing vehicle in roadway	52.0120	\$ 24.00	\$ 150.00	\$ (126.00)
				\$ -
Disobeying signs in City parking areas	53.064	\$ 24.00	\$ 40.00	\$ (16.00)
Commercial truck parked in residential zone (Twentynine Palms Municipal Code 19.66.020.A)		\$ 36.00	\$ 200.00	\$ (164.00)
Truck not using designated truck route (Twentynine Palms Development Code 12.67.030):				
First infraction		\$ 52.00	\$ 50.00	\$ 2.00
Second infraction		\$ 103.00	\$ 150.00	\$ (47.00)
Dismantled vehicle parked on private property over 15 days (Twentynine Palms Municipal Code 19.90.040,C)		\$ 77.00	\$ 100.00	\$ (23.00)
Junk, inoperative, unused vehicle parked on public or private property (Twentynine Palms Municipal Code 19.92.030,A,B,5)		\$ 77.00	\$ 50.00	\$ 27.00
Motorhome or RV parked on public or private property - being lived in (Twentynine Palms Municipal Code 19.92.030,A,B,16)		\$ 77.00	\$ 200.00	\$ (123.00)
Clearing more than one acre of land without City permit (Twentynine Palms Municipal Code 19.64.030,A)		\$ 310.00	\$ 1,000.00	\$ (690.00)
Failure to obtain City permit or to comply with requirements of permit (Twentynine Palms Municipal code 19.92.030,A,B,8):				
First infraction		\$ 310.00	\$ 500.00	\$ (190.00)
Second infraction		\$ 619.00	\$ 1,000.00	\$ (381.00)
Third infraction		\$ 929.00	\$ 2,000.00	\$ (1,071.00)
Law enforcement report copies - per report		\$ 22.00	\$ 75.00	\$ (53.00)

NOTE: Highlighted fees were recalculated to more accurately reflect actual costs involved.

EXPLANATION	VEHICLE			
	CODE	2007-08	2007-08	
Parked on bike path	21211b	\$ 67.00	\$ 70.00	\$ (3.00)
Parked in fire lane	22500.1	\$ 67.00	\$ 150.00	\$ (83.00)
Double-parked	22500h	\$ 31.00	\$ 70.00	\$ (39.00)
Parked on wheelchair access	22500L	\$ 308.00	\$ 500.00	\$ (192.00)
Parked more than 18 inches from curb	22502a	\$ 31.00	\$ 25.00	\$ 6.00
Parked on wrong side of street	22502	\$ 67.00	\$ 70.00	\$ (3.00)
Parked in handicapped space	22507.8a	\$ 308.00	\$ 500.00	\$ (192.00)
Parked on handicapped lines or crosshatch	22507.8C	\$ 95.00	\$ 100.00	\$ (5.00)
Parked within 15 feet of hydrant	22514	\$ 31.00	\$ 100.00	\$ (69.00)
Parked with person locked inside vehicle	22516	\$ 46.00	\$ 100.00	\$ (54.00)
Restricted parking on state highway	22505b	\$ 31.00	\$ 50.00	\$ (19.00)
Stopped / parked in intersection	22500a	\$ 31.00	\$ 100.00	\$ (69.00)
Stopped / parked in crosswalk	22500b	\$ 31.00	\$ 100.00	\$ (69.00)
Stopped within 15 feet of fire station driveway	22500d	\$ 31.00	\$ 50.00	\$ (19.00)
Stopped in public or private driveway entrance	22500e	\$ 31.00	\$ 50.00	\$ (19.00)
Stopped on sidewalk	22500f	\$ 31.00	\$ 75.00	\$ (44.00)
Stopped in bus zone	22500i	\$ 281.00	\$ 300.00	\$ (19.00)
Blocking traffic at highway obstruction	22500g	\$ 31.00	\$ 50.00	\$ (19.00)
Blocking access ramp for disabled, if sign or painted curb	22522	\$ 308.00	\$ 400.00	\$ (92.00)
Obstructing handicapped parking	22507.8b	\$ 308.00	\$ 500.00	\$ (192.00)
Abandoned vehicle on highway	22523a	\$ 118.00	\$ 200.00	\$ (82.00)
Abandoned vehicle on private or public property	22523b	\$ 118.00	\$ 200.00	\$ (82.00)
Each fine listed applies to all subsections of that code.				
Fine for violation not listed above (unless otherwise specified by law)		\$ 31.00	\$ 50.00	\$ (19.00)



STAFF REPORT

TO: Twentynine Palms Redevelopment Agency
FROM: Executive Director
DATE: September 25, 2007

SUBJECT: Amendment to Owner Participation Agreement (“OPA”) between the Twentynine Palms Redevelopment Agency (“Agency”) and John E. and Karon E. Masterson (“Owners”).

RECOMMENDATION: Acting as the Agency, approve Amendment 1 between the Agency and the Owners and adopt Resolution No. RDA 07-04.

ORDER OF PROCEDURE:

Request Staff Report (Tree Presenting)
Council Questions of Staff
Request Public Comment
Council Discussion
Motion/Second
Discussion of Motion
Call the Question (voice vote)

Attachments

1. Amendment 1
2. Resolution No. RDA 07-04
3. Exhibit A
Certificate of Deposit
Control Agreement
4. Exhibit B
Security Agreement
5. Exhibit C
Note

BACKGROUND: On July 10, 2007, the Agency entered into an OPA with the Owners in an effort to improve the exteriors of three buildings in the downtown. The agreement also included the improvement of a parking lot.

To accomplish the aforementioned work the Agency committed to provide the Owners assistance in the form of a rehabilitation loan, in the amount of up to \$78,900. The Owners can seek portions of the loan from the Agency once they have completed a portion of the rehabilitation work, and have presented the Agency with evidence of the completion and evidence of the cost to complete the work.

The OPA provides that one of the Agency’s conditions to providing any portion of the loan to the Owners is that the Owners sign and record a Deed of Trust against all of the subject properties for purposes of securing the repayment of the Agency’s loan in the event the Owners default under the OPA or any of the attachments and are thus required to repay the Agency loan.

The Owners have requested that in lieu of a Deed of Trust the Agency accept an assignment of a Certificate of Deposit from PFF Bank & Trust. Agency staff has arranged the proposed Certificate of Deposit requirements so that the Agency acquires no additional risk or cost in approving the request.

Review of Staff Report:

_____ City Manager

_____ City Attorney

_____ City Engineer

_____ Department Head

Additionally, Agency staff have included in Amendment 1 the agreement made by the Owners to install sidewalks adjacent to the curb and gutter being installed as part of the project. The approval of the documentation as presented would permit the Owners to draw down portions of the Agency loan to reimburse the Owners for costs incurred in connection with the sidewalk installation, but does not provide for any additional Agency funding.

ALTERNATIVES: City can deny request to accept an assignment of a Certificate of Deposit in lieu of a Deed of Trust from Owners, or modify proposed agreement as necessary.

FISCAL IMPACT: None

RESOLUTION NO. RDA 07-04

A RESOLUTION OF THE TWENTYNINE PALMS REDEVELOPMENT AGENCY APPROVING AMENDMENT NO. 1 TO THE OWNER PARTICIPATION AGREEMENT BETWEEN THE AGENCY AND JOHN E. MASTERSON AND KARON E. MASTERSON

WHEREAS, the Twentynine Palms Redevelopment Agency ("Agency") is a public body, corporate and politic organized and existing under the Community Redevelopment Law (California Health and Safety Code § 33000, *et seq.*) to carry out the purposes of redevelopment in the City of Twentynine Palms ("City"); and

WHEREAS, the Agency is engaged in activities necessary to execute and implement the Redevelopment Plan for the 4 Corners Redevelopment Project Area ("Project Area"); and

WHEREAS, on or about July 10, 2007, Agency entered into an Owner Participation Agreement ("Agreement") with John E. Masterson and Karon E. Masterson, Husband and Wife as Joint Tenants ("Participant"), pursuant to which (i) Participant agreed to develop the "Project," which consists of Participant's (a) rehabilitation of three commercial buildings located within the Project Area at 73511, 73515, and 73519 Twentynine Palms Highway, and a parking lot located within the Project Area and identified as Parcel No. 615-115-9, on Tamarisk, and (b) installation of curb and gutter improvements in certain public rights of way adjacent to the aforementioned properties and paving of the alley between the properties, and (ii) the Agency agreed to provide financial assistance toward the cost of the Project, in an amount up to, but not exceeding, Seventy-Eight Thousand Nine Hundred Dollars (\$78,900) (the "Agency Loan"); and

WHEREAS, Agency and Participant have negotiated an amendment to the Agreement ("Amendment No. 1") pursuant to which (i) the Agency has agreed to accept an assignment of a certificate of deposit to secure Participant's repayment of the Agency Loan in lieu of a deed of trust; and (ii) Participant has agreed to install certain sidewalks as part of the Project, with no increase in the amount of the Agency Loan; and

WHEREAS, Amendment No. 1 is in accordance with the Redevelopment Plan and is of benefit to the Project Area and the City of Twentynine Palms; and

WHEREAS, all action required of the Agency to be taken precedent to review and consideration of Amendment No. 1 by the Agency have been taken in accordance with applicable law.

NOW, THEREFORE, BE IT RESOLVED BY THE TWENTYNINE PALMS REDEVELOPMENT AGENCY AS FOLLOWS:

Section 1. That the above recitals are true and correct and incorporated herein.

Section 2. That the Agency does hereby find and determine that Amendment No. 1 is necessary to effectuate the purposes of the Redevelopment Plan and is in the best interests of the City of Twentynine Palms.

Section 3. Amendment No. 1, a copy of which is on file with the Agency Secretary, is hereby approved.

Section 4. The Executive Director and Agency counsel are authorized and directed to make such final changes to Amendment No. 1 consistent with the terms thereof, and the Executive Director is authorized and directed, on behalf of the Agency, to sign Amendment No. 1 and the attachments thereto, and to sign such other and further documents, and to take such other and further actions, as may be necessary and proper to carry out the terms of the Agreement.

APPROVED and ADOPTED this ___th day of September, 2007.

CHAIRMAN, TWENTYNINE PALMS
REDEVELOPMENT AGENCY

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO) ss.
CITY OF TWENTYNINE PALMS)

I, _____, Secretary of the Twentynine Palms Redevelopment Agency, do hereby certify that the foregoing Resolution of the Twentynine Palms Redevelopment Agency, was duly adopted by said Agency at a regular meeting held on the ___th day of September, 2007, by the following vote:

AYES: AGENCY MEMBERS:

NOES: AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

ABSTAINED: AGENCY MEMBERS:

SECRETARY OF THE TWENTYNINE PALMS
REDEVELOPMENT AGENCY

SECURITY AGREEMENT

(Pledge of Certificate of Deposit)

This SECURITY AGREEMENT (Pledge of Certificate of Deposit) ("Pledge") is made and entered into as of _____, 2007 by JOHN E. MASTERSON and KARON E. MASTERSON, HUSBAND AND WIFE AS JOINT TENANTS ("Borrower" or "Pledgor") to and for the benefit of TWENTYNINE PALMS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Lender").

RECITALS

A. Pledgor and Lender have entered into an Owner Participation Agreement dated as July 10, 2007 (the "Loan Agreement") with respect to a rehabilitation loan to Pledgor by Lender in a maximum aggregate principal amount of Seventy-Eight Thousand Eight Hundred Dollars (\$78,800.00) (the "Loan") for the purpose of reimbursing Borrower for certain costs Borrower incurs in rehabilitating that certain real property located in the City of Twentynine Palms, County of San Bernardino, State of California, as more particularly described in the Loan Agreement. The real property, together with all improvements and rights with respect thereto, are collectively referred to as the "Project". All terms not otherwise defined herein shall be as defined in the Loan Agreement.

B. Pursuant to the Loan Agreement, Borrower executed a Note, which sets forth the conditions to Lender's obligation to disburse portions of the Loan and the terms of Borrower's repayment of the Loan (the "Note").

C. Borrower has requested that Lender accept as Security for Borrower's repayment of all sums owed under the Note, an assignment of a Certificate of Deposit.

AGREEMENT

NOW, THEREFORE, in consideration of the covenants and conditions herein contained, and for good and valuable consideration, the receipt of which is hereby acknowledged, Pledgor and Lender hereby covenant and agree as follows:

1. Creation and Maintenance of Certificate of Deposit. Pledgor shall have established as of the date of this Pledge, and shall thereafter maintain at all times during the term of the Note, that certain certificate of deposit, No. _____, which shall be in the name of Lender and shall be maintained at PFF Bank & Trust, [a **federally chartered savings and loan association**] (the "Depository Bank"). The foregoing certificate of deposit, together with all interest thereon, is collectively referred to as the "CD" or the "CD Collateral" as the context may require.

2. Grant of Security Interest in the CD. The CD Collateral is hereby pledged to Lender, and Pledgor hereby grants and conveys to Lender a first priority security interest therein,

as additional collateral for the Loan. The CD shall be within the sole dominion and exclusive control of Lender until the earlier of (i) the performance and full payment of all amounts due under the Note and the termination of this Pledge, or (ii) the Lender's termination of the Note. Notwithstanding anything to the contrary set forth elsewhere herein, Pledgor shall have no right, title or interest in those funds, except as expressly permitted by this Pledge.

3. Prohibition on Use of CD Funds.

(a) Pledgor shall not be entitled to the withdrawal of any funds within the CD until this Pledge has been terminated pursuant to Section 9.

4. General Borrower Covenants. Pledgor further covenants and agrees to: (a) do all acts that may be reasonably necessary to maintain, preserve and protect the CD Collateral; (b) comply with all contracts, agreements, applicable laws and regulations regarding the maintenance and use of the CD and shall not take any action which would be inconsistent therewith or in breach thereof; (c) pay promptly when due all material taxes, assessments, charges, encumbrances and liens now or hereafter imposed upon or affecting the CD Collateral; (d) appear in and defend any action or proceeding which may materially and adversely affect Pledgor's title to or the Lender's interest in the CD Collateral; (e) following the creation of the CD established by or for Pledgor, other than to Lender pursuant to this Agreement, not transfer, assign, sell, surrender, encumber, mortgage, hypothecate, or otherwise dispose of any of the CD Collateral or rights or interests therein, and to keep the CD Collateral free of all levies and security interests or other liens or charges except the security interest in favor of Lender granted hereunder; (f) to the extent requested by Lender, account fully for and promptly deliver to Lender, in the form received, all documents, chattel paper, instruments and agreements constituting the CD Collateral hereunder, endorsed to Lender or in blank, as requested by Lender, and accompanied by such powers as appropriate and until so delivered all such documents, instruments, agreements and proceeds shall be held by Pledgor in trust for Lender, separate from all other property of Pledgor; and (g) from time to time upon request by Lender, to furnish such further assurances of Pledgor's title with respect to the CD Collateral, execute such written agreements, or do such other acts, all as may be reasonably necessary to effectuate the purposes of this agreement or as may be required by any applicable law, regulation, or ordinance, or in order to perfect or continue the first-priority lien and security interest of Lender in the CD Collateral.

5. Indemnification. Pledgor hereby indemnifies Lender and holds Lender harmless against, and shall reimburse Lender for, any loss, damage or expense (including reasonable attorneys' fees and expenses, court costs and other expenses) including, but not limited to, (a) any claims by any governmental entity, or any third person with respect to or related to the CD, including without limitation, the maintenance, use, disbursement, release or application thereof (b) any loss, damage or expense Lender may incur as a result of entering into or acting pursuant to this Pledge, under this Agreement; provided that Pledgor shall not be responsible for any loss, damage, or expense that a court having jurisdiction shall have determined had been caused by Lender's gross negligence or willful misconduct in its performance of its obligations under this Agreement. This indemnity shall survive the termination of this Pledge and shall remain valid, effective and enforceable by Lender against Pledgor notwithstanding any such termination.

6. Interest. The CD may bear interest at a rate to be determined by the Depository Bank taking into account the nature and purpose of such CD; provided, however, Lender shall have no obligation or liability with respect to any interest which may or may not be earned, or any losses which may be incurred with respect to such CD. All interest earned will become part of the CD Collateral. Pledgor shall treat all interest earned on the CD Collateral as its income for federal income tax purposes.

7. CD Remedies. Any default by Pledgor under this Pledge shall constitute an "Event of Default." In the event that an Event of Default has occurred and is continuing, Lender may, in addition to any and all other rights and remedies available to Lender under the Loan Agreement and/or Note, at law, equity or by contract, apply any sums then present in the CD to Borrower's payment obligations under the Note in any order or priority as determined by Lender in its sole discretion and Pledgor hereby irrevocably authorizes Lender to withdraw and/or apply the funds in the CD as set forth herein without further notice to Pledgor and without any further consent or authorization by Pledgor, with any such right to notice or any such right to require Pledgor's authorization or consent thereto hereby deemed waived.

8. Power of Attorney. Pledgor hereby irrevocably constitutes, designates and appoints Lender, effective during an Event of Default, as Pledgor's true and lawful attorney-in-fact with full power of substitution and authority to undertake and exercise any rights, benefits, privileges or remedies with respect to the CD in the name of Pledgor, without further notice, instruction, consent or authorization to, from or by Pledgor. Such power of attorney shall be deemed to be a power coupled with an interest and cannot be revoked

9. Termination of Pledge. This Pledge shall terminate (and all right, title and interest in the assigned CD Collateral shall revert back to Pledgor) upon the earlier of (a) the date upon which the Lender terminates the Note in accordance with the terms of the Loan Agreement, or (b) the date the Loan has been paid and satisfied in full.

10. Additional Information and Reports. Pledgor shall deliver to Lender such information, evidence, documentation and reports as Lender may request from time to time and at any time with respect to the CD, CD Collateral, the Depository Bank and such other information and documents as Lender may reasonably request.

11. Notices. Any notice which may be required as to Pledgor or Lender under this Pledge shall be provided pursuant to the notice provision(s) set forth in the Loan Agreement.

12. Counterparts. This Pledge may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All such counterparts shall be construed together and shall constitute one instrument, but in making proof hereof it shall only be necessary to produce one such counterpart. The signatures to this Pledge may be executed on separate pages and when attached to this Pledge shall constitute one complete document.

13. Controlling Agreement In the event any of the terms or conditions set forth in this Pledge are inconsistent with the Loan Agreement, the Note, or any other document, with respect to the use, maintenance and application of the CD, the terms and conditions of this

Pledge shall control and such other agreement or document shall be deemed to have been amended and modified to conform to this Pledge.

14. Incorporation by Reference. Except as may be amended and modified pursuant to the terms hereof, this Pledge is subject to the terms and conditions set forth in the Loan Agreement and Lender is entitled to all of the rights, benefits and remedies set forth therein as though set forth herein in full, including without limitation, each of the waivers, limitations on any liability of Lender, indemnifications of Lender, payment of Lender's fees and costs (including attorneys' fees and costs), consent to jurisdiction, applicable law, and counterpart signatures.

IN FURTHERANCE WHEREOF, the parties hereto have caused this Pledge to be executed as of the date and year first above written.

PLEDGOR:

JOHN E. MASTERSON AND KARON E.
MASTERSON, HUSBAND AND WIFE AS
JOINT TENANTS

By: _____
John E. Masterson

By: _____
Karon E. Masterson

LENDER:

**TWENTYNINE PALMS REDEVELOPMENT
AGENCY**, a public body, corporate and politic

By: _____
Michael Tree
Executive Director

CERTIFICATE OF DEPOSIT CONTROL AGREEMENT

This CERTIFICATE OF DEPOSIT CONTROL AGREEMENT (“Agreement”) is made and entered into as of _____, 2007 by and among PFF BANK & TRUST, [a **federally chartered savings and loan association,**] as depository bank (the “Bank”), the Bank’s depositor customer, JOHN E. MASTERSON and KARON E. MASTERSON, HUSBAND AND WIFE AS JOINT TENANTS (the “Owner”), and TWENTYNINE PALMS REDEVELOPMENT AGENCY, a public body, corporate and politic (the “Secured Party”).

STATEMENT OF FACTS

The Bank acknowledges that, as of the date hereof, it maintains in the name of Secured Party the certificate of deposit identified on Exhibit A attached hereto and made a part hereof (together with all interest thereon the “CD”). The CD is governed by the terms and conditions of the Bank’s commercial certificate of deposit rules, regulations and policies published by the Bank from time to time (collectively, the “CD Regulations”).

The Bank and the Owner further acknowledge the purpose of the CD is to secure Owner’s obligation to pay to the Secured Party a loan disbursed to Owner pursuant to the Loan Agreement, as set forth in the Security Agreement (Pledge of Certificate of Deposit) executed by Owner in favor of Secured Party as of even date herewith (the “Pledge”). Any capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Pledge.

The Owner hereby confirms to the Bank that the Owner has granted to the Secured Party a security interest in the CD and the CD Collateral.

The parties desire to enter into this Agreement in order to set forth their relative rights and duties with respect to the CD and the CD Collateral. In consideration of the mutual covenants herein as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Control of the CD.

(a) The Statement of Facts is incorporated herein by reference. The Bank represents that it is a “bank”. The Owner and the Bank acknowledge that the CD is a “certificate of deposit”. Each party to this Agreement acknowledges that this Agreement is an “authenticated” record and that the arrangements established under this Agreement constitute “control” of the CD. Each of these terms is used in this Agreement as defined in Article 9 of the Uniform Commercial Code as adopted by the State of California (the “California UCC”).

(b) The Owner represents and warrants to the Secured Party that Exhibit A accurately lists and identifies the CD maintained by the Owner with the Bank and subject to this Agreement.

(c) The Bank confirms that, as of the date of this Agreement, the Owner and the Bank have not entered into any agreement with any person pursuant to which the Bank is obligated to comply with instructions from such person as to the disposition of the CD or of the CD Collateral. During the term of this Agreement the Bank will not enter into any agreement with any person other than the Secured Party pursuant to which the Bank will be obligated to comply with instructions from such person as to the disposition of the CD or of the CD Collateral.

(d) The Owner authorizes and directs the Bank to comply with all instructions given by the Secured Party in accordance with this Agreement and permissible under the CD Regulations, including directing the disposition of the CD or as to any other matter relating to the CD Collateral, without further consent by the Owner.

(e) The Bank acknowledges and agrees that the CD and the CD Collateral shall only be cancelled, terminated, or transferred based on written instructions given by the Secured Party to Bank from time to time and the Bank shall not permit any officer, agent or other representative of the Owner or its affiliates to direct the disposition of the CD, withdraw any amount from the CD Collateral or otherwise exercise any authority or power with respect to the CD or CD Collateral.

(f) Federal Reserve Regulations and Operating Circulars, ACH or other clearing house rules and other applicable law (including, without limitation, the California UCC) and the CD Regulations shall also apply to the Secured Party's exercise of control over the CD and the CD Collateral and to the performance of services hereunder by the Bank.

2. Statements and Other Information. If so requested of the Bank by the Secured Party in writing, the Bank will send to the Secured Party (in a manner consistent with the Bank's standard practices) at the Secured Party's address specified in Section 7, copies of all CD statements and communications that the Bank is required to send to the Owner under the CD Regulations. The Bank also shall provide to each of the Owner and the Secured Party when requested (as a service under this Agreement and/or the CD Regulations) copies of CD statements and other information, including balances, by telephone and by computer communication, to the extent practicable when requested by the Owner or by the Secured Party. The Owner consents to the Bank's release of such CD information to the Secured Party.

3. Setoff and Charges.

(a) The Bank will not exercise any security interest (except for the security interest provided in Section 4210, "Security Interest of Collecting Bank in Items, Accompanying Documents and Proceeds", of the California UCC), lien, right of setoff, deduction, recoupment or banker's lien or any other interest in or against the CD Collateral, and the Bank hereby subordinates to the Secured Party any such security interest (except for such security interest provided in such Section 4210 of the California UCC), lien or right which the Bank may have against the CD or the CD Collateral. Notwithstanding the preceding sentence, the Secured Party and the Owner agree that the Bank at all times (including following commencement of any bankruptcy or insolvency proceeding by or against the Owner) may set off and charge against the CD (regardless of any agreement by the Owner to compensate the Bank by means of balances in

other deposit accounts held by Owner at the Bank (an “Account”) all of the following as permitted by the CD Regulations (collectively, the “Permitted Debits”): (i) usual and customary service charges and fees; (ii) transfer fees; (iii) out-of-pocket fees and expenses (including reasonable attorneys’ fees) incurred by the Bank (including those in connection with the negotiation, administration or enforcement of this Agreement); and (iv) adjustments or corrections of posting or encoding errors; whether any Permitted Debit shall have accrued or been incurred before or after the date of this Agreement.

(b) If (i) the Bank were unable to set off or charge any Permitted Debit against the CD because of insufficient funds in the CD, or (ii) the Bank in good faith were to believe that any legal process or applicable law prohibited such setoff or charge against the CD, or (iii) the CD were cancelled or terminated, then: (A) the Bank may charge such Permitted Debits to and set off same against any other Account; and (B) if there were insufficient funds in the Account(s) against which to charge or set off such Permitted Debits, then the Bank shall demand (unless the Bank shall believe in good faith that any legal process or applicable law prohibits such demand) that the Owner pay, and the Owner shall pay, to the Bank promptly upon the Owner’s receipt of the Bank’s written demand therefor, the full amount of all unpaid Permitted Debits.

4. Exculpation of Bank.

(a) At all times the Bank shall be entitled to rely upon any communication it receives from the Secured Party in connection with this Agreement or that the Bank shall believe in good faith to be a communication received from the Secured Party in connection with this Agreement and the Bank shall have no obligation to investigate or verify the authenticity or correctness of any such communication. The Bank shall have no liability to the Owner or the Secured Party for honoring or following any instruction the Bank shall receive from (or shall believe in good faith to be from) the Secured Party in accordance with this Agreement. The Bank shall not be responsible for the validity, priority or enforceability of the Secured Party’s security interest in the CD Collateral, nor shall the Bank be responsible for enforcement of any agreement between the Owner and the Secured Party.

(b) The Bank shall be responsible only for the actual loss that a court having jurisdiction over the CD shall have determined had been incurred by the Owner or the Secured Party and had been caused by the Bank’s gross negligence or willful misconduct in its performance of its obligations under this Agreement. The Bank shall have no liability to any party for failure of, or delay in, its performance under this Agreement resulting from any “act of God”, war or terrorism, fire, other catastrophe or force majeure, electrical or computer or telecommunications failure, any event beyond the control of the Bank, or fraud committed by any third party. Nothing in this Agreement shall create any agency, fiduciary, joint venture or partnership relationship between the Bank and the Owner or between the Bank and the Secured Party. Except as shall be specifically required under this Agreement or the CD Regulations or applicable law, the Bank shall have no duty whatsoever to the Owner in connection with the subject matter of this Agreement. Except as shall be specifically required under this Agreement or applicable law, the Bank shall have no duty whatsoever to the Secured Party in connection with the subject matter of this Agreement.

5. Indemnification.

(a) The Owner hereby indemnifies the Bank and holds it harmless against, and shall reimburse the Bank for, any loss, damage or expense (including reasonable attorneys' fees and expenses, court costs and other expenses) including, but not limited to, (i) unpaid charges and fees, and (ii) any loss, damage or expense the Bank shall incur as a result of (A) entering into or acting pursuant to this Agreement, and (B) honoring and following any instruction the Bank may receive from (or shall believe in good faith to be from) the Secured Party under this Agreement. The Owner shall not be responsible for any loss, damage, or expense that a court having jurisdiction shall have determined had been caused by the Bank's gross negligence or willful misconduct in its performance of its obligations under this Agreement.

(b) Without limiting in any way the Secured Party's obligation to pay or reimburse the Bank as otherwise specified in this Agreement, the Secured Party hereby indemnifies the Bank and holds it harmless against any loss, damage or expense (including reasonable attorneys' fees and expenses, court costs and other expenses) which the Bank shall incur as a result of honoring or following any instruction it shall receive from the Secured Party under this Agreement. The Secured Party shall not be responsible for any loss, damage, or expense that a court having jurisdiction shall have determined had been caused by the Bank's gross negligence or willful misconduct in its performance of its obligations under this Agreement.

(c) Owner hereby indemnifies the Secured Party and holds it harmless against any loss, damage or expense (including reasonable attorneys' fees and expenses, court costs and other expenses) which the Secured Party shall incur as a result of any claim by the Bank or any third person with respect to the CD Collateral or this Agreement; provided that Owner shall not be responsible for any loss, damage, or expense that a court having jurisdiction shall have determined had been caused by Secured Party's gross negligence or willful misconduct in its performance of its obligations under this Agreement.

(d) No party hereto shall be liable to any other party under this Agreement for lost profits or special, indirect, exemplary, consequential or punitive damages, even if such party shall have been advised of the possibility of such damages.

6. Third Party Claims; Insolvency of Company. In the event that the Bank shall receive notice that any third party shall have asserted an adverse claim by legal process against the CD or the CD Collateral, whether such claim shall have arisen by tax lien, execution of judgment, statutory attachment, garnishment, levy, claim of a trustee in bankruptcy, debtor-in-possession, post-bankruptcy petition lender, court appointed receiver, or other judicial or regulatory order or process (each, a "Claim"), the Bank may, in addition to other remedies it possesses under the CD Regulations, this Agreement or at law or in equity: (i) suspend disbursements from the CD without any liability until the Bank shall have received an appropriate court order or other assurances reasonably acceptable to the Bank in its sole discretion establishing that funds may continue to be disbursed according to instructions then applicable to the CD, and/or (ii) interplead such funds in the CD as permitted by applicable law. The Bank's costs, expenses and reasonable attorneys' fees incurred in connection with any such

Claim are Permitted Debits and shall be reimbursed to the Bank in accordance with the provisions of Section 3 above.

7. Notice and Communications.

(a) All communications given by any party to another as required or provided under this Agreement must be in writing, directed to the respective designated officer (“Designated Officer”) set forth under paragraph (c) of this Section 7, and delivered to each recipient party at its address (or at such other address and to such other Designated Officer as such party may designate in writing to the other parties in accordance with this Section 7) either by U.S. Mail, receipted delivery service or via facsimile transmission. All communications given by the Secured Party to the Bank must be addressed and delivered contemporaneously to both the Bank’s Designated Officer and the Bank’s “with copy to” addressee at their respective addresses set forth below.

(b) Any communication made by (or believed in good faith by the Bank to be made by) the Owner or the Secured Party to the Bank under this Agreement shall be deemed delivered to the Bank if delivered by: (i) U.S. Mail, on the date that such communication shall have been delivered to the Bank’s Designated Officer; (ii) receipted delivery service, on the date and time that such communication shall have been delivered to the Bank’s Designated Officer and receipted by the delivery service; or (iii) facsimile transmission, on the date and at the time that such communication shall have been delivered to the Bank’s Designated Officer and receipt of such delivery shall have been acknowledged by the recipient facsimile equipment. Notwithstanding the provisions of the preceding sentence, any communication hereunder to the Bank that is an instruction delivered to the Bank and made by (or believed by the Bank in good faith to be made by) the Secured Party shall be deemed received by the Bank when actually delivered to the Bank’s Designated Officer if delivered before 2:00 p.m. Pacific Standard time on a banking day or, if such communication were delivered after 2:00 p.m. Pacific Standard time on a banking day or delivered on a day that is not a banking day, then such communication shall be deemed delivered to the Bank’s Designated Officer at the Bank’s opening of its business on the next succeeding banking day. A “banking day” means any day other than any Saturday or Sunday or other day on which the Bank is authorized or required by law to close.

(c) Any instruction delivered to the Bank by Secured Party shall be immediately implemented by the Bank but by no later than the close of the Bank’s business on the banking day that shall be two (2) banking days after the banking day on which such instruction was actually received by the Bank’s Designated Officer.

Address for Secured Party: Twentynine Palms Redevelopment Agency
6136 Adobe Road
Twentynine Palms, CA 92277
Attention: Executive Director
Fax: (____) ____-____

with a copy to:

A Patrick Muñoz, Esq.
Rutan & Tucker, LLP
611 Anton Boulevard, Suite 1400
Costa Mesa, California 92626
Fax: (714) 546-9035

Address for Bank:
(Designated Officer)

Attention: _____

Address for Owner:

John and Karon Masterson
74059 Samarkand Drive
Twentynine Palms, CA 92277
Fax: _____

8. Termination.

(a) This Agreement may be terminated by the Secured Party at any time by Secured Party's delivery to the Bank of a written notice of termination. This Agreement may be terminated by the Owner only with the express prior written consent of the Secured Party and, in that case, the Secured Party and the Owner shall jointly so notify the Bank in writing.

(b) This Agreement may be terminated by the Bank at any time on not less than thirty (30) calendar days' prior written notice given to both the Owner and the Secured Party.

(c) The Bank's rights to demand and receive reimbursement from the Owner under Section 3 above and the Owner's indemnification of the Bank under Section 5 above shall survive termination of this Agreement. The Bank's right to demand reimbursement from the Secured Party under this Agreement shall survive termination of this Agreement for a period of ninety (90) calendar days after the date of termination of this Agreement.

(d) Upon termination of this Agreement, the CD and the CD Collateral shall be subject solely to the provisions of the CD Regulations between the Company and the Bank.

9. Miscellaneous.

(a) The Owner shall not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Bank and the Secured Party. The Secured Party may assign and transfer its rights and obligations under this Agreement without the prior written consent of the Bank; provided that (i) the assignee of the Secured Party assumes all obligations of the Secured Party under this Agreement, and (ii) the Secured Party delivers written notice to the Bank of such assignment and transfer of its rights and obligations under this Agreement together with a photocopy of this Agreement attached thereto within ten (10) days following assignment and transfer of its rights and obligations under this Agreement, which

notice shall specifically identify such assignee and such assignee's address for communications under this Agreement. No assignment by Secured Party under this Section 9(a) shall be effective until the notice described in clause (ii) has been received by the Bank. The assignment and transfer by the Secured Party of its rights and obligations under this Agreement shall not relieve the Secured Party of any obligations incurred by the Secured Party under this Agreement prior to the effective date of the assignment and transfer of its rights and obligations under this Agreement and assumption of this Agreement by the assignee of Secured Party. Any such assignment by the Secured Party of its rights and obligations under this Agreement shall not affect the Bank's right to terminate this Agreement pursuant to Section 8(b) above. The Bank shall not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Secured Party and the Owner, except that the Bank may transfer its rights and obligations under this Agreement to any direct or indirect depository subsidiary of Bank or, in the event of a merger or acquisition of the Bank, to the Bank's successor depository institution (which subsidiary or successor shall be a "bank" as defined in Section 9102 of the California UCC).

(b) The law governing the perfection and priority of the Secured Party's security interest in the CD Collateral shall be the law of the State of California, which State shall also be the "jurisdiction" of the Bank within the meaning of Section 9304 of the California UCC. The CD, CD Collateral, operation of the CD, and CD Regulations shall be governed by the California UCC, Federal Regulations and Operating Circulars, ACH or other clearing house rules, and other applicable laws.

(c) This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which taken together shall constitute one and the same Agreement. Delivery of an executed signature page counterpart to this Agreement via facsimile transmission shall be effective as if it were delivery of a manually delivered, original, executed counterpart thereof. This Agreement can be modified or amended only by written agreement of all of the parties hereto evidencing such modification or amendment.

(d) To the extent that any conflict may exist between the provisions of any other agreement between the Owner and the Bank and the provisions of this Agreement, then this Agreement shall control. It is understood and agreed that nothing in this Agreement shall give the Secured Party any benefit or legal or equitable right, remedy or claim against the Bank under the CD Regulations.

(e) Each of the Secured Party and the Bank respectively agrees that it shall not cite or refer to this Agreement as a precedent in any negotiation of any other Certificate of Deposit Control Agreement to which the Secured Party or any of its affiliates and the Bank shall be party.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the parties by its respective duly authorized officer has executed and delivered this Agreement as of the day and year first written above.

BANK

PFF BANK & TRUST, a [federally chartered savings and loan association]

By: _____
Name: _____
Title: _____

OWNER

JOHN E. MASTERSON AND KARON E. MASTERSON, HUSBAND AND WIFE AS JOINT TENANTS

By: _____
John E. Masterson

By: _____
Karon E. Masterson

SECURED PARTY

TWENTYNINE PALMS REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____
Name: _____
Title: _____

EXHIBIT A

CERTIFICATE OF DEPOSIT

Account Number	Account Name	State in which Account is Located
_____	_____ _____	California

AMENDMENT NO. 1 TO PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS

THIS AMENDMENT NO. 1 TO OWNER PARTICIPATION AGREEMENT (“Amendment No. 1”) is made and entered into as of _____, 2007 (the “Amendment Date”) by and between TWENTYNINE PALMS REDEVELOPMENT AGENCY, a public body, corporate and politic (“Agency”), and JOHN E. MASTERSON AND KARON E. MASTERSON, HUSBAND AND WIFE AS JOINT TENANTS (“Participant”).

R E C I T A L S:

A. On or about July 10, 2007, the Agency and the Participant entered into that certain Owner Participation Agreement (the “Agreement”), pursuant to which Participant agree to rehabilitate certain real property identified therein as the “Site,” and the Agency agreed to provide a commercial rehabilitation loan to reimburse Participant for certain costs incurred by Participant in connection with the rehabilitation, all as more fully set forth in the Agreement. Unless otherwise specifically provided herein, all of the capitalized terms used herein shall have the meanings ascribed thereto in the Agreement.

B. Pursuant to the Agreement, Participant’s repayment of the Agency Loan will be secured by the Agency Deed of Trust. Participant has requested, and Agency has agreed to accept, as an accommodation to Participant, an assignment of a certificate of deposit Participant intends to establish (the “CD”). The CD will be in the amount of the Agency Loan, and will function as security for repayment of the Agency Loan, in lieu of the Agency Deed of Trust.

C. As consideration for Agency’s acceptance of the assignment, Participant has agreed to install sidewalks adjacent to all of the curbs and gutters Participant is installing as part of the Project.

D. Agency and the Participant now wish to amend the Agreement in the manner described above.

A G R E E M E N T:

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by this reference, and for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The Agreement is hereby amended to substitute Participant’s assignment of the CD for the Agency Deed of Trust, as security for Participant’s repayment of the Agency Loan. Participant’s delivery to Agency of a fully executed Certificate of Deposit Control Agreement in the form attached hereto and incorporated herein as Exhibit “A” (a “CD Control Agreement”) and of a fully executed Security Agreement in the form attached hereto and incorporated herein as Exhibit “B” (the “Security Agreement”) shall be a condition to Agency’s obligation to disburse to Participant any portion of the Agency Loan.

2. The Agreement is hereby amended to replace, in its entirety, the Note attached to the Agreement as Attachment No. 5 with the Note attached hereto and incorporated herein as Exhibit "C" (the "Replacement Note"). As of the Amendment Date, all references in the Agreement to the "Note" shall be deemed to be references to the "Replacement Note."

3. The Agreement is hereby amended to revise Attachment No. 7, concerning the Wonder Garden Parking Parcel – Tamarisk, by replacing the phrase "Install curb and gutter adjacent to Wonder Garden Parcel, per City requirements" with "Install curb, gutter, and sidewalk adjacent to Wonder Garden Parcel, per City requirements." The estimated cost for such installation shall remain at Five Thousand Five Hundred Dollars (\$5,500); provided, however, that if Participant submits evidence that the cost to complete the installation exceeded Five Thousand Five Hundred Dollars (\$5,500), Participant shall be entitled to a disbursement of a portion of the Agency Loan in an amount sufficient to cover the actual cost of the installation, up to a maximum of Eight Thousand Two Hundred Fifty Dollars (\$8,250). Notwithstanding the above, however, nothing herein shall (i) entitle Participant to obtain funding in excess of the Loan Amount, or (ii) relieve Participant from completing all portions of the Project

4. Except as otherwise expressly provided in this Amendment No. 1, all of the terms and conditions of the Agreement shall remain in full force and effect.

5. In the event of any action between Agency and the Participant seeking enforcement of any of the terms and conditions to this Amendment No. 1, the prevailing party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses, including without limitation its expert witness fees and reasonable attorney's fees.

6. This Amendment No. 1 shall be construed according to its fair meaning and as if prepared by both parties hereto.

7. This Amendment No. 1 shall be governed by the internal laws of the State of California and any question arising hereunder shall be construed or determined according to such law. The Superior Court of the State of California in and for the County of San Bernardino, or such other appropriate court in such county, shall have exclusive jurisdiction of any litigation between the parties concerning this Amendment No. 1. Service of process on Agency shall be made in accordance with California law. Service of process on the Participant shall be made in any manner permitted by California law and shall be effective whether served inside or outside California.

8. Time is of the essence of this Amendment No. 1 and of each and every term and provision hereof.

9. A waiver of a provision hereof, or modification of any provision herein contained, shall be effective only if said waiver or modification is in writing, and signed by both Agency and the Participant. No waiver of any breach or default by any party hereto shall be considered to be a waiver of any breach or default unless expressly provided herein or in the waiver.

10. This Amendment No. 1 may be executed in counterparts, each of which, when this Amendment No. 1 has been signed by all the parties hereto, shall be deemed an original, and such counterparts shall constitute one and the same instrument.

11. The person(s) executing this Amendment No. 1 on behalf of each of the parties hereto represent and warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Amendment No. 1 on behalf of said party, (iii) by so executing this Amendment No. 1 such party is formally bound to the provisions of this Amendment No. 1, and (iv) the entering into this Amendment No. 1 does not violate any provision of any other agreement to which such party is bound.

[End – Signature Page Follows]

IN WITNESS WHEREOF, Agency and the Participant each hereby represents that it has read this Amendment No. 1, understands it, and hereby executes this Amendment No. 1 to be effective as of the day and year first written above.

TWENTYNINE PALMS
REDEVELOPMENT AGENCY, a public
body, corporate and politic

(“Agency”)

By: _____
Executive Director

Dated: _____

ATTEST:

Secretary

APPROVED AS TO FORM:

RUTAN & TUCKER, LLP

By: _____
Dan Slater
Attorneys for the Twentynine Palms
Redevelopment Agency

JOHN E. MASTERSON AND KARON E.
MASTERSON, HUSBAND AND WIFE AS
JOINT TENANTS

(“Participant”)

By: _____
John E. Masterson

By: _____
Karon E. Masterson

Dated: _____

EXHIBIT “A”

CERTIFICATE OF DEPOSIT CONTROL AGREEMENT

[See following document]

EXHIBIT “B”

SECURITY AGREEMENT

[See following document]

EXHIBIT “C”

NOTE

[See following document]

NOTE

THIS NOTE IS SECURED BY AN ASSIGNMENT AS SECURITY

_____, _____ (“Note Date”)

FOR VALUE RECEIVED, the undersigned, JOHN E. MASTERSON AND KARON E. MASTERSON, HUSBAND AND WIFE AS JOINT TENANTS, hereinafter referred to as “Borrower,” promises to pay to the TWENTYNINE PALMS REDEVELOPMENT AGENCY, a public body, corporate and politic, hereinafter referred to as “Agency,” so much principal as may be outstanding in accordance with the terms of this Note, not exceeding SEVENTY-EIGHT THOUSAND NINE HUNDRED DOLLARS (\$78,900), plus accrued interest on the unpaid principal, plus such other costs, charges, and fees which may be owing from time to time, all subject to the terms, conditions, and provisions hereinafter set forth.

Reference is made to:

(i) The Redevelopment Plan for the 4 Corners Redevelopment Project Area (“Plan”), which Plan is incorporated herein by reference as though fully set forth.

(ii) The Owner Participation Agreement by and between Borrower and Agency, dated on or about July 10, 2007 (“Original OPA”), and amended on or about September ____, 2007, by that certain Amendment No. 1 to Owner Participation Agreement (“Amendment No. 1”). The Original OPA, as amended by Amendment No. 1, is hereinafter referred to as the “OPA.” The OPA sets forth terms and conditions for Borrower’s redevelopment of the commercial buildings located within the 4 Corners Redevelopment Project Area at 73511 and 73515 Twentynine Palms Highway, and 73519 Twentynine Palms Highway, in the City of Twentynine Palms, as more particularly described in the legal description attached as Attachment No. 1 to the OPA (the “Site”) and shown on the Site Map attached as Attachment No. 2 to the OPA. The OPA is incorporated herein by reference as though fully set forth herein.

(iii) The Agreement Containing Covenants Affecting Real Property, in the form attached as Attachment No. 4 to the OPA, and recorded against the Site on or about _____, _____, which is incorporated herein by reference as though fully set forth herein (the “Agreement Containing Covenants”).

(iv) The Certificate of Deposit Control Agreement, in the form attached as Exhibit “A” to Amendment No. 1, which sets forth Borrower’s, FPP Bank & Trust, a _____, and Agency’s rights with respect to a certificate of deposit established by Borrower as security for Borrower’s repayment of the Agency Loan (the “CD Control Agreement”). The CD Control Agreement is incorporated herein by reference as though fully set forth herein.

(v) The Security Agreement, in the form attached as Exhibit “B” to Amendment No. 1, pursuant to which Borrower has pledged a certificate of deposit as security for Borrower’s repayment of the Agency Loan (the “Security Agreement”).

1. Principal Amount; Interest Amount. The principal amount of the Agency's loan to Borrower is SEVENTY-EIGHT THOUSAND NINE HUNDRED DOLLARS (\$78,900) ("Loan Amount"), which Agency shall disburse to Borrower in accordance with the terms of the OPA. Interest shall accrue on the outstanding principal balance at a rate of three percent (3%) per annum, compounded annually. Interest shall accrue as set forth in Paragraph 3 in the event of a Borrower default.

2. Disbursement of Agency Loan. The Agency Loan shall be disbursed in accordance with the terms of this Section 2:

Upon Borrower's completion of some or all of the Project, and provided all conditions precedent to disbursement set forth below have been satisfied, Borrower may obtain disbursement of the Agency Loan, or portion thereof, by (a) notifying Agency's Executive Director in writing of the amount required; (b) providing Agency with supporting documentation showing the work performed and the actual cost thereof; and (c) providing Agency with unconditional waiver and releases in the form set forth in Civil Code Section 3262. If the requested disbursement is permitted under the terms of this Note, Agency's Executive Director shall promptly, but in no event later than ten (10) business days after Agency's receipt of all of the items listed in (a)-(c) above, effect payment directly to Borrower, to Borrower's Contractor, or to the applicable public agency (for Agency Loan amounts which are to be used to pay for public fees), by check.

All of the following shall be conditions precedent to disbursement of any portion of the Agency Loan:

- a. Participant shall have timely executed and delivered to Agency for recordation the Agreement Containing Covenants;
- b. Participant shall have timely obtained all of the Approved Plans and Permits;
- c. Participant shall have timely submitted to the Agency Executive Director and obtained approval from same, of Participant's evidence of insurance;
- d. Participant shall have timely signed this Note, the CD Control Agreement, and the Security Agreement and delivered same to Agency;
- e. Participant shall not be in default of its obligations under the OPA, under this Note, under the CD Control Agreement, Security Agreement, or under the Agreement Containing Covenants;
- f. Borrower shall have completed construction of all or a portion of the Project, as listed in the Disbursement Schedule attached to the OPA as Attachment No. 7 (the "Disbursement Schedule").

The amounts set forth on the Disbursement Schedule are Participant's estimated costs. If Participant submits evidence that the cost to complete a portion of the Project exceeded

the estimated amount set forth in the Disbursement Schedule, Participant shall be entitled to a disbursement of a portion of the Agency Loan in an amount sufficient to cover the actual cost of such portion, up to a maximum of twenty percent (20%) over the estimated cost as set forth in the Disbursement Schedule. Notwithstanding the above, however, nothing herein shall (i) entitle Participant to obtain funding in excess of the Loan Amount, or (ii) relieve Participant from completing all portions of the Project.

3. Term of Note; Reduction of Principal Amount; Repayment of Pro Rata Repayment Amount. Subject to the provisions of Paragraph 4 herein which provide for acceleration of the then outstanding principal and accrued interest and immediate payment thereof in the event of a default by Borrower, this Note shall expire and be of no force or effect as of the third (3rd) anniversary of the date Agency issues a Release of Construction Covenants for the Project, pursuant to Section 3.9 of the OPA (the “3rd Anniversary”). Borrower shall not be obligated to make any payments on this Note unless and until any of the events described in Paragraph 4 occur. Upon the occurrence of an uncured default, the “Pro Rata Repayment Amount” (as defined below) shall be immediately due and payable as set forth in Paragraph 4.

4. Default; Acceleration; Cross-Default. In the event:

(i) Borrower is in material default of any of the covenants, terms, or provisions of this Note, the CD Control Agreement, Security Agreement, the OPA, or the Agreement Containing Covenants, and Borrower fails to timely cure such default under the terms of the applicable agreement, it being understood and agreed by Borrower that a default of this Note, or of the CD Control Agreement, Security Agreement, or of the OPA, or of the Agreement Containing Covenants, shall be a default of all of the foregoing listed documents;

then Borrower shall be in default of this Note, and the Loan Amount and all accrued interest thereon shall become immediately due and payable. The rate of interest applicable to periods of default for the defaults set forth in this Paragraph 4 shall be calculated at the lesser of ten percent (10%) per annum or the maximum legal rate, and shall accrue as of the date such payment was originally due.

The “Pro Rata Repayment Amount” shall be the amount obtained by multiplying the original loan principal of SEVENTY-EIGHT THOUSAND NINE HUNDRED DOLLARS (\$78,900) times the percentage obtained by dividing the number of days remaining in the three (3) year covenant period that commences on the date Agency issues, or is deemed to have issued, a Release of Construction Covenants for the Project and ends on the 3rd Anniversary (the “Operations Period”) by 1095, which is the total number of days in the Operations Period (365 years X 3 years). For example, if the breach occurs exactly at mid-point in the Operations Period, Participant shall repay Thirty-Nine Thousand Four Hundred Fifty Dollars (\$39,450) (i.e., one-half of the original loan amount of Seventy-Eight Thousand Nine Hundred Dollars (\$78,900)) plus any and all interest that has accrued thereon. If a breach occurs prior to the commencement of the Operations Period, the Pro Rata Repayment Amount shall be the full original loan amount plus any and all interest that has accrued thereon.

5. Additional Terms.

a. All payments shall be first credited to accrued interest, next to costs, charges, and fees which may be owing from time to time, and then to principal. All payment shall be made in lawful money of the United States. Payments shall be made to Agency at the address set forth in Paragraph 7 herein or at such other address as Agency or the holder of this Note may direct pursuant to notice delivered to Borrower in accordance with Paragraph 7.

b. Borrower agrees to pay the following costs, expenses, and reasonable attorney's fees paid or incurred by Agency, or adjudged by the court, in the collection of amounts in default or other costs incurred as a result of a default by Borrower: (i) reasonable costs of collections, costs and expenses, and attorney's fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed, and (ii) costs of suit and such sums as the court may adjudge as attorney's fees in any action to enforce payment of this Note or any part of it if Agency prevails in such suit.

6. Nonassumability. This Note shall not be assumable without the prior, express, written consent of Agency's Executive Director.

7. Presentment. Notwithstanding any other provision herein to the contrary, to the extent permitted by law Borrower hereby waives the following: (a) notice of default or delinquency, (b) notice of acceleration, (c) notice of nonpayment, (d) notice of costs, expenses and losses and interest thereon, (e) notice of interest on interest and late charges, (f) diligence in taking any action to collect any sums owing under this Note or in proceeding against any of the rights and presentment for payment, demand, protest, and notices of dishonor and/or protest; (g) the benefits of all waivable exemptions; and (h) all defenses and pleas on the grounds of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice.

8. Notices. Any notices required by law or this Agreement shall be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified mail, postage prepaid, return receipt requested.

Notices to Borrower shall be addressed to:

John and Karon Masterson
74059 Samarkand Drive
Twentynine Palms, CA 92277

Notices to Agency shall be addressed to:

Twentynine Palms Redevelopment Agency
6136 Adobe Road
Twentynine Palms, CA 92277
Attn: Executive Director

Notices personally delivered or delivered by document delivery service shall be deemed effective upon receipt. Notices mailed shall be deemed effective on the second business day following deposit in the United States mail. Either party may designate that notices be sent to other or additional addresses by complying with the requirements of this section.

9. Litigation. This Note shall be governed by and construed under the laws of the State of California. The parties agree that in any litigation between the parties arising out of this Note, the Superior Court of the State of California in and for the County of San Bernardino shall have exclusive jurisdiction. The prevailing party in any litigation between the parties arising out of or connected to this Note, in addition to whatever other relief to which the prevailing party is entitled, shall also be entitled to reasonable attorney's fees, including fees and costs for discovery, any fees and costs for appeal, and expert witness fees. In the event of such legal action, service of process on Agency shall be made in such manner as provided by law for service on a California public entity; service of process on Borrower shall be made in such manner as may be provided for by law, and shall be valid whether made within or without the State of California.

10. Waiver. No waiver of any breach, default, or failure of condition under the terms of this Note, or the obligations secured hereby, shall be implied from any failure of Agency to take, or any delay by the Agency in taking, action with respect to such breach, default, or failure from any previous waiver or any similar or unrelated breach, default, or failure; and a waiver of any term of this Note must be made in writing and shall be limited to the express written terms of such waiver.

11. Time of Essence. Time is of the essence in this Note.

12. Severability. In the event that any term or provision of this Note is held to be unenforceable, the remainder of this Note shall remain in full force and effect to the fullest extent without inclusion of the unenforceable term or provision.

13. Interpretation. In the event of any conflict between this Note and the OPA, this Note shall apply. The terms of this Note shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Note or any other rule of construction which might otherwise apply. The paragraph headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Note.

14. Security for Note. This Note shall be secured by a Security Agreement, executed by Borrower.

15. Assignment. Agency, at its option, may assign its right to receive payment under this Note without obtaining the consent of the Borrower or the holder or beneficiary of the lien of any deed of trust or other security instrument, whether recorded or unrecorded. Borrower shall not be permitted to assign or transfer this Note or any portion thereof without the prior express written consent of the Agency Executive Director, which consent may be given or withheld in the Executive Director's sole discretion.

IN WITNESS WHEREOF, Borrower has executed this Note as of the Note Date.

“Borrower”

JOHN E. MASTERSON AND KARON E. MASTERSON,
HUSBAND AND WIFE AS JOINT TENANTS

By: _____
John E. Masterson

By: _____
Karon E. Masterson