OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("**Agreement**") is made this ___ day of July, 2020 by and among FBD CARSON, LLC, a Delaware limited liability company ("**Developer**"), the CARSON RECLAMATION AUTHORITY, a California joint powers authority ("**Authority**"), and FIDELITY NATIONAL TITLE INSURANCE COMPANY, a California corporation, acting as the escrow holder and title company ("**Escrow Holder**"). Authority and Developer are sometimes referred to herein, individually as a "**Party**" and collectively, as the "**Parties**".

R E C I T A L S:

A. **The Site.** The Authority is the owner of approximately 157 gross acres of real property located in the City of Carson, as shown on the Site Map attached hereto as **Exhibit A** (the "**Site**" or "**157 Acre Site**"), known as the former Cal-Compact Landfill. The 157 Acre Site is divided into five (5) cells as shown on **Exhibit A** attached hereto and incorporated herein (each a "**Cell**"), each of which must be wholly developed in a single phase. The 157 Acre Site has also been vertically subdivided into a surface lot (the "**Surface Lot**") and a subsurface lot (the "**Subsurface Lot**"), which lots are referenced as Parcel 1 (Subsurface Lot) and Parcel 2 (Surface Lot) of Parcel Map No. 70372 (per map filed in Book 377 Pages 76-89, inclusive, of maps in the Office of the County Recorder for Los Angeles County), as shown on **Exhibit B**, attached hereto.

B. **Environmental Conditions.** The 157 Acre Site was operated as a landfill prior to the incorporation of the City of Carson ("**City**") in 1968 and as a result, the 157 Acre Site has serious soil and groundwater contamination that requires substantial remediation in order to allow for any vertical development of the 157 Acre Site. Due to the fact that the 157 Acre Site is a former landfill site, on October 25, 1995, the California Department of Toxic Substances Control ("**DTSC**") approved a Remedial Action Plan ("**RAP**") for the upper Operable Unit portions of the 157 Acre Site, which RAP requires the installation, operation and maintenance of certain remedial systems, including a landfill cap, gas extraction and treatment system, and groundwater collection and treatment system on the Property (defined below) ("**Remedial Systems**"). In addition to the RAP, certain Consent Decrees were issued for the 157 Acre Site by DTSC in December 1995, October 2000, and January 2004 (which was entered into effective February 4, 2004), in order to resolve claims made regarding the resolution of the contamination issues afflicting the Site (the "**Consent Decrees**"), which still apply to the remedial obligations for the Site. In addition, the development of the 157 Acre Site is subject to the terms and conditions set forth in that certain document entitled Management Approach to Phased Occupancy (File No. 01215078.02), approved by DTSC in April 2018 (the "**MAPO**") and that certain letter regarding phased development matters, issued by DTSC to the Authority, dated October 17, 2017 (the "**Phased Development Letter**").

C. **Owner/DTSC Compliance Agreement.** In addition, DTSC entered into a Compliance Framework Agreement dated as of September 28, 2006, with the then-current property owner, Carson Marketplace LLC ("**CM**"), as amended by the First Amendment to Compliance Framework Agreement dated as of December 31, 2007 (as so amended, the "**CFA**") for the purpose of setting forth a plan for addressing the environmental condition of the 157 Acre Site, and the CFA required CM to establish financial assurance for implementation of the RAP, including long-term operation and maintenance ("**O&M**") of the Remedial Systems. The Authority acquired the Site from CM on May 20, 2015 and has taken over the responsibility for O&M of the Remedial Systems and the other obligations under the RAP. Based on the CFA, DTSC continues to have certain oversight rights concerning the development of the 157 Acre Site and agreements affecting the Remedial Systems continue to be subject to DTSC approval.

D. **Creation of the Authority.** The City determined that there were a number of former landfill and other sites with the need for remediation in the City, including the 157 Acre Site, and that a substantial need existed to establish an entity to perform such remediation and which could operate ongoing Remediation Systems, without putting City's general fund and taxpayer dollars at risk for such cleanup

expense. Accordingly, the City established the Authority as a joint powers authority under the provisions of the California Joint Powers Act (Govt. Code Sections 6500 *et seq*.), and on January 20, 2015, the governing boards of the City of Carson Housing Authority and of Community Facilities District 2022-1 and Community Facilities District 2012-2 approved a Joint Powers Agreement of the Carson Reclamation Authority for the formation of the Authority for the purpose of overseeing and facilitating the remediation of contaminated properties in the City (including the 157 Acre Site), and for the maintenance and potential development of same. Among the powers of Authority are to purchase, hold, sell, and improve real property, to appoint officers and employees, to enter contracts, to purchase insurance, to sue and be sued, and to construct, operate, and maintain Remediation Systems to alleviate soil contamination.

E. **Prior Environmental Review and Existing Entitlements**. The 157 Acre Site was originally entitled for development pursuant to The Carson Marketplace Specific Plan, approved on February 8, 2006, and amended on April 5, 2011 (as so amended, the "**Boulevards Specific Plan**"). The Boulevards Specific Plan was further amended on April 5, 2011, and on April 3, 2018, and renamed "The District at South Bay Specific Plan" (as so amended, the "**Specific Plan**"). An extensive environmental review process was previously undertaken pursuant to the California Environmental Quality Act (Public Resources Code §§ 21000 et seq., "**CEQA**") for the 157 Acre Site in connection with the approval of both the Boulevards Specific Plan and the existing Specific Plan (the "**Prior CEQA Review**"), which culminated in a Final Environmental Impact Report, dated February 8, 2006, an Addendum to the Final Environmental Impact Report dated March 2009, and a Supplemental Environmental Impact Report dated April 3, 2018 (collectively, the "**EIR**").

F. **Cell 2 Project.** After its creation in 2015, the Authority worked with various developers for the redevelopment of the entire 157 Acre Site and a number of development projects have been previously proposed on the Site, including the Boulevards mixed-use regional retail and entertainment project and a NFL Stadium. While those projects were ultimately abandoned, on September 6, 2018, the Authority entered into a Conveyancing Agreement (the "**CAM Agreement**") with CAM-CARSON, LLC ("**CAM**"), a joint venture between Macerich and Simon Property Group, for the disposition and development of a high-end fashion outlet center on Cell 2 of the 157 Acre Site known as the Los Angeles Premium Outlets project (the "**Cell 2 Project**"). In connection therewith, the City entered into a Development Agreement with CAM, dated September 6, 2018 ("**Cell 2 DA**"). Construction of the Cell 2 Project elements commenced in September 2018 with the initial construction of the Remedial Systems, grading and waste reconsolidation, installation of piles and pile caps, installation of vaults and under slab utilities and underground utility runs, and other sub-surface work. The Remedial Systems on Cell 2 were 80% completed as of December 2019 and were scheduled to be completed in March 2020. However, due to certain cost escalations resulting from unknown conditions on Cell 2 and other factors caused by CAM, the work has been halted to arrange additional funding, and vertical development of the Cell 2 Project has not yet commenced. In the meantime, on May 18, 2020, CAM filed a Complaint against the Authority and the City in the Los Angeles Superior Court, seeking repayment of funds it claims to have invested in the Cell 2 Project. The Authority and City vehemently dispute the claims by CAM in the Complaint and those parties are in the process of litigating the matter ("**CAM Litigation**").

G. **Potential Cell 1 Development.** On October 25, 2017, the Authority released a request for proposals ("**RFP**") for the development of Cells 1, 3, 4, and 5 of the 157 Acre Site and in that and subsequent cycles of soliciting proposals, Authority received some twenty developer proposals. As a result of that 2017 process, Grapevine Development, LLC ("**Grapevine**") was ultimately selected to enter into exclusive negotiations with the Authority for the development of Cell 1. Thereafter, negotiations with Grapevine commenced pursuant to that certain Exclusive Right to Negotiate Agreement, dated November 20, 2018, between Grapevine and the Authority (the "**Grapevine ENA**"), however, the Grapevine ENA ultimately expired without any final agreement or approval of a project proposal from Grapevine.

H. **Remainder Cells.** As previously stated in Recital G, the Authority went through several cycles of soliciting development proposals which would meet the requirements of the Specific Plan for Cells

3, 4, and 5 on the 157 Acre Site (collectively, the "**Remainder Cells**"; the portion of the Remainder Cells comprising the Surface Lot, together with all of the additional easements and related rights described in Section 1.2 below, is collectively referred to herein as the "**Property**"), which consists of approximately 96 acres (74.7 net useable acres). A wide variety of proposals were considered but did not reach the stage of a development agreement. The most recent process commenced on October 3, 2019, when the Authority publicly issued a new Invitation to Propose. Following receipt of seven development proposals from various development teams (including Developer), multiple interviews and negotiations with each of the teams, Developer was selected by the Authority to go forward to negotiate a potential development project on the Property, subject to the terms and conditions of this Agreement. Developer has proposed to build a new development on the Property, consisting of an approximately 13-acre park with food and beverage uses, potential exhibition and/or museum space, and potential hotel space, and a major industrial/fulfillment center with uses including logistics, e-commerce, supply distribution and warehousing (such proposed project is more particularly described in **Exhibit D** and a preliminary proposed site plan is shown on **Exhibit D-1**, and is referred herein as the "**Project**"). While these key elements are defined, it will be refined cooperatively with input from the consultant team and the City/Authority. This may require an amendment to the Specific Plan and General Plan, and if so would require environmental review under CEQA and modifications to the EIR (which may consist of an addendum or supplement depending on the scope and scale of the potential environmental impacts of the Project as will be analyzed under an Initial Study prepared by the City, as described and detailed below).

I. **Option.** To allow Developer to market the Property to tenants and identify viable land uses to be reflected in the Project, Authority desires to grant to Developer an option to acquire the Property and Developer desires to acquire such option in accordance with and subject to the terms and conditions of this Agreement. The Parties acknowledge the unique constraints to developing the Property and that only a private-public partnership is likely to succeed. This is demonstrated by the following:

1. DTSC approved the RAP in 1995 but the Remedial Systems are still incomplete 25 years later.

2. City/Authority (the "**City Parties**") have entered into agreements with numerous different developers since the first agreement with L.A. MetroMall in the 1990s, but none of these projects have gone forward, each derailed by the extraordinary remediation costs, the Great Recession, and/or the end of redevelopment agencies in California.

3. For the 42-acre Cell 2, the remediation cost was originally estimated to be $43.7M in 2018 and most recently was estimated to be over $76M, an increase of almost 74% in less than 2 years.

4. The City previously relied upon its redevelopment agency ("**Carson RDA**") to finance the remediation of the 157 Acre Site, and entered an Owner Participation Agreement with Carson Marketplace, LLC (the then-developer) in 2005 with a financing plan for the remedial work to be provided by the Carson RDA. In 2011, under the Dissolution Act (ABx1 26), redevelopment agencies, including the Carson RDA, were dissolved and this funding has since been eliminated.

5. In light of this history and these many financial obstacles to completing a feasible project on the Property, only a strong private public partnership will be able to accomplish a project that will address the Site constraints and the unique changes in the marketplace which have occurred in the past and are likely to occur in the coming years over which the Project will be built.

J. **Authority Board Approval.** The Authority's Board held a meeting on _____2020, and considered the views of Authority staff and the public, and reviewed the terms and conditions of this Agreement in draft form, and concluded that it is in the best interests of Authority and its constituent agencies to enter into this Agreement.

K. **Reimbursement Agreement / MOU.** On June 9, 2020, Developer, City and the Authority entered into that certain Deposit and Reimbursement Agreement ("**Reimbursement Agreement**"), which provides for the terms and conditions of the various deposits and payments Developer is required to make to the City/Authority as more particularly provided therein. In addition, the terms and conditions contained herein with respect to Developer's option right are generally described in the Memorandum of Understanding Outlining Major Deal Terms for Option Agreement the Parties entered into on June 9, 2020 (the "**MOU**").

L. **Role of the City.** The City has no real property interest in the 157 Acre Site, which is wholly owned by Authority, and the City is not a party to this Agreement. However, in order to effectuate the transactions contemplated herein, the City will enter into certain documentation with the other Parties, as set forth herein. The City possesses the legal authority to regulate the zoning of the 157 Acre Site, to approve any modifications to the General Plan designation and Specific Plan governing the Site, to approve development agreements, all pursuant to state law, and to undertake environmental review and approve mitigation programs under CEQA. In addition to regulatory authority, the City will need to provide public infrastructure and services to the 157 Acre Site, including streets, sidewalks, parkways, sewer, water, drainage, lighting, and other utilities, and must assure accessibility to the 157 Acre Site. City will contract with Authority to perform and construct such Infrastructure Improvements (as particularly defined below) as the City will not conduct any of these tasks on the 157 Acre Site given its contaminated nature (which was a purpose for creating the Authority).

A G R E E M E N T S:

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the Parties hereto agree as follows:

TERMS AND CONDITIONS:

1. GRANT OF OPTION.

1.1 **Option.** The Authority hereby grants to Developer the following described options ("**Option(s)**"), subject to the terms and conditions of this Agreement to (i) acquire the Property pursuant to a Grant Deed in the form attached hereto as **Exhibit C** ("**Grant Deed**") and enter into or effectuate the Option B Documentation subject to the terms and conditions in this Agreement ("**Option A**"), or (ii) in the event of an Option B Trigger (as defined below), enter into and/or effectuate the Option B Documentation (as defined below) with the Authority (and City, to the extent applicable) to effectuate Developer's second Option ("**Option B**"). In the event the City/Authority approves of Developer's Required Approvals and Developer's Conditions Precedent are satisfied or waived as set forth in Section 8.1 (Option A), Developer agrees to acquire the Property pursuant to the Grant Deed, and to Close on the acquisition of the Property from the Authority in its AS-IS condition without representations or warranties, except that the Authority hereby represents and warrants that the Authority owns the Property in fee simple title, free and clear of any encumbrances other than those shown of public record, and that Authority has (or will have, following the Required Approvals (as defined below)) the requisite power to sell and dispose of the Property to Developer. Notwithstanding anything to the contrary herein, Developer's acquisition of the Property and the development of its proposed Project shall be subject to the terms and conditions set forth in **Exhibit E**, attached hereto and incorporated herein.

As used herein, the term "**Option B Trigger**" means (i) the City Council's failure to consider at a public hearing, the Project and its Entitlements and its required CEQA Approvals after initial submittal or Re-Processing (defined below) by Developer; (ii) the City Council disapproves the Project (or its Entitlements or CEQA Approvals) but fails to identify actions in its disapproval which would address the reasons for the disapproval; (iii) the City Council's approval of a project substantially different from the Project (as described herein); (iv) the Required Approvals (as defined below) are reversed through Final Adverse Judgment (defined below) and Developer submits an application for Re-Processing, but the City

Council fails to consider the Re-Processing; or (v) if after Re-Processing of the Project, the Project is denied by the City Council or Final Adverse Judgment. Any of the foregoing shall be deemed a Default (as defined below); provided, that any such Default shall be excused by an uncured material default of Developer. Notwithstanding the foregoing, an Option B Trigger shall not be deemed to have occurred in the event of any uncured material default by Developer under this Agreement or under the Reimbursement Agreement, past applicable notice and cure periods, and Option B shall not be effectuated until Developer has given the Option B Closing Notice, as provided in, and subject to the terms and conditions of, Section 8.2.

1.2 Rights Included in Option. Developer's acquisition of the Property pursuant to Option A shall include (i) all permits, licenses, authorizations, consents, approvals and certificates relating to the Property, to the extent assignable from Authority to Developer, and (ii) all rights, privileges, easements, rights-of-way and appurtenances used or connected with the beneficial use or enjoyment of the Surface Lot of the Remainder Cells, including without limitation, development rights, and air rights. Such easements shall specifically include, but shall not be limited to, the following:

a. Subjacent Support Easement. A nonexclusive perpetual easement over the Subsurface Lot of the Remainder Cells to a level 500 feet below the upper surface thereof, for support for the Project and the Surface Lot of the Remainder Cells, which shall permit the Remedial Systems and any other uses not inconsistent with subjacent support of the Project.

b. Utility Easements. Nonexclusive perpetual easements for the delivery of water, gas, electricity, telephone, cable, fiber optic and other communications services and utilities, and the removal and drainage of sanitary waste and stormwater, located in the Subsurface Lot of the Remainder Cells and in/on the other portions of the 157 Acre Site, to connections to such facilities in the public streets or other publicly-owned locations.

c. Subsidence Easements. A nonexclusive perpetual easement to permit encroachment of parking lot and similar improvements into the Subsurface Lot of the Remainder Cells by virtue of compaction and subsidence of soils and other materials underlying the Cell 2 Surface Lot of the Remainder Cells, as depicted on **Exhibit F**, attached hereto.

d. Embankment Access. A nonexclusive perpetual easement to access, erect, maintain, power, repair and replace the Pylon Sign (as defined in **Exhibit E**) installed on the Embankment (i.e., the 2,200-foot-long I-405 embankment, shown as the "Embankment Lot" on Exhibit D, attached to the Grant Deed).

1.3 Good Faith. During the Term of this Agreement, the Parties agree to work together and negotiate reasonably, diligently, and in good faith the Option A Documentation and Option B Documentation (each as defined below) in order to effectuate the transactions contemplated herein, all of which shall be subject to the rules, regulations, standards, and criteria set forth in the City's General Plan, the Specific Plan, and the City's zoning and land use regulations (which may require amendment or other modification to accommodate Developer's proposed uses).

2. EFFECTIVE DATE; OPENING OF ESCROW; TERM OF OPTION.

2.1 Effective Date. This Agreement shall be deemed effective upon execution of the Agreement by the Authority after the approval by the Authority's Board as required by law ("**Effective Date**"). Prior to the scheduled agenda date for review by the Authority's Board, Developer shall deliver to Authority three (3) originally executed copies of this Agreement.

2.2 Release of Escrow Deposit to Authority. Pursuant to the terms and conditions of the Reimbursement Agreement, Developer previously deposited the amount of (i) $1,750,000 ("**Escrow Deposit**") with Escrow Holder, (ii) $50,000 with the Authority, and (iii) $200,000 with the Authority, to pay

for City Costs (as defined in the Reimbursement Agreement). Within three (3) days following the Effective Date, Escrow Holder shall release the entire Escrow Deposit to the Authority (which funds may be transferred to the City to pay for the City's City Costs) to be used for payment of anticipated future City Costs, subject to the terms and provisions of the Reimbursement Agreement. To the extent that the terms and provisions of this Section conflict with or contradict any of the terms and provisions of the Reimbursement Agreement, the terms and provisions of this Section shall control.

2.3 Opening of Escrow. The Parties have opened (or shall open within one day following the Effective Date) an escrow ("**Escrow**") with Escrow Holder by causing an executed copy of this Agreement to be deposited with Jessica Avila, Escrow Officer at Fidelity National Title Insurance Company, 555 South Flower Street, Suite 4420, Los Angeles, CA 90071, (213) 452-7132; jessica.avila@fnf.com or maja@fnf.com, which Escrow Holder shall sign and accept (solely with respect to the provisions binding upon Escrow Holder herein). Escrow shall be deemed opened ("**Opening of Escrow**") upon Escrow Holder's receipt of a fully executed copy of this Agreement following the Authority's Board approval of this Agreement. The Escrow shall be used for both the First and Second Advance and ultimately the conveyance of title and Closing described in Section 5.

2.4 Term; Extensions to the Term. The "**Term**" of this Agreement shall commence on the Effective Date and shall expire twenty-four (24) months thereafter; provided, however, that if Developer requires additional time to process the Project, Required Approvals, except as the Term may be tolled as provided in Section 4.4 below to resolve any Challenge Litigation (as defined below) and/or Re-Process the Project, Developer may request an extension of the Term by written request to the Authority, and so long as Developer is proceeding with due diligence in good faith with respect to such actions, the Authority's Executive Director shall grant one or more extensions of the Term of up to 360 days cumulatively. Any additional extensions to the Term shall be subject to the approval of the Authority Board. The Parties acknowledge that the number of days in the Term represents their current estimate of the time required in order to conclude the activities described herein (including Developer's receipt of the Required Approvals).

3. OPTION CONSIDERATION; PAYMENTS BY DEVELOPER; COLLATERAL AND SECURITY; DOCUMENTS & SUBDIVISION; CERTAIN OTHER CLOSING REQUIREMENTS.

3.1 Option Consideration. The "**Option Consideration**" for the Property is Forty-Five Million Dollars ($45,000,000), which shall be deposited into Escrow and paid to the Authority as set forth in Section 3.2. The Option Consideration, together with all other material consideration provided herein in favor of the Authority for its agreement to the terms and provisions of this Agreement constitute material consideration to the Authority (without which it would not otherwise enter into this Agreement), which consideration is more particularly described herein, and includes, without limitation, Developer's acknowledgment that if the Required Approvals are received, it shall be obligated to acquire the Property pursuant to the Grant Deed and enter into the Option A Documentation for the development of the Project.

3.2 Payment of Option Consideration and Related Collateral and Security.

a. First Advance. Within three (3) days of the approval of this Agreement by the Authority's Board, Developer shall deliver a deposit into Escrow Holder in the amount of Twenty Million Dollars ($20,000,000) ("**First Advance**"). The First Advance shall be applicable to the Option Consideration (for Option A and, if applicable, Option B), and shall be released by the Escrow Holder and delivered to the Authority within five (5) days following the Authority Board's approval of this Agreement, provided that the Parties have deposited into Escrow this Agreement and the following documentation:

(i) An executed Agreement to Grant Development Impact Fee Credit Agreement and for Construction of Public Infrastructure made by the Authority and City in favor of Developer ("**DIF Agreement**"), which provides for, among other things, a transferable credit to Developer in the amount of $20,000,000 ("**DIF**

Credit") against any development impact fees for any project which may be undertaken by Developer or any other developer of a project in the City of Carson; and in exchange for which Authority will agree to use the $20,000,000 of proceeds solely to construct the public infrastructure required for the Project on behalf of the City and complete its current obligations under the CAM Agreement, as provided in the DIF Agreement.

Each Party agrees to promptly execute and deliver any documents requested by Escrow Holder to effect the release of the First Advance as specified herein.

b. **Second Advance**. No later than five (5) days of the Opening of Escrow, Developer shall deliver a deposit into Escrow in the amount of Twenty-Five Million Dollars ($25,000,000) (the "**Second Advance**", and together with the First Advance, the "**Advance**" or "**Advances**"). The Second Advance shall be applicable to the Option Consideration (for Option A and, if applicable, Option B), and shall be released by the Escrow Holder and delivered to the Authority following Escrow Holder's receipt of the following documentation, which the Parties shall deposit into Escrow within sixty (60) days following the Effective Date:

(i) A copy of the recorded CoC in accordance with Section 3.8, evidencing that the Property has been subdivided for purposes of the Subdivision Map Act as a separate legal parcel.

(ii) A promissory note executed by the Authority in favor of Developer in the aggregate principal amount of $25,000,000 which provides for interest at a rate of three percent (3%) annually (the "**Second Advance Promissory Note**"). ***Upon the release of the Second Advance to Authority, Escrow Holder shall simultaneously release and deliver the Second Advance Promissory Note to Developer.***

(iii) A fully executed and acknowledged deed of trust by the Authority sufficient for recordation in the Official Records, encumbering the Property (the "**Deed of Trust**") to secure the Second Advance Promissory Note. ***Upon the release of the Second Advance to Authority, Escrow Holder shall simultaneously record the Deed of Trust against the Surface Lot of the Remainder Cells in the Official Records.***

(iv) A fully executed and acknowledged Covenant Agreement made by the City and Authority in favor of Developer which provides for the City's/Authority's cooperation with a future revision to the legal description in order to ensure the legal description conforms to Developer's (or its successor's / assign's) project ("**Covenant Agreement**"), sufficient for recordation in the Official Records. ***Upon the release of the Second Advance to Authority, Escrow Holder shall simultaneously record the Covenant Agreement against the Surface Lot of the Remainder Cells in the Official Records.***

(v) A draft of the Insurance Administration Agreement, by the Authority, substantially in the form attached hereto as **Exhibit J**.

(vi) All necessary reconveyance, release and termination documentation for the Deed of Trust and Covenant Agreement (sufficient for recordation in the Official Records) and the Second Advance Promissory Note (collectively, the "**Release Documentation**").

(vii) To the extent not previously provided, a draft of the License Agreement (defined below).

Each Party agrees to promptly execute and deliver any documents requested by Escrow Holder to effect the release of the Second Advance as specified herein provided that the conditions precedent in this subsection have been first satisfied.

c. **Good Funds.** All funds deposited in Escrow by Developer shall be in "Good Funds" which means a wire transfer of funds, cashier's or certified check drawn on or issued by the offices of a financial institution located in the State of California.

3.3 **Use of Advances**. The Advances are primarily intended to be used to continue the performance of constructing the Remedial Systems on Cell 2, but for such project to proceed, CAM, or another developer, will need to cooperate. To facilitate that objective, Authority shall have the right to (i) use the Advances to pay for prior unpaid obligations with respect to the Site, including the costs of the Remedial Systems and other site development improvements, (ii) to proceed with the Cell 2 Project with CAM or to select an alternative developer for Cell 2 and use the funds for the Cell 2 Project (all subject to CAM's rights under the CAM Agreement),and/or (iii) utilize the Advances for costs of work/improvements that directly benefit the development of the Site, such as the Infrastructure Improvements/Offsite Improvements. The foregoing is subject to two conditions (x) in the event an alternative developer is selected for the Cell 2 Project, Developer shall be given a first right of negotiation to be selected as the developer for the Cell 2 Project, and (y) up to $5,000,000 of said Advances shall be allowed for soft costs of the Authority/City regarding the Site, including $2,500,000 for Authority/City incurred attorneys' fees. The withdrawal of the Advances from Escrow by the Authority shall be subject to the express limitation that no portion of the Advances will be used to pay for any costs or expenses associated with the CAM Litigation or paid to CAM in the CAM Litigation or as part of a settlement thereof, unless the CAM Litigation is settled and the Cell 2 project proceeds with CAM or another developer, subject to the reasonable good faith approval of Developer. Authority shall keep an accounting of all such costs paid out from the Advances and shall provide to Developer a summary of expenditures made from the Advances for the above-described costs within thirty (30) days of receipt of a written request therefor from Developer; provided that such request shall not be made more than once during any three (3) month period.

3.4 **Payment of Remainder Cell Carry Costs**.

a. Developer shall continue to reimburse one hundred percent (100%) of the Authority's monthly Carry Costs attributable to the Remainder Cells (i.e., its proportional share based on the acreage of the Remainder Cells, approx. 96 acres, in relation to the overall Site acreage, 157 acres), in connection with, among other things, O&M for the Remedial Systems installed on the Site (the "**Carry Costs**", which include the costs of maintaining the Site and operating the Remedial Systems, plus utilities, DTSC oversight and similar expenses), which costs fluctuate monthly but have been generally running at approximately $200,000 to $446,000 per month for the overall 157 Acre Site; provided, however, that in no event shall Developer be obligated to pay more than $250,000 per month or $6,000,000 in the aggregate during the initial Term of the Option Agreement to satisfy its obligations with respect to Carry Costs (and in the event of an extension of the Term, the Parties shall re-negotiate Developer's obligation for the Carry Costs based on the average monthly cost amount of the Carry Costs incurred by the Authority at such time) (the "**Carry Costs Cap**"). Developer shall make monthly reimbursements of the Carry Costs attributable to the Remainder Cells within ten (10) days following the Authority's Notice and delivery of an invoice (with supporting documentation) therefor to Developer. This reimbursement responsibility is

independent from Developer's responsibility for the City Costs (as defined in the Reimbursement Agreement) and the use of the Deposits (as defined in the Reimbursement Agreement) to pay for same. Subject to Section 3.4(c) below, Developer shall continue to be responsible for the Carry Costs attributable to the Remainder Cells during the period of any Challenge Litigation and/or Re-Processing.

b. On or before three (3) days following the Effective Date, Developer shall be required to deposit with the Authority the amount of $912,974 (as reimbursement for the Carry Costs attributable to the Remainder Cells between March 9, 2020 (the date on which the Authority Board gave approval for staff and its attorneys to negotiate and prepare the Option Agreement with Developer) and the effective date of the MOU (i.e., June 9, 2020), consisting of $316,789 for March 2020 (prorated for the partial month), $194,873 for April 2020, $203,576 for May 2020, and 197,736, for June 2020.

c. Following the approval of the Entitlements (even if subject to Challenge Litigation), Developer shall continue to be responsible for paying the Carry Costs.

d. In the event that Developer does not promptly reimburse the Authority for its Carry Costs as required herein, the Authority and/or the City (as applicable) may immediately cease all work related to or concerning the Project or the transactions contemplated under this Agreement and may take such further action as the Authority and/or the City (as applicable) deem appropriate, including exercising the remedies specified herein.

3.5 Developer Covenants Running with the Land. Prior to the expiration of the Term (as defined in Section 6.1), Authority and Developer shall negotiate and finalize for approval by the Authority Board, a Declaration of Covenants, Conditions and Restrictions, encumbering the Property (the "**CC&Rs**"), which shall run with the land and bind successors and assigns in perpetuity. Portions of the CC&Rs may also bind the entire 157 Acre Site and/or be set forth in a separate covenant agreement (the "**157 Acre Covenants**") and must be consistent with the covenants prepared by the Cell 2 developer for the 157 Acre Site. The CC&Rs and/or 157 Acre Covenants shall contain provisions addressing (i) the matters described in **Exhibit E** attached hereto; (ii) covenants for construction and completion of the proposed Project in accordance with the terms of this Agreement and the Development Agreement; (iii) maintenance, use, and operational covenants; (iv) the easements and other related covenants necessary for the Authority to operate Remedial Systems; (v) provisions that proscribe and mandate the manner in which the Authority is obligated to deploy and use the Advances for the improvement and benefit, either directly or indirectly, of the 157 Acre Site, including, but not limited to the payment of infrastructure costs and the cost of the Remedial Systems; and (vi) other matters described in this Agreement that are intended to bind successors and assigns of the Parties, including the allowance of the Authority to reacquire the Property at no cost to the Authority if Developer fails to develop the Property with its proposed Project. Both the CC&Rs and 157 Acre Covenants shall contain appropriate market and commercially reasonable lender-protective provisions and typical language required by cities/local agencies to enforce their covenants, and the Parties shall negotiate in good faith to finalize the terms, conditions and form of the CC&Rs and 157 Acre Covenants in advance of the Closing. The CC&Rs and 157 Acre Covenants are in addition to any existing covenants or conditions on development encumbering the 157 Acre Site in favor of the State of California (and DTSC) relating to environmental matters, and shall include the covenants required by the City pursuant to the Development Agreement.

3.6 Development Agreement. Commencing on the Effective Date, Developer and City staff shall prepare and negotiate in good faith a Development Agreement in accordance with Sections 65864 et seq. of the Government Code (the "**Development Agreement**") and in form and content substantially consistent with the Cell 2 DA; provided, however, that City staff shall have the sole right to determine the final form and terms of the Development that is ultimately presented to the City Council for approval. Notwithstanding anything to the contrary herein, the City Council shall have ultimate and sole discretion, in

the exercise of its police powers, to approve or deny the Development Agreement. The City Council's approval of the Development Agreement shall be a condition precedent to the consummation of the transfer of the Property to Developer under Option A. Promptly following approval by the City Council (if so given), both Parties must execute, acknowledge and deliver the Development Agreement into Escrow for recordation at the Closing.

3.7 Documents. If either (i) Developer does not acquire the Property; or (ii) Developer does acquire the Property but fails, following the applicable notice and cure period, to develop the Property with its proposed Project and thereafter, the Authority reacquires the Property pursuant to terms of the CC&Rs, then Developer shall provide to the Authority copies of all contracts, agreements, plans, specifications, reports, investigations and any other documents related to its proposed development of the Property ("**Documents**") at no cost to the Authority and the issuer or creator of the respective Documents shall consent in writing to allow Authority to use same; provided however, that Developer (and the applicable issuer or creator) shall not be subject to liability for errors or omissions in the Documents. The term "Documents" shall not include any financial information or any documents which are attorney-client privileged. This obligation shall survive termination of this Agreement for any reason.

3.8 Subdivision of Remainder Cells.

a. While the 157 Acre Site has been vertically subdivided into a Surface Lot and a Subsurface Lot, as shown in Subdivision Map No. 70372, the Surface Lot of the Remainder Cells has not yet been subdivided into a legally developable parcel. Developer has commenced to prepare a legal description of the Surface Lot of the Remainder Cells (the "**Legal Description**"), which shall require the City to confirm such Legal Description pursuant to a Certificate of Compliance ("**CoC**") so long as the Legal Description is legally sufficient for issuance of the CoC. Developer must submit the Legal Description to the City for confirmation pursuant to a CoC within three (3) days following the Effective Date hereof.

b. In the event Option A is effectuated, Authority and Developer shall mutually work together in good faith to adjust the horizontal and vertical subdivision lines separating the Surface Lot of the Remainder Cells from horizontally and vertically adjoining lots so as to match the final design of the Project, at Developer's sole cost and as reasonably necessary to match the final Project design (the "**Subdivision**").

c. In the event Option B is effectuated, pursuant to the Covenant Agreement, Developer and the Authority shall be required to adjust the boundaries of the Surface Lot of the Remainder Cells and modify the Legal Description to facilitate delivery of the final site plan to Developer, which the City shall cooperate with and issue a CoC for as set forth in the Covenant Agreement. Such adjustments shall adjust the vertical lot line between the Subsurface Lot of the Remainder Cells and the Surface Lot of the Remainder Cells to the bottom of the Project's foundation slab.

3.9 License Agreement. In order to enable Developer to perform its construction and maintenance obligations for the Project with respect to the Remedial Systems, BPS, and Site Development Improvements as set forth in **Exhibit E**, the Authority shall grant to Developer a license for access to the Subsurface Lot of the Remainder Cells and other portions of the Site pursuant to a License Agreement ("**License Agreement**"). The Authority and Developer shall negotiate in good faith and finalize such License Agreement for approval by the Authority Board prior to the Closing.

3.10 Entitlements; Reservation of City's and Authority's Discretionary Authority. Developer acknowledges and agrees that the City and Authority have not yet determined the full scope or scale of the environmental review that will be required for the Project pursuant to CEQA. The City Council and Authority Board shall have full discretionary approval over (i) the development of the Project, (ii) the

Entitlements (as defined in **Exhibit D**), (iii) the Development Agreement, and (iv) CEQA Approvals (collectively, the "**Required Approvals**"), which Required Approvals shall be deemed granted upon the Authority Board's and City Council's formal approval following the expiration of all applicable statutory periods for the initiation of Challenge Litigation (defined below); however, if such Challenge Litigation is successful (following any applicable appeals), the Required Approvals shall not be deemed granted unless and until a successful defense and/or Re-Processing has occurred as set forth in Section 4.5, and if ultimately denied by the City Council or Authority Board, shall be deemed unapproved and the terms and provisions for effectuating Developer's Option B shall be implemented. The Authority's execution of this Agreement is merely intended to enable Developer to perform diligence on the Property and prepare a specific project concept for the City's and Authority's review and approval, reserving full and final discretion and approval by City and the Authority as to the proposed disposition of the Property and all proceedings and decisions in connection therewith, including, without limitation, any and all required environmental review and approvals under CEQA. As to any matter which City or the Authority is legally entitled to exercise its discretion with respect to the Project, nothing herein shall obligate City or the Authority to exercise its discretion in any particular manner, and any exercise of discretion reserved hereunder or required by law is not a waiver of the City's or the Authority's police powers and shall not be deemed to constitute a breach or default by the City or the Authority under this Agreement. While this Agreement contemplates a range of possible uses for the potential development of the Property, review of possible impacts posed by some development would be premature until the development concepts are narrowed into a specific development proposal by Developer.

3.11 Infrastructure Improvements. In the event of a Closing under Option A, Authority shall provide certain public infrastructure and services to the 157 Acre Site, including streets, sidewalks, parkways, sewer, water, drainage, lighting, and other utilities, and must assure accessibility to the 157 Acre Site (defined as the Infrastructure Improvements in **Exhibit E**). A complete list of the Infrastructure Improvements and the timing for installation/completion thereof is set forth on **Exhibit K** attached hereto and incorporated herein by this reference. While such improvements are typically performed by the City, the City will contract with Authority to perform and construct such Infrastructure Improvements to avoid any City liability for the remediation of the 157 Acre Site which was a purpose for creating the Authority.

3.12 Development Impact Fees. In the event of a Closing under Option A, all development impact fees (as described below) paid by Developer in connection with the Project shall be set aside and reserved by the City or Authority (as applicable) for the purpose of supplementing the Authority's ability to pay **O&M** costs relating to the 157 Acre Site until Cell 1 or Cell 2 has been developed and the Community Facilities District No. 2012-1 is generating sufficient income to pay the entirety of such O&M costs.

4. DUE DILIGENCE; ENTITLEMENTS; CHALLENGE LITIGATION; CLOSING SCENARIOS.

4.1 Due Diligence. The Authority has previously provided or made available to Developer certain documents and information in its possession and control concerning the Property including, among other documentation, the EIR, the Specific Plan, the Cell 2 Project Agreements entered into between the Authority or the City and CAM, certain financial and cost estimates related to the Remedial Systems, subsurface elements, and street infrastructure work (however the same has been provided without warranty or representation as to accuracy or completeness by the Authority); and the Authority agrees to provide to Developer any other documentation requested by Developer regarding the 157 Acre Site until the Closing so long the same is in its possession and not subject to confidentiality or attorney-client privilege requirements (the "**Due Diligence Materials**"). Commencing on the Effective Date, but subject to any and all required DTSC requirements / approvals and Developer's compliance with the Safety Plan (defined below), Developer shall have the right (at its cost), subject to the terms and conditions of Section 4.2 below, to conduct such engineering, feasibility studies, soils tests, environmental studies and other investigations as Developer may desire, in order for Developer to understand the scope and extent of the potential remediation and environmental costs associated with the development of the Property, however, any such diligence investigations shall not impact Developer's acknowledgement and agreement that it is required to acquire the

Property as set forth in Sections 1 and 4 so long as Developer receives its Required Approvals and no Challenge Litigation is filed or, if filed, is favorable resolved for Developer. Notwithstanding anything to the contrary herein, Developer's due diligence investigations of the Site cannot include any intrusive or destructive due diligence work, such as digging or boring or similar activities, prior to DTSC approval of a formal work plan together with provision to the Authority of the insurance policy certification set forth in Section 7.2.

4.2 Right to Enter the Property. Prior to entry onto the Property, and subject to the terms and conditions of Section 4.1, Developer shall (i) notify the Authority the date and purpose of each intended entry together with the names and affiliations of the persons entering the Property; (ii) conduct all studies in a diligent, expeditious and safe manner and not allow any dangerous or hazardous conditions to occur on the Property during or after such investigation; (iii) comply with all applicable laws and governmental regulations, including the Safety Plan; (iv) keep the Property free and clear of all materialmen's liens, *lis pendens* and other liens arising out of the entry and work performed under this provision; (v) maintain or assure maintenance of workers' compensation insurance (or state approved self-insurance) on all persons entering the Property in the amounts required by the State; (vi) provide to the Authority prior to initial entry a certificate of insurance evidencing that Developer has procured and paid premiums for an all-risk public liability insurance policy written on a per occurrence and not claims made basis in a combined single limit of not less than THREE MILLION DOLLARS ($3,000,000) which insurance names the Authority as an additional insured; and (vii) obtain DTSC approval for any investigations / invasive testing proposed to be performed on the Remainder Cells and provide the Authority with a copy of DTSC's approval for any investigatory work proposed to be performed by Developer (or its contractors or sub-contractors) on the Property. Developer shall return the Property to substantially its original condition following Developer's entry. Following Developer's entry, Developer will, upon written request by Authority, provide the Authority with all copies of all studies, surveys, reports, investigations and other tests derived from any inspection; and Developer shall take the Property at Closing subject to any title exceptions caused by Developer exercising this right to enter. Any such entry and investigations undertaken by Developer shall be at Developer's sole cost and expense.

Developer agrees to indemnify, and hold Authority free and harmless from and against any and all losses, damages (whether general, punitive or otherwise), liabilities, claims, causes of action (whether legal, equitable or administrative), judgments, court costs and legal or other expenses (including reasonable attorneys' fees) which Authority may suffer or incur as a consequence of Developer's exercise of the license granted pursuant to this Section or any act or omission by Developer, any contractor, subcontractor or material supplier, engineer, architect or other person or entity acting by or under Developer with respect to the entry upon the Property during the Term of this Agreement, excepting any and such claims that arise out of the negligence or misconduct of Authority and any claims that are attributable to the mere discovery of preexisting conditions on the Property, except to the extent that Developer or any contractor, subcontractor or material supplier, engineer, architect or other person or entity acting by or under Developer with respect to the entry upon the Property exacerbates such preexisting condition. Developer's obligations under this Section shall survive termination of this Agreement for any reason for a period of one (1) year.

The Parties agree that breach of any Property entry or restoration conditions in this Section shall constitute a material breach of this Agreement, unless the transfer of the Property is consummated at Closing; provided, however, that the Closing shall not release Developer from any of the foregoing obligations.

Notwithstanding anything to the contrary herein, (i) Authority makes no representation or warranty concerning Developer's ability to perform the Project or of the viability of the Property for the proposed Project; and (ii) regardless of any information discovered by Developer through the Due Diligence Materials or its due diligence investigations of the Site or any other information obtained by Developer during the Term regarding the Remainder Cells, the Project, or the improvements required to be made by Developer for the construction of the Project (including, without limitation, the Remedial Systems, BPS, and Site Development Improvements (each as defined in Exhibit E)), which indicate the Property is not viable for the proposed Project, or that the costs of the constructing the

Project, along with the costs of the Remedial Systems, BPS, Site Development Improvements, Offsite Advances (and any other costs required of Developer hereunder such as the Carry Costs, costs of the Insurance Program, etc.) will make the Project uneconomical, Developer shall be obligated to Close on the acquisition of the Property regardless of such adverse information (so long as Developer receives the Required Approvals and Developer's Conditions Precedent have been satisfied (unless Developer is in material default of its obligations hereunder)) as provided herein. Developer's covenant hereunder, is material consideration for the Authority's execution of this Agreement and it would not enter into this Agreement but for this understanding of the Parties.

4.3 Entitlement Process.

a. **Commencement.** Within **forty-five (45) days** from the Opening of Escrow, Developer shall promptly apply for all Entitlements (as defined in **Exhibit D**) as well as any necessary approvals under CEQA for the Project, such as an addendum or supplement to the EIR (the "**CEQA Approval(s)**"). Developer shall diligently prosecute and pursue all applications and permits for the Entitlements and CEQA Approvals and shall promptly respond to the City's requests and the Authority shall cooperate with Developer's Entitlement and CEQA Approval processing requests. Developer shall pay all applicable fees to secure all Entitlements and CEQA Approvals for the proposed Project and Developer shall diligently and expeditiously pursue and process the Entitlements and CEQA Approvals through to completion.

b. **Entitlement Period.** Developer shall use commercially reasonable efforts to obtain all Entitlements and CEQA Approvals within **twelve (12) months** from the Effective Date ("**Entitlement Period**").

4.4 Challenge Litigation. If litigation is commenced challenging either the Authority's or the City's approvals with respect to this Agreement, the Project, the Entitlements, Development Agreement, CEQA Approvals, or any of the other Option A Documentation or Option B Documentation ("**Challenge Litigation**"), then each Party agrees to give the other Party written notice of such Challenge Litigation immediately after obtaining knowledge thereof, together with a copy to Escrow Holder notifying them of the delay to any anticipated Closing. Developer's obligation to defend the Challenge Litigation is further described in Section 13. Any Challenge Litigation shall toll the Term of this Agreement until commencement of a Re-Processing (as defined below). Notwithstanding anything herein to the contrary, in the event that Challenge Litigation is commenced but not resolved within four (4) years, then Developer shall have the right, in its sole and absolute discretion, to terminate this Agreement by written notice to the Authority, in which the event the Developer shall have the right to receive a repayment of the Advances and/or (to the extent portions of such Advances have been drawn down by the Authority and are not repaid by the Authority) the executed DIF Agreement, but Developer shall not be entitled to exercise its other remedies under Section 16.3 hereof (unless the repayment of the Advances by the Authority is in an amount less than $25,000,000).

4.5 Defense; Re-Processing.

a. **Defense to Final Judgment**. Developer shall defend any Challenge Litigation on its own behalf and on behalf of Authority and the City, at its sole cost and expense in accordance with the provisions of this Agreement to final nonappealable judgment of the highest court with jurisdiction over such Challenge Litigation (or expiration of the period in which to file an appeal without appeal having been filed). Except as set forth in this Section, neither Developer nor Authority / City may settle any Challenge Litigation without the consent of the other Party.

b. **Re-Processing**. Unless otherwise agreed to by the Parties, within one hundred twenty (120) days following either (i) a final nonappealable judgment of the highest court with jurisdiction over such Challenge Litigation (or expiration of the period in which to file an

appeal without appeal having been filed), which judgment sets aside approval of this Agreement, the Development Agreement, the Entitlements or any of the CEQA Approvals, or (ii) the City Council's formal disapproval of the Project, its Entitlements, the Development Agreement, CEQA Approvals, or other Option A Documentation, at a public hearing and the City Council identifies actions to correct such deficiencies (in each case, a "**Final Adverse Judgment**"), unless Developer has the right to terminate under Section 4.4, Developer must seek re-approval of the Project, its Entitlements, the Development Agreement, or CEQA Approvals (as applicable), with such modifications and additional CEQA analysis as are required to address the defects on which such Final Adverse Judgment is based ("**Re-Processing**" or "**Re-Process**"). In such event, Developer's application for Re-Processing shall address the defects identified by the court or City Council in the Final Adverse Judgment. Developer shall have the right to settle or comply with the judgment of any Challenge Litigation, in which event Developer shall have the right to submit its application within ninety (90) days after such settlement or confession of judgment, or one hundred twenty (120) days from the Final Adverse Judgment, whichever is longer, and shall address the defects alleged in such Challenge Litigation that survive such settlement or confession of judgment. If after such settlement or confession of judgment Developer fails to duly apply for Re-Processing as set forth herein, such failure shall be a default by Developer hereunder. In addition to the defense costs specified above, Developer shall pay all Authority/City costs of Re-Processing.

c. **Corrective Modifications**. The Project modifications and additional CEQA analysis, and the additional conditions and mitigation measures resulting from such additional CEQA analysis, that are required to address the defects on which such Final Adverse Judgment is based, or that Developer proposes to address the alleged defects in the Final Adverse Judgment are defined herein as the "**Corrective Modifications**". While Developer may propose Corrective Modifications, the ultimate determination of the Corrective Modifications will remain with the City Council. Corrective Modifications will include not only Project conditions or mitigation measures specifically required as a result of Final Adverse Judgment or settlement of such Challenge Litigation but also conditions or mitigation measures (i) which may not have been specified but are reasonably related and an environmental consequence of the specifically required conditions or measures, or (ii) new conditions or measures brought about by changes in the Project or the circumstances in which Project is undertaken.

d. **Effect of Changes to Project Approvals**. The Parties acknowledge that if the Challenge Litigation invalidates the approval of the Entitlements, CEQA Approvals or Development Agreement, then under applicable law both the City Council and the Authority Board will have full, unwaivable discretion to approve the Re-Processing, disapprove the Re-Processing (a "**Re-Processing Disapproval**"), or to approve a Re-Processing with such conditions and exactions conforming to applicable law as the approving body may then deem appropriate. In the event of a Re-Processing Disapproval, Developer shall have the right to effectuate Option B, subject to the terms and conditions of this Agreement.

5. CLOSING; FUNDS AND DOCUMENTS REQUIRED FROM THE PARTIES.

5.1 Option A Funds and Documents by Authority. On or before 12:00 noon at least one (1) business day prior to the Closing Date (defined in Section 6.2 below), Authority shall cause to be deposited with Escrow Holder such funds and other items and instruments (executed and acknowledged, if appropriate) as may be necessary in order for the Escrow Holder to comply with this Agreement, including without limitation (collectively, together with the Owner's Policy (defined below), the "**Option A Documentation**"):

a. The executed and acknowledged Grant Deed and such other documents as reasonably required by Title Company to effectuate the recordation of the Grant Deed and issuance of the Owner's Policy (such as a standard title affidavit).

b. The executed and acknowledged CC&Rs and 157 Acre Covenants (if any) in a recordable form.

c. The executed and acknowledged Development Agreement in a recordable form.

d. The Subdivision documentation set forth in Section 3.8.

e. Four (4) executed counterpart copies of the Insurance Administration Agreement.

f. Four (4) executed counterpart copies of the License Agreement.

g. If and to the extent required to allow Developer to develop and operate its proposed Project, three (3) executed copies of any reasonably required assignment or bill of sale assigning to Developer any contracts, warranties, or permits related to the Property, and conveying all right, title and interest of Authority in and to any approved materials that are located on the Property (other than stockpiled materials owned by the Authority or its contractors on the Property),all in a form approved by the Authority and Developer (the "**Assignment / Bill of Sale**").

h. A Non-Foreign Affidavit as required by federal law.

i. Such funds and other items and instruments as may be necessary in order for Escrow Holder to comply with this Agreement or to effectuate the Closing (such as any required transfer tax form, Authority's share of the Closing costs, reimbursements and adjustments pursuant to the terms of this Agreement).

5.2 Option A Funds and Documents by Developer. Developer agrees that on or before 12:00 noon at least one (1) business day prior to the Closing Date, Developer shall deposit with Escrow Holder all funds and/or documents (executed and acknowledged, if appropriate) which are necessary to comply with the terms of this Agreement, including without limitation:

a. An acceptance of the Grant Deed, in recordable form ("**Acceptance**").

b. The executed and acknowledged CC&Rs and 157 Acre Covenants (if any) in a recordable form.

c. The executed and acknowledged Development Agreement in a recordable form.

d. Four (4) executed counterpart copies of the Assignment / Bill of Sale, to the extent required to be executed by Developer.

e. Four (4) executed counterpart copies of the Insurance Administration Agreement.

f. Four (4) executed counterpart copies of the License Agreement.

g. A Preliminary Change of Ownership Statement completed in the manner required in Los Angeles County ("**PCOR**").

h. The executed and acknowledged Release Documentation.

i. Such funds and other items and instruments as may be necessary in order for Escrow Holder to comply with this Agreement or to effectuate the Closing (such as any required transfer tax form, Developer's share of the Closing costs, reimbursements and adjustments pursuant to the terms of this Agreement).

5.3 Option B Documents From Both Parties. Option B shall be effectuated in the event Developer is not in material default under this Agreement and an Option B Trigger event has occurred, following Developer's issuance of the Option B Closing Notice (the issuance of which is subject to the terms and conditions of Section 8.2). The following documents shall constitute the "**Option B Documentation**", which must be deposited into Escrow in accordance with Section 3.2:

a. The Deed of Trust and Covenant Agreement.

b. The Second Advance Promissory Note.

c. The DIF Agreement.

d. The Insurance Administration Agreement.

5.4 Recordation, Filing, Completion and Distribution of Documents. Escrow Holder shall confirm that any documents signed in counterpart are matching documents and shall combine the signature pages thereof so as to create fully executed documents (and may date any documents as of the date indicated by both Parties).

a. Option A Closing: Escrow Holder shall cause the (i) the Subdivision documentation, (ii) Grant Deed (with the Acceptance by Developer attached), (iii) the Development Agreement, (iv) the CC&Rs, (v) the License Agreement (or a Memorandum thereof), and (vi) the Release Documentation (collectively "**Recording Documents**"), to be recorded **in that order** so it can issue the Owner's Policy in accordance with Section 7.2. In addition, Escrow Holder shall release and distribute the Owner's Policy to Developer. Promptly following Close of Escrow, Escrow Holder shall distribute Escrow Holder's final closing statement and conformed copies of all Recording Documents and all other Option A Documentation to the Parties.

b. Option B Closing: Escrow Holder shall deliver the originals of the Option B Documentation to each of the Parties. Promptly following Close of Escrow, Escrow Holder shall distribute Escrow Holder's final closing statement to the Parties.

5.5 Closing Costs.

a. Option A: Authority shall pay (i) the premium for the Owner's Policy, including endorsements required to insure over any title matters that are not Permitted Exceptions (defined below), (ii) all documentary stamps and transfer taxes, (iii) all charges for any documents required to be recorded in connection with the cure or removal of any encumbrances on title that Authority is required hereunder to remove, and (iv) any other costs customarily paid by a seller in Los Angeles County, California. Developer shall pay (i) the premium for any additional title endorsements to the Owner's Policy that it may desire, (ii) the cost of any title endorsements which are not Authority's responsibility hereunder, (iii) all costs incurred in connection with financing the acquisition of the Property, and (iv) any other costs customarily paid by a buyer in Los Angeles County, California. Each Party shall bear the expense of its own counsel and consultants.

b. Option B: Each Party shall pay one-half of the Escrow Holder's costs and all fees and expenses in connection with the Escrow.

6. DETERMINATION DATE FOR REQUIRED APPROVALS; CLOSING DATE; TIME IS OF ESSENCE; EXTENSION AUTHORITY.

6.1 Determination Date on Required Approvals. The Parties shall mutually work in good faith to expeditiously prepare and finalize the Option A Documentation and associated Entitlement requests and CEQA Approval documentation necessary in order to bring forward such documentation to the Planning Commission (if required), and thereafter, the Authority's Board and City Council (as appropriate) for final review and approval of the proposed Project and the Option A Documentation. The date on which such documentation must be submitted by Developer to the City Council is referred to herein as the "**Project Submittal Date**" which must take place on or before **January 31, 2021**, which date shall be subject to extension by the Authority's Executive Director following a written request therefor by Developer and subject to the terms and conditions of Section 2.4. In the meantime, the Parties shall also mutually work in good faith to expeditiously prepare and finalize the Option B Documentation for execution in the event the Required Approvals are denied by the Authority Board or City Council. In the event the Authority Board or City Council refuses to conduct a public hearing on, or make a determination on, the Required Approvals on or before such outside date for determination, which outside date shall be the conclusion of the Term (or two years following the Effective Date) so long as the documentation necessary for the Required Approvals have been prepared by Developer and are in final form ready for official action by such date, and the Required Approvals shall be deemed denied and the Parties shall effectuate Option B (subject to the terms and conditions for the effectuation of Option B as described in Section 8.2), unless the Parties agree to extend such outside date for determination by the City Council or Authority Board.

6.2 Closing Date. Escrow shall promptly close either (a) following the Project Submittal Date and following City Council's determination on the Developer's Required Approvals (and following any Challenge Litigation and/or Re-Processing, if applicable) and the satisfaction of the conditions precedent set forth in Section 8, which must take place on or before the expiration of the Term, subject to extension pursuant to Section 2.4, or (b) following an Option B Trigger and Authority's receipt of Developer's Option B Closing Notice. The terms "**Close of Escrow**" and/or "**Closing**" are used herein to mean the time either (i) Option A: the Recording Documents are filed for recording by the Escrow Holder in the Official Records, or (ii) Option B: the time the Option B Documentation is subject to release and distribution to the Parties pursuant to the terms and conditions of this Agreement.

6.3 Possession. Upon the Close of Escrow under Option A, the Authority shall deliver exclusive possession of the Property to Developer.

6.4 Time is of Essence. The Parties specifically agree that time is of the essence under this Agreement.

6.5 Executive Director Authority. Authority, by its execution of this Agreement, agrees that the Executive Director of the Authority or his designee (who has been designated by Executive Director's written notice delivered to Developer and Escrow Holder) shall have the authority to execute documents on behalf of the Authority including, but not limited to, issuing approvals, disapprovals and extensions. Any such approval, disapproval or extension executed by the Executive Director or his designee shall be binding on Authority. Notwithstanding the foregoing, Executive Director or his designee may only grant extensions that cumulatively do not exceed one hundred eighty (180) days to the Term, and any longer period shall be by written amendment in accord with Section 2.4.

7. TITLE POLICY AND SURVEY.

7.1 Title; Survey Matters. Developer has been provided with a preliminary title report prepared by Fidelity National Title Insurance Company, 555 South Flower Street, Suite 4420, Los Angeles, CA 90071, Attention: Andrew G. Margo / Kim Abkin ("**Title Company**"), describing the state of title of the Property, together with copies of all exceptions listed therein and a map plotting all easements specified therein ("**Preliminary Title Report**"). A copy of the Preliminary Title Report is attached hereto as **Exhibit G**. Authority shall convey the Property to Developer subject only to the provisions described in Section 7.2 below (collectively, the "**Permitted Exceptions**").

Developer shall have the right from time to time to obtain, at its cost, updates, supplements and amendments to the existing survey of the Property (if any), or obtain a new survey of the Property (collectively, the "**Updated Survey**"). Developer and its surveyors, engineers and consultants are hereby granted a license to enter upon the 157 Acre Site for the purposes of conducting the Updated Survey, subject to, and in accordance with the terms and conditions of the Site Specific Health and Safety Plan ("**Safety Plan**") governing the Site, prepared by TRC Solutions, Inc. ("**TRC**"), a copy of which has been provided to Developer.

7.2 Title Policy.

a. If the conditions precedent for Option A occur (as set forth in Section 8 below), at the Close of Escrow, Escrow Holder shall furnish Developer with an ALTA owner's non-extended Policy of Title Insurance insuring title to the Property vested in Developer with coverage in the amount of the Option Consideration, containing only the exceptions to title which include the (i) the matters set forth in the Preliminary Title Report (except for those marked as "Excepted" or "Omitted" on Exhibit G); (ii) the Subdivision documentation; (iii) the CC&Rs, (iv) the Development Agreement; and (v) the continuing covenants in the Grant Deed ("**Owner's Policy**"). The cost of the Owner's Policy to Developer, including any endorsements reasonably required by Developer in order to insure over any title matters that are not Permitted Exceptions, shall be paid by the Authority, but Developer shall, if Developer so elects to obtain an extended coverage policy, be obligated to pay for the additional costs of such extended coverage policy, as well as the cost of any title endorsements which are not Authority's responsibility hereunder. If Developer elects to obtain an ALTA extended owner's title policy, Developer (i) shall be responsible for the additional costs of that form of title policy; and (ii) must deliver the Updated Survey (obtained at Developer's cost) to the Title Company not less than thirty (30) days prior to the Closing Date.

b. If the conditions precedent for Option B occur (as set forth in Section 8 below) at the Close of Escrow, Escrow Holder shall furnish Developer with and (b) an ALTA loan non-extended Policy of Insurance insuring the priority of the Deed of Trust in favor of Developer, containing only the exceptions to title which include the matters set forth in the Preliminary Title Report (except for those marked as "Excepted" or "Omitted" on **Exhibit G**) (the "**Loan Policy**"). The cost of the Loan Policy and any endorsements thereon shall be paid by Developer.

8. CONDITIONS PRECEDENT TO CLOSE OF ESCROW.

8.1 Conditions to Developer's Obligations under Option A. The obligations of Developer to effectuate Option A under this Agreement are subject to the satisfaction or written waiver, in whole or in part, by Developer of each of the following conditions precedent ("**Developer's Conditions Precedent**") on or before the expiration of the Term (as subject to extension pursuant to Section 2.4):

a. Title Company is in a position issue the Owner's Policy as specified in Section 7.2.

b. The Authority has executed, notarized and delivered the Grant Deed in the form attached hereto into Escrow.

c. Developer has received the Required Approvals, and all applicable statutes of limitation shall have run from the City's approvals and the posting of required CEQA notices for the Entitlements, and no Challenge Litigation shall have been commenced against Authority, the City or Developer relating to the Remainder Cells, the Project, the City's approvals of the Project, or the Entitlements or CEQA Approvals (or such Challenge Litigation is successfully resolved).

d. The Subdivision shall have occurred or is in final form and in a position to be recorded and effectuated promptly following the Closing Date as provided in Section 3.8.

e. The Authority has executed the CC&Rs and 157 Acre Covenants (if any) in a form sufficient for recordation and delivered the same into Escrow.

f. The City has executed the Development Agreement in a form sufficient for recordation and the same has been delivered into Escrow.

g. The Authority has executed the License Agreement and delivered the same into Escrow.

h. Authority is not in material default of its obligations under this Agreement.

i. Each of the following conditions with respect to the Insurance Program has been satisfied or waived in Developer's sole discretion, but only to the extent that Developer has previously confirmed in writing which Joint Insurance Programs (as defined in Section 12) it requires participation in pursuant to the provisions of Article 12 and contributes its allocated portion of the applicable premium, surplus lines taxes and brokerage fees for any such policy(ies) for which it has elected coverage ("**Insurance Conditions**"):

(i) PLL:

(1) Developer, together with any of its lenders, ground lessees or space lessees, if any of the Closing has been named as an "Insured" under the PLL (as defined in Section 12 below) consistent with Endorsement 32 of the PLL, at a cost not to exceed [$150,000;

(2) The definition of "Material Change in Use" set forth on Endorsement 28 of the PLL shall be revised so as to expressly include park, retail, food and beverage, hospitality, amphitheater, exhibition spaces, studio, museum, office and industrial (e.g., distribution warehouse, light manufacturing/assembly, fulfillment center, logistics, e-commerce, storage) with associated parking and office as the permitted use on the Remainder Cells; and

(3) The PLL shall be endorsed to include a Limit of Liability Amendatory Endorsement substantially consistent with Endorsement 29 of the PLL providing Developer with a reserved $50,000,000 aggregate limit of liability.

(ii) CPL/PLI:

(1) The CPL/PLI (as defined in Section 12 below) shall be endorsed to include Developer's proposed development of the Project as described in **Exhibit D** attached hereto as part of the "Description of Project" with Developer listed as the "Project Owner"; and

(2) Developer shall be named as a "Named Insured" under the CPL/PLI, subject to Developer's payment of its proportional share of the CPL/PLI as set forth in **Exhibit I** attached hereto.

(iii) Builder's Risk:

(1) The Builder's Risk (as defined in Section 12) shall be endorsed to include Developer as a "Named Insured" thereunder; and

(2) The Builder's Risk shall be endorsed to include Developer's proposed development of the Project as described in **Exhibit D** attached hereto as part of the "Project Description" under a "Project Declaration" endorsement.

(iv) GL Wrap:

(1) The GL Wrap (as defined in Section 12) shall be endorsed to expressly list Developer as a "Named Insured" thereunder; and

(2) The GL Wrap shall be endorsed to include Developer's proposed development of the Project as described in **Exhibit D** attached hereto as part of the "Project Description".

(v) The Authority has deposited an executed copy of the Insurance Administration Agreement (as defined below) into Escrow; and

(vi) Documentation has been provided evidencing that Developer shall have the right, at no additional cost to Developer, to cause any of its lenders, ground lessees and space tenants, to be added as beneficiaries and/or as successors or assigns to all or any portion of the Insurance Program.

The conditions set forth in this Section 8.1 are for the sole benefit of Developer, and may be waived (except with respect to item (d) above); ***provided however, that in the event such conditions are satisfied, Developer shall be required to Close on the acquisition of the Property pursuant to the Option and pay any premium, surplus lines taxes and brokerage fees associated with items (i) through (iv) of the Insurance Conditions above for which it has elected coverage as detailed in Section 12. Notwithstanding anything to the contrary herein, the applicable condition set forth in items (i) through (iv) of the Insurance Conditions above shall be deemed waived by Developer in the event Developer does not pay the associated premium, surplus line taxes and brokerage fees associated with the applicable Joint Insurance Program concurrent with the issuance of the endorsements described above of the applicable Joint Insurance Program.***

8.2 Option B Closing & Alternative Remedies of Developer. If any one or more of the conditions precedent set forth in Section 8.1 is or are not be satisfied by the date by which it is required to be satisfied (or an Option B Trigger has occurred), then Developer may elect to effectuate the Closing of Option B if such conditions are not satisfied within ninety (90) days after Authority's receipt of notice from Developer of its intent to do so based on the failure of such condition(s) (which Developer shall similarly provide to Escrow Holder) the ("**Option B Closing Notice**"). The foregoing shall not limit any other rights or remedies of Developer under this Agreement in the event of a material default by Authority under this Agreement, after the expiration of all applicable notice and cure periods, subject to the terms and conditions of Section 16 below. The Parties acknowledge and agree that, in the event that Option B is effectuated, Developer will be entitled to the remedies described in Section 16.3 below.

8.3 Conditions to Authority's Obligations under Option A. The obligations of Authority under this Agreement to effectuate Option A are subject to the satisfaction or written waiver, in whole or in part, by Authority of the following conditions precedent ("**Authority's Conditions Precedent**"):

a. Developer has delivered the Advances to Escrow Holder as and when required under this Agreement.

b. Escrow Holder holds and will deliver to Authority / City the instruments and funds accruing to Authority pursuant to this Agreement.

c. Unless Developer directs Authority to nevertheless proceed, Developer receives its Required Approvals, at least thirty-five days shall have run from the City's approvals and the posting of required CEQA notices for the Entitlements, and no Challenge Litigation shall have been commenced against Authority or the City relating to the Remainder Cells, the Project, the City's approvals of the Project, the Entitlements, or the CEQA Approvals (or such Challenge Litigation is successfully resolved).

d. The Subdivision shall have occurred or is in final form and in a position to be recorded and effectuated as of the Closing Date as provided in Section 3.8.

e. The CC&Rs and 157 Acre Covenants (if any) shall be in final form, fully executed and ready for recordation at Closing (with three original copies to be delivered to Authority following Closing).

f. The Development Agreement shall be in final form, fully executed and ready for recordation at Closing (with three original copies to be delivered to Authority or City following Closing).

g. Developer shall have executed and delivered the License Agreement into Escrow (with three original copies to be delivered to Authority following Closing).

h. Developer has provided the Authority with copies of the Joint Insurance Program insurance policies it has not elected to participate in, evidencing that the Authority is named as an additional insured.

i. Developer shall have paid the Carry Costs as and when required under Section 3.4 above.

j. Developer is not in material default of its obligations under this Agreement.

The conditions set forth in this Section 8.3 are for the sole benefit of the Authority, and may be waived (with the exception of the condition in subsection (e), which is not waivable).

8.4 Option B Closing & Alternative Remedies. If any one or more of the conditions precedent set forth in Section 8.3 is or are not be satisfied by the date by which it is required to be satisfied, then the Authority, at its option and by notice to Developer, may elect to (i) effectuate the Closing of Option B if such conditions are not satisfied within ninety (90) days after Developer's receipt of notice from Authority of its intent to do so based on the failure of such condition(s), or (ii) to waive such unsatisfied conditions, or (iii) exercise the remedies described in Section 9 and/or 16 below, including termination of this Agreement. The foregoing shall not limit any other rights or remedies of Authority under this Agreement in the event of a breach or Default of this Agreement by Developer, following applicable Notice and cure periods.

9. LIQUIDATED DAMAGES.

IF DEVELOPER (A) SHOULD MATERIALLY DEFAULT UNDER THIS AGREEMENT PAST APPLICABLE NOTICE, CURE, AND DISPUTE RESOLUTION PERIODS PROVIDED HEREIN, OR (B) FAILS TO PROCEED IN GOOD FAITH WITH ITS EFFORTS TO OBTAIN ANY OF THE REQUIRED APPROVALS, OR (C) IS UNABLE TO CLOSE ON THE ACQUISITION OF THE PROPERTY, THE PARTIES SHALL FIRST COMPLY WITH THE TERMS AND PROVISIONS OF SECTIONS 16.1 AND 16.2 HEREOF. DEVELOPER AND AUTHORITY AGREE THAT AUTHORITY WILL INCUR SIGNIFICANT DAMAGES BY REASON OF A MATERIAL DEFAULT BY DEVELOPER WHICH IS NOT CURED AND THAT SUCH DAMAGES WOULD BE IMPRACTICAL AND EXTREMELY

DIFFICULT, IF NOT IMPOSSIBLE, TO ASCERTAIN. THEREFORE, DEVELOPER AND THE AUTHORITY, IN A REASONABLE EFFORT TO ASCERTAIN WHAT AUTHORITY'S DAMAGES WOULD BE IN THE EVENT OF SUCH AN UNCURED MATERIAL DEFAULT BY DEVELOPER HAVE AGREED BY PLACING THEIR INITIALS BELOW THAT THE AMOUNT OF THE ADVANCES SHALL CONSTITUTE A REASONABLE ESTIMATE OF AUTHORITY'S DAMAGES UNDER THE PROVISIONS OF SECTIONS 1671 AND 1677 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE FOR A MATERIAL DEFAULT PRIOR TO CLOSING (INCLUDING DEVELOPER'S FAILURE TO RE-PROCESS THE PROJECT IF REQUIRED PURSUANT TO THE TERMS HEREOF), AND THEREFORE, IN THE EVENT OF SUCH MATERIAL DEFAULT BY DEVELOPER, AUTHORITY SHALL BE ENTITLED TO (I) IMMEDIATELY RECEIVE AND RECORD (IN THE OFFICIAL RECORDS) THE RELEASE DOCUMENTATION, AND (II) TERMINATE AND CANCEL ANY OPTION A OR OPTION B DOCUMENTATION (TO THE EXTENT THE SAME IS IN EFFECT). AUTHORITY AND DEVELOPER AGREE THAT THIS LIQUIDATED DAMAGES PROVISION IS INTENDED TO BE AUTHORITY'S SOLE AND EXCLUSIVE REMEDY FOR A MATERIAL DEFAULT BY DEVELOPER. THIS PROVISION DOES NOT APPLY TO OR LIMIT IN ANY WAY THE INDEMNITY OBLIGATIONS OF DEVELOPER UNDER THIS AGREEMENT. AUTHORITY WAIVES ANY RIGHTS THAT IT MAY HAVE UNDER RELEVANT STATUTORY LAW TO SEEK SPECIFIC PERFORMANCE OR ANY OTHER REMEDY AT LAW OR IN EQUITY OTHER THAN AS SET FORTH IN THIS PARAGRAPH.

_____	_____
Authority's Initials	**Developer's Initials**

10. CONDITION OF THE PROPERTY.

10.1 Disclaimer of Warranties. Developer shall, acquire the Property in its "AS-IS" condition and Developer shall be responsible for any defects in the Property, whether patent or latent, including, without limitation, the physical, environmental and geotechnical condition of the Property, and the existence of contamination, Hazardous Materials (as defined below), vaults, debris, pipelines, or other structures located on, under or about the Property, and, Authority makes no other representation or warranty concerning the physical, environmental, geotechnical or other condition of the Property, and Authority specifically disclaims all representations or warranties of any nature concerning the Property made by it. The foregoing disclaimer includes, without limitation, topography, climate, air, water rights, utilities, soil, subsoil, existence of Hazardous Materials or similar substances, the purpose for which the Property is suited, or drainage. Developer understands and agrees that the 157 Acre Site is a former landfill and contains significant contamination and Hazardous Materials as set forth in the Due Diligence Materials provided to Developer, and following the Closing under Option A, Developer shall be required to complete the work on the Remainder Cells pursuant to the RAP and CFA in accordance with and to the extent described in the terms and conditions of **Exhibit E**.

10.2 Hazardous Materials. Developer understands and agrees that, in the event Developer incurs any loss, damages, costs or liability concerning Hazardous Materials at or on the Remainder Cells, following the Closing, then Developer may look to current or prior owners or operators of the Property and/or the Joint Insurance Programs, but in no event shall Developer look to Authority for any liability or indemnification regarding Hazardous Materials at or on the Remainder Cells. Developer, from and after the Closing (under Option A), effective on the Closing of Option A hereby waives, releases, remises, acquits and forever discharges Authority, and its Board, officers, agents, representatives, attorneys, employees and each of the entities constituting Authority, and the City (including the City's officers, officials, representatives, agents, attorneys, and employees) (collectively, "**Indemnified Parties**"), of and from any and all Environmental Claims, Environmental Cleanup Liability and Environmental Compliance Costs, as those terms are defined below, and from any and all actions, suits, legal or administrative orders or proceedings, demands, actual damages, punitive damages, loss, costs, liabilities and expenses, which concern or in any

way relate to the physical or environmental conditions of the Remainder Cells, the existence of any Hazardous Material thereon, or the release or threatened release of Hazardous Materials therefrom, whether existing prior to, at or after the Closing. It is the intention of the Parties pursuant to this release that any and all responsibilities and obligations of Authority, and any and all rights, claims, rights of action, causes of action, demands or legal rights of any kind of Developer, its successors, assigns or any affiliated entity of Developer, against the Authority or the Indemnified Parties, arising by virtue of the physical or environmental condition of the Remainder Cells, the existence of any Hazardous Materials thereon, or any release or threatened release of Hazardous Material therefrom, whether existing prior to, at or after the Closing, are by this release provision declared null and void and of no present or future force and effect as to the Authority or any Indemnified Parties.

In connection with the foregoing specific and limited releases, Developer, and each of the entities constituting Developer, expressly agrees to waive any and all rights which said Party may have with respect to such released claims under Section 1542 of the California Civil Code which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

Developer's Initials_____ **Authority's Initials** _____

With respect to the specific and limited release of claims set forth in Section 10.2 above, Developer, and each of the entities constituting Developer, hereby expressly waives and relinquishes any right or benefit which they may have under Civil Code Section 1542 to the full extent that such rights or benefits may lawfully be waived. In connection with such waiver and relinquishment, each such Party acknowledges that they or their representatives may hereafter discover claims or facts in addition to, or different from, those they now know or believe to exist with respect to any such claims, but that it is their intention to resolve and release these matters fully, finally, and forever

For purposes of this Agreement, the following terms shall have the following meanings:

"**Environmental Claim**" means any claim for personal injury, death and/or property damage made, asserted or prosecuted by or on behalf of any third party for events first occurring or exposures first occurring on or after the Closing under Option A to the extent relating to the Property or Developer's operations thereon or within the Subsurface Lot of the Remainder Cells and arising or alleged to arise under any Environmental Law.

"**Environmental Cleanup Liability**" means any cost or expense of any nature whatsoever incurred to contain, remove, remedy, clean up, or abate any contamination or any Hazardous Materials on any part of the Remainder Cells, including the soil thereof, including, without limitation, (i) any direct costs or expenses for investigation, study, assessment, legal representation, cost recovery by governmental agencies, or ongoing monitoring in connection therewith and (ii) any cost, expense, loss or damage incurred with respect to the Property or its operation as a result of actions or measures necessary to implement or effectuate any such containment, removal, remediation, treatment, cleanup or abatement.

"**Environmental Compliance Cost(s)**" means any cost or expense of any nature whatsoever necessary to enable the Property (or the improvements installed by Developer within the Subsurface Lot of Remainder Cells during the Warranty Period (defined in **Exhibit E** attached hereto) to comply with all applicable Environmental Laws in effect. "Environmental Compliance Cost" shall include all costs necessary to demonstrate that the Remedial Cells are capable of such compliance, as may be required by DTSC or any other governmental or regulatory body with jurisdiction over the 157 Acre Site.

"**Environmental Law**" means any federal, state or local statute, ordinance, rule, regulation, order, judgment or common-law doctrine, and provisions and conditions of permits, licenses and other operating authorizations relating to (i) pollution or protection of the environment, including natural resources, (ii) exposure of persons, including employees, to Hazardous Materials or other products, raw materials, chemicals or other substances, (iii) protection of the public health or welfare from the effects of by-products,

wastes, emissions, discharges or releases of chemical sub-stances from industrial or commercial activities, or (iv) regulation of the manufacture, use or introduction into commerce of chemical substances, including, without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal. The term "Environmental Law" shall specifically include the RAP, Consent Decrees, CFA, MAPO, EIR (and any supplement or amendment thereto, and the MMRP adopted thereunder) and any other regulatory agreements or obligations imposed on the Remainder Cells by DTSC or any other applicable governmental or regulatory body with jurisdiction over the Site.

"**Hazardous Material(s)**" is defined to include any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is: (i) petroleum or oil or gas or any direct or derivate product or byproduct thereof; (ii) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code; (iii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code; (iv) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Sections 25501(o) and (p) and 25501.1 of the California Health and Safety Code (Hazardous Materials Release Response Plans and Inventory); (v) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code (Underground Storage of Hazardous Substances); (vi) "used oil" as defined under Section 25250.1 of the California Health and Safety Code; (vii) asbestos; (viii) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 1 of Title 22 of the California Code of Regulations, Division 4, Chapter 30; (ix) defined as "waste" or a "hazardous substance" pursuant to the Porter-Cologne Act, Section 13050 of the California Water Code; (x) designated as a "toxic pollutant" pursuant to the Federal Water Pollution Control Act, 33 U.S.C. §1317; (xi) defined as a "hazardous waste" pursuant to the Federal Resource Conservation and Recovery Act, 42 U.S.C. §6901, et seq. (42 U.S.C. §6903); (xii) defined as a "hazardous substance" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601, et seq. (42 U.S.C. §9601); (xiii) defined as "Hazardous Material" or a "Hazardous Substance" pursuant to the Hazardous Materials Transportation Act, 49 U.S.C. §1801, et seq.; or (xiv) defined as such or regulated by any "Superfund" or "Superlien" law, or any other federal, state or local law, statute, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning Hazardous Materials, oil wells, underground storage tanks, and/or pipelines, as now, or at any time hereafter, in effect.

Notwithstanding any other provision of this Agreement, Developer's release as set forth in the provisions of this Section, as well as all other provisions of this Section, shall survive the termination of this Agreement and shall continue in perpetuity.

11. ESCROW PROVISIONS.

11.1 Escrow Instructions. [Sections 1 through 6, inclusive, 8, 9, 11, 14, 15, 17 and 19] constitute the escrow instructions to Escrow Holder. If required by Escrow Holder, Developer and Authority agree to execute Escrow Holder's standard escrow instructions, provided that the same are consistent with and do not conflict with the provisions of this Agreement. In the event of any such conflict, the provisions of this Agreement shall prevail. The terms and conditions in sections of this Agreement not specifically referenced above are additional matters for information of Escrow Holder, but about which Escrow Holder need not be concerned. Developer and Authority agree to execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close Escrow so long as the same are not inconsistent with the terms of this Agreement.

11.2 General Escrow Provisions.

a. Option A: Escrow Holder shall deliver the Title Policy to Developer and instruct the Los Angeles County Recorder to mail after recordation: (i) the Grant Deed to Developer at the

address set forth in Section 19; (ii) the CC&Rs to Authority at the address set forth in Section 19; and (iii) the Development Agreement to Developer and Authority; (iv) the Subdivision documentation to Authority; (v) the License Agreement to both Developer and the Authority; (vi) the Insurance Administration Agreement to both Developer and the Authority; and (vii) the Release Documentation to both Developer and the Authority. All disbursements shall be according to that Party's instructions.

b. Option B: Escrow Holder shall deliver originals of the Option B Documentation to the Parties at their respective addresses set forth in Section 19. All disbursements shall be according to that Party's instructions.

11.3 Proration of Real Property Taxes. As a public agency, Authority is not subject to real property taxes and, accordingly, real property taxes shall not be prorated.

11.4 Payment of Costs.

a. Cost Allocation.

Option A: Authority shall pay the costs for the Owner's Policy (a non-extended ALTA owner's policy), any documentary transfer taxes, recording charges for the Grant Deed, and one-half (1/2) of the escrow costs ("**Authority's Charges**"). Developer shall pay the cost of any additional endorsements that are not required to clear an Authority imposed encumbrance (in which event Authority shall pay for such endorsement), to the Owner's Policy requested by Developer (including an extended coverage ALTA owner's policy), one-half (1/2) of the escrow fees, any other required recording charges necessary to effectuate the Closing, and any charges incurred by Developer's acts ("**Developer's Charges**"). All other costs of Escrow not otherwise specifically allocated by this Agreement shall be apportioned between the Parties in a manner consistent with the custom and usage of Escrow Holder.

Option B: Developer shall pay all costs in connection with the Loan Policy. Each Party shall pay one-half (1/2) of the escrow fees, any other required fees, expenses, or recording charges necessary to effectuate the Closing. All other costs of Escrow not otherwise specifically allocated by this Agreement shall be apportioned between the Parties in a manner consistent with the custom and usage of Escrow Holder.

b. Closing Statement. At least **five (5) business days** prior to the Closing under Option A or Option B, Escrow Holder shall furnish Developer and Authority with a preliminary escrow closing statement which shall include each Party's respective shares of costs. The preliminary closing statement shall be approved in writing by the Parties. As soon as reasonably possible following the Close of Escrow, Escrow Holder shall deliver a copy of the final Escrow closing statement to the Parties.

11.5 Termination and Cancellation of Escrow. If Escrow fails to close under both Option A and Option B, the Escrow Holder shall not terminate the Escrow, but shall hold all funds and documents in Escrow until the condition is resolved and Escrow Holder receives further mutually agreed to instructions from both the Parties.

11.6 Information Report. Prior to Closing under Option A, Escrow Holder shall file and Developer and Authority agree to cooperate with Escrow Holder and with each other in completing any report ("**Information Report**") and/or other information required to be delivered to the Internal Revenue Service pursuant to Internal Revenue Code Section 6045 regarding the real estate sales transaction contemplated by this Agreement, including without limitation, Internal Revenue Service Form 1099-B as such may be hereinafter modified or amended by the Internal Revenue Service, or as may be required pursuant to any regulation now or hereinafter promulgated by the Treasury Department with respect thereto.

Developer and Authority also agree that Developer and Authority, their respective employees and attorneys, and Escrow Holder and its employees, may disclose to the Internal Revenue Service, whether pursuant to such Information Report or otherwise, any information regarding this Agreement or the transactions contemplated herein as such Party reasonably deems to be required to be disclosed to the Internal Revenue Service by such Party pursuant to Internal Revenue Code Section 6045I, and further agree that neither Developer nor Authority shall seek to hold any such Party liable for the disclosure to the Internal Revenue Service of any such information.

11.7 Brokerage Commissions. Developer and Authority each represent and warrant to the other that no third party is entitled to a broker's commission and/or finder's fee with respect to the transaction contemplated by this Agreement. Developer and Authority each agree to indemnify and hold each other harmless from and against all liabilities, costs, damages and expenses, including, without limitation, attorneys' fees, resulting from any claims or fees or commissions, based upon agreements by it, if any, to pay a broker's commission and/or finder's fee. The provisions of this Section shall survive the Closing or termination of this Agreement.

12. INSURANCE AND INDEMNIFICATION.

12.1 Insurance. The Authority maintains a robust environmental insurance program providing protection to the public entities, developers, property owners and contractors carrying out construction on the Site, including coverage for general liability, bodily injury, property damage and other claims. The total insurance coverage available is almost One Billion Dollars ($1,000,000,000) for all types of insurance provided by the program (the "**Insurance Program**"), as described in **Exhibit I**, attached hereto. The Insurance Program includes the following policies that are potentially available for Developer's participation, should Developer elect coverage thereunder and pay its prorata portion of the premium required to obtain protection under such programs, as described in Section 8.1 above:

a. A comprehensive site-specific pollution legal liability program issued by Beazley as Policy No. B0901EK1702322000 ("**PLL**") that provides coverage for third party bodily injury and property damage claims and first party claims for cleanup costs for pollution conditions occurring on, at under or migrating from the Site;

b. Contractors Pollution Liability and Professional Liability issued by Tokio Marine Specialty Insurance Company as Policy No. PPK1590707 ("**CPL/PLI**") that provides (x) third-party coverage for bodily injury, property damage, defense, and first party coverage for cleanup as a result of pollution conditions arising from contracted operations performed by or on behalf of a participating contractor or subcontractor, and (y) coverage for participating contractors' and subcontractors' professional services (*i.e.,* design work) to the Authority and other specific participating insureds' direct design subcontractors;

c. A master-wrap Comprehensive General Liability program issued by Tokio Marine HCC, Policy No. H18PC31029-00 ("**GL-Wrap**") that provides coverage for all non-excluded horizontal and vertical contractors and subcontractors working on a scheduled project at the Site; and

d. A wrap-up Builder's Risk Program issued by Lloyd's of London as Policy No. B0901LB1833162000 ("**Builder's Risk**") that provides first party property coverage for damage to real property scheduled to the policy that occurs during a scheduled construction project on the Site;

The PLL, CPL/PLI, GL-Wrap and Builder's Risk are referred to herein collectively as the "**Joint Insurance Programs**". **Developer shall be obligated to give written notice to the Authority of the Joint Insurance Programs it seeks to participate in within six (6) months following the Effective Date.** For any Joint

Insurance Programs for which Developer does not participate in, but separately obtains outside of the Joint Insurance Programs, Developer shall be obligated to include the City and Authority as a named additional insured (and/or obtain broader coverage for the Authority depending on the policy). Following such election, Developer will participate in some or all of the Joint Insurance Programs with the Authority upon the Closing of Option A, provided that Developer shall be obligated to contribute its allocated portion of any premium, surplus lines taxes and brokerage fees associated with such applicable Joint Insurance Program as outlined on **Exhibit I** attached hereto. The terms of Developer's participation in the Joint Insurance Programs and the procedures for jointly administering claims thereunder shall be further detailed in the Insurance Administration Agreement substantially in the form attached hereto as **Exhibit J** (the "**Insurance Administration Agreement**"). Notwithstanding anything contained herein to the contrary, the liability of the Parties under this Agreement for matters expressly covered by any Joint Insurance Program that Developer participates in shall not exceed the limits of liability and coverages actually available under the Joint Insurance Program.

12.2 Indemnification. From and after the Closing of Option A, Developer shall defend, save and hold Authority and the Indemnified Parties harmless from any and all claims, costs (including attorneys' fees) and liability for any damages, claims, costs, demands, personal injury or death (collectively, "**Claims**"), which may arise, directly or indirectly, from any work, activities or business operations of Developer or Developer's agents, contractors, subcontractors, or employees on the Remainder Cells or with respect to the Project, or for any work, construction or operation activities undertaken by Developer within the Subsurface Lot of the Remainder Cells pursuant to the License Agreement; provided that (i) to the extent that the Joint Insurance Programs discussed in Section 12.1 provides coverage, and so long as Developer is contributing its share of the premiums therefor, the obligations of Developer under this Section 12.2 shall not apply if coverage for defense and payment of loss, in any amount, is provided to Authority under the Joint Insurance Programs obtained and maintained by Authority or Developer and performance by such insurers shall be deemed to satisfy the obligations of Developer hereunder; (ii) the obligations of Developer under this Section shall not apply to any Claims resulting from the gross negligence or willful misconduct of Authority, or its Board, officers, agents or employees; and (iii) the obligations of Developer under this Section shall not apply with respect to the negligent acts of any agents, contractors and subcontractors retained by Authority or City and being directed by either of them. This indemnity shall survive the expiration or termination of this Agreement.

13. CHALLENGES. The Parties acknowledge and agree that: (i) there may be challenges to legality, validity and adequacy of the Entitlements, Development Agreement, the Option A Documentation, the CEQA Approvals, this Agreement, and/or the Option B Documentation, and transactions contemplated hereunder; and (ii) if successful, such challenges could delay or prevent the performance of this Agreement and the development of the Project, the Option A Documentation, the Option B Documentation, and the transactions contemplated hereunder. Neither the Authority nor the City shall have any liability under this Agreement for the inability of Developer to develop its proposed Project under Option A or effectuate Option B, as the result of a judicial determination that the Required Approvals, this Agreement, the Option A Documentation, the Option B Documentation, or portions thereof, are invalid or inadequate or not in compliance with applicable law. Developer will defend any action or actions filed in connection with any of said Claims with counsel reasonably approved by Authority, and will pay all costs and expenses including reasonable legal costs and attorneys' fees incurred in connection therewith. Developer will promptly pay any final judgment (subject to Developer's or Authority's rights to appeal from such final judgment) rendered against the Authority/City, or any Indemnified Parties for any such Claims and Developer agrees to save and hold Authority and the Indemnified Parties harmless therefrom. Notwithstanding the foregoing, Authority retains the right to settle any litigation in the public interest, but if such settlement is without the consent of Developer, Authority will reimburse Developer's actual out-of-pocket litigation expenses, including but not limited to, reasonable attorney's fees. Nothing in this Section shall be construed to mean that Developer shall hold City, Authority, or any Indemnified Parties harmless and/or defend them to the extent of any

Claim arising from the gross negligence, willful misconduct or illegal acts of any of City, Authority, or any Indemnified Parties.

14. SCHEDULE OF PERFORMANCE. The Schedule of Performance attached as **Exhibit H** sets forth the initial schedule for the performance of each Parties' obligations under this Agreement, including, but not limited to, the submission of the Advances; the processing of the Entitlements, CEQA Approvals, Development Agreement; and assuming a Closing under Option A, the construction and completion of the of the Remedial Systems, BPS, Site Development Improvements, and the Project. In the event of a Closing under Option A, Developer and Authority, as applicable, will use commercially reasonable efforts to perform in accordance with the Schedule of Performance. A more detailed project schedule shall be developed in connection with the negotiation and processing of the Development Agreement.

15. RESERVED.

16. ENFORCEMENT; REMEDIES. The following default provisions and remedies shall apply to the transactions contemplated by the Parties herein, subject to the remedies in favor of Authority as set forth in Section 9 above.

16.1 Notice and Opportunity to Cure. The Party seeking relief for a default ("**Non-Defaulting Party**") in its discretion may elect to declare a default under this Agreement for any breach or failure by the other Party (the alleged defaulting Party, the "**Defaulting Party**") under this Agreement; provided that the Non-Defaulting Party must first comply with Section 16.2 hereof and thereafter provide written notice to the Defaulting Party setting forth in detail the nature of the breach or failure and the actions, if any, required to cure such breach or failure ("**Notice of Default**"). The Defaulting Party shall be deemed to be in "**Default**" under this Agreement if they fail to take such actions specified in the Notice of Default and cure such Default (x) within twenty (20) calendar days after the date of its receipt of the Notice of Default for monetary defaults and (y) for all other defaults, within thirty (30) calendar days after the date of its receipt of the Notice of Default; provided, however, if any non-monetary default cannot be cured within such thirty (30) day period, then the Defaulting Party shall not be deemed in breach of or in Default under this Agreement if and as long as such Party does each of the following: (i) Notifies the Non-Defaulting Party in writing with a reasonable explanation as to the reasons the asserted default is not curable within the thirty (30) day period; (ii) Notifies the Non-Defaulting Party of its proposed course of action to cure the default; (iii) Promptly commences to cure the default within the thirty (30) day period; (iv) Makes periodic reports (bi-monthly) to the Non-Defaulting Party as to the progress of the program of cure; and (v) Diligently prosecutes such cure to completion.

16.2 Dispute Resolution. Prior to any Party issuing a Notice of Default, the Non-Defaulting Party shall inform the Defaulting Party either orally or in writing of the alleged default and request a meeting to meet and confer over the alleged default and how it might be corrected. The Parties through their designated representatives shall meet within ten (10) calendar days of the request therefor, and shall meet as often as may be necessary to correct the conditions of default, but after a minimum period of negotiation of at least forty-five (45) days following the initial meeting, either Party may terminate the meet and confer process and revive the claim of default by proceeding with a formal Notice of Default under Section 16.1.

16.3 Developer Remedies. Developer shall have the following remedies (each of which shall be exercisable in its sole and absolute discretion) following the occurrence of an uncured material Default by the Authority or an Option B Trigger (but only following Developer's Option B Closing Notice, as set forth in, and subject to the terms and conditions of Section 8.2), provided that such remedies shall be exercised in the following order or priority:

a. Carry Costs. Developer shall be relieved of its obligation to pay Carry Costs.

b. **Reimbursement.** Obtain reimbursement of the First Advance and Second Advance from the Authority to the extent such funds have not be expended by the Authority/City as permitted by this Agreement as of the date of Developer's Notice of Default, in which event the DIF Agreement shall be terminated (and, to the extent applicable the Release Documentation shall be delivered to the Authority and/or recorded against the Property).

c. **DIF Agreement**. Receive the DIF Agreement and be entitled to the DIF Credits, which will be pledged as collateral for the Second Advance, but subject to the terms and conditions of the DIF Agreement.

d. **Specific Performance.** Developer may maintain an action for specific performance, to the extent it is legally entitled to same pursuant to a final determination by the Los Angeles County Superior Court.

e. **Marketing of the Property.**

(i) Unless the Parties hereto have otherwise agreed to have the Authority perform the same, Developer shall, at Developer's cost, during the 12-month period following the Authority's receipt of Developer's Option B Closing Notice, following the occurrence of an uncured Default by the Authority or an Option B Trigger (the "**Marketing Period**" (which period may be extended by mutual agreement of the Parties), market the Property to a developer who will acquire and develop the Property in accordance with the Specific Plan (as may be modified by the Entitlements, to the extent any of them are then in effect). The Authority may concurrently assist with such marketing efforts.

(ii) The proceeds of any such transaction shall be paid first to Developer up to the Recovery Amount, and any remaining proceeds shall then be paid to the Authority. For purposes hereof, the "**Recovery Amount**" shall equal the total of the Second Advance plus interest at a rate of three percent (3%) annually accruing during the Marketing Period, but less any reimbursement of the Second Advance as set forth in Section 16.3(a). The Authority shall have the right to audit all deductions to the Recovery Amount.

(iii) The Parties shall participate in a joint process for considering and accepting/rejecting such offers. Such joint process for considering offers shall as a minimum be consistent with the following: (a) the parties shall establish procedures for soliciting offers and quickly responding to information requests by the offeror(s); (b) any offers received must be in writing and will be immediately shared with both parties and discussed prior to the commencement of negotiations; (c) it is understood that the offers received can be negotiated from the initial offer, but both parties shall participate in such negotiations; and (d) in the event that an offer does not fully pay the Indebtedness, the offer can still be accepted with the Developer's approval, or if Developer does not approve, Authority can override the disapproval if Authority provides by written agreement to make up the shortfall in the Indebtedness (provided however, an additional possibility would be that Developer becomes a participant with the offeror and therefore accepts the offer).

(iv) Notwithstanding anything in the foregoing to the contrary, the Parties hereto may, by mutual consent in writing, terminate the rights and obligations set forth in this Section 16.3(d).

f. **Deed of Trust.** In the event the marketing of the Property is unsuccessful following the Marketing Period, Developer shall have the right to exercise its remedies with respect to the Property pursuant to the Deed of Trust.

16.4 **No Recovery of Monetary Damages**. Due to the complex trade-off of rights under this Agreement, there shall be no recovery for monetary damages for a breach or Default of this Agreement, provided that the provisions of this Section shall not limit the right of any Party to reimbursement of amounts due under this Agreement. Instead, a dispute resolution process is provided in Sections 16.1 and 16.2. The Parties shall be entitled to equitable relief in the form of specific performance or injunction in the event of a violation of the terms hereof following (i) utilization of the dispute resolution process, and (ii) a final determination by the Los Angeles County Superior Court.

16.5 **Time of Essence; Force Majeure**. Time is of the essence in the performance of and compliance with each of the provisions and conditions of this Agreement. All times provided in this Agreement for the performance of any act shall be strictly construed. Notwithstanding the foregoing, each Party shall be entitled to extension of its deadlines for performance to the extent that such Party's performance is actually delayed by war; acts of terrorism; insurrection; strikes or lock-outs; riots; floods; earthquakes; fires; casualties; pandemics; epidemics; quarantine restrictions; freight embargoes; lack of transportation; challenges to this Agreement or the Required Approvals, or enjoins construction or other work or prevents or suspends construction work; inability to secure necessary labor, materials or tools and other similar causes beyond the reasonable control and without the fault of the delayed Party (collectively, "**Force Majeure**"). In the event of any claimed Force Majeure delay, except as otherwise set forth in this Agreement, the claiming Party must notify the other Party in writing of the events giving rise thereto within thirty (30) days of their commencement and termination (and shall be entitled to extension of its deadlines for performance only from the later of the date of such commencement or the date thirty (30) days prior to the date of such notice of commencement).

16.6 **Attorneys' Fees**. In any action between the Parties hereto, seeking enforcement of any of the terms and provisions of this Agreement or the Escrow, or in connection with the Property, the prevailing Party in such action shall be entitled, to have and to recover from the other Party its reasonable attorneys' fees and other reasonable expenses including consultant and expert witness fees in connection with such action or proceeding, in addition to its recoverable court costs.

17. **NON-COLLUSION; CONFLICTS OF INTEREST.** Developer represents and warrants to the Authority that no officer, official or employee of Authority has any financial interest direct or indirect, in this Agreement, nor shall any official, officer, or employee of the Authority participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any state or municipal statute or regulation. Developer acknowledges the requirements of Government Code Sections 1090 *et seq*. ("**1090 Laws**") and represents and warrants that it has not entered into any financial or transactional relationships or arrangements that would violate the 1090 Laws, nor shall Developer solicit, participate in, or facilitate a violation of the 1090 Laws. The determination of "financial interest" shall be consistent with state law and shall not include interest found to be "remote" or "non-interest" pursuant to California Government Code Sections 1091 and 1091.5. In addition, Developer further represents and warrants that, for the 12-month period preceding the Effective Date of this Agreement, it has not entered into any arrangement to pay financial consideration to, and has not made any payment to, any City or Authority official, agent or employee that would create a legally cognizable conflict of interest as defined in the Political Reform Act (California Government Code sections 87100 *et seq*.). Developer further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any official, officer, or employee of the Authority, as a result or consequence of obtaining or being awarded this Agreement. Developer is aware of and understands that any such act(s), omission(s) or other conduct resulting in the payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

Developer's Initials: _____

18. **TRANSFER OF RIGHTS**. Authority has engaged in an extensive process to select a developer based on its capability, experience with similar projects, financial resources and those of the principal partners and the development/financial team. Therefore, (i) Developer shall not be permitted to assign or transfer its rights or obligations under this Agreement or the Option A Documentation or Option B Documentation prior to Closing (ii) after Closing, but prior to the issuance by the City and DTSC of all approvals, development, and building permits necessary for the start of construction on the Project (the "**Transfer Condition**"), Developer may transfer / assign its rights and obligations under this Agreement following the prior written consent of the Authority, which shall be given in its reasonable discretion, based on the experience of the proposed transferee's/assignee's experience with comparable projects, its financial strength, the identity of the principals and management team assigned to the Project, and its receipt of an executed assignment and assumption agreement of the obligations of Developer hereunder reasonably acceptable to the Authority. The foregoing shall not preclude (i) transfers to a wholly related subsidiary entity of Faring (so long as Faring Capital, LLC retains majority ownership and control of such entity); (ii) transfers of less than a 50% ownership of FBD Carson, LLC for financing purposes; (iii) transfers of interests in Developer of up to 49% ownership, so long as Faring Capital, LLC and Bridge Acquisition, LLC retain majority ownership and control over Developer, or (iv) transfers of Developer's rights under the Option A Documentation or Option B Documentation to wholly related subsidiary entities of Developer, the exercise of which shall be governed by each respective document. Following the date the Transfer Condition is satisfied, Developer may, in its sole discretion, assign or transfer its rights and obligations under this Agreement and in all or any portion of the Property to any entity or person, whether or not owned and controlled by or affiliated with Developer. This Agreement shall be binding upon and shall inure to the benefit of Developer and the Authority and their respective heirs, personal representatives, successors and assigns. This provision may be superseded by the successive agreements in this transaction.

19. **NOTICES.** Any notices, requests, demands, documents approvals or disapprovals given or sent under this Agreement from one Party to another (each a "**Notice**", and collectively, the "**Notices**") shall be given to the Party entitled thereto at its address set forth below or at such other address as such Party may provide to the other Parties in writing. Any such Notice may be given (i) by personal delivery which will be deemed received on the day of delivery; (ii) by national overnight delivery service which shall be deemed received the following day; (iii) by mailing the same by registered or certified US mail, return receipt requested which will be deemed delivered three (3) days after depositing same in the mail, addressed to the Party to whom the Notice is directed as set forth below; or (iv) electronic mail so long as Notice is also provided simultaneously pursuant to one of the above described provisions for hard-copy Notic, addressed as follows which shall be deemed delivered upon electronic confirmation of receipt by the addressee to the sending party:

To Authority:	Carson Reclamation Authority 701 East Carson St. Carson, CA 90745 Attention: Executive Director Email: jraymond@carson.ca.us
With a Copy to:	Aleshire & Wynder, LLP 18881 Von Karman Ave., Suite 1700 Irvine, CA 92612 Attention: Sunny Soltani Email: ssoltani@awattorneys.com
To City:	City of Carson 701 East Carson St. Carson, CA 90745 Attention: City Manager Email: slanders@carson.ca.us
With a Copy to:	Aleshire & Wynder, LLP

18881 Von Karman Ave., Suite 1700
Irvine, CA 92612
Attention: Sunny Soltani
Email: ssoltani@awattorneys.com

To Developer: FBD Carson, LLC
c/o Faring Capital
659 N. Robertson Blvd.
West Hollywood, CA 90069
Attention: Jason Illoulian
Email: jason@faring.com

FBD Carson, LLC
c/o Bridge Development Partners, LLC
11100 Santa Monica Blvd., Suite 700
Santa Monica, California 90025
Attention: Brian Wilson
Email: bwilson@bridgedev.com

With Copies to: Nixon Peabody, LLP
300 South Grand Ave., Suite 4100
Los Angeles, CA 90071-3151
Attention: Justin X. Thompson
Email: jthompson@nixonpeabody.com

and

Allen Matkins Leck Gamble Mallory & Natsis, LLP
1900 Main Street, 5th Floor
Irvine, CA 92614-7321
Attention: Pam Andes
Email: pandes@allenmatkins.com

20. CITY/AUTHORITY RESERVATION OF DISCRETION; NON-WAIVER OF POLICE POWERS.

20.1 Discretionary Environmental Review of Entitlements. Developer acknowledges and agrees that neither the City nor the Authority has determined the full scope or scale of the environmental review that will be required for the Project pursuant to CEQA given the limited information regarding the nature of the proposed Project. The City shall have full discretionary approval over the Project as the development plan evolves, its required Entitlements, the proposed Development Agreement and any environmental review required pursuant to CEQA as a condition precedent to the consummation of the transfer of the Property to Developer. As to any matter which the City or the Authority is legally entitled to exercise its discretion with respect to the proposed Project, nothing herein shall obligate the City or the Authority to exercise its discretion in any particular manner, and any exercise of discretion reserved hereunder or required by law is not a waiver of the City's police powers and shall not be deemed to constitute a breach or Default by the City or the Authority under this Agreement.

20.2 Mere Option, Not a Sale. Developer acknowledges and agrees that this Agreement does not constitute a disposition of property by the Authority and Developer has not acquired and will not acquire, solely by virtue of the terms of this Agreement, any legal or equitable interest in real or personal property from the Authority. Execution of this Agreement does not constitute "approval" of a "project," as those terms are defined in CEQA. The Authority's execution of this Agreement is merely an agreement to enable Developer to perform diligence with respect to the Remainder Cells and to permit Developer to prepare specific development plan from the development concept for the City's and Authority's review and approval.

Full and final discretion and approval is reserved by the City and the Authority as to (i) the proposed disposition of the Property, (ii) all proceedings and decisions in connection therewith, (iii) any required environmental review and approval under CEQA.

20.3 Developer Risk. All expenses incurred by Developer during the Term of this Agreement are incurred at Developer's sole risk and expense. Prior to receipt of the Required Approvals from the City, Developer's reliance on any representations or promises by the City or Authority staff, attorneys, consultants, and individual City Council members, or Authority Board members, shall be undertaken at Developer's sole risk and expense. Although the Authority and City are obligated to negotiate diligently and in good faith, City shall be under no obligation to approve any Entitlements or enter into the Development Agreement until the Required Approvals are given by the City Council and Authority Board, and all expenses incurred by Developer during the Term are incurred at Developer's sole risk and expense (including the Deposits and reimbursement of the Authority's Carry Costs and other costs and expenses specified under the Reimbursement Agreement).

21. GENERAL PROVISIONS.

21.1 Entire Agreement. This Agreement, together with the Reimbursement Agreement, constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof and this Agreement and the Reimbursement Agreement shall supersede all prior agreements and understandings, whether oral or written, between and among Developer, the Authority and the City with respect to the matters contained in this Agreement or the Reimbursement Agreement.

21.2 Choice of Law. This Agreement shall be construed in accordance with the laws of the State of California in effect at the time of the enforcement of the terms and conditions of this Agreement. The venue for any dispute shall be Los Angeles County Superior Court.

21.3 No Waiver. No delay or omission by either Party in exercising any right or power accruing upon the compliance or failure of performance by the other Party under the provisions of this Agreement shall impair any such right or power or be construed to be a waiver thereof. A waiver by either Party of a breach of any of the covenants, conditions or agreements hereof to be performed by the other Party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions hereof.

21.4 Amendment; Termination.

a. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made by a written instrument or endorsement thereon and in each such instance executed by both Parties.

b. Upon termination of this Agreement, except as expressly provided otherwise herein (i) neither Party shall have any right, remedy or obligation under this Agreement, except that any indemnification provisions shall survive such termination; and (ii) each Party specifically waives and releases any such rights or claims it may otherwise have at law or in equity and expressly waives any rights to consequential damages or special damages from the other Party.

21.5 Severability. If any term, provision, condition or covenant of this Agreement or the application thereof to any Party or circumstances shall, to any extent, be held invalid or unenforceable, the remainder of this instrument, or the application of such term, provisions, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

21.6 Construction. This Agreement shall be construed according to its fair meaning and as if prepared by both Parties hereto. In determining the meaning of, or resolving any ambiguity with respect to, any word, phrase or provision of this Agreement, no uncertainty or ambiguity shall be construed or resolved against a Party under any rule of construction, including the Party primarily responsible for the drafting and preparation of this Agreement. Headings used in this Agreement are provided for convenience only and shall not be used to construe meaning or intent. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others wherever and whenever the context so dictates.

21.7 No Third-Party Beneficiaries. This Agreement is only between the Parties and is not intended to be nor shall it be construed as being for the benefit of any third party.

21.8 No Liability. No official, officer, employee or agent of the Authority shall have any personal liability under this Agreement.

21.9 Good Faith. Both Parties agree to use reasonable care and diligence to perform their respective obligations under this Agreement. Both Parties agree to act in good faith to execute all instruments, prepare all documents and take all actions as may be reasonably necessary to carry out the purposes of this Agreement.

21.10 Execution in Counterparts. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement binding on all Parties hereto, notwithstanding that all Parties are not signatories to the original or the same counterpart. The signature of any Party to this Agreement transmitted to any other Party by facsimile or e-mail shall be deemed an original signature of the transmitting Party.

21.11 Recitals/Exhibits. All exhibits attached hereto and incorporated herein by reference and all the Recitals are acknowledged to be true and correct and are incorporated herein by reference. The Exhibits to this Agreement are as follows:

Exhibit A:	Site Map
Exhibit B:	Parcel Map
Exhibit C:	Form of Grant Deed
Exhibit D:	Entitlements; General Project Requirements
Exhibit D-1:	Preliminary Site Plan
Exhibit E:	Additional Terms of Transaction Regarding Infrastructure Improvements, Site Development Improvements, and Environmental Remediation Responsibilities
Exhibit F:	Subsidence Easement
Exhibit G:	Title Policy
Exhibit H:	Initial Schedule of Performance
Exhibit I:	Description of Insurance Program
Exhibit J:	Form of Insurance Administration Agreement
Exhibit K:	Infrastructure Improvements

21.12 Qualification and Authority. Each individual executing this Agreement on behalf of Developer represents, warrants and covenants to the Authority and City that (i) Developer is duly organized and existing, (ii) such person is duly authorized to execute and deliver this Agreement on behalf of Developer in accordance with authority granted under the organizational documents of Developer, and (iii) Developer is bound under the terms of this Agreement, and (iv) entering into this Agreement does not violate any provision of any other agreement to which Developer is bound.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date set forth above.

NOTE: Sections 9, 10.2 & 17 must be initialed by Developer and the Authority as applicable.

DEVELOPER:

FBD CARSON, LLC, a Delaware limited liability company

By: _____
Name: Jason Illoulian
Title: CEO

By: _____
Name: Brian Wilson
Title: Manager

AUTHORITY:

CARSON RECLAMATION AUTHORITY, a California joint powers authority

By: _____
Albert C. Robles, Chair

ATTEST:

_____
Donesia Gause-Aldana
Authority Secretary

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Sunny Soltani, Authority Counsel

EXHIBIT A
SITE MAP

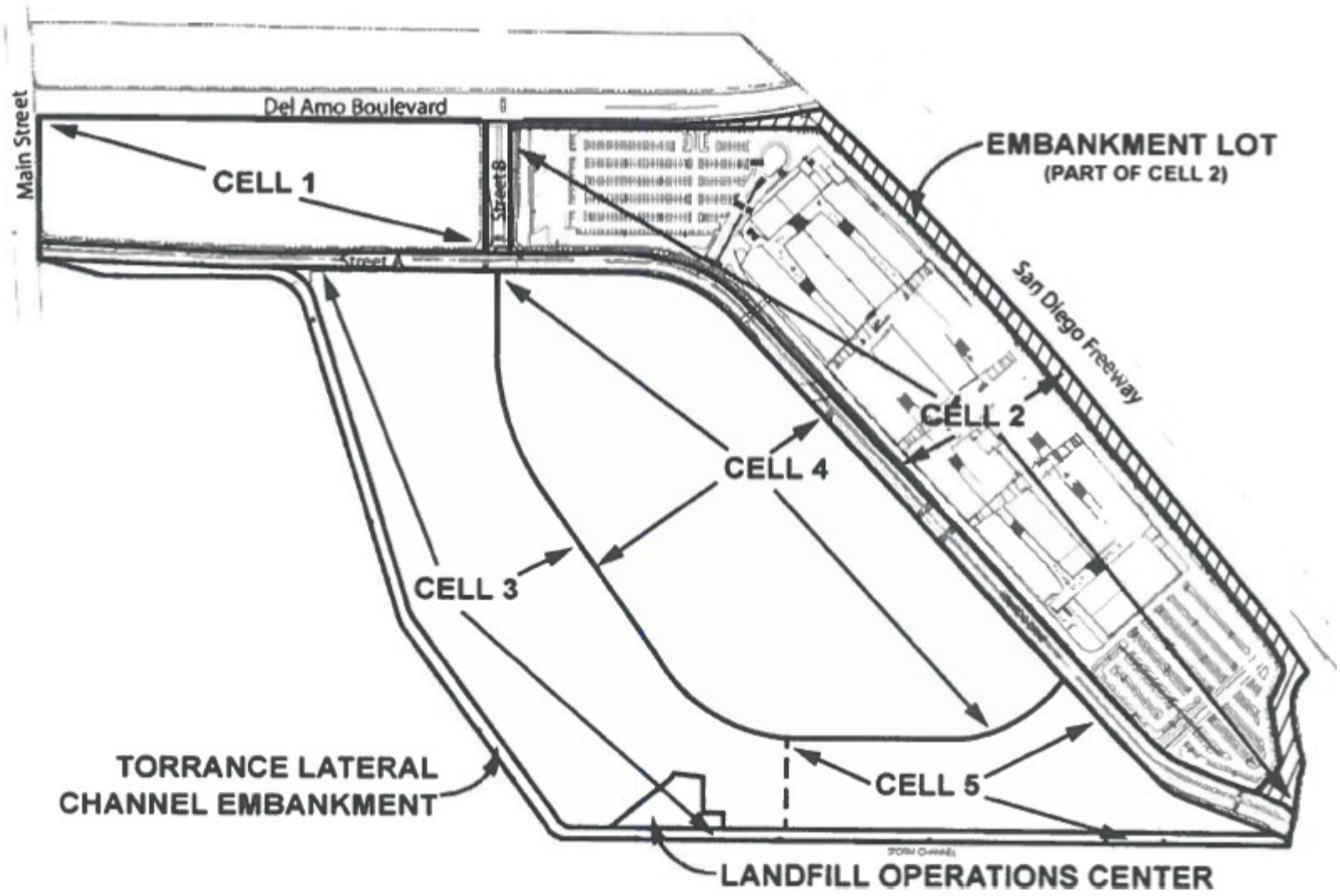

Main Street
Del Amo Boulevard
CELL 1
Street B
Street A
EMBANKMENT LOT
(PART OF CELL 2)
San Diego Freeway
CELL 2
CELL 4
CELL 3
TORRANCE LATERAL
CHANNEL EMBANKMENT
CELL 5
LANDFILL OPERATIONS CENTER

EXHIBIT B
PARCEL MAP

[TO BE INSERTED]

EXHIBIT C
FORM OF GRANT DEED

Recording requested by and When Recorded Return to:

APN. _____
THE UNDERSIGNED DECLARES that the documentary transfer tax (computer on full value) is $_____

(Space Above This Line for Recorder's Office Use Only)
(Exempt from Recording Fee per Gov. Code §6103)

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged and subject to the covenants set forth below the CARSON RECLAMATION AUTHORITY, a California joint powers authority ("**Grantor**") grants to _____, a _____ ("**Grantee**" or "**Developer**"), all of its right, title, and interest in that certain real property in the City of Carson, County of Los Angeles, State of California, as more particularly described in **Exhibit A** attached hereto and incorporated by this reference ("**Property**").

The Property constitutes a portion of that certain real property owned by the Grantor, known as the former Cal-Compact Landfill or the "157 Acre Site" (as defined in that certain Option Agreement entered into between Grantor and Grantee on July _____, 2020 (the "**Option Agreement**")).

Grantee acknowledges and agrees that the development of the Property shall be subject to (i) that certain Remedial Action Plan (as amended and modified from time to time, the "**RAP**") approved by the California Department of Toxic Substances Control ("**DTSC**"), on October 25, 1995, (ii) the Consent Decrees entered into with DTSC in December 1995, October 2000, and February 4, 2004 (the "**Consent Decrees**"), which require the installation, operation and maintenance of certain remedial systems, including a landfill cap, gas collection and treatment system, and groundwater extraction and treatment system on the Property ("**Remedial Systems**"), and (iii) all other regulatory requirements applicable to the Property.

Grantee's acquisition of the Property shall include (i) all permits, licenses, authorizations, consents, approvals and certificates relating to the Property, to the extent assignable from Grantor, and (ii) all rights, privileges, easements, rights-of-way and appurtenances used or connected with the beneficial use or enjoyment of the Property, including without limitation, development rights, and air rights. Such easements shall specifically include the following:

(a) Subjacent Support Easement. A nonexclusive perpetual easement over the Subsurface Lot of the Property to a level 500 feet below the Property, for support for the Grantee's project improvements on the Property as set forth in and pursuant to the terms and conditions of the Option Agreement (the "**Project**"), which shall permit the Remedial Systems and any other uses not inconsistent with subjacent support of the Project.

(b) Utility Easements. A nonexclusive perpetual easement for the delivery of water, gas, electricity, telephone, cable, fiber optic and other communications services and utilities, and the removal and drainage of sanitary waste and stormwater, over Grantor's facilities for such utilities located in the Subsurface Lot below the Property and the other portions of the 157 Acre Site, to connections to such facilities in the public streets or other publicly-owned locations.

(c) Subsidence Easements. A nonexclusive perpetual easement to permit encroachment of parking lots and similar improvements into the Subsurface Lot below the Property by virtue of

compaction and subsidence of soils and other materials underlying the Property, as depicted on **Exhibit C**, attached hereto.

(d) Embankment Easement. A nonexclusive perpetual easement to access, erect, maintain, power, repair and replace any signage installed on the Embankment (i.e., the 2,200-foot-long I-405 embankment, shown as the "Embankment Lot" on **Exhibit D**, attached hereto.

Grantee agrees to refrain from restricting the rental, sale, or lease of any portion of the Property on the basis of race, color, creed, religion, sex, marital status, age, ancestry, or national origin of any person. All such deeds, leases, or contracts shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

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

(b) Leases: In leases the following language shall appear: "The lessee herein covenants by and for itself, its heirs, executors, administrators, successors, and assigns, and all persons claiming under or through them, and this lease is made and accepted upon and subject to the following conditions:

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

(c) Contracts: In contracts pertaining to conveyance of the realty the following language shall appear: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, age, ancestry, or national origin in the sale, lease, rental, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the land."

The forgoing covenants shall remain in effect in perpetuity.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Grantor has caused this Grant Deed to be executed on its behalf as of the date written below.

GRANTOR:

CARSON RECLAMATION AUTHORITY, a California joint powers authority

By: _____
John Raymond, Executive Director

_____, 202__

ATTEST:

_____
Donesia Gause-Aldana, Authority Secretary

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Sunny Soltani, Authority Counsel

EXHIBIT A TO GRANT DEED

LEGAL DESCRIPTION

[TO BE INSERTED]

EXHIBIT B TO GRANT DEED

PARCEL MAP

[Attached]

EXHIBIT C TO GRANT DEED

SUBSIDENCE EASEMENT

[Attached]

EXHIBIT D TO GRANT DEED

Embankment Depiction

[Attached]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 202__ before me, _____, a notary public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Notary Public

SEAL:

EXHIBIT D

ENTITLEMENTS; GENERAL PROJECT REQUIREMENTS

ENTITLEMENTS:

Developer shall have the right to pursue the following entitlements (the "**Entitlements**") for approval by the City, which may include any additional entitlements deemed necessary in the future by the City for implementation of the Project:

- A noise variance
- An amendment to the Specific Plan
- Site Plan and Design Review approval
- The Subdivision (for the Surface Lot for the Remainder Cells)
- A General Plan amendment (to amend the MU-R land use designation for the Site)
- Amendments to the Municipal Code as necessary
- CEQA documentation for the Project, the form of which is to be determined but may include an Addendum to the previously certified Supplemental EIR, or a new Supplemental EIR
- Any additional entitlements necessary for implementation of the Project

GENERAL PROJECT REQUIREMENTS / ELEMENTS:

The Project shall consist of a 13 acre park, with associated food, café, and beverage facilities, (with the potential for hospitality, amphitheater, and iconic tower and museum uses), and the remainder of the Remainder Cells may be developed with an industrial park, which uses shall include distribution warehouses, fulfillment centers, logistics, light industrial including manufacturing and assembly including all associated parking and ancillary office.

EXHIBIT D

PRELIMINARY SITE PLAN

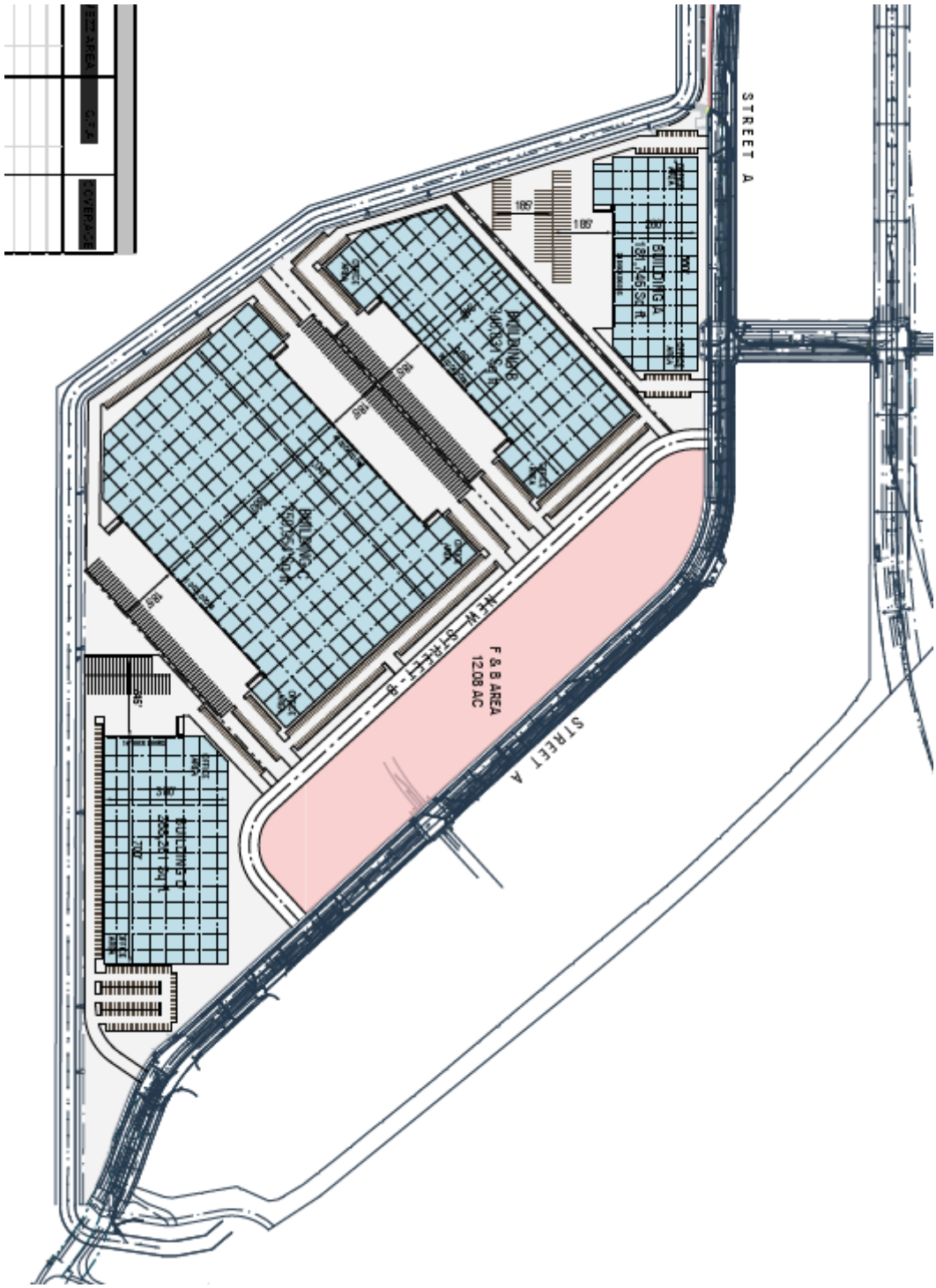


EXHIBIT E

ADDITIONAL TERMS OF TRANSACTION REGARDING INFRASTRUCTURE IMPROVEMENTS, SITE DEVELOPMENT IMPROVEMENTS, AND ENVIRONMENTAL REMEDIATION RESPONSIBILITIES

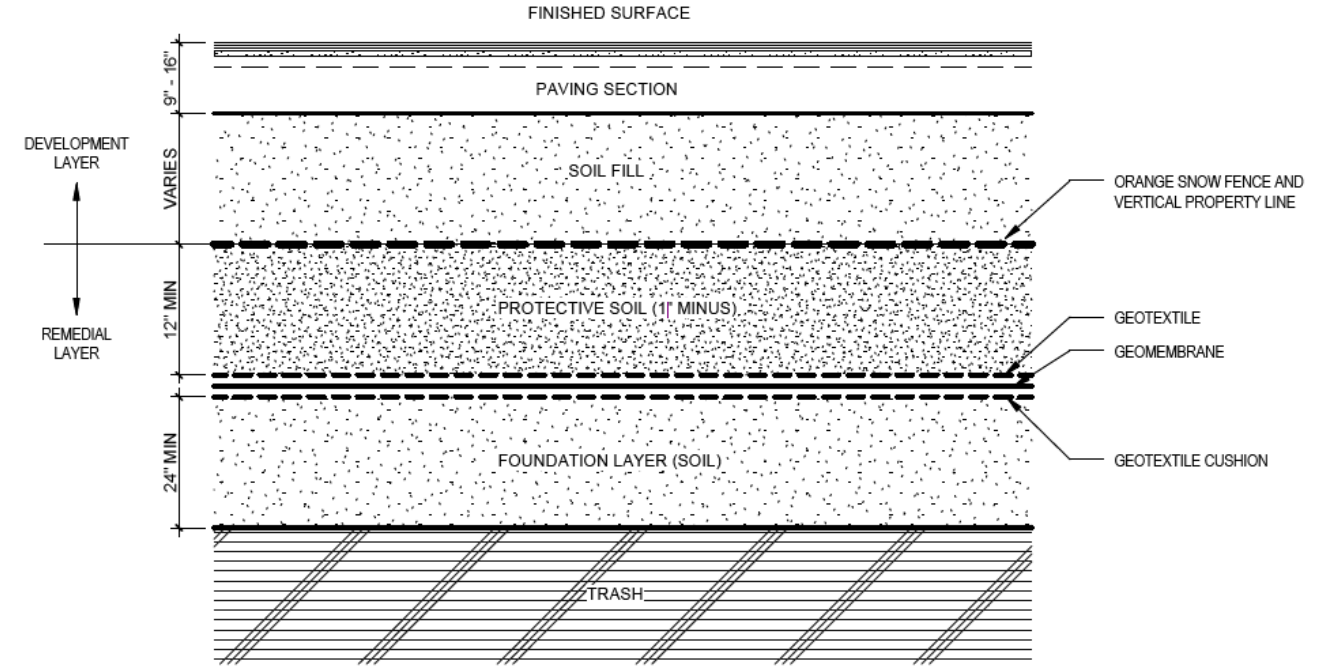
[Attached]

EXHIBIT F

SUBSIDENCE EASEMENT

Developer and Authority acknowledge that due to the poorly compacted condition of the Subsurface Lot of the Remainder Cells, subsidence of the Subsurface Lot is likely to occur in areas where the improvements in the Surface Lot of the Remainder Cells are not supported by pilings, such as parking lot and landscaped areas. While the demarcation between the Surface Lot and Subsurface Lot has been designed so as to permit some subsidence without encroachment of Developer's vertical improvements (e.g., parking lot paving) into the Subsurface Lot, nevertheless some such encroachment may occur if there is sufficient subsidence. Thus, Authority shall grant to Developer a subsidence easement to permit encroachment of such improvements into the Subsurface Lot of the Remainder Cells as a result of such subsidence.

Such Subsidence Easement is conceptually graphically depicted below.


FINISHED SURFACE
9" - 16"
PAVING SECTION
DEVELOPMENT LAYER
VARIES
SOIL FILL
ORANGE SNOW FENCE AND VERTICAL PROPERTY LINE
12" MIN
PROTECTIVE SOIL (1" MINUS)
GEOTEXTILE
GEOMEMBRANE
REMEDIAL LAYER
24" MIN
FOUNDATION LAYER (SOIL)
GEOTEXTILE CUSHION
TRASH

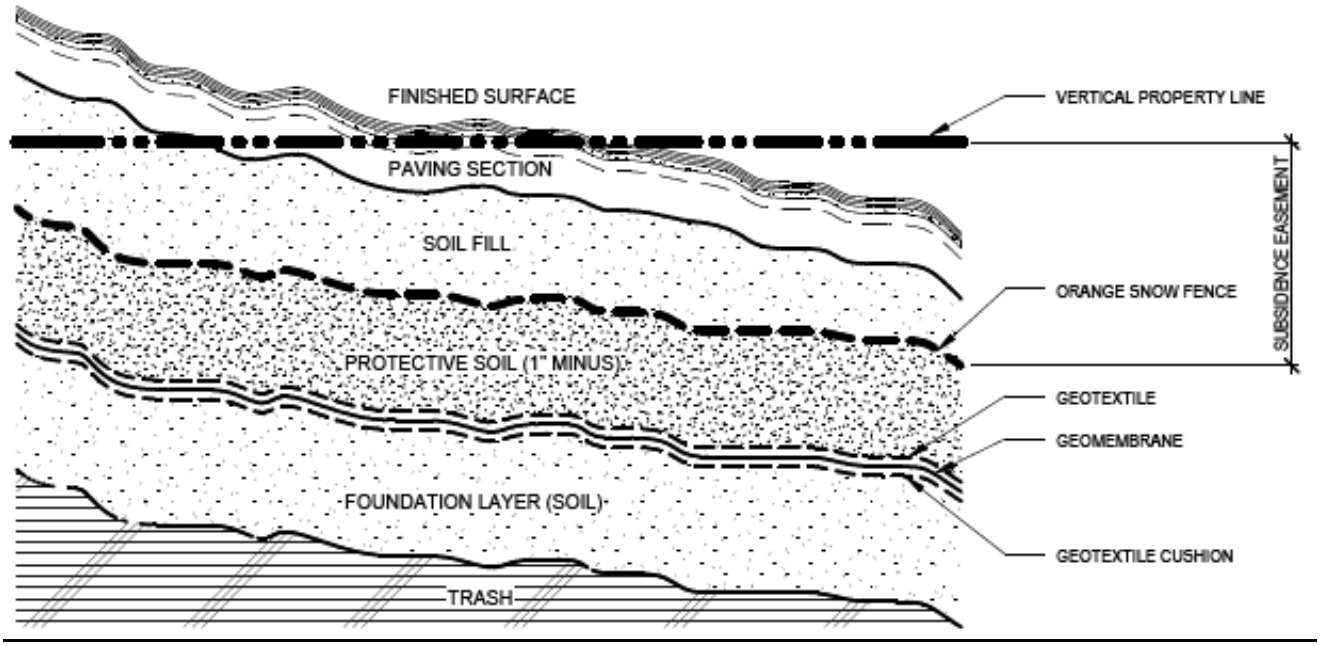

FINISHED SURFACE
VERTICAL PROPERTY LINE
PAVING SECTION
SOIL FILL
ORANGE SNOW FENCE
SUBSIDENCE EASEMENT
PROTECTIVE SOIL (1" MINUS)
GEOTEXTILE
GEOMEMBRANE
FOUNDATION LAYER (SOIL)
GEOTEXTILE CUSHION
TRASH

EXHIBIT G

TITLE POLICY

[Attached]

EXHIBIT H

INITIAL SCHEDULE OF PERFORMANCE

Event	Event Description	Time For Performance
1	Opening of Escrow	Concurrent with Effective Date
2	Developer makes the First Advance	Within 3 days following Authority Board approval of Option Agreement
3	Developer makes the Second Advance	Within 5 days following Event 1
4	Parties deposit the DIF Agreement into Escrow	Within 5 days after Event 1
5	First Advance is released to Authority	Within 5 days after Event 1, subject to Event 3
6	Parties deposit the Second Advance documents into Escrow (including, the CoC, Deed of Trust, Covenant Agreement, Second Advance Promissory Note, a draft of the Insurance Administration Agreement and a draft of the License Agreement)	Within 60 days following Event 1
7	Second Advance is released to Authority, concurrent with the recordation of the CoC, Deed of Trust and Covenant Agreement	Immediately following the completion of Event 6
5	The Parties commence preparing, processing and negotiating the Development Agreement and CC&Rs	Within 5 days following Event 5
6	Developer commences preparation of documentation for its Entitlement and CEQA Approvals	Within 5 days following Event 5
7	Completion of Development Agreement, CEQA documentation and Entitlement documentation in order to submit same to the City for determination	On or before January 31, 2021, subject to extension as provided in the Option Agreement
8	Planning Commission hearing (if necessary)	Within 30 days following Event 7
9	City Council hearing on Required Approvals	Within 30 days following the later of Event 7 or 8
11	Close Escrow (either Option A or Option B)	Prior to the expiration of the Term (subject to extension as set forth in the terms of the Agreement), subject to the terms and conditions of the Agreement
The Following Assumes Closing Pursuant to Option A		
12	Developer submits construction drawings	Within 30 days following Event 11
13	Developer starts construction of the Remedial Systems, BPS, and Site Development Improvements necessary to allow for vertical improvements	Within 30 days following approval of the construction plans/drawings
14	Developer completes construction of the Remedial Systems, BPS, and Site Development Improvements necessary to allow for vertical improvements	Within 12 months of Event 13

15	Developer completes construction of the Project	Within 12 months of Event 14

EXHIBIT I

DESCRIPTION OF INSURANCE PROGRAM

Reference	Primary Carrier/ Policy Number	Excess Policies	Total Limits	Description	Total Premium Paid	Premium Allocation Calculation
PLL	Beazley, Policy No. B0901EK1702322000	Yes	$200,000,000 (*subject to $50,000,000 Cam-Carson Dedicated Limit and a to be determined sub-limit for vertical developers*)	Site specific pollution legal liability policy provides third party bodily injury and property damage claims and first party claims for cleanup costs for pollution conditions occurring on, at under or migrating from the Property.	$4,399,221	60% of the premium paid by Authority is allocated to Developer based on acreage of the proposed development project in relation to Cells 1, 3, 4, and 5
CPL/PLI	Tokio Marine Specialty Insurance Company, Policy No. PPK1590707	Yes	$50,000,000 CPL $25,000,000 PLI	Contractor pollution liability (CPL) provides third-party coverage for bodily injury, property damage, defense, and first party coverage for cleanup as a result of pollution conditions arising from contracting operations performed by or on behalf of a contractor party. All contractors and subcontractors performing construction work will be listed as insureds under the CPL portion. Professional Liability Insurance (PLI) provides coverage for contractors' and subcontractors' professional work (*i.e.* design work) to Authority, RES and RES' direct design subcontractors .	$2,972,297	• $0.59 per $1,000 in hard costs for commercial and retail development exposures; • $0.89 per $1,000 in hard costs for multi-family residential exposures • TBD for industrial exposures.
OPPI	Berkley Assurance Company, Policy No. OOMB-5004810-0918	No	$25,000,000	Owner's Protective Professional Indemnity Insurance provides excess professional liability coverage on behalf of Authority and vertical developers. The OPPI provides first party coverage to the insureds, but does not extend to the design professionals or contractors (*i.e.* the engineers, architects, etc. are not added as named insureds to the policy).	$353,458	N/A Developer will not participate on this program.
GL-Wrap	Tokio Marine HCC,	Yes	$200,000,000 each	Wrap-up General Liability and Excess	$2,026,868	Developer will be

Reference	Primary Carrier/ Policy Number	Excess Policies	Total Limits	Description	Total Premium Paid	Premium Allocation Calculation
(OCIP)	Policy No. H18PC31029-00		occurrence; $200,000,000 general aggregate; $200,000,000 products and completed operations aggregate; 10 years products and completed operations	(OCIP) coverage for all tiers of horizontal and vertical contractors and subcontractors working on the Property provides the primary bodily injury coverage at or on the Property and includes affirmative coverage for concussive risk.		responsible for additional premium based on hard-cost construction values Total premium (at audit) will be allocated pro-rata based on hard-cost construction values.
Builders' Risk	Lloyd's of London, Policy No. B0901LB1833162000	No		Wrap-up Builder's Risk insurance policy provides first party property coverage for damage to real property incurred during construction, including assets that are installed or being built on the Property.	$1,063,874	Developer will be responsible for additional premium based on project construction values multiplied by the annual rate set forth in the Builder's Risk Program Total premium (at audit) will be allocated pro-rata based on construction values.
Terrorism Liability (3rd party claims)	Lloyd's of London, Policy No. B0901LP1830848000	No	$100,000,000	Stand-alone Terrorism Public Liability Insurance provides coverage for third-party claims resulting from a covered act of terrorism.	$123,840	N/A Developer will not participate on this program.
Terrorism / Sabotage (1st party damage)	Lloyd's of London, Policy No. B0901LP1830635000	No	$392,000,000 [*matches project construction values*]	Stand-alone Terrorism and/or Sabotage Insurance provides coverage for first party losses resulting from a covered act of terrorism or sabotage.	$112,188	N/A Developer will not participate on this program.

EXHIBIT J

FORM OF INSURANCE ADMINISTRATION AGREEMENT

[Attached]

GT Draft 7/15/20

INSURANCE ADMINISTRATION AGREEMENT

BY AND BETWEEN

CARSON RECLAMATION AUTHORITY

AND

FBD CARSON, LLC

DATED AS OF

_____ __, _____

INSURANCE ADMINISTRATION AGREEMENT

This INSURANCE ADMINISTRATION AGREEMENT (this "**Agreement**") is made as of _____ __, _____ (the "**Effective Date**") by and between CARSON RECLAMATION AUTHORITY, a joint powers authority formed under the laws of the State of California ("**CRA**") and FBD CARSON, LLC, a [Delaware limited liability company][TO CONFIRM] ("**Faring**").

RECITALS

A. *The Property and its Environmental Conditions*

WHEREAS, CRA is the owner of the 157-acre parcel located at 20400 S. Main Street in Carson, California, commonly known as the former Cal Compact Landfill and shown on the Site Map attached hereto as Exhibit A-1 (the "**Property**").

WHEREAS, the Property is subject to a tentative tract map that subdivides it into a surface lot (the "**Surface Lot**") and a subsurface lot (the "**Subsurface Lot**"), which lots are referenced on the "Designation of Parcels" attached hereto as Exhibit A-2 as Parcels 1 (Subsurface Lot) and 2 (Surface Lot) of Parcel Map No. 70372.

WHEREAS, the Property is divided into five (5) cells (each, a "**Cell**") as shown on Exhibit A-3.

WHEREAS, the Property was operated as a landfill prior to the incorporation of the City of Carson ("**City**") in 1968 and as a result, the Property has soil and groundwater contamination that requires substantial remediation in order to allow for any vertical development of the Property. On October 25, 1995, the California Department of Toxic Substances Control ("**DTSC**") approved a Remedial Action Plan ("**RAP**") for the Property, which RAP requires the installation, operation and maintenance of certain remedial systems, including a landfill cap, gas extraction and treatment system, and groundwater collection and treatment system on the Property. In addition to the RAP, certain Consent Decrees were issued for the Property in October 1995 and January 2004, which were entered into by DTSC and certain responsible parties for the remediation, in order to resolve claims made regarding the resolution of the contamination issues afflicting the Property (the "**Consent Decrees**"), [**NOTE TO BE MODIFIED TO INCORPORATE ADDITIONAL CONSENT DECREES**] which Consent Decrees still apply to the remedial obligations for the Property. In addition, the development of the Property is subject to the terms and conditions set forth in that certain document entitled Management Approach to Phased Occupancy (File No. 01215078.02), approved by DTSC in April 2018 (the "**MAPO**") and that certain letter regarding phased development matters, issued by DTSC to the Authority, dated October 17, 2017 (the "**Phased Development Letter**").

B. *CRA's Agent RE | Solutions, LLC*

WHEREAS, CRA and RE | Solutions, LLC ("**RES**") entered into that Amended and Restated Environmental Remediation and Development Management Agreement dated as of June 20, 2019 (as amended, modified or restated from time to time, the "**CRA/RES**

Development Agreement") pursuant to which RES was appointed as CRA's environmental and development manager for the remediation and development of the Property (by third party developers). [**NOTE: May require revisions to conform to the contractual relationships at the time this agreement is executed]**

WHEREAS, pursuant to the CRA/RES Development Agreement RES may act as CRA's agent with such agency limited to the scope set forth therein.

C. *Faring and Development of Cells 3, 4 and 5*

WHEREAS, the CRA and Faring have entered into that certain Option Agreement and Joint Escrow Instructions, dated _____, 2020 (as amended and modified from time to time, the "**Option Agreement**"), pursuant to which Faring was granted an option right for its acquisition and development of the Surface Lot of Cells 3, 4 and 5 (the "**Remainder Cells**"), subject to all terms and conditions contained therein, including the obligation of Faring to obtain certain Entitlements and other Required Approvals (each as defined in the Option Agreement), and reserving full discretionary authority of the CRA Board and City Council to approve or deny the Entitlements and other Required Approvals in its police powers.

WHEREAS, Faring has successfully obtained the Required Approvals, pursuant to the terms and conditions of the Option Agreement and has exercised its option right to acquire and develop the Remainder Cells, and therefore, the CRA shall convey the Remainder Cells comprising approximately 96 acres to Faring [for the development of an approximately 13-acre park with restaurant uses (food and beverage), an iconic tower, potential exhibition and/or museum space, and potential hotel space, and a major industrial/fulfillment center (the "**Faring Project**"); *provided*, *however*, pursuant to the terms and conditions of the Option Agreement, Faring shall be required to construct and install the Remedial Systems and Building Protection Systems necessary for the Remainder Cells, pursuant to all DTSC regulatory requirements and in accordance with the terms and conditions of the Option Agreement, and the Site Development Improvements (as defined in the Option Agreement) (collectively, the "**Additional Faring Project Improvements**").][TO BE UPDATED FOLLOWING APPROVAL OF ENTITLEMENTS]

D. *Remaining Development of Cells 1 and 2.*

WHEREAS, on September 6, 2018, the CRA entered into a Conveyancing Agreement with CAM-CARSON, LLC ("**CAM**"), a joint venture between Macerich and Simon Property Group, for the disposition and development of a high-end fashion outlet center on Cell 2 comprising approximately 42 acres of the Property known as the Los Angeles Premium Outlets project (the "**Cell 2 Project**"). Construction of the Cell 2 Project elements commenced in September 2018 with the initial construction of the Remedial Systems required for the Cell 2 Project, grading and waste reconsolidation, installation of piles and pile caps, installation of vaults and under slab utilities and underground utility runs, and other sub-surface work. Vertical development of the Cell 2 Project has not yet commenced. [NOTE: TERMS TO BE MODIFIED TO REFLECT THE THEN CURRENT STATUS OF THE CELL 2 PROJECT ONCE THIS AGREEMENT IS EXECUTED]

WHEREAS, CRA is currently in discussions with Future Developers (defined below) for the vertical development of Cell 1. [**TO BE MODIFIED AT THE TIME THIS IAA IS ENTERED INTO REFLECT THE THEN-CURRENT STATUS**]

E. *Joint Development Insurance Programs*

WHEREAS, CRA (together with CAM) has obtained the Joint Development Insurance Programs (defined below) that are potentially available for Faring's participation as further described herein.

WHEREAS, Faring has elected to participate in the Joint Development Insurance Programs (as defined herein) [**TO BE UPDATED UPON FARING'S INSURANCE ELECTION IN ACCORDANCE WITH THE TERMS OF THE OPTION AGREEMENT**] and contributed its allocated portion of the applicable premium, surplus lines taxes and brokerage fees as set forth in the Option Agreement.

WHEREAS, Faring shall be required to maintain the Faring Insurance Programs (as defined herein). **[NOTE: SCHEDULE 5.01 WILL BE UPDATED TO REFLECT THE FARING SPECIFIC INSURANCE REQUIRED TAKING INTO ACCOUNT THE JOINT DEVELOPMENT INSURANCE PROGRAMS.]O BE UPDATED UPON FARING'S INSURANCE ELECTION IN ACCORDANCE WITH THE TERMS OF THE OPTION AGREEMENT**]

AGREEMENT

NOW, THEREFORE, in consideration of the promises and covenants herein contained, and for good and valuable consideration and intending to be legally bound, CRA and Faring agree as follows:

ARTICLE I
DEFINITIONS

1.01. Defined Terms. As used in this Agreement, the following capitalized terms have the following meanings:

(a) "**Additional Faring Project Improvements**" has the meaning set forth in Recital C to this Agreement.

(b) "**Agreement**" means this Insurance Administration Agreement by and between CRA and Faring, as the same may be amended from time to time.

(c) "**Applicable Laws**" means any applicable federal, state or local laws and all Environmental Laws.

(d) "**Broker**" means Marsh & McLennan Companies, or any successor broker of record appointed by CRA.

(e) "**Building Protection Systems**" means those systems that consist of landfill gas monitoring and detection systems under all areas where buildings are to be constructed on or under the Remainder Cells and having the following characteristics: (i) the Building Protection System shall be installed above the primary landfill cap membrane and under, or adhered to, slabs of all buildings slated for occupancy in a particular Cell; (ii) the Building Protection System shall consist of a membrane layer, ventilation layer, gas control pipeline and monitoring system, to the extent each is required by the Los Angeles County Department of Public Works, Environmental Programs Division; and (iii) the design and completion of the Building Protection Systems are approved by the Los Angeles County Department of Public Works, Environmental Programs Division.

(f) "**Builder's Risk Program**" means that phased first party property coverage tower for damage to real property issued by Lloyd's of London as Policy No. B0901LB1833162000 as the lead policy and all excess policies thereof.

(g) "**Builder's Risk Program Premium Payment**" has the meaning set forth in Section 4.06 hereof.

(h) "**Cell**" means any one of the five (5) portions of the Property as described in Recital A and as more specifically depicted on Exhibit A-3 .

(i) "**CFD#1**" means the Community Facilities District No. 2012-1 of the City of Carson (The Boulevards at South Bay – Remedial Systems OM&M), a public body formed pursuant to the Mello-Roos Community Facilities Act of 1982.

(j) "**City**" means the City of Carson, California.

(k) "**CRA**" means the Carson Reclamation Authority, which at all times hereunder shall act by and through its Executive Director, unless otherwise expressly provided herein.

(l) "**CRA PLL Sublimit**" has the meaning set forth in Section 2.03(c) hereof.

(m) "**Development CPL/PLI**" means that Contractors Pollution Liability and Professional Liability policy issued by Tokio Marine Specialty Insurance Company as Policy No. PPK1590707 and the excess policies issues by Pioneer as Policy No. CPP-0000151-01 and Allied World National Assurance Company as Policy No. 0311-1385.

(n) "**Development PLL**" means the site-specific pollution legal liability program issued by Beazley as Policy No. B0901EK1702322000 and the excess policies issued by Ironshore as Policy No. 003389700, Great American Insurance Group as Policy No. EEL E240608 00, XL Catlin as Policy No. XEC0051209 and Zurich as Policy No. AEC 0386238 00.

(o) "**Development PLL Renewal**" has the meaning set forth in Section 2.04 hereof.

(p) "**DTSC**" means the California Environmental Protection Agency, Department of Toxic Substances Control.

(q) "**Effective Date**" means the date the Agreement is entered into as shown on page 1 hereof.

(r) "**Environmental Laws**" means any applicable federal, state or local laws, statutes, ordinances, rules, regulations, orders, now or hereafter in effect, imposing liability, establishing standards of conduct or otherwise relating to protection of the environment (including natural resources, surface water, groundwater, soils, and indoor and ambient air), health and safety, or the presence, generation, treatment, storage, disposal, discharge or threatened discharge, transport or handling of any hazardous material.

(s) "**Event of Default**" means any uncured default or breach as more specifically described in Section 10.01.

(t) "**Faring**" means FBD Carson, LLC, a subsidiary of [Faring Capital, LLC and Bridge Acquisition, LLC], and/or any successors in interest to [FBD Carson, LLC].

(u) "**Faring Insurance Programs**" has the meaning set forth in Section 5.01.

(v) "**Faring PLL Sublimit**" has the meaning set forth in Section 2.02(c) hereof.

(w) "**Faring Premium Percentage**" has the meaning set forth in Section 2.03 hereof.

(x) "**Future Developer**" means any developer selected by CRA to develop and construct vertical improvements on Cell 1 of the Surface Lot or any successor developer on any Cell of the Surface Lots, each pursuant to a written development agreement.

(y) "**GL Program**" means that owner controlled general liability and excess (umbrella) master-wrap Comprehensive General Liability program tower issued by Tokio Marine HCC, Policy No. H18PC31029 as the lead policy and all excess policies thereof.

(z) "**GL Program Premium Payment**" has the meaning set forth in Section 4.03 hereof.

(aa) "**Joint Development Insurance Programs**" means, collectively, the Development PLL, Development CPL/PLI, GL Program and Builder's Risk Program, as well as any renewal and replacement policies thereto required by this Agreement. [**NOTE: TO BE UPDATED WITH ONLY THE SPECIFIC PROGRAMS FARING ELECTS TO PARTICIPATE IN**]

(bb) "**Post-Development PLL**" has the meaning set forth in Section 2.05 hereof.

(cc) "**Property**" means that certain 157-acre parcel located at 20400 S. Main Street in Carson, California, commonly known as the former Cal Compact Landfill and shown on the Site Map attached hereto as Exhibit A-1.

(dd) "**Remedial Construction Completion**" means that date upon which there is substantial completion of all remedial construction on all five (5) cells and vertical construction on Cells 1, 2, 3, 4 and 5 of the Property, as applicable.

(ee) "**Remedial System Buildout Period**" means the period from the Effective Date through and including the written approval by DTSC of (i) a cell-specific Remedial Action Completion Report for all five (5) Cells of the Property, which confirms that all Remedial Systems on each Cell of the Property have been installed and are operational; and (ii) Building Protection Systems have been installed on each of the five (5) Cells of the Property in areas and in such a manner required by DTSC and Los Angeles County Department of Public Works, Environmental Programs Division.

(ff) "**Remedial Systems**" means the landfill liner and cap, landfill gas extraction and treatment system and groundwater extraction and treatment system on any Cell of the Property.

(gg) "**RES**" means RE | Solutions, LLC, a Colorado limited liability company, and any successor project manager retained by CRA.

(hh) "**SIR**" means the self-insured retention or deductible due under any Joint Development Insurance Program.

(ii) "**Subsurface Lot**" means the subsurface lot as referenced on Exhibit A-2.

(jj) "**Surface Lot**" means the surface lot as referenced on Exhibit A-2.

ARTICLE II
DEVELOPMENT POLLUTION LEGAL LIABILITY COVERAGE

2.01. Development Pollution Legal Liability Coverage. CRA obtained the Development PLL on December 31, 2017, a copy of which has been provided to Faring.

2.02. Development PLL Specifications.

(a) *Existing Coverages*. The Development PLL has a policy term of ten (10) years, with limits of liability equal to Two Hundred Million Dollars ($200,000,000) per incident and in the aggregate and an SIR of Two Hundred Fifty Thousand Dollars ($250,000) per incident. The Development PLL includes coverage for pre-existing and new pollution conditions. The Development PLL is primary and non-contributory to any other insurance carried by the insureds thereunder and any other Future Developers and there is no exclusion or limitation of coverage to an insured if a claim is made by another insured.

(b) *Faring Optional Modifications*. Upon Faring's reimbursement to CRA of the Faring Premium Percentage for the Development PLL and subject to the insurer's underwriting requirements, CRA shall use commercially reasonable and diligent efforts to obtain the following endorsements to the Development PLL:

(i) *Material Change in Use.* The definition of "Material Change in Use" set forth on Endorsement 28 of the Development PLL shall be revised so as to expressly include park, retail, food and beverage, hospitality, amphitheater, studio, museum, office and industrial (*e.g.*, distribution warehouse, light manufacturing/assembly, fulfillment center, logistics, storage) with associated parking and office as the permitted use on Cells 3, 4 and 5.

(ii) *Insured Status.* Faring and its affiliates shall be included as insureds on the Development PLL with the unrestricted ability to make a claim under the Development PLL. Faring acknowledges and agrees that upon CRA entering into a written development agreement with any Future Developer, such Future Developer and its designees shall also be listed as insureds on the Development PLL with the unrestricted ability to make a claim thereunder.

(iii) *Dedicated Sublimits*. Faring shall have a dedicated and reserved limit of liability under the Development PLL of Fifty Million Dollars ($50,000,000) per incident and in the aggregate for pre-existing and new pollution releases substantially consistent with Endorsement 29 of the Development PLL (the "**Faring PLL Sublimit**"). Of the remaining limits of liability under the Development PLL, $50,000,000 has been allocated to CAM through a similar reserved sublimit and the remaining limits of liability will be allocated to CRA, its agents and any Future Developers at CRA's discretion (the "**CRA PLL Sublimit**").

(c) *Term.* The Development PLL has a ten (10) year term ending on December 31, 2027 and no insured may cancel or terminate the Development PLL before the expiration of its term.

2.03. Development PLL Cost Allocation. In the event Faring elects to participate on the Development PLL, Faring shall reimburse CRA for [eighty-three and one-half percent (83.5%)] of the total premium, surplus lines taxes and applicable brokerage fees paid by CRA (the "**Faring Premium Percentage**")[1]] [$*2,204,009*] and shall pay directly to Broker any additional premium up to a maximum of $75,000 required to obtain the Development PLL endorsements described in Section 2.02(b) above.

2.04. Development PLL Renewal. In the event that the Development PLL expires prior to the end of the Remedial System Buildout Period, CRA may obtain, in its sole discretion, a new policy of pollution legal liability insurance (the "**Development PLL Renewal**"). In the event CRA obtains the Development PLL Renewal, Faring may elect to be an insured on the Development PLL Renewal with the same status as on the Development PLL; *provided, however*, no dedicated or reserved limit of liability will be available to Faring under the Development PLL Renewal. In such event, Faring shall be obligated to reimburse CRA for the Faring Premium Percentage of the total premium and applicable surplus lines taxes and brokerage fees required to obtain the Development PLL Renewal.

2.05. Post-Development PLL. In the event that the Remedial System Buildout Period

[1] The Faring Premium Percentage is calculated based on the percentage of acreage of the Faring Project (96 acres) compared to the total acreage of Cells 1, 3, 4 and 5 (115 acres) multiplied by the total premium paid by CRA for the Development PLL that has not otherwise been paid by CAM.

has ended, then, upon the expiration of the Development PLL or Development PLL Renewal, as applicable, CRA may, in its sole discretion, replace the Development PLL or the Development PLL Renewal, as applicable, with a new policy of pollution legal liability insurance (the "**Post-Development PLL**"). The terms of the Post-Development PLL may be determined by CRA in its sole discretion. Faring (at its option), CAM and all Future Developers may be included as insureds on the Post-Development PLL with the same status as on the Development PLL or Development PLL Renewal, as applicable; but with no dedicated limits. CRA may maintain the Post-Development PLL in perpetuity, and any premium and surplus lines taxes and applicable brokerage fees associated with the Post-Development PLL may be paid by and through CFD #1. In the event the Development PLL, Development PLL Renewal or Post-Development PLL, as applicable, are cancelled, any refunded premium will be returned to Faring on the same percentages as the premium was paid herein.

ARTICLE III
DEVELOPMENT CONTRACTOR'S POLLUTION AND PROFESSIONAL LIABILITY INSURANCE COVERAGE

3.01. Development Contractor's Pollution and Professional Liability Insurance. On December 31, 2017, CRA obtained the Development CPL/PLI for contracting operations and certain professional services conducted by or on behalf of CRA and RES, a copy of which has been provided to Faring.

3.02. Development CPL/PLI Specifications.

(a) *Existing Coverages*. The Development CPL/PLI has limits of liability of Fifty Million Dollars ($50,000,000) per incident and in the aggregate for pollution conditions resulting from contracting operations, and Twenty-Five Million Dollars ($25,000,000) per incident and in the aggregate for professional services contracted directly with RES or CRA, with both coverages subject to a maximum SIR of Five Hundred Thousand Dollars ($500,000) per incident. The Development CPL/PLI has a retroactive date of December 21, 2007 for all coverages. The Development CPL/PLI contains ten (10) years of "completed operations" coverage. There is no exclusion or limitation of coverage to an insured if a claim is made by another insured.

(b) *Faring Optional Modifications*. Upon payment by Faring to Broker of the total premium, brokerage fees, and surplus line taxes to add the Faring Project together with construction and design of the Additional Faring Project Improvements to the Development CPL/PLI and subject to the insurer's underwriting requirements, CRA shall use commercially reasonable and diligent efforts to obtain the following endorsements to the Development CPL/PLI:

(i) *Project Description*. The Development CPL/PLI shall be endorsed to include the Faring Project together with construction and design of the Additional Faring Project Improvements as part of the "Description of Project" with Faring listed as the "Project Owner".

(ii) *Insured Status.* All contractors and subcontractors of all tiers performing construction (including installation of the Additional Faring Project Improvements, Remedial Systems, foundation systems, sub-foundation systems, performance of site grading, infrastructure improvements and construction of vertical improvements) on the Remainder Cells shall be listed as an insured on the Development CPL/PLI with respect to only the contractor's pollution coverage provided thereunder. The PLI portion of the coverage under the Development CPL/PLI will list CRA, the City, RES, Faring and all direct subcontractors of each of RES and Faring that perform design work related to the Remedial Systems as insureds with the unrestricted ability to make a claim under the Development CPL/PLI, subject to the terms and conditions of the Development CPL/PLI.

(c) *Dedicated Sublimits*. There will be no dedicated sublimits under the Development CPL/PLI.

(d) *Term.* The Development CPL/PLI has a policy term through and including December 21, 2022 and no insured may cancel or terminate the Development CPL/PLI before the expiration of its term.

3.03. Development CPL/PLI Cost Allocation. In the event Faring elects to participate in the Development CPL/PLI, Faring shall pay directly to Broker the total premium, surplus lines taxes and applicable brokerage fees required to endorse the Development CPL/PLI to add the Faring Project together with construction and design of the Additional Faring Project Improvements.

ARTICLE IV
GENERAL LIABILITY AND BUILDERS' RISK COVERAGE

4.01. General Liability Insurance Program. CAM has obtained the GL Program, a copy of which has been provided to Faring.

4.02. GL Program Specifications.

(a) *Existing Coverages*. The GL Program covers all eligible tiers of horizontal and vertical contractors and subcontractors working on enrolled projects at the Property. The GL Program lists CAM as the first named insured and is administered by the Broker. The GL Program currently includes coverage limits in a combination of primary, umbrella and excess as follows: for commercial general liability, applying to all enrolled parties jointly, the following limits: (1) $200,000,000 each occurrence; (2) $200,000,000 general aggregate; (3) $200,000,000 products and completed operations aggregate over the term of the policy; and (4) 10 years products and completed operations.

(b) *Faring Optional Modifications*. Upon payment to the Broker of the total premium, brokerage fees and surplus line taxes to add the Faring Project and the Additional Faring Project Improvements to the GL Program and subject to the insurer's underwriting requirements, CRA shall use commercially reasonable and diligent efforts to obtain the following endorsements to the GL Program:

(i) *Project Description*. The GL Program shall be endorsed to include the Faring Project together with construction of the Additional Faring Project Improvements as part of the "Project Description". The GL Program will be the primary bodily injury/property damage coverage at or on the Remainder Cells during the term of construction of the Faring Project and Additional Faring Project Improvements.

(ii) *Insured Status*. The GL Program shall be endorsed to expressly list Faring and CRA as "Named Insureds" thereunder for the Faring Project and the Additional Faring Project Improvements, and eligible contractors and subcontractors of all tiers performing work for Faring at or under the Remainder Cells will be enrolled in the GL Program.

(c) *Dedicated Sublimits*. There will be no dedicated sublimits under the GL Program unless otherwise jointly agreed to by CRA and Faring.

(d) *Term.* The GL Program has a term until September 12, 2023.

4.03. GL Program Cost. The GL Program is priced based upon project construction values (based upon good faith estimates from the insureds). Faring shall pay its portion of the total premium and administrative fees of such projected construction values calculated on the basis of its construction value of the Faring Project together with construction of the Additional Faring Project Improvements multiplied by the GL Program rate (the "**GL Program Premium Payment**"). The GL Program Premium Payment (and the administrative fees) will be payable directly by Faring to Broker, or at CRA's sole discretion by and through CFD #1 to the extent applicable (which will levy assessments to the developers/project owners of any portion of the Property). In accordance with the policy terms of the GL Program, the final premium may be subject to an audit by the carrier and subject to the policy requirements of (i) the actual construction values completed and (ii) the actual construction term utilized. Subject to the policy terms and conditions, based on the audit, any excess premium paid by any party will be returned to such over-paying party and any additional premium due from any party will be charged to and paid by such applicable party.

4.04. Property and Builder's Risk Insurance Coverage. CAM has obtained the Builder's Risk Program, a copy of which has been provided to Faring.

4.05. Builder's Risk Program Specifications.

(a) *Existing Coverages*. CAM and CRA have procured and are maintaining a phased Builder's Risk Program for all of the vertical and horizontal construction components on Cell 2 and all of CRA's existing horizontal components on Cells 1, 3, 4 and 5.

(b) *Faring Optional Modifications*. Upon payment to Broker of the total premium, brokerage fees and surplus line taxes to add the Faring Project and the Additional Faring Project Improvements to the Builder's Risk Policy during the "Period of Attachment" (as defined in the Builder's Risk Program) and subject to the insurer's underwriting requirements, CRA shall use commercially reasonable and diligent efforts to obtain the following endorsements to the Builder's Risk Program:

(i) *Project Declaration*. The Builder's Risk Policy shall be endorsed to include the Faring Project and the Additional Faring Project Improvements as part of the "Project Description" under a "Project Declaration" endorsement. The Builder's Risk Program will be primary with respect to all property damage at, on or under the Remainder Cells during the term of construction of the Faring Project and the Additional Faring Project Improvements. CRA and Faring shall coordinate with Broker to define phases of work on and under the Remainder Cells.

(ii) *Insured Status.* CRA and Faring, will be listed as a named insured on the Builder's Risk Program with respect to the Remainder Cells with the unrestricted ability to make claims thereunder. All Faring contractors and subcontractors of all tiers performing work at or under the Remainder Cells will be listed as additional insureds with respect to the Faring Project and Additional Faring Project Improvements, but only as their interests may appear.

(c) *Dedicated Sublimits*. There will be no dedicated sublimits under the Builder's Risk Program.

(d) *Term.* The Builder's Risk Program will detail the specific term associated with the Faring Project and the Additional Faring Project Improvements.

4.06. Builder's Risk Program Cost. The annual cost of the Builder's Risk Program will be calculated based upon project construction values (based upon good faith estimates from each of Faring, CAM, CRA and the Future Developers, as applicable) multiplied by the annual rate set forth in the Builder's Risk Program.[2] Each party shall pay its portion of the total premium cost of such projected values calculated on the basis of the applicable rate for such work ("**Builder's Risk Program Premium Payment**"), so as to ensure that the Builder's Risk Program Premium Payment reflects the actual anticipated construction exposures attributable to the horizontal and vertical construction anticipated to be performed by CRA, CAM, Faring and the Future Developers, as applicable. The Builder's Risk Program Premium Payment will be payable directly by each party to Broker, or at CRA's discretion, by and through CFD #1 via special assessments to all development projects on the Property. In accordance with the policy terms of the Builder's Risk Program, the final premium may be subject to an audit by the carrier and subject to the policy requirements of (i) the actual construction values completed and (ii) the actual construction term utilized. Subject to the policy terms and conditions, based on the audit, any excess premium paid by any party will be returned to such over-paying party and any additional premium due from any party will be charged to and paid by such applicable party.

ARTICLE V
FARING INSURANCE PROGRAMS AND MISCELLANEOUS JOINT DEVELOPMENT INSURANCE PROGRAMS PROVISIONS

5.01. Faring Insurance Obligations. Faring shall be required to maintain, with

[2] In the event that "Delay in Start Up" cover extension is purchased, "project construction values" will be replaced by "delay in start up values" in the calculation of the Builder's Risk Program cost and will be subject to a different annual rate.

unaffiliated insurers having financial ratings reasonably acceptable to CRA, the policies of insurance described on Schedule 5.01 attached hereto, in form and substance reasonably satisfactory to the CRA (collectively, the "**Faring Insurance Programs**").

5.02. Obligation to Maintain and Reinstate Limits. Subject to market availability and upon commercially reasonable terms, Faring shall reinstate its reserved limits under the Development PLL and Development PLL Renewal in the event that its limit is eroded by more than fifty percent (50%) from the time of policy inception, which reinstatement shall be at Faring's sole cost and expense. Subject to market availability and upon commercially reasonable terms, and to the extent that Faring elects to participate in any Joint Development Insurance Programs as provided herein, except for losses arising directly out of the sole negligence or willful misconduct of CRA, Faring shall reinstate the limits of the Development CPL/PLI, GL Program and Builder's Risk Program in the event that the aggregate limit of liability applicable to the Faring Project and the Additional Faring Project Improvements available in each of the Development CPL/PLI, GL Program or Builder's Risk Program is eroded by more than fifty percent (50%) from the time the Faring Project and the Additional Faring Project Improvements are endorsed to such policy and such limits are not automatically reinstated in accordance with the policy terms.

5.03. Notice of Cancellation and Endorsements. All Joint Development Insurance Programs that include Faring as a participant pursuant to the terms herein shall grant each of CRA and Faring prior written notice and approval of any policy cancellation and a right to cure any default by any insured other than the defaulting insured. Each of CRA's and Faring's approval, as applicable, shall be required for any new endorsements or amendments to the applicable Joint Development Insurance Programs that limit or impair such party's coverage in any manner. All Faring Insurance Programs shall grant CRA prior written notice and approval of any policy cancellation and CRA's approval shall be required for any new endorsements or amendments to the applicable Faring Insurance Programs that include CRA as a named insured thereunder to the extent that such endorsement or amendment limits or impairs CRA's coverage in any manner

5.04. Pre-Approval of Future Developer Endorsements. CRA and Faring hereby agree that the addition of any Future Developers to any of the Joint Development Insurance Programs is approved in accordance with the terms hereof.

5.05. Acknowledgement of CAM Insurance Administration Agreement. Faring acknowledges and agrees that CAM is a named insured on the Joint Development Insurance Programs, and acknowledges the rights and obligations of CAM and CRA as set forth in the Insurance Administration Agreement between CRA and CAM dated September 6, 2018.

ARTICLE VI
CLAIMS ADMINISTRATION

6.01. Reporting Responsibilities. Prior to delivering notice to the applicable insurer under any Joint Development Insurance Program, CRA and Faring shall each notify the other party in writing of any event that could be deemed a claim under any of the Joint Development Insurance Programs. Such notice will be provided to [*the risk manager of Faring*] and the

Executive Director of CRA. Each of CRA and Faring are responsible for coordinating notice of claims or potential claims with Broker relating to their work and the work performed on their behalf by their respective contractors and subcontractors. Except in the case of an emergency or circumstances that could materially prejudice coverage, any such notification shall be subject to the review and input of the non-discovering party.

6.02. Providing Timely Data. CRA and Faring shall each promptly share all engineering reports, environmental reports, testing results, regulatory correspondences and notifications related to claims filed or notices of potential claims made under the Joint Development Insurance Programs and/or the Faring Insurance Programs, as applicable, with the other parties, and shall cause its contractors, subcontractors and agents to do the same.

6.03. Faring Duty to Defend Defense. Except for claims arising directly out of the sole negligence or willful misconduct of CRA or its contractors and subcontractors, Faring shall defend any action or actions filed against (i) Faring or its contractors and subcontractors; and/or (ii) CRA or its contractors and subcontractors in connection with any claims or liabilities covered under the Joint Development Insurance Programs or the Faring Insurance Programs, as applicable, and will pay all costs and expenses, including legal costs and attorneys' fees incurred in connection therewith. To the extent CRA is named in any claim, Faring shall coordinate its counsel selection with CRA.

6.04. Order of Priority. As further set forth herein, the Joint Development Insurance Programs and the Faring Insurance Programs, as applicable, shall be utilized and allocated in the following order of priority:

(a) *Property Damage*: the Builder's Risk Program (or in the event Faring does not participate in the Builder's Risk Program, Faring's Builder's Risk (as defined on Schedule 5.01 attached hereto)) shall be primary with respect to all property damage to the insured project at, on or under the Remainder Cells during the term thereof, followed by the GL Program (or in the event Faring does not participate in the GL Program, the Faring GL (as defined on Schedule 5.01 attached hereto)), which shall be on an excess and difference in conditions/difference in limits basis, and then the Development CPL/PLI (or in the event Faring does not participate in the Development CPL/PLI, the Faring CPL (as defined on Schedule 5.01 attached hereto)), which shall be on an excess and difference in conditions/difference in limits basis; *provided, however*, that the Development PLL shall be primary over the Development CPL/PLI for any of Faring's and CRA's property damage losses that may be covered thereunder.

(b) *Bodily Injury*: the GL Program (or in the event Faring does not participate in the GL Program, the Faring GL) shall be primary with respect to all third party bodily injury losses at, on or under the Remainder Cells during the term thereof, including affirmative coverage for concussive risk (unless Workers Compensation first applies), followed by the Development CPL/PLI (or in the event Faring does not participate in the Development CPL/PLI, the Faring CPL), which shall be on an excess and difference in conditions/difference in limits basis; provided, however, that the Development PLL shall be primary over the Development CPL/PLI for any of Faring's and CRA's bodily injury losses that may be covered thereunder.

(c) Notwithstanding anything to the contrary in Section 6.04(a) and (b) above, the terms of each Joint Development Insurance Program and the Faring Insurance Program, as applicable, shall govern the order of priority. In addition, to the extent any claim may be brought under more than one of the Joint Development Insurance Programs, such claim will be brought under each such applicable Joint Development Insurance Program.

6.05. Exception Approval. If Faring requests that a contractor or subcontractor of any tier be excluded from the Faring Project or Additional Faring Project Improvements portion of the GL Program, Faring shall be obligated to collect the excluded party's insurance certificates in a manner that provides additional insured status to the CRA in amounts and terms reasonably acceptable to CRA and to deliver the same to CRA and Broker. If Broker determines that a contractor or subcontractor of any tier is not eligible to enroll in the GL Program and/or Builder's Risk Program, the Broker shall collect the excluded party's insurance certificates (in accordance with the minimum requirements established in the OCIP manual applicable to such work) and deliver the same to CRA and Faring respectively.

6.06. Waiver of Subrogation. CRA and Faring agree that the Joint Development Insurance Programs are intended to be and shall be primary, and CRA and Faring shall each waive subrogation against all parties' practice policies with respect to matters or perils covered by the Joint Development Insurance Programs; *provided, however,* in the event Faring does not participate on any Joint Development Insurance Program, the applicable insurance policy included in the Faring Insurance Programs shall be primary and Faring shall waive subrogation against CRA and RES with respect to matters or perils covered by the Faring Insurance Programs.

ARTICLE VII
PAYMENT OF SELF INSURED RETENTION

7.01. Faring SIR Obligation. Except for claims arising directly out of the sole negligence or willful misconduct of CRA or its contractors and subcontractors, Faring shall pay the applicable SIR under such insurance program in full.

ARTICLE VIII
TERM

8.01. Term. This Agreement shall commence on the Effective Date and remain in effect throughout the term of the Joint Development Insurance Programs.

ARTICLE IX
REPRESENTATION AND WARRANTIES

9.01. Representations and Warranties of Faring. Each individual executing this Agreement on behalf of Faring represents, warrants and covenants to the CRA that (i) Faring is duly organized and existing, (ii) such person is duly authorized to execute and deliver this Agreement on behalf of Faring in accordance with authority granted under the organizational documents of Faring, and (iii) Faring is bound under the terms of this Agreement, and (iv) entering into this Agreement does not violate any provision of any other agreement to which Faring is bound.

9.02. Representations and Warranties of CRA. CRA hereby represents and warrants to Faring that this Agreement constitutes a validly authorized and binding obligation of CRA enforceable in accordance with its terms. CRA further represents that it is duly organized and validly existing and in good standing under the laws of its formation and has full power and authority to enter into this Agreement, to execute, deliver and perform its obligations hereunder. The execution, delivery, and performance by CRA has been duly authorized by all requisite action by CRA.

9.03. Timely Responses. The parties hereto shall respond to each other party's inquiries and requests in a timely manner (taking into account the nature of the inquiry/request) in the performance of such party's obligations under this Agreement.

ARTICLE X
DEFAULT AND DISPUTES

10.01. Default. If either party breaches or defaults on its non-monetary obligations of this Agreement, such breaching or defaulting party shall have thirty (30) days after notice thereof by the non-breaching party to cure such default or breach; provided that if such default or breach reasonably requires longer than thirty (30) days to cure, upon the prior written consent of the non-defaulting party (which consent shall not be unreasonably withheld), the defaulting or breaching party shall be permitted additional time to cure such default, so long as the breaching party commences a cure within such time and diligently and continuously prosecutes the cure of the breach or default to completion within ninety (90) days of the date that the cure first commenced. If either party breaches or defaults on its monetary obligations of this Agreement, such breaching or defaulting party shall have ten (10) business days after notice thereof by the non-breaching party to cure such default or breach. After expiration of such notice, cure periods and, where applicable, extensions, such default shall be deemed an "**Event of Default**" hereunder. Notwithstanding the foregoing, the parties must first comply with the dispute resolution provisions set forth in Section 10.03 below, prior to any party's declaration of an Event of Default.

10.02. Remedies.

(a) During the occurrence and continuance of an Event of Default the non-defaulting party may (i) fund any third party costs required under the Joint Development Insurance Programs; or (ii) take affirmative action to cure such Event of Default to preserve the non-defaulting party's coverage under the Joint Development Insurance Programs or the Faring Insurance Programs and recover actual out-of-pocket expenses for such cure.

(b) In addition to any other rights or remedies provided herein, either party may take any and all legal action, in law or in equity, to cure, correct or remedy any Event of Default, to recover damages for any Event of Default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement, all of which are expressly reserved hereunder.

10.03. Dispute Resolution. Disputes arising under this Agreement shall be resolved as follows:

(a) Prevention of Claims/Meet and Confer. The parties agree that they share an interest in preventing misunderstandings that could become claims against one another under this Agreement. The parties agree to identify and discuss in advance in good faith any areas of potential misunderstanding that could lead to a dispute. If either party identifies an issue of disagreement or potential or actual default, the parties through their designated representatives shall meet (in person or via telephonic discussion) within ten (10) calendar days of the request therefor, and shall meet (in person or telephonically) as often as may be necessary to correct the conditions of disagreement/default, but after a minimum period of negotiation of at least forty five (45) days following the initial meeting, either party may terminate the meet and confer process and institute a claim of default by proceeding with a formal notice of default under Section 10.01.

(b) Attorneys' Fees. The prevailing party in a dispute arising under this Agreement shall be entitled to attorneys' fees, interest, costs and expenses of dispute resolution up to a maximum amount of Two Hundred Fifty Thousand Dollars ($250,000); provided, however, in the event that any final decision establishes that the breach of this Agreement was the result of any party's fraud or willful misconduct, the Two Hundred Fifty Thousand-Dollar ($250,000) limitation on recovery of costs and expenses shall not apply.

(c) Survival. This Section 10.03 shall expressly survive the expiration or earlier termination of this Agreement.

ARTICLE XI
GENERAL PROVISIONS

11.01. Relationship. Faring and CRA shall not be construed as joint venturers or general partners of each other and neither shall have the power to bind or obligate the other party except as set forth in this Agreement.

11.02. Assignment. This Agreement is not assignable by either party hereto without prior written consent of the other party, which consent shall be at the sole discretion of such non-requesting party; provided, however, that CRA may assign all of its obligations under this Agreement to RES pursuant to and as contemplated by the CRA/RES Development Agreement or any assignee/successor to RES' management role and responsibilities with respect to the Property (or any portion thereof).

11.03. Benefits and Obligations. The covenants and agreements herein contained shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, executors, successors and assigns including any successor or reconstituted municipal entity succeeding CRA.

11.04. Notices. All notices, demands, or other communications under this Agreement shall be in writing and shall be delivered to the appropriate party at the address set forth below (subject to change from time to time by written notice to all other parties to this Agreement). Any such notice may be given (i) by personal delivery which will be deemed received on the day of delivery; (ii) by national overnight delivery service which shall be deemed received the following day; or (ii) by mailing the same by registered or certified US mail, return receipt

requested which will be deemed delivered three (3) days after depositing same in the mail **[NOTE** – TO DISCUSS WHETHER EMAIL NOTICE SHOULD APPLY]. For purposes of notice, the addresses of the parties shall be:

For CRA:

John S. Raymond
Executive Director, Carson Reclamation Authority
701 E. Carson Street
Carson, CA 90745
Telephone: (310) 952-1773
Email: jraymond@carson.ca.us

with copies to:

Curtis B. Toll, Esq.
Greenberg Traurig, LLP
2700 Two Commerce Square
2001 Market Street
Philadelphia, PA 19103
Telephone: (215) 988-7804
Email: tollc@gtlaw.com

Sunny K. Soltani, Esq.
Aleshire & Wynder, LLP
18881 Von Karman Avenue, Suite 1700
Irvine, CA 92612
Telephone: (949) 223-1170
Email: ssoltani@awattorneys.com

For Faring:

FBD Carson, LLC
c/o Faring Capital, LLC
659 N. Robertson Blvd.
West Hollywood, CA 90069
Attention: Jason Illoulian

with copies to:

Nixon Peabody, LLP
300 South Grand Ave., Suite 4100
Los Angeles, CA 90071-3151
Attention: Justin X. Thompson

Allen Matkins Leck Gamble Mallory & Natsis, LLP

1900 Main Street, 5th Floor
Irvine, CA 92614-7321
Attention: Pam Andes

11.05. Entire Agreement. This Agreement is the entire agreement between the parties with respect to the subject matter hereof, and no alteration, modification, amendment or interpretation hereof shall be binding unless in writing and signed by both parties.

11.06. Severability. If any provision of this Agreement or application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstance, other than those as to which it is so determined invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

11.07. Applicable Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of California without regard to conflict of law principles.

11.08. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. Signatures transmitted electronically shall be deemed originals for all purposes of this Agreement.

11.09. No Waiver. No failure by CRA or Faring to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement or to exercise any right or remedy in the event of a breach hereunder, and no acceptance of any funds from CRA or its agents during the continuance of any such breach, shall constitute a waiver of any such breach or of any such covenant, agreement, term or condition.

11.10. Waiver of Consequential Damages. As material consideration for each party's agreement to enter into this Agreement, each party expressly waives the remedies of consequential damages and lost profits on account of the other party's default under this Agreement. Subject to the express provisions of this Agreement, the foregoing waiver shall not limit a party's right to seek and obtain direct damages as a result of any Event of Default under this Agreement.

11.11. Time of Essence. Time is of the essence in the performance of each and every provision of this Agreement.

11.12. Approval by CRA. Unless otherwise expressly noted herein, "approval by CRA" or similar phrase shall mean the approval of the Executive Director of CRA, unless otherwise required by the Bylaws of the CRA.

11.13. Incorporation of Exhibits. Exhibits A-1, A-2, and A-3 and Schedule 5.01 are incorporated herein and made a part of this Agreement by this reference.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed effective as of the day and year first above written.

CARSON RECLAMATION AUTHORITY:

By: _____

Name: _____

Title: _____

FBD CARSON, LLC:

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP,
Legal Counsel for the Carson
Reclamation Authority

By: _____
Sunny K. Soltani

Exhibit A-1

Site Map of the Property

Exhibit A-2

Designation of Parcels
Vertical Lot Subdivision

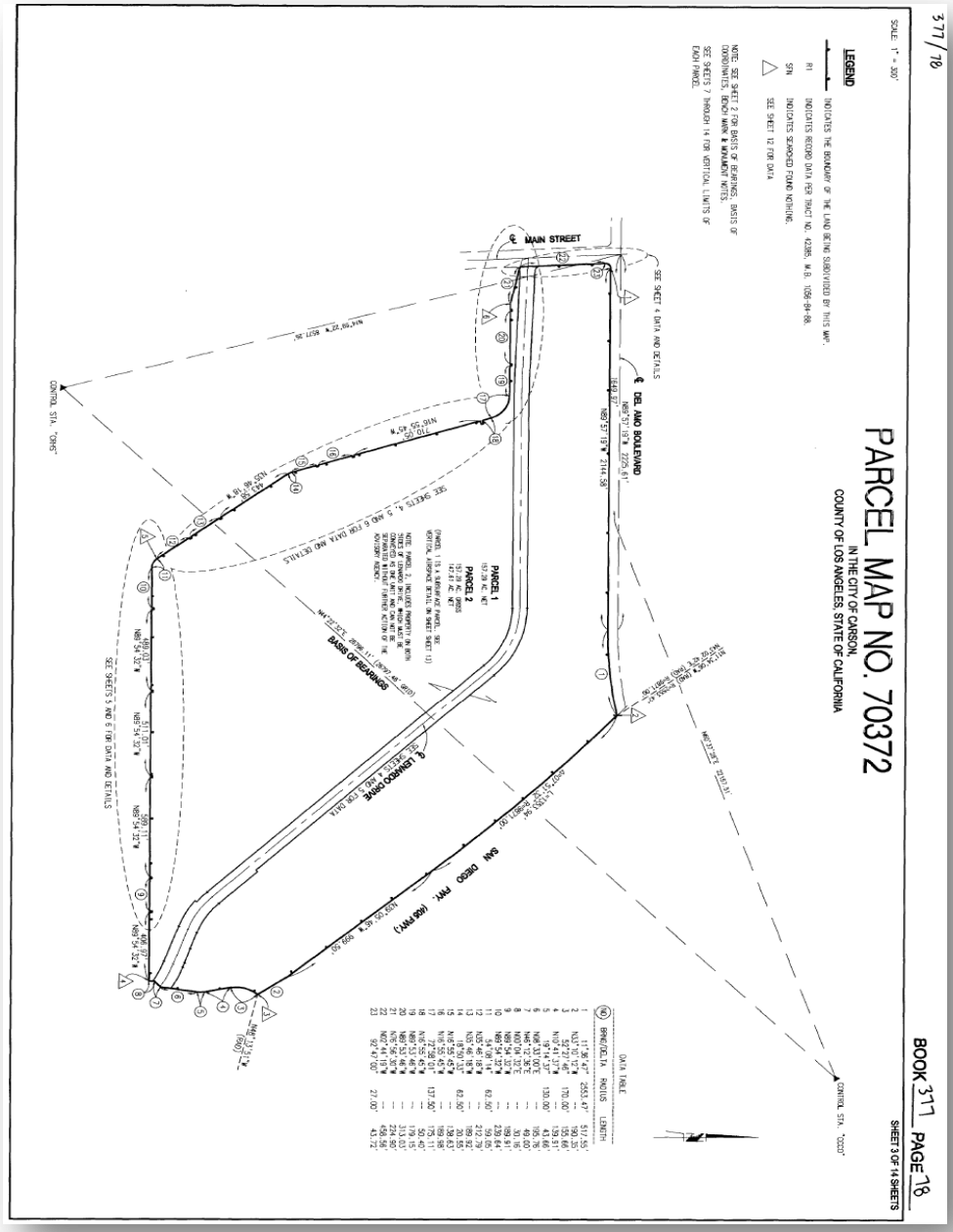


Exhibit A-2 (cont'd)
Designation of Parcels
Vertical Lot Subdivision

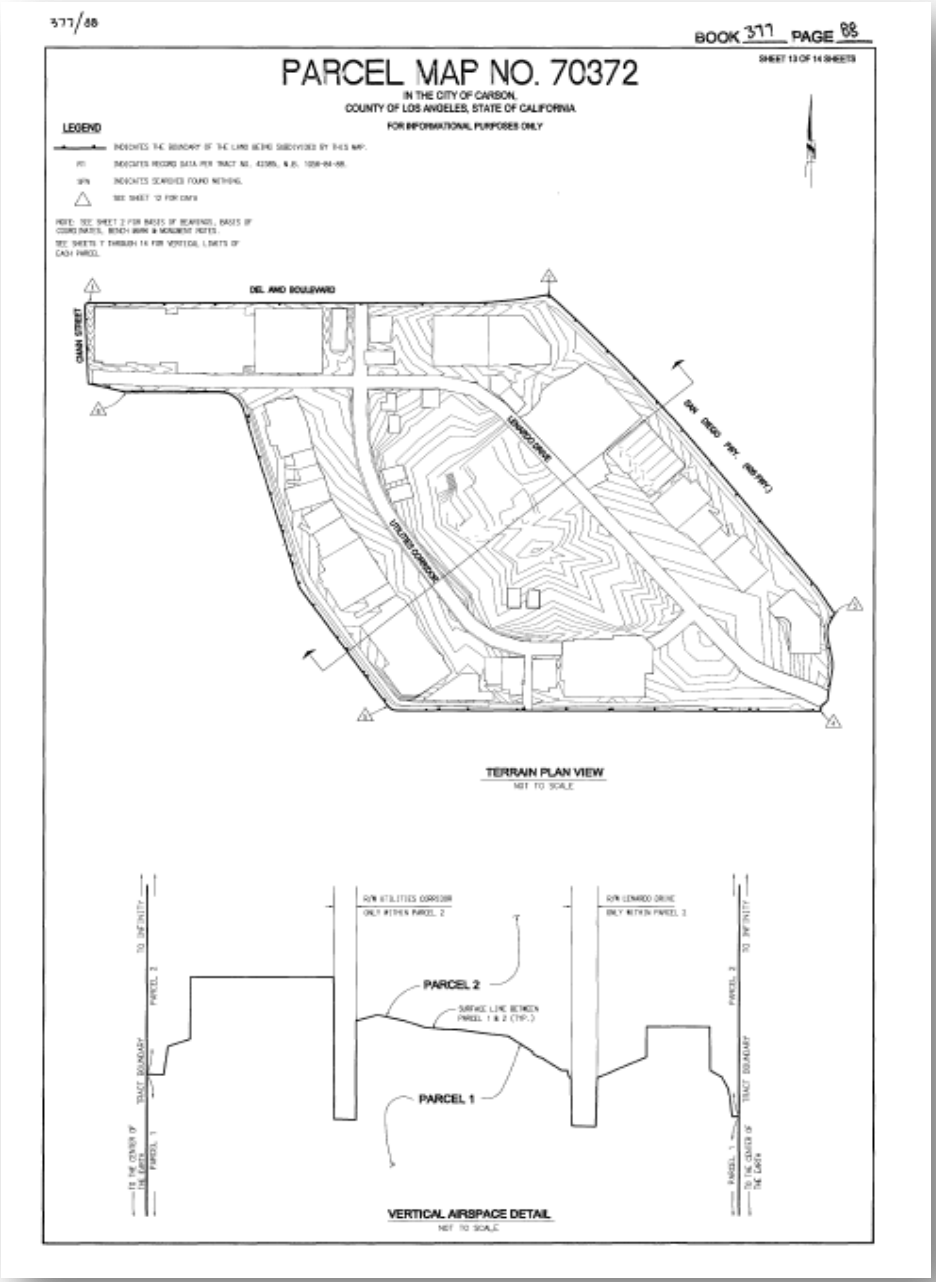


Exhibit A-3

Cell Boundaries

Schedule 5.01

Faring Insurance Programs

[**To be updated based on the Joint Development Insurance Programs that Faring elects to participate.**]

A. Liability Insurance. In the event Faring does not participate in the GL Program and at any time that the Faring Project or the Additional Faring Project Improvements are not insured under the GL Program, Faring (at its sole cost and expense) shall sponsor, administer and maintain commercial general liability insurance and umbrella and/or excess liability insurance (the "**Faring GL**") including coverage for personal injury, bodily injury, death, accident and property damage. The Faring GL shall: (1) be on a site-specific "occurrence" form for the Faring Project/Remainder Cells and the Additional Faring Project Improvements; (2) be the primary insurance for third-party bodily injury and property damage at, on or under the Remainder Cells; and (3) collectively provide minimum coverage limits of at least (A) $50,000,000 per occurrence, (B) $50,000,000 general aggregate, and (C) $50,000,000 products completed operations aggregate over the term of the policy for the Faring Project and the Additional Faring Project Improvements. The products and completed operations coverage shall be maintained for the entire statute of repose for construction defect claims in California. The Faring GL shall (i) not include an exclusion for earth movement or subsidence; and (ii) include manuscript changes to the "pollution exclusion endorsement" providing affirmative coverage for concussive risk associated with the installation of piles and the construction of Remedial Systems. Notwithstanding the foregoing, Faring may satisfy these coverage requirements by implementing a wrap-up Owner Controlled Insurance Program with limits of liability of at least $100,000,000 per occurrence and in the aggregate for the Faring Project and the Additional Faring Project Improvements. The Faring GL Insurance shall schedule the CRA as an additional named insured, including with respect to both ongoing and completed operations, by endorsements satisfactory to the CRA. Such insurance shall be primary and any other insurance maintained by the CRA shall be excess only and not contributing with this insurance. Except for completed operations (which shall be an aggregate limit over the term of the general liability program), the Faring GL shall provide that all limits reinstate annually or at such other interval as may be reasonably acceptable to CRA.

B. Builder's Risk Insurance. In the event Faring does not participate in the Builder's Risk Program and at any time that the Faring Project or the Additional Faring Project Improvements are not insured under the Builder's Risk Program, Faring (at its sole cost and expense) shall maintain site-specific builder's risk insurance (the "**Faring Builder's Risk**") for the Faring Project and the Additional Faring Project Improvements for not less than 100% of the completed project insurable replacement cost value of the horizontal and vertical components of the Faring Project and the Additional Faring Project Improvements (currently anticipated to be approximately [$_____]) and shall contain earthquake coverage with a limit of liability of at least Fifty Million Dollars ($50,000,000), which may be increased or decreased based on the findings of Probable Maximum Loss reports to be conducted annually as determined by an independent third-party professional (inclusive of property damage and soft costs/business interruption), which Probable Maximum Loss calculation is reasonably acceptable to the CRA.

The Faring Builder's Risk shall include endorsements providing replacement cost coverage, agreed amount and/or coinsurance waiver. The Faring Builder's Risk shall grant permission to occupy prior to any occupancy of a given building and the Faring Builder's Risk shall cover:

(i) any improvements on the Remainder Cells, including 100% of the insurable replacement cost value of all tenant improvements and the Additional Faring Project Improvements and betterments that any agreement requires Faring to insure, against risks of loss to the improvements customarily covered by "Cause of Loss - Special Form" policies as available in the insurance market on the date hereof (and against such additional risks of loss as may be customarily covered by such policies after the date hereof);

(ii) loss of materials, furniture, fixtures and equipment, machinery, and supplies which become part of the completed project whether on-site, the Additional Faring Project Improvements or as part of the Remedial Systems, in transit, or stored off-site, or loss of any temporary structures, sidewalks, retaining walls, and underground property (including the systems comprising the Additional Faring Project Improvements);

(iii) soft costs, including coverage for interest expense during the period of the construction, and coverage for recurring expenses and delayed completion business income/rental interruption (if any) on an actual loss sustained basis subject to policy limits; and

(iv) loss of the value of the undamaged portion of the improvements, additional expense of demolition, and increased cost of construction arising from operation of building laws or other legal requirements at the time of restoration, subject to a limit reasonably satisfactory to the CRA.

The Faring Builder's Risk shall automatically reinstate limits upon the occurrence of any loss thereunder. The Faring Builder's Risk shall be primary with respect to all property damage at, on or under the Faring Project/Remainder Cells and the Additional Faring Project Improvements. The Faring Builder's Risk shall also include affirmative LEG-3 coverage with respect to repair of physical damage to the Additional Faring Project Improvements arising out of a loss. The CRA will be listed as a named insured on the Faring Builder's Risk.

C. Professional Liability Insurance. Unless otherwise affirmatively insured under the professional liability portion of the Development CPL/PLI, Faring shall cause any party involved in the design of improvements at the Faring Project/Remainder Cells (including the Additional Faring Project Improvements) to obtain and maintain Professional Liability Insurance during the period commencing on the date of such party's agreement and continuously renewing for or having an extended reporting period of not less than the statute of repose for design defects in California, with limits of insurance not less than: (1) $10,000,000 per claim and $10,000,000 in the aggregate for designers of record (which shall include any designer of piles penetrating the Property); (2) $5,000,000 per claim and in the aggregate for any designers of record for any components of the Remedial Systems; (3) $2,000,000 per claim and in the aggregate for any other design professionals for any components of the Remedial Systems; and (4) $1,000,000 per claim and in the aggregate for all other design professionals. Faring shall provide the CRA with certificates evidencing such insurance as each designer is contracted and thereafter, annually on a going forward basis or as otherwise requested by the CRA.

D. Owner's Protective Professional Indemnity Insurance. Faring (at its sole cost and expense) shall obtain and maintain an Owner's Protective Professional Indemnity (Design Team Errors and Omissions) Policy ("**OPPI**") naming Faring and CRA (as owners of components of the Faring Project and the Additional Faring Project Improvements) as insureds with the unrestricted ability to make a claim thereunder, subject to the terms and conditions of the policy which shall be approved by CRA (such approval not to be unreasonably withheld). The OPPI shall cover activities associated with vertical development of Cells 3, 4 and 5 as well as construction of the Additional Faring Project Improvements and all other horizontal development of the Remainder Cells, and contain at least ten (10) years of "completed operations" coverage. The OPPI shall have a limit of liability of at least Twenty-Five Million Dollars ($25,000,000) and the terms and conditions of coverage shall otherwise be reasonably acceptable to CRA. There shall be no exclusion or limitation of coverage to the CRA or Faring with respect to claims made against each other, notwithstanding the insured status of the parties.

E. Contractor's Pollution Liability Insurance. In the event Faring does not participate in the Development CPL/PLI and at any time that the Faring Project or the Additional Faring Project Improvements are not insured under the Development CPL/PLI, Faring (at its sole cost and expense) shall maintain a site specific Contractor's Pollution Liability ("**Faring CPL**") insurance program covering cleanup costs and bodily injury and property damage claims. The CRA shall have the right to review underwriting submissions, quotes, policy forms and endorsements for the Faring CPL.

(i) The Faring CPL shall have a limit of liability of at least $25,000,000 per incident and in the aggregate and coverage under the Faring CPL shall be extended to third-party contractors performing work at the Remainder Cells, including, without limitation, contractors performing operation and maintenance of the Remedial Systems until such systems are conveyed and accepted by the CRA. The CRA will be a named insured under the Faring CPL.

(ii) The Faring CPL shall: (a) provide site specific coverage for pollution conditions resulting from any contracted operations at the Remainder Cells, the definition(s) for which contracted operations shall include the construction of the Faring Project and the Additional Faring Project Improvements, and operation and maintenance activities associated with the Remedial Systems and Building Protection Systems to be performed following construction thereof by Faring; (b) have ten (10) years of "completed operations" coverage; and (c) be subject to a maximum self-insured retention of no more than $500,000 per incident. There shall be no exclusion or limitation of coverage to the CRA or Faring with respect to claims made against each other, notwithstanding the insured status of the parties.

F. Pollution Legal Liability Insurance. In the event Faring does not participate in the Development PLL and at any time that the Faring Project or Additional Faring Project Improvements are not insured under the Development PLI, the CRA reserves the right to require Faring (at its sole cost and expense) obtain and maintain site-specific Pollution Legal Liability insurance with limits of liability and terms mutually agreed upon between the CRA and Faring.

G. Commercial Auto Liability Insurance. Faring shall maintain (at its sole cost and expense) commercial auto liability insurance covering liability arising out of the ownership, maintenance or use of any owned, hired, borrowed and non-owned vehicle, if any, with minimum limits of not less than $1,000,000 combined single limit for bodily injury and property damage, together with umbrella and/or excess liability insurance which is at least as broad as the commercial automobile liability insurance, with limits of not less than the applicable Faring GL limits for the Faring Project and Additional Faring Project Improvements.

H. Terrorism Insurance. The insurance required in this Schedule 5.01, subsections A [General Liability], B [Builder's Risk], D [OPPI] and E [CPL] and F [PLL] shall include, or Faring shall obtain (at its sole cost and expense) on a stand-alone basis, terrorism coverage on terms (including amounts) consistent with those required under those subsections. For so long as the Terrorism Risk Insurance Program Reauthorization Act 2019 or any replacement, reauthorization or extension thereof ("TRIPRA") is in effect, coverage against acts which are "certified" within the meaning of TRIPRA shall satisfy this requirement. In the event TRIPRA is no longer in effect, Faring shall obtain and maintain such terrorism insurance to the extent such coverage is commercially available and reasonable cost.

I. Flood Insurance. Faring shall maintain flood insurance if any portion of the Faring Project, the Additional Faring Project Improvements or personal property is currently or at any time in the future located in an area designated by the Federal Emergency Management Agency as a special flood hazard area and in which flood insurance has been made available under the National Flood Insurance Act of 1968 (and any successor act thereto), but in no event no less than the amount sufficient to meet the requirements of applicable law and governmental regulation. Flood insurance may be included in the Faring Builder's Risk.

J. General.

(a) Insurer Ratings. Faring shall obtain all required insurance (and reinsurance) from insurers authorized to do business in California with an "A-: VIII" rating by A.M. Best or an alternative insurance company rating bureau acceptable to the CRA. The CRA may in its discretion permit Faring to maintain required insurance policies with insurance companies which do not meet the foregoing requirements.

(b) Severability. All Faring Insurance Programs shall provide that coverage under each Faring Insurance Program shall apply as if each insured were the only insured and separately to each insured so that any misrepresentation, act or omission that is in violation of a term, duty or condition or results in the application of an exclusion under any program by or on behalf of one insured shall not prejudice the coverage rights of another insured under such program.

(c) Waiver of Subrogation. Each Faring Insurance Program shall include a waiver of subrogation in favor of the CRA and the City so that the insurance company waives its rights of subrogation with regard to all claims covered by such programs.

(d) Minimum Limits. Notwithstanding anything to the contrary herein, the limits of coverage for all types of Faring Insurance Programs required under this Schedule 5.01

shall be the greater of (i) the minimum limits set forth in this Schedule 5.01 or (ii) the limits provided to Faring under all primary, excess, umbrella and blanket policies covering the Faring Project and the Additional Faring Project Improvements on a site-specific basis.

(e) Audit. The CRA shall have the right: (i) at least twice per year; or (ii) at any time that the CRA has a reasonable basis of actual or suspected non-compliance by Faring of this Agreement; or (iii) during the pendency or administration of any claim under the Faring Insurance Programs, in each case, to conduct an audit of some or all policies and certificates of insurance to confirm Faring's compliance with the terms hereof. If any audit reveals discrepancies or non-compliance with the terms hereof, the cost of such audit shall be at Faring's expense.

EXHIBIT K

INFRASTRUCTURE IMPROVEMENTS

The Parties agree that the Authority shall contribute $22,400,000 from Measure R/Measure M bond proceeds toward the construction of Lenardo Dr., and Developer shall pay the remainder of the Lenardo Dr. improvement costs. Other infrastructure costs shall be allocated as 60% to Cells 3, 4 and 5 (Developer cost), 30% to Cell 2 (Authority responsible for such advance, until a developer of Cell 2 pays or a new developer for Cell 2 in under contract), and 10% to Cell 1 (Authority responsible for such advance until a developer of Cell 1 is under contract). The party advancing funds on behalf of either Cell 1 or Cell 2 is the party entitled to be reimbursed from the future developer.

The Infrastructure Improvements are described as follows:

I. Lenardo Drive and a portion of Stamps Road (est. 10-12 months)

1. Wet Utilities Necessary for Lenardo Drive Construction[1]
2. Paving, Landscaping, Street & Traffic Lights, Dry Utilities Necessary for Lenardo Dr. Construction
3. Other Contractor Costs (on Paving, Landscaping, Street & Traffic Lights, Dry Utilities Costs)[2]
4. Plan Check and Permits Fees, Governmental Fees and Assessments[3]
5. Costs for Testing and Inspection
6. Geotechnical Design & Observation, Structural Design, Civil Design, Landscape Design
7. Landfill Gas Suppression or Mitigation Operations[4]
8. Relocation/ Reconsolidation of /Waste into Landfill[5]
9. Regulatory Compliance (AQMD/DTSC/Regional Board)[6]
10. Buffer Zone: Primary Methane Barrier & Design[7]

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[1] Includes water, recycled water, sewer, and storm drain.

[2] Subcontractor Default Insurance (SDI) at 1.35% of these costs, Contractor's fee and Contractor's contingency.

[3] These also include utility company design and approval.

[4] This assumes that Environmental Contractor would perform Health & Safety work including methane suppression during intrusive activities.

[5] This assumes that there may be a small amount of waste along the edge of the roadway that would need to be relocated on site by Environmental Contractor.

[6] Includes AQMD and DTSC oversight as well as SWPPP compliance.

11. Project Labor Agreement (PLA) Premium (if City-bid project)[8]

12. Project Management and Soft Cost Contingency

13. Payment Bond[9]

II. <u>Other Infrastructure Improvements (est. 10 months)</u>

1. Off-Site Traffic Intersection Improvements[10]

2. Electrical System Upgrades[11]

3. Installation of Landfill Gas System in Lenardo[12]

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[7] If Lenardo Dr. construction proceeds before Cell 1 or Cell 2 work is completed, it is likely a buffer zone would need to be designed and installed as part of the street construction project.

[8] City of Carson has entered a Project Labor Agreement with regional trade unions. If this is a City project, would need to bid it as a PLA project.

[9] Public Works projects require a payment bond, which becomes a project cost.

[10] These are required for The District at South Bay Project by the EIR and affirmed by the 2018 Supplemental EIR. Costs were originally estimated in 2013, and updated in 2016 by inflating the estimated cost by 30%. This can be revisited in changes to EIR.

[11] SCE has indicated that the amount of power available to the 157 Acre Site is only sufficient to serve the current uses (the Landfill Operations Center, street lights and signals), and the development on Cell 2. A new electrical service line will be necessary to serve Cells 1, 3, 4, and 5.

[12] There are 13 GCCS vaults and associated gas collection lines that are located in Lenardo and would need to be installed at the time the street is constructed. This is not directly a street cost, but overall a remedial system cost.