

Exhibit 1

1 Stephen W. Pearson (State Bar No. 48452)
John E. Kesecker (State Bar No. 166223)
2 NOLAND, HAMERLY, ETIENNE & HOSS
A Professional Corporation
3 333 Salinas Street
Post Office Box 2510
4 Salinas, CA 93902-2510
Telephone: (831) 424-1414
5 Facsimile: (831) 424-1975

FILED

MAY 18 2000

SHERRI L. PEDERSEN
CLERK OF THE SUPERIOR COURT
DEPUTY

6 Attorneys for Applicant MONTEREY COUNTY
AIDS PROJECT

8 SUPERIOR COURT OF CALIFORNIA, COUNTY OF MONTEREY

10 In re the Application of

Case No. M 48154

11 The MONTEREY COUNTY
AIDS PROJECT, a California
12 nonprofit corporation,

**ORDER AFTER HEARING ON
PETITIONER'S MOTION TO REMOVE
RESTRICTION ON USE OF REAL
PROPERTY**

Date: May 5, 2000
Time: 9:00 a.m.
Dept: 14
Judge: Honorable Robert O'Farrell

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20 The motion of Monterey County AIDS Project, a California Public Benefit Corporation
21 ("MCAP"), to remove any restriction on use of that certain real property, more particularly
22 described in Exhibit A attached hereto, (the Madsen Property") came on regularly for hearing on
23 May 5, 2000, the Honorable Robert O'Farrell presiding. MCAP appeared by Noland, Hamerly,
24 Etienne & Hoss and Stephen W. Pearson. The Office of the Attorney General of the State of
25 California and the Attorney General appeared by Richard Finn, Esq. There were no appearances
26 by any other parties.

27 Based upon the written and oral presentations of the parties and good cause appearing,
28 IT IS HEREBY ORDERED AS FOLLOWS:

SHERRI L. PEDERSEN
CLERK OF THE SUPERIOR COURT
DEPUTY

1 1. MCAP may sell the Madsen Property free and clear of any restriction on the use
2 thereof contained in the Will of Douglas Madsen.

3 2. Any restrictions on the use of the Madsen Property are hereby removed.

4 3. The net proceeds of sale from the Madsen Property shall be placed by MCAP in a
5 separate endowment fund ("the Housing Endowment"), subject to the following terms and
6 conditions:

7 a. The Housing Endowment and any income therefrom shall be used by
8 MCAP solely for the purpose of providing housing to people with HIV disease;

9 b. For purposes of this Order, "providing housing" means acquiring, selling
10 or operating residential facilities, owned, leased, developed or operated by MCAP for the use,
11 rental or purchase by people with HIV disease; subsidizing housing costs for people with HIV
12 disease; providing respite residential facilities and hospice facilities or residential hospice care for
13 people with HIV disease; and making grants to other qualified non-profit or public benefit entities
14 which, as a condition of receiving such grants, agree to acquire, sell or operate residential
15 facilities, respite residential facilities, hospice facilities or residential hospice care to or for the
16 benefit of people with HIV disease, or to subsidize housing costs for people with HIV disease;

17 c. MCAP shall from time to time adopt such reasonable standards of
18 investment, invasion and use of the principal and income from the Housing Endowment as may
19 be appropriate under the circumstances.

20 4. The residuary bequest from the Madsen Estate, presently held by MCAP in a
21 segregated bank account, shall be added to the Housing Endowment, and shall thereafter be
22 administered by MCAP as a part of the Housing Endowment, and shall be subject to all the terms
23 and conditions of this Order.

24 5. MCAP is authorized to sell the Madsen Property to Eric Mathewson, pursuant to
25 the terms and conditions of that certain Residential Purchase Agreement (And Receipt For
26 Deposit) between the parties dated February 16, 2000, a copy of which is attached hereto as
27 **Exhibit B**; provided, however, that prior to closing such sale, MCAP shall list the Madsen
28 Property with a qualified real estate broker of its choice as hereafter provided.

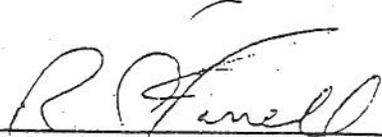
ORDER AFTER HEARING

1 6. The terms of the listing shall include (a) a 90-day listing period; (b) an "as-is" sale
2 as to title and physical condition; (c) an all cash sale. The listing price shall be determined by
3 MCAP after consultation with the listing broker and shall not be less than \$1,200,000. The listing
4 shall be available on the Monterey County multiple listing service.

5 7. If an escrow transferring the Madsen Property to a buyer other than Eric
6 Mathewson, at an all cash price (net of commission) in excess of \$1,128,000, and otherwise on
7 the same terms and conditions as the sale to Mathewson, has not closed by 5 p.m. on August 25,
8 2000, then MCAP shall be free to sell the Madsen Property to Eric Mathewson, at the agreed
9 price of not less than \$1,150,000.00, subject to all the terms and conditions of the deposit receipt
10 presently in effect between the parties. MCAP may keep Mathewson fully informed of any offers
11 it receives on the Madsen Property.

12 8. The Trustees named in the will of Douglas Madsen, to wit, David Shipman, Myron
13 E. Etienne, Jr., Marlene K. Turner and John Lamour are hereby exonerated from any
14 responsibility for any actions by MCAP in connection with the Madsen Property and their status
15 as trustees is terminated effective on signing this Order. No accounting shall be required of any
16 of the said Trustees.

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19 Dated: MAY 12 2000

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22 _____
23 JUDGE OF THE SUPERIOR COURT
24 ROBERT O'FARRELL

25 APPROVED AS TO FORM:

26 (signature on following page)
27 Richard F. Finn, Deputy Attorney General
28 California State Department of Justice

*In re the Application of
Monterey County Aids Project, etc.
Case No. M 48154*

ORDER AFTER HEARING

DIARRNE & HOSE
AT LAW
SANTA MONICA
CALIFORNIA