OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("**Agreement**") is made this ___ day of _____, 2020 by and among FARING CAPITAL, 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 in order to resolve claims made regarding the resolution of the contamination issues afflicting the Site (the "**Consent Decrees**"); the 1995 Consent Decree applies to the remedial obligations for the Upper Operable Unit of 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 Remedial 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 2012-1 and Community Facilities District 2012-2 (collectively, the "**CFDs**") 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 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 (the Surface Lot portion of such property, as explicitly described in the Legal Description (defined below), is referred to herein as the "**Property**", and the Property together with all of the additional easements and related rights described in Section 1.2 below, are collectively is referred to herein as

the "**Property and Other Ownership Rights**"; and the Subsurface Lot and Surface Lot of the Property are collectively referred to herein as the "**Remainder Cells**"), which consists of approximately 84.62 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 a major industrial/fulfillment center with uses including logistics, e-commerce, supply distribution and warehousing and a park (which shall be 12 acres) with food and beverage uses, potential exhibition and/or museum space, and potential hotel space (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 the Project elements are further defined, they will be refined cooperatively with input from the Developer and the City/Authority. The approval of the Project shall require an amendment to the Specific Plan and General Plan, and corresponding 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 Other Ownership Rights 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 and/or Authority 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, especially during the COVID-19 pandemic, 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 time in which the Project will be built.

Given the financial obstacles and unique land constraints identified above, and the fact that the industrial uses proposed by the Project are the only viable land use for the development of the Project (given the market and environmental constraints of developing a former landfill), as well as the fact that the proposed Project is expected to provide thousands of construction and essential permanent jobs, which jobs are needed now more than ever by residents locally and in the surrounding communities, the Authority has agreed to enter into this Agreement with the Developer in order to enable Developer to pursue the Entitlements and CEQA Approvals required for the Project.

J. **Authority Board Approval.** The Authority's Board held a meeting on December 8, 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 interest of Authority and its constituent agencies to enter into this Agreement.

K. **Reimbursement Agreement.** 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.

L. **Role of the City.** The City has no real property interest in the 157 Acre Site, which is wholly owned by Authority, and accordingly, the City is not a party to this Agreement, nor does the City have any authority to sell, lease or dispose of the Property. However, in order to effectuate the transactions contemplated herein and the public-private partnership needed for success of the Project, the City will enter into certain documentation with the Developer, 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 EE 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 and Other Ownership Rights pursuant to a Grant Deed in the form attached hereto as **Exhibit C** ("**Grant Deed**") and enter into or effectuate the Option A 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 DIF Agreement (as defined below) with the Authority (and City, to the extent applicable) to effectuate Developer's second Option ("**Option B**") following Developer's Option B Closing Notice. 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 and Other Ownership Rights pursuant to the Grant Deed, and to Close on the acquisition of the Property and Other Ownership Rights 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 and Other Ownership Rights to Developer. Developer's acquisition of the Property and Other Ownership Rights pursuant to Option A 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 reasonable actions in its disapproval which would address the reasons for its 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); (v) Developer submits an application for Re-Processing, but the City Council fails to consider the Re-Processing; or (vi) 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 delayed and/or excused by an ongoing 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. 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 and Other Ownership Rights 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 Property, 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 Property, 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 Property, 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**) to be 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 Production of Documentation. 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 DIF Agreement (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; TERMINATION RIGHT.

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**"); provided however, (i) prior to the scheduled agenda date for consideration by the Authority's Board, Developer shall deliver to Authority three (3) originally executed copies of this Agreement, and (ii) the Authority must execute this Agreement within two (2) business days following the Authority Board's approval 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 as partial payment of the outstanding City Costs (as defined in the Reimbursement Agreement) and other obligations of Developer applicable to the Remainder Cells. 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 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 Advance 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 after the expiration of the Effective Date; provided, however, that (i) the Term shall be tolled in the event of (and during the period of) any Challenge Litigation (as defined below) and/or during the Developer's Re-Processing of the Project, and (ii) if Developer requires additional time to process the Required Approvals, Developer may request one or more extensions of the Term by written request to the Authority, and so long as Developer is proceeding with due diligence and in good faith with respect to such actions, the Authority's Executive Director shall grant such extensions of the Term of up to 360 days cumulatively (provided that any single extension granted by the Executive Director shall not be less than 90 days). Any additional extensions to the Term shall be subject to the approval of the Authority Board, in its reasonable discretion, based on the Developer's then current progress and diligent efforts in processing the Project and transactions contemplated herein. 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).

2.5 Termination Right. Developer shall have the right to terminate this Agreement ("**Contingency Termination**") by delivering written notice (the "**Contingency Termination Notice**") to Authority at any time on or prior to the date that is thirty (30) days after the Effective Date ("**Contingency Date**").

2.6 Payments Following Contingency Termination; Replenishment of Escrow Deposit.

a. Notwithstanding the terms of Section 2.5, if Developer exercises the Contingency Termination, then, within ten (10) days following the Contingency Date, Developer shall pay Authority the amount of all (i) Carry Costs attributable to the Remainder Cells incurred by the Authority between March 9, 2020 and the date of receipt by the Authority of the Contingency

Termination Notice, and (ii) all City Costs owed by Developer under the Reimbursement Agreement through and until the date of such notice, less any amounts previously paid by Developer (collectively, the "**Outstanding Payment Obligation**"). In the event Developer exercises its Contingency Termination prior to the Contingency Date, Developer shall be entitled to reimbursement of all Carry Costs paid by Developer to the Authority (such amount, the "**Carry Cost Repayment Amount**") in the form of a transferable credit for Development Impact Fees applicable to future development projects in the City, which shall be generally in the form of the draft DIF Agreement the Developer and the Authority have agreed to (but the Carry Cost Repayment Amount would be in lieu of the $12.5M amount and Developer would be entitled to a reasonable rate of interest on such amount for up to three years following the Contingency Termination).

b. In the event Developer does not exercise the Contingency Termination on or before the Contingency Date, Developer shall be required to replenish the Escrow Deposit with the amount provided by the Authority to the Developer as its reasonable estimation of the City Costs necessary to complete the Required Approvals.

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

3.1 Option Consideration. The "**Option Consideration**" for the Property and Other Ownership Rights is the Carry Costs paid to the Authority as set forth in Section 3.3(c) and all other material consideration provided herein in favor of the Authority for its agreement to the terms and provisions of this Agreement. The Option Consideration and the deposit of a portion of the Purchase Price in advance 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 acknowledgement 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.

3.2 Purchase Price. The "**Purchase Price**" for the Property and Other Ownership Rights is Forty-Five Million Dollars ($45,000,000), which shall be deposited into Escrow and paid to the Authority as set forth in Section 3.3.

3.3 Payment of Purchase Price, Option Consideration and Related Collateral and Security.

a. **Purchase Price First Advance**. Within thirty (30) days of the Effective Date, Developer shall deliver a deposit into Escrow Holder in the amount of Twelve Million Five Hundred Thousand Dollars ($12,500,000) ("**First Advance**"). Developer's failure to timely deposit the First Advance shall constitute an automatic termination of this Agreement, in which event neither Party shall have any further obligations hereunder (other than the Outstanding Payment Obligation of Developer). The First Advance shall be released by the Escrow Holder and delivered to the Authority five (5) days following the deposit into Escrow, provided that each of the Parties have deposited into Escrow an executed version of this Agreement and the following documentation prior to such date:

(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 $12,500,000 ("**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 $12,500,000 First Advance proceeds solely to construct

the public infrastructure required for the Project on behalf of the City or complete its current obligations under the various agreements related to 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. **Purchase Price Second Advance**. No later than ten (10) days after satisfaction of the Second Advance Release Condition, Developer shall deliver into Escrow the amount of Thirty-Two Million Five Hundred Thousand Dollars ($32,500,000) (the "**Second Advance**", and together with the First Advance, the "**Advance**" or "**Advances**").

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

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

(i) Developer shall reimburse one hundred percent (100%) of the Authority's monthly Carry Costs attributable to the Remainder Cells (i.e., 60% - its proportional share based on the acreage of the Remainder Cells in relation to the overall net Site acreage), 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 24-month Term of the Option Agreement to satisfy its obligations with respect to Carry Costs (the "**Carry Costs Cap**"). In the event of an extension of the initial 24-month Term pursuant to Section 2.4 above, Developer shall continue to be obligated for Carry Costs, provided, however, that in no event shall Developer be obligated to pay more than $250,000 per month and provided further that any aggregate Carry Costs in excess of $6,000,000 shall be shared equally by Developer and Authority. It is expressly acknowledged and agreed by the Parties that Developer shall have no obligation to pay any portion of the aggregate Carry Costs in excess of $6,000,000 during the initial 24-month Term. Developer shall make monthly reimbursements of the Carry Costs attributable to the Remainder Cells within thirty (30) days following the Authority's notice of payment due therefor 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 subject to the Carry Cost Cap.

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

d. **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 United States of America.

3.4 Use of Advances.

a. **Generally**. The Advances are primarily intended to be used by the Authority in order to continue the performance of its work in constructing the Remedial Systems on Cell 2 and for the construction of certain infrastructure improvements, but for such work to proceed, CAM will need to cooperate. To facilitate that objective, Authority shall have the right to (i) use portions of the First Advance to pay for prior unpaid obligations with respect to Cell 2, including the costs of the Remedial Systems and other Site development improvements, (ii) to proceed with the Cell 2 Project with CAM utilizing both the First Advance, and/or (iii) utilize the First Advance for costs of work/improvements that directly benefit the development of Cell 2 or the Site generally, such as the Infrastructure Improvements/Offsite Improvements (each, as defined under the Cell 2 DA). The foregoing is subject to the condition that up to $5,000,000 of the First Advance shall be allowed for soft costs of the Authority/City regarding the Site, including $2,500,000 for the Authority/City's attorneys' fees.

b. **First Right of Negotiation for Cell 2**. In the event that the CAM Agreement is terminated for the Cell 2 Project or a settlement is not reached with CAM, Developer shall be given a first right of negotiation to be selected as the developer for the Cell 2 Project (which may be modified for a residential, commercial or mixed-use project (but not for any industrial use), and which project may require an amendment to the Specific Plan and/or additional environmental approvals under CEQA).

c. **Condition to Withdrawal.** Notwithstanding anything to the contrary herein, the withdrawal of the Advances from Escrow by the Authority shall be subject to the express limitation that except as set forth in Section 3.4(a), 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.

d. **Documentation.** Prior to using any portion of the Advances, Authority shall provide a summary of the nature of the intended expenditures and the anticipated amounts to be spent, but such expenditures do not need to be detailed below a sum of less than $500,000 with respect to any individual expenditure. Developer shall be entitled to receive backup documentation and an accounting of all of the Authority's actual deductions from the Advances, within thirty (30) days following a written request therefor from Developer (except for City/Authority attorneys' fees and/or City/Authority consultant fees/charges).

e. **Use of Second Advance; Release**. The Second Advance shall be made within ten (10) days and subsequently released to the Authority upon the first to occur of the following (i) issuance of the Required Approvals by the City Council and the occurrence of the Option A Closing in accordance with the terms and conditions herein, or (ii) recommencement of the Cell 2 Project by CAM, final settlement or dismissal with prejudice of the CAM Litigation, payment in full by CAM of all outstanding monetary obligations due and owing pursuant to the CAM Agreement, full performance by CAM of all outstanding nonmonetary obligations due and owing pursuant to the CAM Agreement together with the provision by Authority to Developer of written evidence that each of the foregoing requirements have been satisfied (such event, the "**Second Advance Release Condition**"). Developer may review the written evidence for compliance with (ii) of this Section prior to release of the Second Advance and may reject release of the Second Advance, in its sole and absolute discretion.

3.5 Development Agreement. Commencing on the Effective Date, Developer, Authority and City staff shall commence preparing and negotiating in good faith a Development Agreement in accordance with Sections 65864 *et seq*. of the Government Code (the "**Development Agreement**"), and shall work together in good faith to prepare a term sheet reflecting the following key terms and provisions and such other

terms and provisions that each Party deems reasonably required for inclusion, on or prior to the Contingency Date, (i) the development of the Project on the Property and the construction and completion of the Remedial Systems, Site Development Improvements and BPS components within the Remainder Cells and the Property, (ii) the terms and conditions under which Developer shall be obligated for the costs of the CFDs for the Project (or, alternatively, as will be negotiated by the Parties and detailed in the Development Agreement, the terms and conditions by which Developer shall pay its fair share of Infrastructure costs and O&M costs, which may require modifications to the CFDs with the intent that the Developer shall not be assessed more than its fair share), as further described in **Exhibit E** attached hereto, (iii) the CC&R's as defined in Section 3.6 below, and (iv) a covenant from the Authority that it will approve and process any request from the Developer to obtain an endorsement(s) to the PLL to add any successor(s) in title to the Property as an additional Named Insured thereon; provided, however, that City staff shall have the right to determine the final form and terms of the Development Agreement 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.

3.6 Developer Covenants Running with the Land. Concurrent with the negotiation of the Development Agreement, Authority and Developer shall negotiate and finalize for approval by the Authority Board, a Declaration of Covenants, Conditions and Restrictions, encumbering the Property, which shall be an exhibit to the Development Agreement (the "**CC&Rs**") and 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**"). The CC&Rs and/or 157 Acre Covenants shall contain provisions addressing (i) maintenance covenants; (ii) the matters described in **Exhibit E**, attached hereto, (iii) the easements and other related covenants necessary for the Authority to operate the Remedial Systems; (iv) covenants for construction and completion of the Project in accordance with the terms of the Development Agreement, and (v) other matters described in this Agreement that are intended to bind successors and assigns of the Parties. 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 prior to the Project Determination Date and 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.

3.7 Documents. If the Project terminates prior to completion (either before or after Closing), then Developer, to the extent in Developer's possession or control, shall provide to the Authority copies of all plans, specifications, reports, investigations and any other documents related to its proposed development of the Property, or the Remedial Systems, BPS or Site Development Improvements (collectively, "**Documents**") at no cost to the Authority; provided however, that Developer (and the applicable issuer or creator) shall not be subject to liability for errors or omissions in the Documents, and such Documents shall be provided without representation or warranty. The term "Documents" shall not include any confidential business records or any documents which are attorney-client privileged, unless the same are subject to disclosure under the Public Records Act. 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 Cells 3, 4 and 5 has not yet been subdivided into a legally developable parcel. Developer shall prepare a legal description of the Surface Lot of Cells 3, 4 and 5 (the "**Legal Description**") as set forth in Section 3.8(b)

below, and the City must confirm such Legal Description pursuant to a Certificate of Compliance ("**CoC**") prior to the Option A Closing; provided, however, if the Legal Description is not legally sufficient for issuance of the CoC, Developer must submit a revised Legal Description to the City within three (3) business days following delivery of any written comments from City with respect to such Legal Description. The final Legal Description for Cells 3, 4 and 5 shall be what is referred to herein and defined in Recital H as the "**Property**".

b. In the event Option A is effectuated, Authority and Developer shall mutually work together in good faith to further adjust the horizontal and vertical subdivision lines separating the Property from horizontally and vertically adjoining lots to match the final design of the Project and finalize and record a parcel map that subdivides the Property into the requisite number of lots or parcel necessary to match the final Project design at Developer's sole cost (the "**Subdivision**"). In the event that, following Closing under Option A, Developer requires further modifications to the Subdivision in order to conform to the Developer's revised final Project designs, the Authority shall process such modifications in good faith and expeditiously; provided that such future subdivision is in accordance with the Subdivision Map Act.

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 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 intended to enable Developer to work with the City to seek to obtain the necessary Entitlements, including a Development Agreement and CEQA Approvals, to enable the development of the proposed Project on the Property, while reserving full and final discretion on approval by City and the Authority as to the proposed disposition of the Property and all proceedings and decisions in connection therewith. As to any matter in which City or the Authority is legally entitled to exercise its discretion with respect to the Project, nothing herein shall obligate the City or the Authority to exercise its discretion in any particular matter, and any exercise of discretion reserved hereunder or required by law shall not be deemed 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. Developer acknowledges and agrees that all expenses incurred by Developer during the Term are incurred at Developer's sole risk and expense (including the Expense Deposit, and reimbursements of the Authority's Carry Costs and other costs and expenses specified under the Reimbursement Agreement).

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**); provided however, the Developer shall have the right to

construct such Infrastructure Improvements (or portions thereof) on behalf of the Authority, with the Authority's approval. 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 Cells 1 or 2 of the 157 Acre Site until both of the following have occurred: Cell 1 or Cell 2 have been developed and each owner thereof is paying its portion of the O&M costs in full either through a separate agreement with the Authority or under the Community Facilities District No. 2012-1. Upon such occurrence, the development impact fees paid by Developer shall be released to the City and applied by the City to such purposes for which the development impact fees are regularly applied.

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 obligation to acquire the Property under Option A if the conditions and terms of this Agreement are otherwise satisfied for that transaction. 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 4.2.

4.2 Right to Enter the Property. Prior to any 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. 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, fraud, 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, and any other costs required of Developer hereunder such as the Carry Costs or costs of the Insurance Program, will make the Project uneconomical, Developer shall be obligated to Close on the acquisition of the Property under Option A (so long as the Required Approvals are issued and the Developer's Conditions Precedent have been satisfied) 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 submit all documentation necessary for the processing of the Entitlements (as defined in **Exhibit D**) and CEQA Approvals (as defined below) (the "**Application**"). The Authority shall cause the City's CEQA consultant, currently, Environmental Science Associates, Inc. (such consultant as may be changed from time to time during the term of this Agreement in consultation with Developer, the "**CEQA Consultant**"), to promptly begin preparing the necessary documentation under CEQA for the Project; the appropriate environmental document that shall require approval from the City Council is referred to herein as 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 Entitlements 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. The determination of the appropriate CEQA/environmental document required

for the Project shall be made by the City in its reasonable determination taking into account the findings under the Initial Study and the potential for legal challenge on such document (whether an addendum, supplement or new EIR) by third parties. The Developer shall submit necessary documentation as a part of the Application. Authority agrees to take appropriate action to encourage all necessary City parties to diligently and expeditiously process the Entitlements and CEQA Approvals through to completion consistent with Section 21.9.

b. **CEQA Consultant.** Authority / City shall retain the CEQA Consultant, with the cost thereof being funded by Developer through the Reimbursement Agreement. The CEQA Consultant's contract shall contain a schedule and budget. Developer may review the contract and provide comments and shall have the right to review and provide input on all work product produced by the CEQA Consultant. Developer shall have the right to disapprove any replacement CEQA Consultant in its reasonable discretion. The Parties shall mutually work expeditiously to ensure the schedule is met.

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 DIF Agreement ("**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. The Term of this Agreement shall be tolled during the pendency of any Challenge Litigation and/or Re-Processing. 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 pursue the Option B remedies described in Section 1.1 and Section 16.3 hereof.

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). Any settlement of Challenge Litigation shall require the mutual agreement of both Parties, except for a settlement that can be resolved through a monetary payment by Developer, in which case, Developer shall have the right to settle Challenge Litigation without Authority's consent, so long as such settlement imposes no obligations on Authority or any Released Parties and does not require or result in any changes to the Project.

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 an 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 any of the Required Approvals at a public hearing where the City Council identifies reasonable actions to correct deficiencies in the Project, Development Agreement or CEQA Approvals (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 the 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 Re-Process the Project as set forth herein, such failure shall be a default by Developer hereunder unless such settlement or confession of judgment or the Re-Processing that ensues could reasonably be anticipated to impact the economics of the Project by ten percent (10%) or more (with respect to either the revenue that can be generated by the Project or the costs of the Project), in which event Developer shall not be required to Re-Process the Project and may elect to effectuate Option B pursuant to the terms and conditions herein.

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, un-waivable 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 in recordable form.

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 all in a form approved by the Authority and Developer (the "**Assignment / Bill of Sale**").

h. Authority shall have removed off of the Remainder Cells any and all material used for the remedial work that are now or hereafter located on the Property.

i. The executed and acknowledged Easements in a recordable form.

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

k. 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. An executed release and termination agreement for the DIF Agreement, in form and substance legally sufficient to terminate the DIF Agreement (the "**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 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). To the extent it has not previously been deposited, the DIF Agreement shall be deposited into Escrow in accordance with Section 3.3.

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 (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), (vi) Easements , and (vii) 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: Promptly following Close of Escrow, Escrow Holder shall distribute Escrow Holder's final closing statement and the DIF Agreement (to the extent it has not previously been executed and distributed) 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, to the extent necessary.

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

6.1 Determination Date on Required Approvals. Commencing on the Effective Date, Developer and Authority shall work in good faith to expeditiously prepare and finalize the Option A Documentation, Entitlement requests (as defined in **Exhibit D**) 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. An initial Schedule of Performance for the Project is included in **Exhibit H** attached hereto. For the Required Approvals, the schedule shall be generally as follows provided that (i) such schedule assumes a Supplemental EIR shall be required to conservatively estimate expected deadlines, but if an Addendum to the EIR is determined to be sufficient, the schedule below may be modified to reduce the time deadlines including eliminating any elements of the schedule below that are not required for an Addendum), and (ii) the Parties shall work together to accelerate the schedule where possible:

(1) Authority / City authorizes CEQA Consultant to commence or re-commence work on CEQA Approval documentation.

(2) Developer submits complete Application (including all information that would be required for a Supplemental EIR, to the extent required): Within 3 weeks following Event 1 ("**Submittal Date**").

(3) Initial Study complete (if required): 10 weeks following Event 2.

(4) Draft CEQA document complete: 12 weeks following Event 3, or 12-22 weeks following Event 2 if Event 3 is not required.

(5) Circulation of CEQA Documentation complete (if required): 45 days following Event 4.

(6) Final CEQA Document complete: 6 weeks following Event 5.

(7) Planning Commission Hearing: Within 4 weeks following Event 6.

(8) Initial City Council Hearing: Within 4 weeks following Event 7.

(9) Second Reading of Development Agreement and Determination on Required Approvals: Within 2-3 weeks following Event 8 ("**Project Determination Date**", which date shall not be more than 12 months following the Submittal Date).

The above schedule assumes that a Supplemental EIR can be utilized. There are many factors beyond the control of either Party which will impact the foregoing schedule, but each Party agrees to make best efforts to achieve the timelines set forth in the above schedule. **In the event that the Project Determination Date is not achieved within six (6) months of the date stated above, the Developer shall have the right to give the Option B Closing Notice per Section 8.2 thereby initiating the procedures to effectuate Option B herein**.

6.2 Closing Date. Escrow shall promptly close either (a) following the Project Determination Date (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 date that is ninety (90) days after Authority's receipt of the Option B Closing Notice as provided in Section 8.2 below, without resolution by the Parties.

6.3 Possession. Upon the Close of Escrow under Option A, the Authority shall deliver exclusive possession of the Property to Developer. Developer acknowledges and agrees that there are existing stockpiles of waste and clean dirt on the Property, and Developer shall incorporate such existing stockpiles as part of the Project and its remedial work within the Subsurface Lot of the Remainder Cells; provided however, the Parties shall negotiate an allowance or reduction to the Purchase Price to incorporate Developer's additional costs therefor.

6.4 Time is of Essence. The Parties specifically agree that time is of the essence under this Agreement. To that end, the Parties agree that all documents necessary to effectuate the Closing of this Agreement must be expeditiously and in good faith negotiated and finalized.

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.

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. 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) those exceptions that are consistent with those attached hereto as **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.

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 (except for the condition contained in 8.1(d) which is not waivable), 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 all necessary Easements and delivered the same into Escrow.

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

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

j. 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;

(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 and Alternative Remedies of Developer. If any one or more of the Developer's Conditions Precedent is or are not satisfied prior to the expiration of the Term (or an Option B Trigger has occurred), then Developer may, in its sole and absolute discretion, either (i) waive such election to effectuate the Closing of Option A, or (ii) elect to effectuate the Closing of Option B if such condition(s) is/are not satisfied within ninety (90) days after Authority's receipt of notice from Developer of its intent to do so based upon the failure of such condition(s) (which Developer shall similarly provide to Escrow Holder) (the "**Option B Closing Notice**"). During such 90-day period, the Parties will work together in good faith to attempt to resolve the event(s) or issues that have caused the Option B Trigger to occur. 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 required under this Agreement.

b. Developer has received the Required Approvals, and at least thirty-five (35) 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 the Authority or City relating to the Remainder Cells, the Project, the City's approval of the Project, the Entitlements, or the CEQA Approvals (or such Challenge Litigation is successfully resolved).

c. 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.

d. 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).

e. 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).

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

g. 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.

h. Developer shall have paid all invoices for the Carry Costs as and when required under Section 3.4 above, and, if applicable, Developer has paid any Default Amount owed under Section 16.4.

i. Developer is not in material default of its obligations under this Agreement or the Reimbursement Agreement.

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

8.4 Failure of Condition. If any one or more of the conditions precedent set forth in Section 8.3 is or are not satisfied by the date by which it is required to be satisfied, then the Authority, shall give notice to Developer; however, Authority may elect to waive such unsatisfied condition(s) (except for the condition contained in Section 8.3(c) which is not waivable) and proceed with Closing under Option A if all other applicable conditions precedent have been satisfied. 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 ALL REQUIRED APPROVALS ARE RECEIVED AND ALL CONDITIONS TO CLOSING IN SECTION 8.1 HAVE BEEN SATISFIED, AND DEVELOPER REFUSES TO OR FAILS TO CLOSE ON THE ACQUISITION OF THE PROPERTY, THEN 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, AND THEREFORE, IN THE EVENT OF SUCH MATERIAL DEFAULT BY DEVELOPER, OR ITS FAILURE OR REFUSAL TO CLOSE ON THE ACQUISITION OF THE PROPERTY AFTER ALL REQUIRED APPROVALS ARE RECEIVED AND ALL CONDITIONS TO CLOSING IN SECTION 8.1 HAVE BEEN SATISFIED, AUTHORITY SHALL BE ENTITLED TO TERMINATE AND CANCEL THE DIF AGREEMENT (AND DEVELOPER SHALL BE REQUIRED TO IMMEDIATELY DELIVER THE RELEASE DOCUMENTATION TO THE AUTHORITY). AUTHORITY AND DEVELOPER AGREE THAT THIS LIQUIDATED DAMAGES PROVISION IS INTENDED TO BE AUTHORITY'S SOLE AND EXCLUSIVE REMEDY FOR SUCH 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. Upon the Close of Escrow under Option A and subject to any obligations of the Authority under this Agreement or any other agreements between Developer and Authority, 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** ("**Developer's Environmental Obligations**"). Except with respect to Developer's Environmental Obligations, Developer is not assuming any liability from Authority for any pre-existing Hazardous Materials at the Site.

10.2 Hazardous Materials. Effective on the Closing of Option A, Developer 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, "**Released Parties**"), of and from any and all rights, claims, rights of action, causes of action, losses, demands, actual damages, punitive damages, costs, liabilities, expenses, or legal rights of any kind of Developer, its successors, assigns or any affiliated entity of Developer, against the Authority or the Released Parties, arising out of or related to: (i) the physical or environmental condition of the Remainder Cells, (ii) the existence of any Hazardous Materials on, at or under the Remainder Cells, whether existing prior to, at or after the Closing, including Environmental Claims, Environmental Cleanup Liability, and Environmental Compliance Costs, as those terms are defined below, and (iii) the release or threatened release of Hazardous Substances from the Site arising out of Developer's Environmental Obligations.

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 Remainder Cells or Developer's operations thereon or thereunder 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 Systems constructed by Developer on the Remainder 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, the technical requirements of the 1995 Consent Decree as respecting the Project, CFA, MAPO, EIR (and any supplement or amendment thereto, and the MMRP adopted thereunder) and any other regulatory agreements or obligations imposed on the Property 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, 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 the Authority. All disbursements shall be according to that Party's instructions.

b. Option B: Promptly following Close of Escrow, Escrow Holder shall distribute the DIF Agreement (to the extent it has not previously been executed and distributed) to the Parties

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: To the extent required, 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 under

Option B. 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 either Option A or Option B, the Escrow Holder shall disburse all funds and documents in Escrow per the Parties' mutual instructions.

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 Contingency Date (but in any case, not less than sixty (60) days prior to the scheduled Closing). 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. 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 Reciprocal Indemnification. Notwithstanding anything to the contrary contained in Section 16.4 hereof:

a. By Developer. Developer shall defend, save and hold Authority and the Released 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: (1) any act or omission of Developer, its agents or contractors that causes damage to any of the Remedial Systems or other components of the Site located beyond the boundary of the Remainder Cells; (2) any Claims from a third-party contractor, consultant, vendor or supplier relating to or arising from the performance of Developer's obligations under this Agreement, including without limitation, claims for nonpayment of amounts due from Developer to such third-party contractor, consultant, vendor or supplier; (3) regulatory fines, Claims, and administrative penalties imposed upon Authority or the Site with respect to remedial obligations of Developer hereunder on the Remainder Cells or the subsurface components thereof prior to the approval by DTSC of a Remedial Action Completion Report ("**RACR**"), including, without limitation, Claims arising out of Developer's failure to construct the Remedial Systems in accordance with the terms herein; (4) any act or omission of Developer, its agents or contractors that causes damage to any of the Remedial Systems on, at or under the Remainder Cells through and included the date that

is one (1) year after DTSC's approval of RACRs for all of the Remainder Cells; and (5) after DTSC's approval of RACRs for all of the Remainder Cells, Faring's acts or omissions that damage the Remedial Systems on the Remainder Cells (x) during subsurface work approved by DTSC and through and including the date that is one (1) year after completion of such subsurface work in compliance with any Institutional Control Plan hereafter approved by DTSC and applicable to the Remainder Cells (an "**Institutional Control Plan**") and other applicable regulatory documents or requirements, as applicable; and (y) violations by Developer, its agents or contractors of any Institutional Control Plan and other applicable regulatory documents or requirements, as applicable; *provided, however*, that (i) to the extent that the Joint Insurance Programs or the Developer Insurance Programs (as defined in the Insurance Administration Agreement), as applicable, provide coverage for any of the aforementioned Claims, the obligations of Developer under this Section 12.2(a) shall not apply to the extent that coverage for defense and payment of loss, in any amount, is provided to Authority under the Joint Insurance Programs or the Developer Insurance Programs (as applicable), whereupon performance by such insurers shall be deemed to satisfy the obligations of Developer under this Section 12.2(a); and (ii) the obligations of Developer under this Section 12.2(a) shall not apply to any Claims resulting from the negligence or willful misconduct of Authority, or its Board, officers, agents or employees. In any matter seeking to enforce the indemnities described in this section 12.2(a), the Authority shall have the burden of proof.

b. By Authority. Authority shall defend, save and hold Developer harmless from any and all Claims which may arise, directly or indirectly, from: (1) any act or omission of Authority, its agents or contractors that causes damage to any of the Remedial Systems or other components of the Site; (2) any Claims from a third-party contractor, consultant, vendor or supplier relating to or arising from the performance of Authority's obligations under th**is** Agreement, including without limitation, claims for nonpayment of amounts due from Authority to such third-party contractor, consultant, vendor or supplier; and (3) regulatory fines and administrative penalties imposed upon Developer or the Site with respect to remedial obligations of Authority hereunder on the Site prior to the approval by DTSC of a RACR for the Remainder Cells; provided, however, that (i) to the extent that the Joint Insurance Programs or the Developer Insurance Programs (as defined in the Insurance Administration Agreement), as applicable, provide coverage for any of the aforementioned Claims, the obligations of Authority under this Section 12.2(b) shall not apply to the extent that coverage for defense and payment of loss, in any amount, is provided to Developer under the Joint Insurance Programs or the Developer Insurance Programs (as applicable), whereupon performance by such insurers shall be deemed to satisfy the obligations of Authority under this Section 12.2(b); and (ii) the obligations of Authority under this Section 12.2(b) shall not apply to any Claims resulting from the negligence or willful misconduct of Developer, or its officers, agents or employees. In any matter seeking to enforce the indemnities described in this Section 12.2(a), the Developer shall have the burden of proof.

c. Survival. The foregoing indemnities 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, DIF Agreement, the CEQA Approvals, this Agreement, and the 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 DIF Agreement, 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 DIF Agreement, 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 legal challenges and will pay all costs and expenses including reasonable legal costs and attorneys' fees (including costs of the City/Authority and City Attorney fees0 incurred in connection therewith. Developer will promptly pay any final judgement (subject to Developer's or Authority's rights to appeal from such final judgement) rendered against the Authority/City, or any Released Parties for any such legal challenges and Developer agrees to save and hold Authority and the Released Parties harmless therefrom. Any settlement of legal challenges shall require the mutual agreement of both Parties, except for a settlement that can be resolved through a monetary payment by Developer, in which case, Developer shall have the right to settle a legal challenge without Authority's consent, so long as such settlement imposes no obligations on Authority or any Released Parties and does not require or result in any changes to the Project. Nothing in this Section shall be construed to mean that Developer shall hold City, Authority, or any Released Parties harmless and/or defend them to the extent of any legal challenge arising from the gross negligence or willful misconduct of any of City, Authority, or any Released 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 best 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. **EXCLUSIVE NEGOTIATIONS**. During the Term of this Agreement, Authority shall not negotiate with any other third party any Contract regarding the sale, lease or development of the Property and Authority shall not enter into any such Contract with a third party during the Term. In the event that Authority during the Term enters into any Contract (as defined below) with a third party to sell or lease, Developer shall have the right to terminate this Agreement and be made whole on its costs expended pursuant to this Agreement by receiving a reimbursement of (i) the First Advance (to the extent Authority has previously received same), (ii) all payments/reimbursements of Carry Costs previously paid by Developer, and (iii) all payments/deposits/advances made by Developer to Authority under the Reimbursement Agreement. Notwithstanding the foregoing, the Parties agree that the receipt by Authority, the Authority Board, City staff and/or City Council, from time to time, of unsolicited offers regarding a proposed development/acquisition of the Property from third parties shall not constitute a breach of the foregoing provision. As used in this Section, the term "**Contract**" means any written agreement, contract, commitment, instrument, lease, obligation or memorandum of understanding that is binding on Authority.

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**. Except for the occurrence of the Option B Trigger, 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 thirty (30) calendar days after the date of its receipt of the Notice of Default for monetary defaults and (y) for all other defaults, within sixty (60) 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 sixty (60) 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 sixty (60) day period; (iv) Makes periodic reports 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 sixty (60) 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 any or all of the First 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 the event (i) all of the First Advance is returned to Developer, the DIF Agreement shall be terminated, and (ii) to the extent a portion of the First Advance is returned, the DIF Credits under the DIF Agreement shall be reduced by a corresponding amount.

c. **DIF Agreement**. Receive the DIF Agreement and be entitled to the DIF Credits, which will be pledged as collateral for the First 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.

16.4 Authority's Remedies for Monetary Defaults of Developer. Subject to the notice and cure periods set forth in Section 16.1, in the event Developer fails to meet any of its monetary obligations under this Agreement, including, without limitation, any failure to pay (i) the Carry Costs as and when due, or (ii) any obligations due and owing to Authority/City under the Reimbursement Agreement, then the Authority shall be entitled to deduct from the First Advance (by reducing the amount of the DIF Credits under the DIF Agreement, two times such amount plus the expenditures incurred by the Authority/City on account of such monetary failures plus interest thereon, accruing at a rate of four and one-half percent (4.5%) (as applicable, the "**Default Amount**")) commencing on the date of such payment failure by Developer until such monetary default is fully cured to the satisfaction of the Authority (including the full Default Amount), or the Property is sold to a third party.

16.5 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, except for (i) the express rights set forth herein in favor of a Party for reimbursement of amounts due under this Agreement, and (ii) the express rights of the Authority as provided in Section 16.4 above. 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 (a) utilization of the dispute resolution process, and (b) a final determination by the Los Angeles County Superior Court. The Parties acknowledge that Developer shall have the right to exercise Option B in the event an Option B Trigger has occurred and the conditions to Closing under Option B have occurred, however, the remedies afforded to Developer pursuant to Option B do not constitute monetary damages.

16.6 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 date that is thirty (30) days prior to the date of such notice of commencement).

16.7 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: JL

18. TRANSFER OF RIGHTS. Authority has engaged in an extensive process to select a developer based on its capability, its assembled team's experience with similar projects, its financial resources and/or its ability to obtain financing and the capabilities of the development/financial team. Therefore:

a. **During Contingency Period**: Developer may transfer or assign its rights and obligations under this Agreement to a to-be-formed limited liability entity, without having to obtain the consent of the Authority provided the conditions in this subsection are fully satisfied. In the event of any such assignment or transfer, the assigning/transferring entity shall be automatically released from, and the entity to whom this Agreement is being assigned shall automatically assume, any and all rights, claims, rights of action, causes of action, losses, demands, actual damages, punitive damages, costs, liabilities, expenses, or legal rights of any kind with respect Developer's interest in this Agreement, the Property and the Project. From and after such assignment, all references in this Agreement to "Developer" shall be deemed to mean and refer to the assignee/transferee. The right to assign or transfer outlined in this subsection (a) is conditioned on the assignee/transferee retaining Faring (defined in (d)(i) below) to act as development manager/consultant for the assignee/transferee through substantial completion of the Project with the identity of the principal representatives tasked with oversight of the Project on behalf of Faring subject to approval by the Authority and that the to-be-formed limited liability entity is and remains sufficiently funded for the development and completion of the Project.

b. **After Contingency Date and Prior to Completion of the Project**: Developer may transfer or assign its rights and obligations under this Agreement and/or any of the Option A Documentation and/or the DIF Agreement to any person or entity ("**Pre-Completion Transferee**") following the prior written consent of the Authority, which consent shall be given in the Authority's reasonable discretion within thirty (30) days of request, based on Pre-Completion Transferee's financial strength / capitalization and/or its ability to obtain financing for the Project, the Pre-Completion Transferee's experience with comparable projects, the identity of the principals and management team assigned to the Project, and its receipt of an executed assignment and assumption agreement accepting and assuming the obligations of Developer hereunder. Upon such assignment or transfer, Developer shall be fully released of all of its obligations under this Agreement except as specifically stated in this Agreement or as provided in the Development Agreement.

c. **After Substantial Completion of Project**: Following the date of substantial completion of the Project, Developer may, in its sole and absolute discretion, freely assign or transfer its rights and obligations under this Agreement, and/or in and to all or any portion of the Property, to any entity or person, whether or not owned and controlled by or affiliated with Developer or Pre-Completion Transferee. Upon such assignment or transfer, Developer and the Pre-Completion Transferee, shall be released of its obligations under this Agreement except as specifically stated in this Agreement or as provided in the Development Agreement.

d. **Permitted Transfers**: Notwithstanding anything to the contrary in this Agreement, the following transfers and assignments shall be permitted at any time without any prior consent of the Authority (each a "**Permitted Transfer**"):

(1) A transfer / assignment to any entity that is affiliated with or related to (by virtue of an ownership interest, management agreement or voting right) either Faring Capital LLC or an affiliated company ("**Faring**") and which is sufficiently capitalized for the development and completion of the Project; or

(2) A transfer / assignment of direct or indirect interests in and to Developer or Pre-Completion Transferee of up to 45% of the ultimate ownership interests in and to Developer or Pre-Completion Transferee (in the aggregate);

provided, however, in either such case, Faring shall remain obligated to act as development manager/consultant for the Developer / Pre-Completion Transferee

through substantial completion of the Project with the identity of the principal representatives tasked with oversight of the Project on behalf of Faring subject to reasonable approval by the Authority. The Parties agree that the following individuals are pre-approved for such purpose: Brian Wilson, Brendan Kotler and Thomas Fitzpatrick.

e. **Rights of Transferees**: Any permitted assignees/transferees of this Agreement shall be entitled to all of the benefits of Developer under this Agreement including without limitation, the right to be named on the Insurance Programs.

f. **Authority**: The Authority shall not have the right to assign or transfer this Agreement without the prior written consent of the then-holder of the rights of "Developer" under this Agreement, which may be given or withheld in the sole and absolute discretion of such Party, unless (i) such assignment or transfer is made to a public agency having sufficient resources and assets to satisfy the obligations of Authority hereunder and with respect to the Site, (ii) such assignment or transfer is approved by DTSC, and (iii) following such assignment or transfer the Enterprise Fund Agreement remains funded or another sources of funding with at least the same amount of funding in the Enterprise Fund at the time of transfer is in place and in effect subject to Section 2.4, in which case, the Authority need not obtain prior consent from Developer.

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

With Copies to: Bryan Cave Leighton Paisner, LLP
1920 Main Street, Suite 1000,
Irvine, CA 92614-7276
Attention: Brett Souza
Email: bjsouza@bclplaw.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.

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 or Developer 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. The Parties acknowledge and agree that the Authority and City are separate entities and the City is not a party to this Agreement. However, the Authority, to the extent legally permissible, shall encourage the City to undertake its actions provided hereunder to process the Required Approvals as expeditiously as possible and in the spirit 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 and Authority, respectively, represents, warrants and covenants to the counterparty that (i) it is duly organized and existing, (ii) such person is duly authorized to execute and deliver this Agreement on behalf of Developer or Authority, respectively, in accordance with authority granted under the organizational documents of Developer or Authority, respectively, and (iii) Developer or Authority, respectively, 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 or Authority, respectively, 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:

FARING CAPITAL, LLC, a Delaware limited liability company

By: Faring Capital, LLC, a Delaware limited liability company

By: _____
Name: Jason Illoulian
Title: CEO

AUTHORITY:

CARSON RECLAMATION AUTHORITY, a California joint powers authority

By: _____
Name:
Title:

ATTEST:

_____
Donesia Gause-Aldana
Authority Secretary

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Sunny Soltani, Authority Counsel

EXHIBIT A
SITE MAP

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

EXHIBIT B
PARCEL MAP

[ATTACHED]

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 _____ _____, 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) that certain Consent Decree entered into with DTSC in December 1995 (the "**Consent Decree**"), which requires 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 Remainder Cells 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 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 lots and similar improvements into the Subsurface Lot of the Remainder Cells 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 Grantee is allowed to install on the Embankment (i.e., the 2,200-foot-long I-405 embankment, shown as the "Embankment Lot" on **Exhibit D**, attached hereto) pursuant to the Specific Plan.

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, which may require a parcel map pursuant to the Subdivision Map Act)
- 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 park (which shall be 12 acres), with associated food, café, and beverage facilities, (with the potential for hospitality, amphitheater, and iconic tower and museum uses), and the remainder of the Property may be developed with an industrial park, which uses shall include distribution warehouses, fulfillment centers, logistics, e-commerce and last mile delivery, light industrial including manufacturing and assembly including all associated parking and ancillary office.

EXHIBIT D

PRELIMINARY SITE PLAN

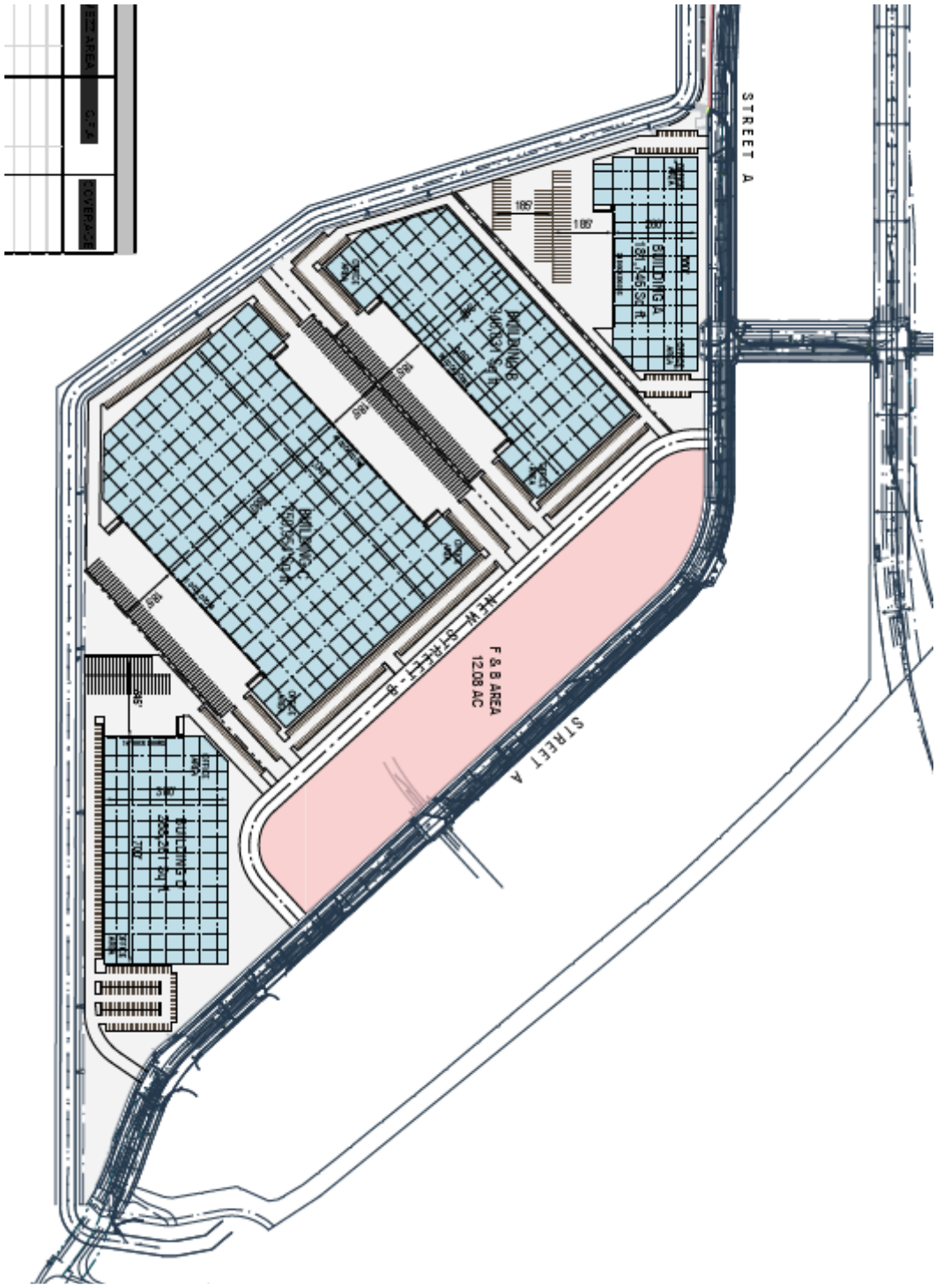

EXHIBIT E

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

[Attached]

EXHIBIT E

ALLOCATION OF ENVIRONMENTAL AND PROJECT DEVELOPMENT RESPONSIBILITY

1.0 RESPONSIBILITY FOR ENVIRONMENTAL AND STRUCTURAL PREPARATION OF REMAINDER CELLS[1]

1.1 Overview. Developer is solely responsible for performing the environmental remediation of the Remainder Cells and completion of the Remedial Systems (as defined in more detail below) in the Subsurface Lot of the Remainder Cells as provided in Section 1.2 below, as well as constructing and performing the BPS and Site Development Improvements (as defined below) as described below, so that Developer can develop the Property with its Project. Except as otherwise provided in this Agreement or the Option A Documentation (or otherwise agreed to by the Parties), the Authority shall (i) develop on behalf of the City the offsite public infrastructure required to serve and support the Project, as described in Section 1.3 below (the "**Offsite Improvements**", the costs thereof being the **"Offsite Improvement Costs**"), and (ii) prior to the transfer of the Property to Developer, perform the Stormwater Work (as defined below) and the measures under the SUSMP (as defined below) as described in Section 1.4 below (collectively, the "**Authority Work**"). All such work (by Authority or Developer) must be performed in strict compliance with all Environmental Laws, including without limitation, the RAP, CFA, MAPO, Phased Development Letter, the technical requirements of the 1995 Consent Decree to the extent pertaining specifically to such work (it being understood and agreed that Developer is not assuming any payment obligation under any of the Consent Decrees and Developer is not assuming any liability from Authority with respect to the mere presence or existence of Hazardous Materials at the Site prior to the effective date of the Option Agreement), EIR (and any supplement or amendment thereto), and the Mitigation Monitoring and Reporting Program under the EIR. In order to facilitate Developer's construction and/or maintenance of the Remedial Systems in the Subsurface Lot underlying the Property, the BPS (as defined below), and the Site Development Improvements, Authority shall allow access to the Subsurface Lot of the Remainder Cells pursuant to the License Agreement. Except as specifically set forth in Section 12.2(a) of the Option Agreement, Developer is not assuming any environmental obligations, liability or responsibility for Cell 1, Cell 2 and/or the Lower Operable Unit. It is the intent of Developer and the Authority that Developer's performance and funding of the elements of the RAP on the Property and in the Upper Operable Unit of the Surface Lot of the Remainder Cells that are specifically required for the Project not subject Developer to "potentially responsible party" liability or status for the Site.

1.2 Construction of Remedial Systems and BPS on Remainder Cells; Landfill Operations Center; Warranty.

[1] All references to the "**Remainder Cells**" shall mean and refer to the horizontal boundaries of the Property in the context of either the Surface Lot of the Property, the Subsurface Lot under the Property or both, as the case may be. [

(a) ***Remedial Systems / BPS***. Developer shall construct and install the Remedial Systems (to the extent not already completed) and BPS on and within the Remainder Cells at its sole cost in accordance with applicable governmental requirements, including all requirements under the RAP and CFA approved by the DTSC, as the same may be updated, modified or supplemented. The "**Remedial Systems**" consist of the following: (i) a groundwater extraction and treatment system ("**GETS**"), to serve the entire 157 Acre Site, but the GETS has already been completed and serves the Property, therefore, the GETS need not be constructed by Developer (though costs of operating the GETS shall be included in the O&M costs / Carry Costs), (ii) the landfill gas collection and control system ("**GCCS**"), though part of the GCCS has already been built on Cells 3, 4 and 5, and Developer shall finish construction of the GCCS on the Remainder Cells, including replacement of the existing GCCS where in conflict with the Project, and (iii) the landfill cap and liner, though part of the landfill cap and liner has already been built on portions of the Remainder Cells as part of the installation of the GCCS on the same cells, and Developer shall finish construction of the landfill cap and liner on the Remainder Cells, including replacement of the installed liner where in conflict with the Project. Developer's obligation for developing the Project includes rough grading (cut and fill) and waste consolidation/reconsolidation of the Subsurface Lot of the Remainder Cells, and placement and compaction of imported fill on the Remainder Cells / Property as needed to enable vertical development. The term "**BPS**" means the building protection systems, as may be required by the County of Los Angeles for the development of the Property (in order to manage fugitive methane and other gases emanating from the contaminated soils in the Subsurface Lot of the Remainder Cells and making their way past the installed membrane liner), including both below-ground and above-ground improvements relating thereto, including venting systems and gas monitoring systems, as well as any necessary methane monitoring and venting equipment within buildings constructed on the Property; and, while the BPS is not part of the Remedial Systems, its construction is required in connection with the Remedial Systems and to support the Project. The Remedial Systems and BPS to be performed by Developer on the Remainder Cells are more particularly described below, but may be subject to modification from time to time, based on the requirements of DTSC and changes to the Site/the existing Remedial Systems (and shall not be deemed complete until a RACR (defined below) is approved by the DTSC)::

1. GETS. The GETS construction has been completed and was approved by DTSC in 2014. The GETS consists of 29 extraction wells, approximately 20,000 feet of underground conveyance piping, an aboveground groundwater treatment system, discharge piping connected to the municipal sanitary sewer system, and associated supporting systems. GETS infrastructure is located on the boundary of Cells 3 and 5, adjacent to the Torrance Lateral Channel, and within the Landfill Operations Center ("**LOC**"). The Project is not expected to conflict with the existing GETS. Therefore, no work associated with the GETS is anticipated as part of Developer's responsibilities to complete the Remedial Systems or perform the Site Development Improvements (as defined below), except to the extent necessary to relocate specific existing GETS components should conflicts with the Project be identified in the future (and in the event of such conflicts, the modifications shall be at the expense of Developer).

2. GCCS. The GCCS consists of a combination of horizontal collectors and vertical wells for the collection of landfill gas ("**LFG**") below a Linear Low Density Polyethylene ("**LLDPE**") geomembrane installed as part of the landfill cap (see below); underground collection piping (laterals and headers); a central treatment unit; associated sumps, vaults, and supporting

systems; and perimeter probes. GCCS horizontal collectors, vertical wells, lateral piping, and vaults have been installed or will be installed on the Remainder Cells within the footprint of buried landfill waste (most areas except former haul roads). Header piping and sumps on the Remainder Cells have generally been installed within former haul road footprints, and the remaining GCCS infrastructure, except perimeter probes, is located within the LOC. Based on the GCCS Build-out Design (Tetra Tech BAS Figure 5, Project Number 21868.211-211.1), the following GCCS components have already been installed on the Remainder Cells: 49 horizontal collectors, 101 vertical wells, 31 vaults, 6 sumps, lateral piping associated with installed wells (except for 7 inactive wells), header piping, and 45 perimeter probes adjacent to Cells 3 and 5 (applicable to the entirety of the Remainder Cells). In addition, the existing central treatment unit is operational for the control of LFG collected from the existing active GCCS on the Remainder Cells. Completion of the GCCS work for the Remainder Cells consists of: installation of the remaining 25 horizontal collectors and 19 vertical wells;[2] lateral piping for new and 7 existing inactive vertical wells;[3] modification of the central treatment unit to upgrade the capacity for the additional vapor flow from the Remainder Cells; relocation of existing GCCS components where in conflict with the Project; startup of the existing installed but inactive horizontal collectors (20) and vertical wells (36); startup of the newly installed GCCS components; documentation of the GCCS completion on the Remainder Cells via submittal of a Remedial Action Completion Report ("**RACR**") to DTSC; and approval of the Remainder Cells RACR by DTSC.

3. Landfill Cap. The first layer of the landfill cap will be a minimum 24-inch soil foundation layer placed immediately above the waste material within the Remainder Cells. A 60 mil LLDPE geomembrane, which will serve as the primary impermeable barrier of the landfill cap system, will be placed on top of the foundation layer. This LLDPE geomembrane will contain drainage strips that will direct surface water off of the landfill cap to help avoid accumulation or infiltration. The drainage strips will be covered by a geotextile fabric layer to help avoid the accumulation of silt and clogging of the drainage system. The geotextile layer will then be covered with aggregate fill as may be required as part of the BPS below the structural slab, or with a minimum of 12 inches of select cover soil topped with an orange snow fence or similar colored barrier to demarcate the boundary between the Subsurface Lot and the Surface Lot. An additional two (2) feet of cover soil and/or paving base will be placed above the orange snow fence to achieve final grade in areas outside of the structural slab[4]. Portions of the landfill cap were installed by Tetra Tech between 2008 and 2012. The cap was installed in areas of portions of the Remainder Cells planned for parking under no-longer-relevant The Boulevards at South Bay Specific Plan, and clay caps were installed along perimeter slopes along the Torrance Lateral and the I-405 San Diego Freeway. Completion of the landfill cap on Cells 3 and 4 was documented in Addendum

[2] Based on the GCCS Build-out Design (Tetra Tech BAS Figure 5, Project Number 21868.211-211.1).

[3] *Ibid.*

[4] The requirements are two feet (2') of cover soil under the liner, and one foot (1') above the liner under the "snow fence" property line, with a minimum of 2' of soil and/or paving base above the property line to reach final grade.

#1 to Landfill Cap Completion Report #4, Geosynthetic Cap Areas in Cells 3 and 4, prepared by Tetra Tech.

4. BPS.

A. A primary geomembrane that is not part of the landfill cap and that may be required by the County of Los Angeles will extend under the buildings and be sealed to the pile caps for the building slabs.

B. A sub-slab passive venting system capable of being converted to an active venting system. The venting system will consist of a network of perforated pipes embedded in a permeable gravel or crushed concrete layer under any enclosed, occupied areas of each building slab.

C. A full-time methane detection system capable of sensing the presence of methane in the sub-slab venting system, and automatically notifying an operator of the detection. Upon such notification, corrective action will be implemented, which could include modifications to the GCCS or BPS operations, including triggering active gas removal from the sub-slab system.

D. Beneath enclosed portions of buildings, a secondary geomembrane system that would be attached to and seal the bottom of building slabs. Some proposed developments could have areas of open-air, naturally ventilated space between the at-grade structural slab and the first occupied enclosed area (e.g., open-air parking areas under a podium building). In these areas, the secondary geomembrane system will not be required and the sub-slab venting system may be modified pursuant to County of Los Angeles Department of Building and Safety Methane Hazard Mitigation Standard Plan, which provides exceptions to the mitigation requirements discussed above for buildings with raised floor construction and buildings with natural ventilation.

(b) ***Landfill Operations Center***. The Parties understand and agree that the LOC (which is currently located on Cell 3, but which shall be separately parcelized pursuant to the Subdivision as a separate parcel from the Property) is necessary for the operation of the Remedial Systems and BPS, and must be completed prior to the completion of the Remedial Systems serving the Remainder Cells. The Authority and/or its predecessors in interest have spent over $11M in designing/preparing/constructing the LOC (and fulfilling the environmental requirements with respect to same).[22] The Developer shall be responsible for all remaining costs to complete the

[2] The outstanding construction expenditure for the LOC is to complete the construction of the LOC building itself (which is estimated to cost between $3.5M to $4M), which will contain the offices for the O&M staff, storage space for BPS blowers and other equipment, and a "control center" containing all of the telemetry equipment for gas- and other monitoring on the Site. The GETS

LOC to the extent required for the Project; Developer shall not be responsible for any costs associated with the LOC that are required only for Cells 1 and/or 2 .

(c) ***Warranty***. Developer's construction of the Remedial Systems required under this Agreement shall be of good quality and free from any defective or faulty material and workmanship. Developer agrees that for a period of one year after the date of DTSC's approval of a RACR for all of the Remainder Cells and upon all such systems becoming operational, Developer shall, within ten (10) days after being notified in writing by the DTSC (or by the Authority following its receipt of notice from DTSC) of any defect in those Remedial Systems or non-conformance of those Remedial Systems to the terms required by DTSC or otherwise under this Agreement, investigate such notice and, if necessary, commence and prosecute with due diligence all work necessary to rectify same, at its sole cost and expense. Developer shall act as soon as reasonably possible in response to an emergency (including any release of Hazardous Materials or a discovery of a violation of any Environmental Laws caused by a condition of the Remedial Systems on the Surface Lot or Subsurface Lot of the Remainder Cells). In addition, Developer shall, at its sole cost and expense, repair, remove and replace any portions of the Remedial Systems (or work performed by other contractors on the Remedial Systems) damaged by its defective work or which becomes damaged in the course of repairing or replacing its defective work. For any work so corrected, Developer's obligation hereunder to correct defective work shall be reinstated for an additional one year period, commencing with the date of acceptance by DTSC of such corrected work. Developer shall perform such tests as the DTSC may reasonably require to verify that any corrective actions, including, without limitation, redesign, repairs, and replacements comply with the requirements of this Agreement. All costs associated with such corrective actions and testing, including the removal, replacement, and reinstitution of equipment and materials necessary to gain access, shall be the sole responsibility of Developer. All warranties and guarantees of subcontractors, suppliers and manufacturers with respect to any portion of the work by Developer with respect to the Remedial Systems, whether express or implied, shall be provided to the Authority and shall be deemed to be obtained by Authority, regardless of whether or not such warranties and guarantees have been transferred or assigned to the Authority by separate agreement and Developer agrees to enforce such warranties and guarantees, if necessary, on behalf of the Authority. In the event that Developer fails to perform its obligations under this Section, or under any other warranty or guaranty under this Agreement, to the reasonable satisfaction of the Authority, after reasonable notice and a reasonable opportunity to cure, the Authority shall have the right to correct and replace any defective or non-conforming work and any work damaged by such work or the replacement or correction thereof at Developer's sole expense. Developer shall be obligated to fully reimburse the Authority for any reasonable, out-of-pocket expenses incurred hereunder to address the cure within thirty (30) days after demand and supporting documentation.

(d) ***Remedial System Specifications Subject to Change***. Developer acknowledges and agrees that the Remedial System specifications described herein reflect specifications developed with respect to Cell 2 as of the date hereof. The Parties acknowledge and agree that the Remedial System design and specifications are subject to change, including, without limitation, as a result

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system is currently installed and operating, and the GCCS infrastructure (flares and GAC) system are currently sized to serve the entire 157 Acre Site.

of approvals required from DTSC, the South Coast Air Quality Management District, the County of Los Angeles and any other agencies having jurisdiction over the Project (collectively, the "**Agencies**"). Notwithstanding anything to the contrary contained herein, the Authority shall defer to and accept the determination of the Agencies with respect to the design and specifications of the Remedial Systems; *provided*, *however*, the Authority shall have the right to approve in advance any change in design that is materially different than the Remedial Systems proposed and/or installed on Cell 2 to the extent that: (i) such design will materially increase the cost of O&M activities at the Site that will not be borne by Developer; or (ii) materially increases the costs of the Offsite Improvements that will not be borne by Developer, each based on the existing budgeted amounts therefor.

1.3 Performance of Offsite Improvements. Except as otherwise provided in this Agreement or otherwise agreed to by the Parties following the execution of this Agreement, Authority shall design and construct the roadway and traffic improvements, and water and sewer, drainage, power, gas, cable, telephone, fiber and other utilities necessary to serve the Project, from their locations in City streets or other rights of way to the property line of the Remainder Cells, including utility stubs to the Property, roadway and other off-site physical improvements required for development of the Project on the Property, including acquisition of any necessary easements or rights of way therefor, including those set forth in the EIR for the Specific Plan (as modified by Developer's Entitlements and Required Approvals) as a condition to development of the 157 Acre Site, all in accordance with the requirements of the EIR and applicable law").

1.4 Performance of Stormwater Work. Prior to the transfer of the Property to Developer, Authority shall perform and pay for all engineering, designing, obtaining required approvals of and installing and maintaining all Storm Water Pollution Control Measures required under the applicable Urban Storm Water Mitigation Plan and other applicable regulations (the "**Stormwater Work**") and the Storm Water Pollution Prevention Plan ("**SWPPP**") through the State Water Resources Control Board and Los Angeles County, as necessary, with respect to the Site, including the Property. To the extent required prior to Closing under Option A, Authority shall perform engineering, design, obtain required approvals and install and maintain all stormwater pollution control measures on the public portions of the 157 Acre Site, as required under the applicable Standard Urban Stormwater Mitigation Plan ("**SUSMP**") by Los Angeles County and other applicable regulations (to the extent necessary to support the Project). Authority shall also be required to perform the installation of the main stormwater infrastructure in Lenardo Dr. (other catch basins serving the Site were previously installed by Tetra Tech).

1.5 Performance of Site Development Improvements to Make Property Developable**.** In addition to the construction of the Remedial Systems and BPS on the Remainder Cells, Developer shall perform and pay for the following site development work required to support and serve the Project, as set forth below, as and to the extent required, modified or superseded by designs or permits (collectively, the "**Site Development Improvements**"):

1. *Stormwater Work*. Following the Closing under Option A, (i) Developer shall perform and pay for all Stormwater Work for the Property, and (ii) Developer shall take over responsibility for all SWPPP-related and SUSMP-related requirements and approvals for the Property, including implementation, maintenance and costs associated with the same to the extent necessary for the Project.

2. *Site Preparation Work*. The Developer shall perform and pay for certain site preparation work, which shall include grading of the Remainder Cells up to sub-grade elevation for building slabs, parking lots, roads, lighting, signs, etc., including the import and export of any soils as needed and any and all necessary relocation and mitigation of the existing trash layers so as to accommodate the necessary soil barrier between the Foundation Systems (defined below) and the waste that is to remain in place in the Subsurface Lot, as well as redistributing contaminated fill materials and grading of the Surface Lot of the Remainder Cells, which shall conform to a Site-Wide Grading Plan for the entire 157 Acre Site approved by Authority, as same is amended for the Project. All soil import shall adhere to DTSC testing requirements prior to being delivered to the Site, particularly with respect to meeting the standards for clean soil to be placed above the liner.

3. *Sub Foundation Systems*. Within the Subsurface Lot of the Remainder Cells, Developer shall install, at Developer's expense, foundation piles for buildings and other structures, pile caps, grade beams, landfill cap membrane tie-in (pile cap boots), utility shelves (for utility tie-ins), pits, vaults, retaining walls, and utilities for the service of other Site improvements in the approved plans such as fire hydrants, parking lot lighting, and landscaping elements (the "**Sub-Foundation Systems**"). In addition, Developer shall be required to install, at Developer's expense, Sub-Foundation Systems necessary to serve the Pylon Sign (defined below) on the Embankment, subject to prior City and Caltrans approval, and shall be granted a license or an easement for access to the Embankment and the subsurface thereof (at Developer's choosing), by the Authority (the "**Embankment Sub-Foundation Systems**"). The Embankment Sub-Foundation Systems must be constructed before the Cell 2 Project is complete because Authority will not be able to construct pylon foundations once the slope improvements are completed. Following the completion of the Sub-Foundation Systems, maintenance and repair of the Sub-Foundation Systems (except the Embankment Sub-Foundation Systems) shall be performed by Developer in accordance with all Environmental Laws, as well as DTSC and other regulatory requirements.

4. *Utility Work*. Developer shall install and construct all necessary underground utility runs within the Surface Lot of the Remainder Cells to the extent feasible, and otherwise in the Subsurface Lot of the Remainder Cells, from Authority-built offsite utility lines at the property line to agreed locations at the Project's utility shelf in the Property (unless Authority requires that it perform such work, in which case, Developer shall pay for the reasonable costs therefor) (the "**Utility Work**"). The offsite utility lines are included within the Offsite Improvements. Maintenance and repair of the Utility Work shall be performed by Authority if within the public right of way, but otherwise by Developer.

5. *Foundation Systems; and Vertical Development*. Developer shall install the structural foundation slab (including all anchor bolts, conduit, cabling and plumbing within the slab) above the Sub-Foundation Systems, in order to allow for the Project's vertical improvements (the "**Foundation Systems**"). All maintenance and repair of the Foundation Systems shall be performed by Developer regardless of whether such maintenance and repair is to be performed in whole or in part within the Subsurface Lot or Surface Lot of the Remainder Cells (again, access to the Subsurface Lot shall be granted pursuant to the License Agreement). The vertical improvements to be developed by Developer for the Project, shall start at the top of the foundation

slab. The Foundation Systems as well as the vertical improvements for the Project are to be owned, constructed, financed, operated and maintained by Developer.

6. *Construction Obligations*. Authority and Developer will work together to develop protocols for their respective consultants and contractors, and those of CAM (or the then-Cell 2 developer) and the Cell 1 developer, to coordinate and share information and comments with respect to plans and specifications, bidding materials, insurance, phasing, scheduling and consultants and contractors for the foregoing work to maximize the benefits of such efforts to the Project and the overall development of the Site. Notwithstanding anything to the contrary herein, all construction activities shall be subject to the terms and conditions of (i) this Agreement, (ii) the Development Agreement, (iii) the CC&Rs and 157 Acre Covenants (including the environmental covenants contained therein), (iv) an Institutional Control Plan, developed by the Parties and approved by DTSC, and (v) the RAP, MAPO, CFA, and any other regulatory requirements applicable to the construction of the Project (and all construction obligations with respect to the Remedial Systems, BPS, and Site Development Improvements), whether imposed by DTSC or any other applicable regulatory authority. However, until the Closing, Authority shall retain ultimate Site control. Thereafter, Authority shall continue to own the Subsurface Lot of the Remainder Cells and all responsibilities and liabilities related to the performance of O&M of the Remedial Systems after DTSC's approval of RACRs for all of the Remainder Cells, but Developer shall be responsible for its obligations set forth elsewhere in this Agreement. Authority and City shall be expressly released from any and all liability to Developer associated with the design, construction, failure to construct and any defects of the Remedial Systems on, at or under the Remainder Cells through and including a date that is one (1) year after DTSC's approval of RACRs for all of the Remainder Cells. The Parties shall work cooperatively together to ensure Developer may proceed with the construction of the Remedial Systems on the Remainder Cells, pursuant to all requirements and regulations imposed by DTSC and in accordance with Developer's schedule for the Project.

1.6 Completion. Developer shall use its commercially reasonable efforts to complete its work and the Project in accordance with the Schedule of Performance, subject to Force Majeure (as such term is defined in the Agreement).

1.7 Maintenance / Repair of BPS or Site Development Improvements; Release. Notwithstanding anything to the contrary hereunder, in the event the BPS or Site Development Improvements require maintenance, repair, reconstruction, or correction at any time, Developer shall address such issues to the satisfaction of the DTSC and Authority and upon such schedule required by DTSC and the Authority; provided, however, that the Authority shall defer to DTSC's approval and schedule for repair or reconstruction of the BPS and Site Development Improvements at all times that Developer is in compliance with applicable regulatory requirements and the Insurance Administration Agreement. The Authority and all Released Parties shall have no liability for any defects, problems, non-compliance, or issues with the BPS or Site Development Improvements that may arise from time to time, except to the extent the same are caused or exacerbated by any negligent acts or omissions of the Authority/City. In connection therewith, Developer agrees to indemnify and hold Authority and the Released Parties free and harmless from and against any and all losses, damages, liabilities, claims, causes of action (whether legal, equitable, administrative), judgements, and other expenses (including reasonable attorneys' fees) which Authority or the Released Parties may suffer or incur as a consequence of any claim by a

third-party alleging a defect, failure to maintain, or non-compliance with any regulatory requirements or documents associated with the BPS or Site Development Improvements. Developer's obligations under this Section 1.7 shall survive the termination of this Agreement.

2.0 FUNDING RESPONSIBILITIES FOR THE IMPROVEMENTS

2.1 Remedial Systems; BPS; Site Development Improvements. Developer shall have sole responsibility for funding the development, construction, installation, maintenance, operation, repair and replacement of the Remedial Systems on the Remainder Cells, BPS on the Remainder Cells, and Site Development Improvements, provided, that, with respect to the Remedial Systems installed by Developer within the Subsurface Lot of the Remainder Cells, its maintenance, repair, and replacement obligations shall be limited to the extent provided in Section 1.2 above; thereafter, maintenance, repair and replacement of the Remedial Systems installed on the Remainder Cells shall be paid for by the Authority subject to reimbursement from the Surface Lot developers through the CFDs or separate agreements/mechanisms with such parties.

2.2 Offsite Improvements. Authority shall have primary responsibility for funding, and shall fund, the development, construction, installation, maintenance, operation, repair and replacement of the Offsite Improvements. City has approximately $22M available in Measure R and M bond funds (the "**Bond Funds**") which it has committed or will prior to the Option A Closing Date commit to Authority to be spent on Offsite Improvements (specifically, the construction of Lenardo Drive). Payment responsibilities for the Offsite Improvements are described in Exhibit K attached hereto (Developer's payment obligations thereunder are referred to herein as the "**Offsite Advances**"). Performance of any portion of the Offsite Improvements which solely benefit the development of Cells 1 and 2, can be deferred until those projects proceed. In Authority's sole discretion, the Offsite Advances may be paid either (i) monthly in arrears pursuant to an invoice and request from the Authority, or (ii) in a lump sum amount from Developer, paid in advance of commencement of design or construction of the Offsite Improvements pursuant to the estimated cost of the Offsite Improvements at the time the Offsite Advances are requested to be made by the Authority. In the event Authority does not timely perform the Offsite Improvements, Developer shall have the right to self-help and perform those Offsite Improvements at its expense, subject to receipt of the Bond Funds (to the extent legally allowed); Developer shall have no right to a claim for damages.

2.3 Community Facilities Districts. Two (2) Community Facility Districts have been established by City under statutory authority to pay for, respectively (i) O&M costs for Remedial Systems (CFD 2012-1) ("**Remediation CFD**") and (ii) the costs of installation, operation and maintenance of Entry Signs and Entry Plazas and the costs of operation and maintenance of public infrastructure within the 157 Acre Site (CFD 2012-2) ("**Infrastructure CFD**"; collectively with the Remediation CFD, the "**Existing CFDs**"). Authority acknowledges and agrees that it does not intend to and shall not "double collect" for O&M costs for the Remedial Systems or for the Infrastructure costs that are contemplated to be funded under the Infrastructure CFD. Authority further agrees that the provisions of the Agreement obligating Developer to pay for Carry Costs up to the Cap are intended to address, and shall be limited to, the period of time prior to the Remediation CFD (as amended as described below) imposing financial contribution obligations on the Property. Authority acknowledges that the Remediation CFD was created without an industrial use of the Site contemplated, such that the Remediation CFD as currently drafted

imposes a disproportionate share of costs on the Project given the size and coverage of industrial buildings to total land area (as opposed to retail development). Further, in light of the Bond Funds, the Infrastructure CFD may no longer be necessary to fund infrastructure work. Authority commits to work with the City and the DTSC to amend the Remediation CFD to allocate costs on an equitable basis across the Site based on the contemplated uses of the Cells and based on any obligations that may be assumed by that Cell's owner, taking into account the Project's industrial nature. Further, Authority will not authorize the issuance of bonds under the Infrastructure CFD until the Bond Funds are exhausted. Developer shall be required to pay its prorata share of the costs under the Existing CFDs, as so amended.

2.4 Enterprise Fund Account. Developer acknowledges and agrees that it is not entitled to any contribution, advance, or receipt of any funds held in the Enterprise Fund Account held by the Authority pursuant to that certain Enterprise Fund Administration Agreement dated January 25, 2017, between the Authority and DTSC. The Authority shall maintain and use all funds allocated for O&M of the Remedial Systems and currently in the "O&M Subaccount" of the Enterprise Fund Administration Agreement on, at or under the Remainder Cells (as the same may be amended or modified) in accordance with the terms of such agreement; *provided*, *however*, that Authority shall not modify the Enterprise Fund Administration Agreement or otherwise seek permission thereunder to limit or reduce the amount of funds allocated to O&M of the Remedial Systems until the Remediation CFD has been modified and accepted by Developer, which acceptance shall not be unreasonably withheld, conditioned or delayed.

3.0 DEVELOPMENT OF THE PROJECT

3.1 Project Design and Quality. The Project, as more particularly described on **Exhibit D** of this Agreement, shall be designed consistent with the intent of the Specific Plan (as may be amended through the Required Approvals). The Project shall be developed in a manner that enhances the attractiveness of the Site and along view corridors into the Site with high quality materials, design and architecture, all in accordance with the terms and conditions of the Development Agreement and the Specific Plan (as may be amended through the Required Approvals). It is the Parties' mutual goal to make the 157 Acre Site an iconic regional attraction, both on the I-405 Freeway corridor, and generally. The nature, and the architectural design of the Project should harmonize, and create a synergy with respect to the development of the Cell 2 Project and the overall Site. In addition, Developer shall construct the Project in substantial conformance with any conditions of approval required by the City and the final plans and specifications approved by City.

3.2 Restrictions on Uses. Developer shall comply with the use restrictions of the Specific Plan, 157 Acre Covenants, CC&Rs and the Development Agreement, as the same may be amended from time to time, and in accordance with the Development Agreement.

3.3 Roadway Improvements on the 157 Acre Site. Authority will improve the planned roadway system as shown in the Specific Plan from the public roads to the Property to City public street standards with curbs, striping and signalization and all subsurface infrastructure installed, at least six months in advance of substantial completion of the Project, provided the streets shall be in a base condition and not be finally paved until the date thirty (30) days prior to the soft opening of the Project, of which date Developer shall give Authority not less than 270 days' prior notice.

Except for any part of Stamps Road, which may be constructed by Developer west or south of Stadium Way, all roads built by Authority on the 157 Acre Site will be conveyed to, owned and maintained by the City or Authority as public streets. Authority will own and maintain Stamps Road between Stadium Way and Del Amo Blvd. unless Stamps Road is repurposed as a part of the development of Cell 1. Authority and City shall maintain such roadway system in a finished and attractive manner conducive to the success of the Project.

3.4 Access to 157 Acre Site. Authority has constructed at its cost, and will grant to Developer and its contractors and consultants continuous, unobstructed access to all-weather roadways from major public streets to the Property, appropriately improved for construction personnel and equipment, including haul roads, dust control, track out mitigation, and signalization. Developer may at its expense provide such temporary extensions from Authority's haul road system as it shall require consistent with the Environmental Laws.

3.5 Master Sign Program. Developer shall develop a Master Sign Program design in coordination with CAM (or the then-current developer of Cell 2), and the Cell 1 developer in the event their projects are proceeding), which shall require approval by the City/Authority in connection with its approval of the Project Entitlements. The Master Sign Program shall not be inconsistent with the Specific Plan (as may be amended through the Required Approvals). The cost of the Master Sign Program design shall initially be borne by Developer, but the costs of implementation will be borne by each respective Cell owner. Upon its adoption, the Master Sign Program will control with respect to the design and location of all 157 Acre Site signage, including, without limitation, along the Embankment Lot. Freeway signage is subject to approval by Caltrans. The Master Sign Program design will be subject to revision as the Site is developed, with CAM (or the then-current developer of Cell 2), Developer, and the Cell 1 developer forming a sign review committee which shall review any proposed design revisions and make comments to City / Authority with City / Authority having final determination. The Master Sign Program may be implemented in phases based on developed area. In the event City determines to prepare a Master Sign Program design, Developer shall collaborate with City, Authority, the Cell 2 developer and the Cell 1 developer, if any, in undertaking view studies as a part of the Master Sign Program (i) to promote good design and compatibility, (ii) to prevent view obstruction, and (iii) to prevent sign proliferation. Developer shall pay sixty percent (60%) of the reasonable costs incurred by City or Authority in preparing the Master Sign Program.

3.6 On-Site and Entryway Signage. Developer have the right to place signs around and within the Property (for on-site advertising of its Project). In addition, Authority will permit design and development of three entry plazas for the 157 Acre Site at the main access points to the 157 Acre Site at Del Amo Boulevard, Main Street, and at the Avalon Boulevard/I-405 Freeway ramps ("**Entry Plazas**"). The Entry Plaza improvements will include iconic entry monuments with integrated signage (comprising the "**Entry Monuments**" described in Section 6.6 of the Specific Plan) which shall include the overall development name for the 157 Acre Site and specific identification signage for the projects developed thereon as approved by Developer, CAM (if applicable) or any other developer of Cell 1 or Cell 2 ("**Entry Signs**"). The Entry Plazas and Entry Signs will be developed in accordance with Sections 6.4 and 6.6 of the Specific Plan and the Entry Plazas may incorporate hardscape, landscape or other aesthetic features in addition to the Entry Signs.

3.7 Embankment Signage. The Specific Plan currently allows for one static pylon signs for the Cell 1 developer and one static pylon sign for the Remainder Cells developer to be located on the Embankment. Developer shall be allocated one 88-ft tall (25-ft wide) static pylon sign (the "**Pylon Sign**") located on the Embankment in accordance with the Specific Plan (unless the Specific Plan is amended to modify the signage program). Authority shall retain ownership of the Embankment and shall grant an easement to Developer to access, erect, maintain, power, repair and replace its Pylon Sign on the Embankment, and shall not develop the Embankment for any purpose other than for signage, landscaping and other improvements incidental thereto, which landscaping and other improvements shall be developed and maintained in a manner which does not screen the signage, and otherwise in accordance with landscaping and maintenance standards set forth in the 157 Acre Covenants. Authority will assist Developer in obtaining such rights and permits as shall be needed for planned project signage on the Embankment. Authority will support Developer in seeking to have Caltrans approve portions of the Embankment as non-landscaped to promote signage placement flexibility.

3.8 Compliance with EIR Mitigation Requirements, Specific Plan, and Conditions of Approval. The development of the Project and the terms of the Development Agreement shall require compliance with (i) the Specific Plan, and (ii) any and all "Conditions of Approval" imposed by the City on the development of the Project including any "Mitigation Measures." Developer shall perform and comply with all mitigation measures and conditions of approval which the EIR designates as applicable to the Vertical Developer or Developer, at its sole cost.

3.9 Compliance with Prevailing Wage Laws to the Extent Applicable. Developer fully bears any and all risk that California Labor Code Section 1720 *et seq*. and similar laws ("**Prevailing Wage Laws**") may be found to apply to the Project. To this end, Developer acknowledges and agrees that should any third party, including but not limited to the Director of the Department of Industrial Relations ("**DIR**"), require Developer or any of its contractors or subcontractors to pay the general prevailing wage rates of per diem wages and overtime and holiday wages determined by the Director of the DIR under Prevailing Wage Laws, then Developer shall indemnify, defend, and hold Authority and the Released Parties harmless from any such determinations, penalties, liabilities or actions (whether legal, equitable, or administrative in nature) or other proceedings, and shall assume all obligations and liabilities for the payment of such wages and for compliance with the provisions of the Prevailing Wage Law.

3.10 Employment Outreach for Local Residents. A goal of City and Authority with respect to this Project and other major projects within City is to foster employment opportunities for Carson residents. To that end, in the event Developer receives approval for its proposed Project, Developer covenants that with respect to the construction, operation and maintenance of the Project, Developer shall make reasonable efforts to cause all solicitations for full- or part-time, new or replacement, employment relating to the construction, operation and maintenance of the Project to be advertised in such a manner as to target local City residents and shall make other reasonable efforts at local employment outreachas City or Authority shall approve. Developer shall also notify City and Authority of jobs available at the Project such that City and Authority may inform City residents of job availability at the Project. Developer will inform its purchasers and lessees of the provisions of these requirements. Nothing in this Section shall require Developer to offer employment to individuals who are not otherwise qualified for such employment. Without limiting the generality of the foregoing, the provisions of this Section are not intended, and shall

not be construed, to benefit or be enforceable by any person whatsoever other than City or Authority.

4.0 PROJECT SCHEDULE; COORDINATION OF DEVELOPMENT AND REGULATORY DOCUMENTATION

4.1 Project Schedule. Attached to this Agreement as **Exhibit H** is an initial schedule of performance for construction of the development of the Remedial Systems, BPS, Site Development Improvements and the construction of the Project by Developer (the "**Schedule of Performance**"). The Schedule of Performance is a synopsis of a more detailed schedule which will be developed by the Parties and set forth in detail in the Development Agreement, and may be updated from time to time in accordance with the Development Agreement. Representatives of the Authority, Developer, CAM, and any developer of Cell 1 shall be required to meet to coordinate schedules for all construction activity on the 157 Acre Site in order to minimize interference among construction activities and negative impacts on their various projects, business activities, and operations.

4.2 Regulation of Construction Activities on the 157 Acre Site. Consistent with the nature of a major construction project, Authority may use its existing regulatory powers to regulate the generation of dust, noise, odors, traffic impediments, etc., caused by the development and construction of the 157 Acre Site and on and around such other Cells. The MAPO and Phased Development Letter includes mitigation measures for the phased development of the Cells to comply with DTSC requirements. The foregoing provisions shall be included in the CC&Rs, the 157 Acre Covenants, and/or an Institutional Control Plan.

4.3 Regulatory Documentation Governing the Site. Prior to Closing and to the extent Developer seeks regulatory approvals or concessions from DTSC or seeks to engage in communications with DTSC, it shall be required to notify the Authority in advance and the Authority shall have the right to participate in any discussions or meetings with DTSC and Developer, provided that the Authority's unavailability shall not preclude the discussions or meetings from taking place. The Authority shall also have the right to approve (i) any modifications to the existing regulatory documents governing the Site (including, without limitation, the RAP, CFA, MAPO, Phased Development Letter), and (ii) any new documents or agreements entered into between Developer and DTSC or that are otherwise binding on the Site (such as the Institutional Control Plan and environmental covenants). Such documentation, agreements, or modifications cannot impose any burdens, obligations, or costs upon the Authority, or the Cell 1 or Cell 2 developer (or hinder the development of Cell 1 or Cell 2), without the express written approval of the Authority which may be given or denied in its sole discretion. Developer's prior written approval (which shall not be unreasonably withheld, conditioned or delayed) shall be required prior to the Authority initiating any modification of any existing regulatory document relating to the remedial work on the Remainder Cells or the O&M to be performed by the Authority on the Remainder Cells or proposing any new regulatory document relating to or affecting the remedial work on the Remainder Cells or the O&M to be performed by Authority on the Remainder Cells. At all times the Authority shall cooperate with, and shall use commercially reasonable efforts to cause the developers of Cell 1 and Cell 2, to cooperate with Developer in order to have the Project proceed on a timely and cost effective basis (consistent with any prior undertakings Authority has with any Cell 1 or Cell 2 developer). Based on its long-

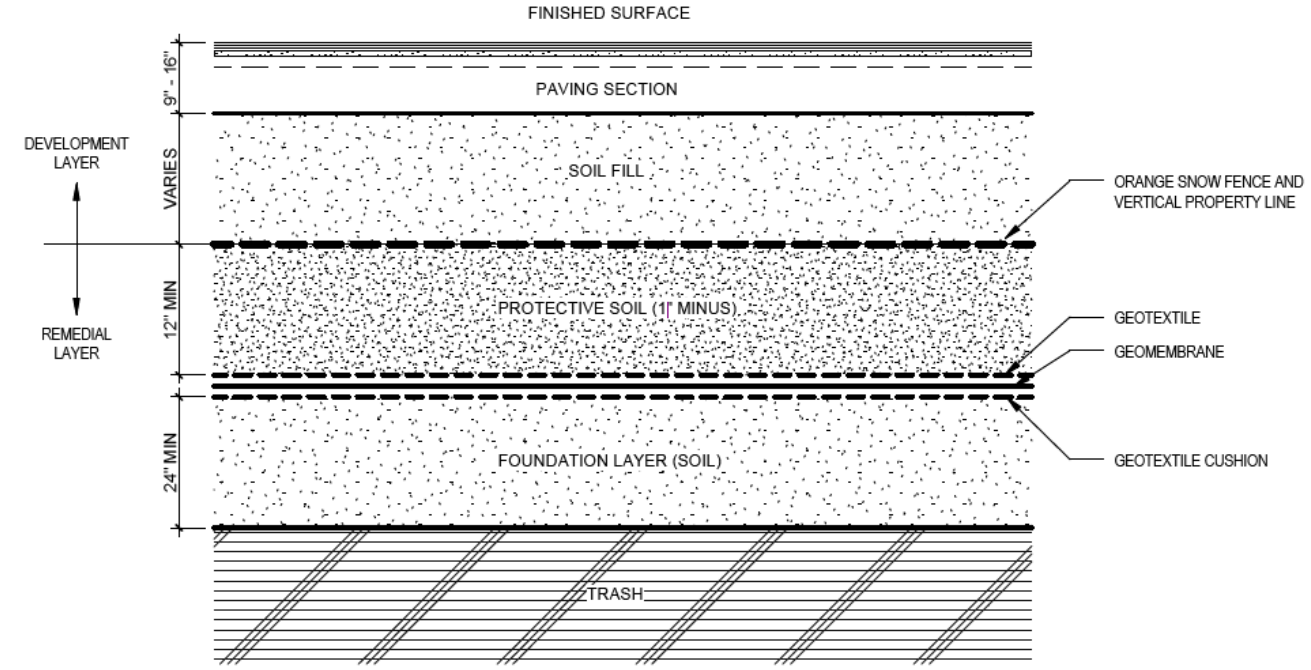
standing relationship with the DTSC, Authority shall assist Developer in coordinating, on a timeframe compatible with Developer's Project, meetings with, communications and responses to documents from the DTSC.

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

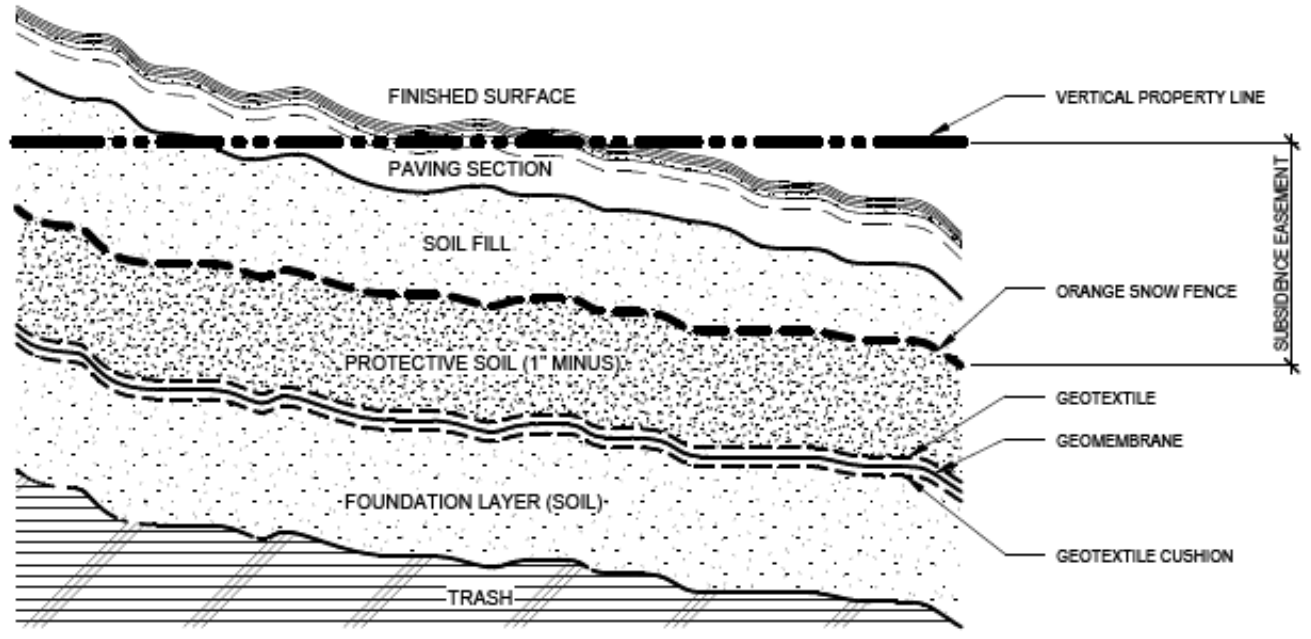

FINISHED SURFACE
VERTICAL PROPERTY LINE
PAVING SECTION
SOIL FILL
ORANGE SNOW FENCE
SUBSIDENCE EASEMENT
PROTECTIVE SOIL (1" MINUS)
GEOTEXTILE
GEOMEMBRANE
FOUNDATION LAYER (SOIL)
GEOTEXTILE CUSHION
TRASH

EXHIBIT G

TITLE POLICY

[Attached]

EXHIBIT H

INITIAL SCHEDULE OF PERFORMANCE

Event	Event Description	Time For Performance
1	Effective Date of Option Agreement	Upon the Authority Board's approval and execution within 2 business days (Sec. 2.1)
2	The Parties commence preparing, processing and negotiating the Development Agreement and CC&Rs	Concurrently with Event 1 (Sec. 3.5 and Sec. 3.6)
3	Authority / City authorizes CEQA Consultant to commence or re-commence work on CEQA Approval documentation	Immediately following Event 1 (Sec. 6.1)
4	Opening of Escrow	Within one day following Effective Date (Sec. 2.3)
5	Developer terminates Option Agreement or makes the First Advance (the Contingency Date)	Within 30 days following Event 1 (Sec. 3.3(a))
6	Developer makes the Second Advance to be deposited into Escrow	Ten days after the satisfaction of the Second Advance Release Condition
7	Parties deposit the DIF Agreement into Escrow	Concurrent with Event 5 (Sec. 3.3(b))
8	First Advance is released to Authority	Within 5 days after Event 5, subject to Event 5 (Sec. 3.3(a))
9	Second Advance is released to Authority	1 day following Event 6
10	Developer submits complete Application (including all information that would be required for a Supplemental EIR, to the extent required):	Within 3 weeks following Event 3 (Sec. 6.1)
11	Initial Study complete (if required):	10 weeks following Event 10 (Sec. 6.1)
12	Draft CEQA document complete	12 weeks following Event 11, or 12-22 weeks following Event 8 if Event 11 is not required (Sec. 6.1)
13	Circulation of CEQA Documentation complete	45 days following Event 12 (Sec. 6.1)
14	Final CEQA Document complete	6 weeks following Event 13 (Sec. 6.1)
15	Planning Commission hearing (if necessary)	Within 4 weeks following Event 14 (Sec. 6.1)
16	City Council hearing on Required Approvals	Within 4 weeks following Event 15 (Sec. 6.1)

17	Second Reading of Development Agreement and Determination on Required Approvals (the "Project Determination Date")	Within 2-3 weeks following Event 16 which date shall not be more than 12 months following Event 10 (Sec. 6.1)
18	Required Approvals become effective without Challenge Litigation	In accordance with statutory requirements
19	Close Escrow (either Option A or Option B)	Subject to the terms and conditions in the Agreement either (a) following the Project Determination Date (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 (Sec. 6.2)
The Following Assumes Closing Pursuant to Option A		
20	Developer submits construction drawings	Within 30 days following Event 17
21	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
22	Developer completes construction of the Remedial Systems, BPS, and Site Development Improvements necessary to allow for vertical improvements	Within 12 months of Event 20
23	Developer completes construction of the Project	Within 12 months of Event 21

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 their direct design contractors/subcontractors and Developer's design contractor's responsible for designing the Remedial Systems.	$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.

Reference	Primary Carrier/ Policy Number	Excess Policies	Total Limits	Description	Total Premium Paid	Premium Allocation Calculation
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 (OCIP)	Tokio Marine HCC, Policy No. H18PC31029-00	Yes	$200,000,000 each occurrence; $200,000,000 general aggregate; $200,000,000 products and completed operations aggregate; 10 years products and completed operations	Wrap-up General Liability and Excess (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.	$2,026,868	Developer will be 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 or the applicable renewal/replacement thereof. Total premium (at audit) will be allocated pro-rata based on construction values.

Reference	Primary Carrier/ Policy Number	Excess Policies	Total Limits	Description	Total Premium Paid	Premium Allocation Calculation
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]

EXHIBIT K

INFRASTRUCTURE IMPROVEMENTS

INFRASTRUCTURE IMPROVEMENTS/COST ALLOCATION PLAN

I. GENERAL FUNDING RESPONSIBILITIES

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 60% of the remainder of the Lenardo Dr. improvement costs and the Other Infrastructure costs specified herein. Developer may elect to install the Infrastructure Improvements and Other Infrastructure with the approval of the Authority and if so, the responsibilities therefor shall be set forth in the Development Agreement. In such case, the Developer shall be obligated to pay the remaining 40% share allocable to Cells 1 and 2 up to an amount not to exceed the total amount of the Development Impact Fee credits it would be entitled to under the City's DIF Ordinance. Once the actual costs and estimates are better known, the foregoing terms and provisions shall be reflected in the Development Agreement. The parties agree that no portion of the CFDs shall be used to reimburse the Authority for contributed bond proceeds or costs or expenses previously expended for Infrastructure Improvements. The parties further acknowledge and agree that pursuant to and in accordance with Section 3.5 of the Option Agreement to which this exhibit is attached, the Development Agreement shall address, among other matters, (i) the development of the Project on the Property and the construction and completion of the Remedial Systems, Site Development Improvements and BPS components within the Remainder Cells and the Property, and (ii) the terms and conditions under which Developer shall be obligated for the costs of the CFDs for the Project (or, alternatively, as will be negotiated by the parties and detailed in the Development Agreement, the terms and conditions by which Developer shall pay its fair share of Infrastructure costs and O&M costs, which may require modifications to the CFDs with the intent that the Developer shall not be assessed more than its fair share. The Development Agreement shall also address Caltrans and other ROW transfers and Authority and Developer responsibility for associated design costs. Other Infrastructure (as defined below) shall be allocated as 60% to Cells 3, 4 and 5 (Developer cost), 30% to Cell 2 (with the Authority being responsible for such costs, until a developer of Cell 2 pays or a new developer for Cell 2 is under contract), and 10% to Cell 1 (with the Authority being responsible for such cost 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. As used herein, "Other Infrastructure" shall mean and refer to costs and expenses associated with the Other Infrastructure described in Section II.B below.

II. IMPROVEMENTS

The Infrastructure Improvements are described as follows:

A. **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]

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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.

8. Relocation/ Reconsolidation of /Waste into Landfill[5]
9. Regulatory Compliance (AQMD/DTSC/Regional Board)[6]
10. Buffer Zone: Primary Methane Barrier & Design[7]
11. Project Labor Agreement (PLA) Premium (if City-bid project)[8]
12. Project Management and Soft Cost Contingency
13. Payment Bond[9]

B. **Other Infrastructure Improvements (est. 10 months)**

1. Off-Site Traffic Intersection Improvements[10]
2. Electrical System Upgrades[11]
3. Installation of Landfill Gas System in Lenardo Dr.[12]

III. COST IMPACTS

Any increase in the cost of the Infrastructure Improvements, based on the Authority's current budgeted costs for the Infrastructure Improvements, that is caused by Developer's construction / performance of, or changes to, the Remedial Systems, BPS, Site Development Improvements, or the Project, shall be paid for by Developer, provided, however, that Developer shall not be responsible for any increase in cost that is caused by Authority or City's delay or changes in applicable requirements after the date of the Agreement to which this Exhibit is attached.

[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.

[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.