EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT

(Former AT&T Building, 520 Third Street, Downtown Santa Rosa)

By and Between

SANTA ROSA REDEVELOPMENT AGENCY

and

MUSEUM ON THE SQUARE, LLC

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DEFINED TERMS

[WHERE FIRST USED]

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EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT
(Former AT&T Building, 520 Third Street, Downtown Santa Rosa)

This Exclusive Right to Negotiate Agreement (this "Agreement") is entered into as of February 1, 2010 (the "Effective Date") by and between the Redevelopment Agency of the City of Santa Rosa, a public body, corporate and politic (the "Agency"), and Museum on the Square, LLC, a California limited liability company (the "Developer") (Developer and Agency are referred to individually in this Agreement as a "Party" and collectively as the "Parties").

RECITALS

A. The City Council of the City of Santa Rosa adopted the Santa Rosa Center Project Redevelopment Plan (Calif. R-45) in 1963 by Ordinance No. 1036 (as amended from time to time, the "Redevelopment Plan"), which affects that certain real property described in the Redevelopment Plan (the "Project Area").

B. The Agency is responsible for implementation of the Redevelopment Plan.

C. The Agency is the owner of the former AT&T Building at 520 Third Street (the "Property") located in downtown Santa Rosa within the Project Area.

D. Developer has responded to a request for qualifications ("RFQ") and has been selected by the Agency to enter into a period of negotiations to diligently and in good faith negotiate and prepare a disposition and development agreement ("DDA") and other related agreements as necessary for the development of the Property (the "Project Agreements") in accordance with the development concept as generally described in Developer's Response to the RFQ dated November 12, 2009, as may be modified from time to time based on input from the Santa Rosa community, negotiations between the Agency and Developer, and further refinement of the development proposal as deemed necessary or appropriate by Developer (the "Project").

E. The Agency and Developer hereby desire to enter into this Agreement to provide for the period of negotiation set forth in Section 2.2. In entering into and implementing this Agreement, the Agency Board is not committing the Agency to any particular project or to approval of any Project or to grant any project approvals, and any such decision is reserved to the Agency Board in its sole and absolute discretion following California Environmental Quality Act ("CEQA") compliance.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties mutually agree as follows:

ARTICLE I

PARTIES TO THIS AGREEMENT; EVIDENCE OF DEVELOPER EXPENDITURES

Section 1.1. Agency.

The Agency is a public body, corporate and politic. The contact for the Agency is:

Redevelopment Agency of the City of Santa Rosa
90 Santa Rosa Avenue
Santa Rosa, CA 95404-4904
PH: (707) 543-3300
Attn: Executive Director

Section 1.2. Developer.

The Developer is a California limited liability company. At the time of commencement of this Agreement, its members are Hugh Futrell and Bill Carle. The Developer shall notify the Agency in writing if and when the membership of the Developer changes or is expanded. The contact for the Developer is:

Museum on the Square, LLC
200 Fourth Street, Suite 250
Santa Rosa, CA 95401
PH: (707) 568-3482
Attn: Hugh Futrell and Bill Carle

Section 1.3. Developer's Deposit.

Developer has provided evidence satisfactory to the Agency that it has incurred costs (exclusive of Developer's overhead and administration) of not less than $100,000.00 in the performance of services under this Agreement.

ARTICLE II

TERM OF THIS AGREEMENT

Section 2.1. Effective Date.

This agreement is entered into as dated above which is the date of approval of this Agreement by the Agency Board (the "Effective Date") following selection of the Developer pursuant to the RFQ.

Section 2.2. Term.

The term of this Agreement ("Term") shall commence on the Effective Date and shall terminate on May 28, 2010, subject to any extensions under Section 2.4 and/or Termination under Section 5.1.

Section 2.3. Milestone Target Dates.

During the Term, the Parties shall use reasonable good faith efforts to accomplish the tasks under Article III within the times set forth in the Schedule of Milestone Target Dates, attached hereto as Exhibit A and incorporated herein by reference.

Section 2.4. Extensions of Term.

(a) The Parties recognize that the Term and Milestone Target Dates in Exhibit A are currently reasonable estimates of the times that will be required to complete the various tasks called for under this Agreement and that circumstances beyond the reasonable control of the Parties, or either of them, may require an extension of time to complete one or more of such tasks contemplated under this Agreement despite their good faith efforts. Therefore, subject to earlier termination as provided in Section 5.1, the Developer may request that the Agency agree to an extension of the Term and/or Milestone Target Dates. Requests for extensions shall be in writing and made to the Executive Director of the Agency who shall have the authority to approve extensions on behalf of the Agency. The Executive Director shall approve an extension if the extension is reasonably necessary to allow completion of tasks to be undertaken pursuant to this Agreement and the need for the extension is not due to the lack of diligence or lack of payment on the part of the Developer, provided, however, in no event shall the Term be extended beyond August 31, 2010 pursuant to this subsection (a) of this Section 2.4. The foregoing shall not preclude extensions pursuant to subsection (b), subsection (c) or subsection (d) of this Section 2.4.

(b) The Parties may also extend the Term or any of the Milestone Target Dates by mutual agreement of the Parties set forth in writing. If Developer requests an extension of the Term, the Developer shall have the right to present its request to the Agency Board in a public meeting of the Agency Board.

(c) If litigation is filed challenging the validity of or seeking to enjoin an action taken by the City or Agency in connection with approving the DDA or any other approval required under this Agreement, then the Term and/or Milestone Dates shall be extended for the period of time the Parties determine is reasonably necessary to complete the tasks described in this Agreement in light of the pendency of the litigation, the orders issued in the litigation and the risks of the litigation.

(d) If Developer is not in default under this Agreement, the Term and any subsequent Milestone Dates shall be extended for the period of time the Parties determine is reasonably necessary (i) after completion and circulation of any and all required environmental analysis under CEQA for the Project, to complete the environmental analysis and provide for Agency Board consideration of certification of such environmental analysis, (ii) after submission by Developer of a final set of Project Agreements negotiated between Agency staff and Developer,

to schedule and hold public meetings of the Agency Board for consideration of the Project Agreements and Project, and to take any actions necessary to authorize the Agency to enter into the Project Agreements including, but not limited to, compliance with CEQA, or (iii) to allow the expiration of any referendum period before which the Project Agreements becomes legally effective.

ARTICLE III

OBLIGATIONS OF THE PARTIES

Section 3.1. Exclusive Negotiations; General Requirements.

During the Term, and subject to and in compliance with the provisions of this Agreement, the Agency and Developer shall negotiate in good faith and shall diligently cooperate with each other to negotiate and prepare the Project Agreements in accordance with this Agreement. During the Term, the Agency and Developer shall work and negotiate exclusively with each other and shall not entertain proposals from or negotiate with any other persons concerning planning or development of the Property except as shall be mutually agreed upon by the Agency and Developer with respect to the Property or any adjacent properties.

Section 3.2. Specific Obligations of Developer.

Developer shall attain the milestone goals set forth in Exhibit A.

Section 3.3. Specific Obligations of Agency.

City shall respond in a timely manner to all proposals by Developer.

Section 3.4. Project Meetings.

Unless otherwise requested by the Agency, the Parties shall schedule regular Project meetings at least twice a month during the Term for the purpose of exchange of information, negotiations, and related matters. The Parties further contemplate reporting on progress under this Agreement to the members of, or subcommittees of, the Agency Board from time to time as appropriate to obtain their input and comment.

Section 3.5. Review of Developer Financial Information.

At the request of the Agency, the Developer shall provide for Agency review of updated financial information concerning the Developer and its members. The information may be provided or reviewed in accordance with the confidentiality provisions of Section 5.9.

ARTICLE IV

TERMINATION OF AGREEMENT

Section 4.1. Termination.

This Agreement shall terminate upon any of the following events, subject, as applicable, to the provisions of Section 4.2.

(a) Upon the occurrence of all of the following: (i) certification of the complete and final environmental analysis for the Project; (ii) final approval by the Agency (and City, if required) of the Project Agreements; (iii) execution of the Project Agreements by the Parties; and (iv) expiration of all referendum, appeal or challenge periods without a referendum petition or appeal being filed or a challenge brought by a third party over any of the Project Agreements or the Project, including but not limited to, a challenge under CEQA.

(b) At any time, in Developer's sole business judgment, upon giving not less than thirty (30) days prior written notice to the Agency that it is not feasible to proceed with planning or negotiations under this Agreement; provided, that immediately upon receipt of such notice, the Agency may stop any or all activity and incurring of costs and the Parties shall meet and confer during such 30-day period to consider any mutually acceptable alternatives to termination of this Agreement.

(c) At any time, in Agency's sole business judgment, upon giving not less than thirty (30) days prior written notice to the Developer that it is not feasible to proceed with planning or negotiations under this Agreement; provided, that immediately upon giving of such notice, the Developer and the Agency may stop all activity and incurring of costs and the Parties shall meet and confer during such 30-day period to consider any mutually acceptable alternatives to termination of this Agreement.

(d) By the Agency if the Developer shall default in or fail to negotiate in good faith or to perform any material obligation under this Agreement; provided, however, that the Agency shall not terminate this Agreement unless it has first given Developer written notice of the default or failure (citing the specific reasons therefor) and a period of at least thirty (30) days (or such longer period as shall be reasonably required under the circumstances) to cure or diligently commence to cure the default or failure. The Agency shall not terminate this Agreement pursuant to this subsection (d) unless it has first given Developer the opportunity to make an oral and written presentation to the Agency Board at a regular or special meeting of the Agency Board as to the reasons the Developer believes this Agreement should not be terminated. The Agency shall give the Developer at least ten (10) days prior notice of the Agency Board meeting. Termination under this subsection (d) shall be accomplished by the Agency giving written notice of termination to the Developer and shall be effective upon receipt of such notice by the Developer.

(e) By the Developer (without prejudice to its rights to terminate this Agreement under subsection (b) of this Section 4.1) if the Agency shall default in or fail to negotiate in good faith or to perform any material obligation under this Agreement; provided, however, that the

Developer shall not terminate this Agreement unless it has first given the Agency written notice of the default or failure (citing the specific reasons therefor) and a period of at least thirty (30) days (or such longer period as shall be reasonably required under the circumstances) to cure or diligently commence to cure the default or failure. Such termination shall be accomplished by the Developer giving written notice of termination to the Agency if the default or failure remains uncured, and shall be effective upon receipt of such notice by the Agency. If the Agency is presented with but, in the exercise of its independent discretion, does not approve the DDA, such failure shall not be a default or failure to negotiate in good faith under this subsection (e).

(f) By the Developer or the Agency if the Agency, in the exercise of its independent discretion, shall fail to approve any of the Project Agreements or to make the prerequisite approvals required for the Project Approvals; provided, however, that a Party shall not terminate this Agreement under this subsection (f) unless it has given the other Party a written notice of intent to terminate the Agreement and a period of at least sixty (60) days (or such longer period as the Parties may agree is reasonable under the circumstances) has elapsed from the giving of the notice of intent. Such termination shall be accomplished by the Developer or the Agency, as the case may be, giving written notice of termination to the other Party and shall be effective upon receipt of such notice by the other Party.

Section 4.2. Effect of Termination.

Upon the termination of this Agreement pursuant to Section 4.1, neither Party shall have any further rights or obligations under this Agreement. No damages shall be available for breach or failure under this Agreement; provided, however, that (i) all indemnities in this Agreement shall survive the termination with respect to actions occurring prior to the date of termination, and (ii) all amounts, if any, owing under this Agreement at or before the notice of termination shall remain owing.

ARTICLE V

GENERAL PROVISIONS

Section 5.1. Limitation on Effect of Agreement.

This Agreement (and any extension of this Agreement) shall not obligate the Agency or Developer to agree to approve or enter into any particular Project Agreement or to approve or enter into a Project Agreement on or containing any particular terms. By execution of this Agreement (and any extension of this Agreement), the Agency is not committing itself to or agreeing to approve any Project Agreements, undertake disposition or lease of the Property or any part thereof, or undertake any other acts or activities relating to the subsequent independent exercise of discretion by the Agency. Execution of this Agreement by the Agency is merely an agreement to conduct a period of exclusive negotiations diligently and in good faith in accordance with the terms hereof, reserving for subsequent Agency action the final discretion and approval regarding any Project Agreements and associated approvals, and all proceedings and decisions in connection therewith including consideration of any changes to the General Plan, City zoning or the Redevelopment Plan. Any Project Agreement resulting from negotiations pursuant to this Agreement shall become effective only if and after such Project

Agreement has been considered and approved by the Agency Board, in its sole discretion, following conduct of all legally required procedures, including, without limitation, all required environmental review processes and all other applicable governmental approvals. Unless and until all necessary Project Agreements have been approved by the Developer and approved by the Agency Board, and executed by the relevant Party or Parties, no agreement drafts, actions, term sheets, outlines, deliverables, memoranda or other communications arising out of or in the course of performance of this Agreement shall impose any legally binding obligation on any Party to approve the Project or enter into any Project Agreement, or be used as evidence of any oral or implied agreement or promise to enter into any Project Agreement or other legally binding document. As such, the Agency retains the absolute discretion before taking action on the Project by the Agency Board to (i) subject to the mutual agreement of the Parties, make such modifications to any of the Project Agreements and the Project as may be necessary to mitigate significant environmental impacts or as may otherwise be necessary or appropriate; (ii) select other feasible alternatives to avoid significant environmental impacts; (iii) balance the benefits against any significant environmental impacts prior to taking final action if such significant impacts cannot otherwise be avoided; or (iv) determine not to proceed with the Project. The Parties also understand and agree that the fact that a property that is or becomes subject to this Agreement is not owned by the City or Agency does not constitute any commitment by either the City or the Agency to acquire such parcel or grant any right of any sort on the part of the Developer to acquire or develop such parcel except as may be expressly provided in the Project Agreements and any other required approvals or entitlements.

Section 5.2. <u>Notices.</u>

Formal notices, demands and communications between the Agency and the Developer shall be sufficiently given if, and shall not be deemed given unless, dispatched by certified mail, postage prepaid, return receipt requested sent by express delivery, overnight courier service, or personally delivered to the office of the Parties shown as follows, or such other address as the Parties may designate in writing from time to time:

Agency: Santa Rosa Redevelopment Agency
90 Santa Rosa Avenue
Santa Rosa, CA 95404-4904
Attn: Executive Director

with a copy to: McDonough Holland & Allen
500 Capitol Mall, Floor 18
Sacramento, CA 95814
Attn: Ethan Walsh

Developer: Museum on the Square, LLC
200 Fourth Street, Suite 250
Santa Rosa, CA 95401
Attn: Hugh Futrell and Bill Carle

Such written notices, demands and communications shall be effective on the date shown on the delivery receipt as the date delivered or the date on which delivery was refused.

Section 5.3. Delivery of Reports.

The Developer shall provide the Agency with copies of all reports, studies, analyses, correspondence, and similar documents, prepared or commissioned by the Developer with respect to this Agreement and the Project, promptly upon their completion.

Section 5.4. Progress Reports.

From time to time as reasonably agreed upon by the Parties, each Party shall make oral or written progress reports advising the other Party on studies being made and matters being evaluated by the reporting Party with respect to this Agreement and the Project.

Section 5.5. Waiver of Lis Pendens.

It is expressly understood and agreed by the Parties that no lis pendens shall be filed against any portion of the Property with respect to this Agreement or any dispute or act arising from it.

Section 5.6. Right of Entry.

The Developer shall have the right to enter the Property during normal business hours to conduct investigations in accordance with this Agreement. In connection with such entry and investigation, the Developer shall:

(a) give the Agency reasonable advance notice;

(b) minimize any interference with ongoing City or Agency operations;

(c) repair and restore any damage it may cause;

(d) deliver to the Agency, within ten (10) days of receipt thereof, a complete copy of any investigation, test, report or study which the Developer conducts, or causes to be conducted, with respect to the Property; and

(e) indemnify, defend and hold the Agency and its directors, officers, employees and agents harmless from any and all claims, liabilities, damages, losses, expenses, costs and fees (including attorneys' fees and costs) which may proximately arise out of the Developer's entry upon the Property or the investigation(s) and test(s) which the Developer may conduct; provided, however, that this indemnity shall not apply to matters arising from the results of the Developer's investigations, tests and inspections (*e.g.*, this indemnity shall not apply to any diminution in value or remediation costs incurred by the Agency if the Developer's investigations were to discover an environmental condition that required remediation).

Section 5.7. Costs and Expenses.

Except as otherwise expressly provided in this Agreement, each Party shall be responsible for its own costs and expenses in connection with any activities and negotiations

undertaken in connection with this Agreement, and the performance of each Party's obligations under this Agreement.

Section 5.8. No Commissions.

Each Party represents and warrants that it has not entered into any agreement, and has no obligation, to pay any real estate commission in connection with the transaction contemplated by this Agreement and any resulting DDA. If a real estate commission is claimed through either Party in connection with the transaction contemplated by this Agreement or any resulting DDA, then the Party through whom the commission is claimed shall indemnify, defend and hold the other Party harmless from any liability related to such commission. The provisions of this section shall survive termination of this Agreement.

Section 5.9. Confidentiality of Information.

While desiring to preserve its rights with respect to treatment of certain information on a confidential or proprietary basis, the Developer acknowledges that the Agency will need sufficient, detailed information about the economic feasibility of any proposed Project to make informed decisions about the content and approval of the DDA. The Agency will work with the Developer to maintain the confidentiality of proprietary information subject to the requirements imposed on the Agency by the Public Records Act (Government Code Section 6253 *et seq.*). The Developer acknowledges that the Agency may share information provided by the Developer of a financial and potential proprietary nature with third party consultants who have been contractually engaged to advise the Agency concerning matters related to this Agreement and to the Agency Board members as part of the negotiation and decision making process. If this Agreement is terminated without obtaining final approvals of the Project Agreements, the Agency shall return to the Developer any confidential information submitted by the Developer under this Agreement. If any litigation is filed seeking to make public any information Developer submitted to the Agency in confidence, the Agency and Developer shall cooperate in defending the litigation. The Developer shall pay the Agency's costs of defending such litigation and shall indemnify the Agency against all costs and attorneys fees awarded to the plaintiff in any such litigation. Promptly after receipt, the Agency shall inform Developer of any request received for confidential or proprietary information that Developer has provided to the Agency.

The Parties may enter into a separate confidentiality agreement to further effectuate the purposes of this Section 5.9 with respect to specific information or types of information; provided that the absence of any such confidentiality agreement shall not modify or excuse compliance by the Parties with the provisions of this Section 5.9.

Notwithstanding the above, Developer understands and agrees that during the implementation of this Agreement, including but not limited to public presentations to the Agency Board regarding certain actions to move forward with consideration of Project Agreements, the Agency's staff and its economic consultants may be required to submit to the Agency Board their financial analysis of the proposed Project and alternatives including assumptions being made in a pro-forma for the Project, sources and uses of funding for the Project and other economic terms and assumptions bearing on the ability of the Developer and Agency to carry out the Project. This analysis and information will be prepared for consideration

by the Agency Board in public sessions and such information will be a matter of public record. Such presentations will be the work of the Agency staff and its economic consultants and, to the extent possible, will not reference proprietary information of the Developer without the Developer's consent.

Section 5.10. Assignment.

The Developer shall not transfer or assign any or all of its rights or obligations under this Agreement except with the prior written consent of the Agency, which consent shall be granted or withheld in the Agency's sole discretion, and any such attempted transfer or assignment without the prior written consent of Agency shall be void. Assignments under the Project Agreements shall be governed by the provisions of the Project Agreements.

Section 5.11. General Indemnity.

Each of the Parties (individually, an "Indemnitor") shall indemnify, defend and hold the other Party (individually, an "Indemnitee") and their respective officers, employees, agents and contractors harmless from any and all claims, liabilities, damages, losses, expenses, costs and fees (including attorneys' fees and costs) which arise out of the performance of this Agreement by the Indemnitor or its directors, officers, employees, agents or owners; provided, however, that this indemnification obligation shall not extend to any matters to the extent arising from the negligence or willful misconduct of an Indemnitee or its respective officers, employees, agents and contractors.

Section 5.12. Insurance.

Developer shall maintain in full force and effect all of the insurance coverage described in, and in accordance with Exhibit B, "Insurance Requirements," which is attached hereto and hereby incorporated and made part of this Agreement by this reference. Maintenance of insurance coverage as set forth in Exhibit B is a material element of this Agreement and a material part of the consideration provided by consideration provided by Developer in exchange for Agency's agreements as set forth herein. Failure by Developer to (i) maintain or renew coverage, (ii) provide Agency notice of any changes, modifications, or reductions in coverage, or (iii) provide evidence of renewal, may be treated by Agency as a material breach of this Agreement by Developer, whereas Agency shall be entitled to all rights and remedies at law or in equity, including but not limited to immediate termination of this Agreement. Notwithstanding the foregoing, any failure by Developer to maintain required insurance coverage shall not excuse or alleviate Developer from any of its other duties or obligations under this Agreement. In the event Developer, with approval of Agency, retains or utilizes any subcontractors or sub-consultants in the provision of any services to Agency under this Agreement, Developer shall assure that any such subcontractor has first obtained, and shall maintain, all of the insurance coverage requirements set forth in the Insurance Requirements at Exhibit B.

Section 5.13. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 5.14. Entire Agreement.

This Agreement constitutes the entire agreement of the Parties regarding the subject matters of this Agreement.

Section 5.15. Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

Section 5.16. No Third Party Beneficiaries.

This Agreement is made and entered into solely for the benefit of the Agency and the Developer and no other person shall have any right of action under or by reason of this Agreement.

Section 5.17. Nonliability of Agency and Developer Officials and Employees.

(a) No member, official or employee of the Agency shall be personally liable to the Developer in the event of any default or breach by the Agency or for any amount which may become due to the Developer or on any obligations under the terms of this Agreement.

(b) No member, official or employee of the Developer shall be personally liable to the Agency or City in the event of any default or breach by the Developer or for any amount which may become due to the Agency or City or on any obligations under the terms of this Agreement.

Section 5.18. Warranty of Authority.

Developer hereby covenants and warrants that it is a duly authorized and existing limited liability company in good standing and qualified to do business in the State of California; that it has full right, power and authority to enter into this Agreement; that the execution, delivery and performance of this Agreement were duly authorized by proper action of each and no consent, authorization or approval of any person is necessary in connection with such execution and delivery or to carry out all actions contemplated by this Agreement except as have been obtained and are in full force and effect, and that the individuals executing this Agreement have the right, power, legal capacity, and authority to enter into and to execute this Agreement on behalf of the Developer.

Section 5.19. Exhibits.

The following Exhibits are attached to this Agreement and by reference made a part hereof:

Exhibit A: Milestone Target Dates

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, this Agreement has been executed, in triplicate, by the Parties on the date first above written.

APPROVED AS TO FORM:

By:______________________
Agency Counsel

AGENCY:

SANTA ROSA REDEVELOPMENT AGENCY,
a public body, corporate and politic

By:______________________
Its: Executive Director

DEVELOPER:

MUSEUM ON THE SQUARE, LLC,
a California limited liability company

By:______________________
Name: Hugh Futrell
Its: Managing Member

and

By:______________________
Name: Bill Carle
Its: Managing Member

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EXHIBIT A

MILESTONE TARGET DATES

Milestone	Target Date
Execution of Exclusive Right to Negotiate Agreement	**Feb. 1, 2010**
Developer to Commence Public Outreach Work for Project *(continuing until submission of application for entitlements)*	**Feb. 2, 2010**
Developer to Commence Preparation of Project Drawings as Required for Entitlements from City of Santa Rosa	**Feb. 2, 2010**
Developer to Submit Proposed Disposition and Development Agreement and Outline of Proposed Deal Terms to Agency	**Feb. 15, 2010**
Developer and Agency Staff Prepare Final Draft of Project Agreements for Submission to Agency Board and City Council	**April 30, 2010**
Agency Board and City Council to Consider Approval of Project Agreements	**May 28, 2010**

EXHIBIT B

INSURANCE REQUIREMENTS FOR CONSULTANTS

Consultant shall, at all times during the terms of this Agreement, maintain and keep in full force and effect, the following policies of insurance with minimum coverage as indicated below and issued by insurers with AM Best ratings of no less than A-:VI or otherwise acceptable to the Redevelopment Agency.

A	Commercial general liability at least as broad as ISO CG 0001 (Must include operations and completed operations coverage)	(per occurrence) (aggregate)[1]	$1,000,000 $2,000,000
B	Business auto coverage at least as broad as ISO CA 0001[2]	(per accident)	$1,000,000
C	Errors and Omissions liability [3]	(per claim & agg)	$1,000,000
D	Workers Compensation [4] Employer's Liability		Statutory $1,000,000

[1] If insurance applies separately to this project/location, aggregate may be equal to per occurrence amount. Coverage may be met by a combination of primary and excess insurance but excess shall provide coverage at least as broad as specified for underlying coverage.

[2] Auto liability insurance shall cover owned, nonowned and hired autos. If Consultant owns no vehicles, auto liability coverage may be provided by means of a nonowned and hired auto coverage. If Consultant will use personal autos in any way on this project, Consultant shall provide evidence of personal auto liability coverage.

[3] Consultant shall provide on a policy form appropriate to profession. If on a claims made basis, Insurance must show coverage date prior to start of work and it must be maintained for three years after completion of work.

[4] Sole Proprietors must provide representation of their exempt status. The Worker's Compensation policy shall be endorsed with a waiver of subrogation in favor of the City and Redevelopment Agency for all work performed by the Consultant, its employees, agents and subcontractors.

Endorsements:

All policies shall contain or be endorsed to contain the following provisions:

Coverage shall not be canceled by either party, except after thirty (30) days prior written notice has been provided to the entity unless canceled for non-payment, then ten (10) days notice shall be given.

Liability policies are to contain, or be endorsed to contain the following provisions:

For any claims related to this project, the **Consultant's insurance coverage shall be primary** and any insurance or self-insurance maintained by the City and Redevelopment Agency shall be excess of the Consultant's insurance and shall not contribute with it.

The City of Santa Rosa, the Redevelopment Agency of the City of Santa Rosa, and their officers, agents, employees and volunteers are to be named as **additional insured** on a form equivalent to CG20 10 with an edition date prior to 2004.

Other Insurance Provisions

No policy required by this section shall prohibit Consultant from waiving any right of recovery prior to loss. Consultant hereby waives such right with regard to the indemnitees.

All insurance coverage amounts provided by Consultant and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement limits the application of such insurance coverage. Defense costs must be paid in addition to coverage amounts.

Self-insured retentions and/or deductibles above $10,000 must be approved by the Redevelopment Agency. At the Redevelopment Agency's option, the Consultant may be required to provide financial guarantees.

Verification of Coverage and Certificates of Insurance

Consultant shall furnish the Redevelopment Agency with original certificates and endorsements effecting coverage required above. Certificates and endorsements shall make reference to policy numbers. All certificates and endorsements are to be received and approve by the Redevelopment Agency before work commences and must be in effect for the duration of the contract. The Redevelopment Agency reserves the right to require complete copies of all required policies and endorsements.