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AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT

By and Between

CITY OF LONG BEACH AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH

And

SHORELINE GATEWAY, LLC

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AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT

THIS AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT ("Agreement"), dated as of April 15, 2013 (the "Effective Date"), is entered into by and between the CITY OF LONG BEACH AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH ("Agency"), and SHORELINE GATEWAY, LLC, a Delaware limited liability company ("Participant").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Agency and Participant hereby agree as follows:

1. SUBJECT OF AGREEMENT

1.1 Definitions

In addition to other defined terms set forth in this Agreement, the following terms shall have the meanings ascribed:

"Agency" means the City of Long Beach in its capacity as Successor Agency to the dissolved Redevelopment Agency of the City of Long Beach.

"City" means the City of Long Beach in its capacity as a charter city and municipal corporation.

"Closing," "Phase I Closing," "Close of Escrow, or "Phase I Close of Escrow" means, as used in Article 2 or elsewhere in this Agreement with respect to Phase I, the Phase I close of escrow, and "Closing," 'Phase II Closing," "Close of Escrow," or "Phase II Close of Escrow" means, as used in Article 3 or elsewhere in this Agreement with respect to Phase II, the Phase II close of escrow.

"Director" means the Director of the City of Long Beach Development Services Department.

"DOF" means the Department of Finance of the State of California.

"OPA" means that certain Owner Participation Agreement, dated January 11, 2008, as amended by that First Amendment to Owner Participation Agreement, dated March 24, 2011, by and between the Redevelopment Agency of the City of Long Beach and Shoreline Gateway, LLC.

"Oversight Board" means the Oversight Board to the Successor Agency to the dissolved Redevelopment Agency of the City of Long Beach that has been duly established pursuant to Health and Safety Code Section 34179.

"Participant" means Shoreline Gateway, LLC, a Delaware limited liability company, and its successors and assigns.

"RDA" means the dissolved Redevelopment Agency of the City of Long Beach, a public body, corporate and politic, organized and existing under the Community Redevelopment Law of the State of California (Health & Safety Code §33000 *et set.*), which was dissolved as of February 1, 2012 pursuant to State law as described in Section 1.2.

"Vesting Tentative Map" means the map for the Site approved by City and to be recorded in the official records of the County of Los Angeles.

1.2 Background; Purpose of Agreement

The RDA and Participant entered into the OPA to effectuate the Central Long Beach Redevelopment Plan (the "Redevelopment Plan") by providing for the assembly and redevelopment of a portion (referred to as the "Site") of the Central Long Beach Redevelopment Project Area (the "Project Area") as a residential and retail development (the "Project"). The Site is located at the northwest corner of Ocean Boulevard and Alamitos Avenue in the City of Long Beach.

The RDA was dissolved as of February 1, 2012 pursuant to the terms of Assembly Bill 26 from the 2011-12 First Extraordinary Session of the California Legislature as modified by the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011) 53 Cal.4th 231 ("ABx1 26"). Pursuant to the terms of ABx1 26, the City, on or about January 17, 2012, elected to become the Successor Agency to the dissolved RDA. The City, in its capacity as the Successor Agency to the dissolved RDA is pursuant to subdivision (b) of Health and Safety Code Section 34173, vested with all authority, rights, powers, duties, and obligations previously vested with the former RDA except for those provisions of the Community Redevelopment Law that were repealed, restricted, or revised pursuant to ABx1 26.

The Successor Agency is referred to in this Agreement as the "Agency."

One of the duties of the Agency, pursuant to Health and Safety Code Section 34177(e), is to dispose of real property owned by the RDA with the consent of the Oversight Board. Because the RDA has an existing OPA with Participant with respect to the Site, which includes parcels whose title is vested in the RDA and thus are now in the control of the Agency, the Agency and Participant desire to enter into this Agreement to effectuate the "Project" on the Site to maximize the long-term value of the Site to the benefit of the City and other taxing agencies levying property taxes on the Site in accordance with ABx1 26.

1.3 Site; Phase I Site; Phase II Site

1.3.1 Site

As used in this Agreement, "Site" refers to one or both of the Phase I Site and the Phase II Site, as described in this Section and as applicable in this Agreement. The Project may be constructed in phases. The parcels referred to below are shown on the Site Map attached hereto as Attachment No. 1. As of the Effective Date, the parcels shown on the Site Map are owned in fee as follows:

(1) Parcel 1 is owned by Participant and is legally described on Attachment 2A attached hereto.

(2) Parcels 2, 3, and 4 are owned by dissolved RDA subject to the control of the Agency and are legally described on Attachment 2B attached hereto.

(3) Parcel 1a is owned by dissolved RDA subject to the control of the Agency and is legally described on Attachment 2B attached hereto.

(4) Ocean Boulevard, Lime Avenue, and Medio Street are owned by the City.

(5) An east-west alley abutting the north property line of Parcels 1, 2, and 3, known as Bronce Way, is owned by the City.

(6) The portion of Broadway Court, a north-south alley, that runs between Bronce Way on the north and Ocean Boulevard on the south and that abuts the west property line of Parcel 3, is owned by the City.

1.3.2 Phase I Site

The Phase I Site shall consist of, collectively:

(A) Parcel 1 (the "Owner Parcel");

(B) Parcels 2, 3, and 4 (the "Phase I Agency Parcels");

(C) the portion of Lime Street between Ocean Boulevard and Medio Street which the City, in its legislative discretion exercised in conjunction with approval of the OPA, took action to vacate by adoption of Resolution No. 08-0015 on February 12, 2008, which Resolution was recorded on March 4, 2008, in the Official Records of Los Angeles County as Instrument No. 20080373978 (the "Lime Street Vacation Area");

(D) the portion of Bronce Way between Broadway Court and Lime Avenue abutting Parcels 1, 2, and 3 which the City will be requested to vacate in the exercise of its legislative discretion, with recordation of the resolution of vacation a Participant condition to the Phase I Closing ("Bronce Way Vacation Area");

(E) the portion of Broadway Court between Ocean Boulevard and Bronce Way that abuts the west property line of Parcel 3, which the City will be requested to vacate in the exercise of its legislative discretion, with recordation of the resolution of vacation a Participant condition to the Phase I Closing (the "Broadway Court Vacation Area");

(F) the portion of Lime Street at the northwest corner of Medio Street which was inadvertently not included in the Lime Street Vacation Area, which the City will be requested to vacate in the exercise of its legislative discretion, with recordation of the resolution of vacation a Participant condition to the Phase I Closing ("Additional Lime Street Vacation Area") [the Lime Street Vacation Area, the Bronce Way Vacation Area, the Broadway Court Vacation Area, and the Additional Lime Street Vacation Area are hereinafter, collectively, referred to as the "Phase I

Vacation Streets" and shall be conveyed to Participant at the Phase I Closing through a lot line adjustment (the "Phase I Lot Line Adjustment") or other means to effect conveyance]; and

(G) a Subterranean Easement to be Granted by the City under the Ocean Boulevard sidewalk abutting Parcels 1, 3, and 4 the ("Subterranean Easement Area"), and

Conveyance of fee title to Participant of the Phase I Agency Parcels and the Phase I Vacation Streets, and the granting of an easement to the Subterranean Easement Area, are hereinafter, collectively referred to as the "Phase I Conveyances." The property subject to the Phase I Conveyances is hereinafter referred to, collectively, as the Phase I Conveyance Areas."

Participant, as part of the creation of the Phase I Site, and concurrent with the Phase I Conveyances, shall make an irrevocable offer of dedication of an area along Broadway Court and an area along Bronce Way for street purposes ("Phase I Dedication Area"). The Phase I Dedication Area shall be legally described and depicted on various documents to be prepared and approved in implementation of this Agreement.

Participant, as part of the creation of the Phase I Site, and concurrent with the Phase I Conveyances, shall grant a subterranean easement under Lime Street in favor of Parcel 1a for the purpose of underground parking and vehicular access for Phase II ("Parcel 1a Easement"). The Parcel 1a Easement shall legally describe and depict the easement area subject to the Parcel 1a Easement ("Parcel 1a Easement Area"). The Parcel 1a Easement shall be in the form set forth as Attachment No. 12 attached hereto.

Concurrent with the Phase I Closing for Phase I Conveyances, Agency shall grant Participant the Parcel 1a License Agreement in the form set forth in Attachment No. 6.

1.3.3 Phase II Site

The Phase II Site shall consist of, collectively,

(H) Parcel 1a;

(I) the Parcel 1a Easement Area; and

(J) the portions of Alamitos Avenue, Ocean Boulevard, and Medio Street identified in Resolution No. 2008-0015 which shall be conveyed to Participant at the Phase II by lot line adjustment ("Phase II Lot Line Adjustment") or other means to effect conveyance. The portions of Alamitos Avenue, Ocean Boulevard, and Medio Street subject to the resolution of vacation shall be incorporated into the Phase II Site through the Phase II Lot Line Adjustment and are referred to herein as the "Phase II Vacation Streets."

Conveyance of fee title to Participant of Parcel 1a and to the Phase II Vacation Streets are hereinafter referred to, collectively, as the "Phase II Conveyances." The property subject to the Phase II Conveyances is hereinafter referred to, collectively, as the "Phase II Conveyance Areas."

Participant, as part of the creation of the Phase II Site, and concurrent with the Phase II Conveyances, shall make an irrevocable offer of dedication of an area along Alamitos Avenue and Ocean Boulevard for street purposes ("Phase II Dedication Area"). Participant shall also grant an easement ("Sidewalk Easement") approximately thirteen feet in width for sidewalk purposes along Medio Street ("Sidewalk Easement Area"). The Phase II Dedication Area and the Sidewalk Easement Area to be granted by Participant, shall be legally described and depicted on various documents to be prepared and approved in implementation of this Agreement.

1.3.4 Vacation Streets; Conveyance Areas

The Phase I Vacation Streets and the Phase II Vacation Streets are hereinafter referred to, collectively, as the "Vacation Streets."

The Phase I Conveyance Areas and the Phase II Conveyance Areas are hereinafter referred to as the "Conveyance Areas."

1.4 Project; Phases; Scope of Development

Participant, subject to the terms of this Agreement including the Scope of Development (the "Scope of Development") attached hereto as Attachment No. 3, will develop the Phase I Site, and may, in its sole discretion, develop the Phase II Site, with new residential and retail uses as generally described in the Scope of Development (each a "Project").

The Project and the fulfillment generally of this Agreement will implement and fulfill the goals and objectives of ABx1 26 by preserving and enhancing the tax base of the City and thereby maximize the value of the Site to taxing agencies, and further will promote jobs and needed amenities, all in the vital and best interests of the City and the health, safety and welfare of its residents and in accord with the public purposes and provisions of applicable federal, state and local laws, ordinances and requirements. In addition, the Project may include, at City's election, for sale residential units affordable to moderate income families as further described in this Agreement.

1.5 Parties to the Agreement

1.5.1 The Agency

Agency is the successor agency to the dissolved RDA pursuant to Part 1.85 of Division 24 of the Health and Safety Code (commencing with Section 34170) and is vested with the rights and obligations of the dissolved RDA as a public body, corporate and politic, exercising governmental functions and powers, and organized under Chapter 2 of the Community Redevelopment Law of the State of California. Participant acknowledges that the entering into of this Agreement by the Agency does not constitute an approval that is required to be obtained from any other governmental entity, including but not limited to, the City.

The principal office of Agency is located at 333 West Ocean Boulevard, 3rd Floor, Long Beach, California 90802.

1.5.2 The Participant

The Participant is Shoreline Gateway, LLC, a Delaware limited liability company. The manager of Shoreline Gateway, LLC is APL-SGL, LLC, a Delaware limited liability company ("APL-SGL"); APL-SGL's managing member is AndersonPacific, LLC ("AP LLC"), whose managing member is James R. Anderson ("Anderson"). As the Owner of the "Owner Parcel" Participant was an owner participant for purposes of Sections 302 through 305 of the Redevelopment Plan for the Central Long Beach Redevelopment Project Area, approved and readopted by the City Council of the City of Long Beach by Ordinance No. C-7738 on March 6, 2001, and which Project Area was specifically described in an instrument recorded on October 13, 1993 as Document No. 93-1998220 in the Official Records of Los Angeles County, and RDA's rules governing participation by property owners in the Project Area. The OPA was the result of the RDA extending to Participant a reasonable first opportunity to submit a proposal for the redevelopment of the Site.

The address of Participant for purposes of this Agreement is 6701 Center Drive West, Suite 710, Los Angeles, CA 90045, Attn: James R. Anderson.

1.5.3 Prohibition On Assignment of Agreement

(a) Participant represents and agrees that its ownership of the Site after conveyance to it of the Phase I Conveyance Areas and Phase II Conveyance Area, as applicable, and its other undertakings pursuant to this Agreement are, and will be used, for the purpose of development of the Phase I Site, and if Participant determines in its sole and absolute discretion to develop the Phase II Site, the Phase II Site, and not for speculation in landholding; provided, however, that Participant shall not be in default of the foregoing if Participant is otherwise in compliance with the terms of this Agreement. Participant acknowledges that, in view of:

(i) the importance of the development of the Phase I Site to the general welfare of the community;

(ii) the cooperation and opportunity to acquire the Conveyance Areas and to develop the Phase I Site in accordance with this Agreement and to determine, in its sole and absolute discretion whether to develop the Phase II Site; and

(iii) the fact that a change in ownership or control of Participant is, for practical purposes, a transfer or disposition of the property then owned by Participant;

the qualifications and identity of Participant, and its principals, are of particular concern to the community and Agency. Participant further acknowledges that it is because of such qualifications and identity that Agency is entering into this Agreement with Participant. Therefore, except as set forth in this Agreement, no voluntary or involuntary successor in interest of Participant shall acquire any rights or powers under this Agreement.

(b) Accordingly:

(i) Participant shall not assign all or any part of this Agreement;

(ii) there shall be no Significant Change with respect to Participant, by any method or means; and

(iii) Participant shall promptly notify Agency of any and all Significant Changes with respect to Participant.

For purposes of clauses (b)(ii) and (b)(iii) above, a "Significant Change" shall be deemed to have occurred if and only if Anderson no longer: (a) controls the day-to-day management of Participant; (b) is principally responsible for the development of the Project, and (c) owns, directly or indirectly, an equity interest in the Participant. For the purpose of this Section 1.5.3, "Anderson" shall include, without limitation: (i) a limited liability company in which Anderson is a managing member, or (ii) a partnership in which Anderson is a general partner. Notwithstanding the foregoing, it shall not be a Significant Change if (w) all or a portion of those membership interests in the Participant which are not held by Anderson or AP LLC are transferred to a reputable investor or substitute equity partner with at least five (5) years experience as an equity investor in residential or commercial developments or Affiliates of such investor or equity partner, (x) a portion of the membership interests in Participant are transferred to entities approved by the Agency as part of Participant's evidence of construction financing, (y) the membership interests of Participant and/or AP LLC have been pledged as security for repayment of a loan approved by Agency as part of Participant's evidence of financing, or (z) Anderson has been removed as the managing member of Participant and/or AP LLC because of an event of default by Anderson or otherwise under the terms of Participant's operating agreement and the new managing member is a person or entity, or the designee of such person or entity, that was approved by the Agency as part of Participant's evidence of financing or otherwise approved by Agency. For purposes hereof, the term "Affiliate" shall mean an entity which is controlled by, controls, or is under common control with the investor or equity partner. The term "control" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, or majority ownership of any sort whether through the ownership of voting securities, by contract, or otherwise. In addition, the death or incapacity of Anderson shall not be a Significant Change if either (I) such event is not an event of default under Participant's construction loan, (II) the new managing member of Participant has been approved by Participant's construction lender or (III) within thirty (30) days after such event Participant submits evidence to the Director that the managing member of Participant is a person or entity with at least five (5) years' experience in development of residential and/or commercial high-rise projects in Southern California. Participant shall notify the Director in writing within ten (10) days following a change which is not a Significant Change. Any Significant Change without the Director's prior written approval shall be a default hereunder.

The restrictions of this Section 1.5.3 shall terminate for each Phase upon issuance by City of a certificate of occupancy for the Project for such Phase.

1.5.4 Permitted Assignment

Notwithstanding anything in this Agreement to the contrary, Agency hereby consents to the assignment by Participant of its rights under this Agreement for either Phase to a new entity which is an Affiliate of Participant. The Ledcor Group of Companies or an Affiliate thereof, and/or PNC Financial Services Group or an Affiliate thereof are hereby approved as an investor or equity partner of Participant or an Affiliate of Participant.

2 CONVEYANCE OF THE PHASE I SITE

2.1 Phase I Conveyance Areas

2.1.1 Agency shall convey the Phase I Conveyance Areas to Participant for One Hundred Dollars ($100.00) ("Phase I Purchase Price"). Agency and Participant agree that the Phase I Purchase Price is necessary and appropriate and will maximize value for the Phase I Site by allowing the Phase I Project to occur, all in accordance with the purposes and intent of ABx1 26. In addition, Agency finds that the conveyance of the Phase I Conveyance Areas for the Phase I Purchase Price is for the common benefit and is for a public purpose. In its current condition, the Successor Agency parcels are considered to represent an underutilization of property that does not further the revitalization of the Downtown area as stipulated in the City's General Plan, the Downtown Long Beach Strategic Action Plan and the East Village Art District Guide. Development of the project will contribute to the elimination of the current physical blighting conditions, and will create an economically viable use on the parcels owned by Agency. The proposed development fulfills the blight elimination requirement imposed by Health and Safety Code Section 33433.

2.1.2 Prior to the Close of Escrow for the Phase I Conveyance Areas, Agency shall not negotiate with any person, firm, or entity, or enter into any agreement for, the sale, leasing, financing, or encumbrancing of the Phase I Conveyance Areas or any of them, without the prior, express, written consent of Participant which may be given, withheld, or conditioned in Participant's sole and absolute discretion.

2.1.3 Agency shall convey the Phase I Conveyance Areas to Participant upon satisfaction of those conditions precedent set forth below at Section 2.3. The Phase I Purchase Price shall be paid in cash at the Close of Escrow. Payment of the Phase I Purchase Price and Participant's closing costs as set forth below at Section 2.5, are Participant's only cost responsibility with respect to purchase of the Phase I Conveyance Areas.

2.1.4 Agency shall be responsible to deliver the Phase I Conveyance Areas free of occupants and to perform such remediation, if any, as may be necessary to place the environmental, soils and geological conditions of the Phase I Conveyance Areas , or any part of them, in a condition suitable for the development of the Project (as used in this Article 2, "Project" refers to the Phase I Project unless stated otherwise). Agency shall assign to Participant the rights it has, if any, against former owners (other than City) or occupants of the Phase I Conveyance Areas.

2.1.5 Within thirty (30) days after the Effective Date, Agency, at its cost, shall cause Chicago Title Company or other title company reasonably acceptable Agency and Participant ("Title Company") to deliver to Participant a preliminary title report for the Phase I Conveyance Areas (either as one preliminary report or in separate reports) together with all of the backup documents referred to as title exceptions and a color plotted easements map showing the location of each easement or other non-monetary encumbrance on the Phase I Conveyance Areas ("Phase I Title Report"). Within thirty (30) days following receipt by Participant of the Phase I Title Report, Participant shall notify Agency ("Phase I Title Notice") which exceptions, if any, are Phase I Permitted Exceptions and which exceptions are Phase I Disapproved Exceptions. If Participant fails to deliver timely notice within the required period, Participant shall be deemed to have disapproved all exceptions to title specified in the Phase I Title Report; provided that before such disapproval is effective Agency shall give written notice to Participant of its failure to receive the Phase I Title Notice and giving Participant an additional thirty (30) days to deliver a Phase I Title Notice to Participant. Agency may, but shall be under no obligation to, eliminate any Disapproved Exceptions. Agency shall have forty-five (45) days after receipt of the Phase I Title Notice within which to deliver to Participant a notice ("Phase I Response Notice") indicating which Phase I Disapproved Exceptions Agency will eliminate ("Phase I Removed Exceptions") by the Close of Escrow; provided that if the Phase I Response Notice is not timely received by Participant, Participant shall deliver written notice to Agency of Participant's failure to receive the Phase I Response Notice and giving Agency an additional fifteen (15) days to deliver the Phase I Response Notice to Participant. If Agency (i) does not deliver the Phase I Response Notice within the required time, or (ii) timely notifies Participant that Agency is unable or unwilling to remove all such Phase I Disapproved Exceptions, then Participant shall have thirty (30) days to elect to waive such Phase I Disapproved Exceptions or deliver to Agency written notice terminating this Agreement ("Phase I Waiver/Termination Notice"). Participant's failure to deliver the Phase I Waiver/Termination Notice within such thirty (30) day period shall be deemed Participant's election to terminate, provided that before such termination is deemed effective Agency shall provide written notice to Participant of Agency's failure to receive the Phase I Waiver/Termination Notice and providing Participant with an additional fifteen (15) days from the date of Agency's written notice to deliver the Phase I Waiver/Termination Notice. The term "Phase I Permitted Exceptions" means all title exceptions in the Phase I Title Notice which are Phase I Permitted Exceptions, plus all exceptions created by the Grant Deed, the Agreement Containing Covenants Affecting Real Property, and the Subterranean Easement, but excluding all Phase I Removed Exceptions. Agency also covenants to remove (as "Phase I Removed Exceptions" and Participant need not include in the Phase I Title Notice) all possessory rights and all monetary liens other than taxes not yet due and payable. Participant shall seek a title commitment from, and shall obtain a pro forma title policy (the "Phase I Pro Forma Title Policy") from, the Title Company consistent with the Phase I Permitted Exceptions, insuring fee simple to the Phase I Conveyance Areas, and insuring the Subterranean Easement, subject only to the Phase I Permitted Exceptions, in such amount as Participant may request, and otherwise in such form and substance as acceptable to

Participant in its sole discretion ("Phase I Pro Forma Policy"). If Participant is unable to obtain the Phase I Pro Forma Policy within thirty (30) days prior to the scheduled Close of Escrow, then Participant shall have the right to terminate this Agreement in accordance with Section 6.7. At the Close of Escrow, Title Company shall deliver to Participant a ALTA owner's policy of title insurance together with endorsements as requested (and paid for) by Participant insuring fee simple to the Phase I Conveyance Areas other than the Subterranean Easement Area, and insuring the grant of easement to the Subterranean Easement Area, subject only to the Phase I Permitted Exceptions (the "Phase I Title Policy"). Title to the Phase I Conveyance Areas other than the Subterranean Easement Area, shall be conveyed, and the grant of easement to the Subterranean Easement Area shall be granted, free and clear of all tenancies and occupancies of any kind or nature and subject to only those title exceptions set forth in the Phase I Pro Forma Title Policy.

2.1.6 Not later than thirty (30) days following the date of the Phase I Closing, Agency, at no cost to Participant, shall have (a) demolished and removed, in coordination with the Arts Council, all public art from the Phase I Conveyance Areas, and (b) terminated, all leases, licenses, and all other rights of possession or occupancy to the Phase I Conveyance Areas for vehicle or other parking purposes such that no possession or occupancy of the Phase I Conveyance Areas for vehicle or other parking shall exist as of the thirty-first (31st) day after the date of the Phase I Closing.

2.1.7 Notwithstanding any other provision of this Agreement to the contrary, Participant shall not be responsible or liable for the costs or provision of services or benefits associated with any relocation of any person or business from the Phase I Conveyance Areas or any portion thereof. Agency shall indemnify, defend and hold Participant and its managers, directors, shareholders, employees, lenders and contractors, and the successors and assigns of each of the foregoing, harmless from and against any claims, damages, liabilities, penalties, judgments, and costs (including but not limited to attorney's fees) arising out of or related to the termination by City or Agency of any lease, tenancy or occupancy of the Phase I Conveyance Areas or any portion thereof, or any claim or cost for the relocation of any person or business from the Phase I Conveyance Areas or any portion thereof. This Section 2.1.7 shall survive the conveyance of title to the Phase I Conveyance Areas (other than the Subterranean Easement Area) and the grant of easement to the Subterranean Easement Area, to Participant and shall not merge with any grant deed for any of the Phase I Conveyance Areas or the grant of easement for the Subterranean Easement Area or otherwise.

2.2 Vacation and Conveyance of the Phase I Vacation Streets; Lot Line Adjustment

Prior to or upon the satisfaction of those conditions precedent set forth below at Section 2.3, Participant shall request the City to take any further and final actions as may be necessary to complete the vacation of the Phase I Vacation Streets and to convey the Phase I Vacation Streets to Participant pursuant to a lot line adjustment ("Lot Line Adjustment") or other means; provided, however, that the order of abandonment or vacation of the Phase I Vacation Streets and the approval of the Lot Line Adjustment or other means of conveyance, if approved by City, shall be conditioned on the satisfaction of the conditions precedent set forth at Section

2.3. Agency shall cooperate with Participant to obtain the vacation of the Phase I Vacation Streets and the approval of the Lot Line Adjustment or other means of conveyance.

Agency shall also use its best efforts, at no cost to Agency other than staff time, to (a) cause utility easements or other easements or rights in favor of any City agency or department to be released or relocated as necessary to facilitate the construction and development of the Project; (b) cause the release or relocation of any easements or other rights or claims by adjacent property owners as may arise from the vacation of the Phase I Vacation Streets and conveyance thereof by the Lot Line Adjustment or other means of conveyance; and (c) cause the release, extinguishment or acquisition of conditions, covenants, use restrictions, easements, or other rights of third parties in, to, or affecting the Site (as used in this Article 2, "Site" refers to the Phase I Site unless expressly stated otherwise) or the Project or the use thereof.

2.3 Conditions for the Benefit of Agency to Conveyance of the Phase I Conveyance Areas

In addition to any other conditions to the conveyance of the Phase I Conveyance Areas (which includes the granting of the easement to the Subterranean Easement Area) to Participant, the following events are conditions precedent for the benefit of Agency to Agency's obligation to convey the Phase I Conveyance Areas to Participant:

2.3.1 The Phase I Purchase Price and Participant's share of the closing costs shall have been deposited with Escrow Agent by Participant.

2.3.2 The Director has approved Participant's evidence of financing for the Project.

2.3.3 The Director has approved Participant's construction budget for the Project.

2.3.4 Participant's construction financing for the Project shall close concurrently with the Close of Escrow.

2.3.5 City's Risk Manager has approved Participant's evidence of insurance for Phase I.

2.3.6 The Oversight Board of Agency established pursuant to the provisions of Health & Safety Code Section 34179 *et seq.* has either (i) reviewed and approved the sale of the Site in accordance with this Agreement and such approval by the Oversight Board either ((A) has not timely been subjected to review by the State of California Department of Finance or, (B) if review of the Oversight Board's approval was been timely required by the Department of Finance, the Department of Finance subsequently approved the sale including by operation of law, or has declined to review the transaction contemplated by this Agreement, or (ii) the Oversight Board has determined that it does not have jurisdiction over the transaction contemplated by this Agreement, and with respect to all of the foregoing no action has been brought by any governmental agency or other third party challenging this Agreement under AB 1484 or any other applicable law.

2.3.7 Prior to or concurrently with the Close of Escrow, title to the Phase I Conveyance Areas shall be vested in Agency, or vested in the RDA with the right of Agency to effect conveyance, or (for those portions of the Phase I Conveyance Areas owned by City) Agency shall cause City to convey such portions to Participant concurrently with the portions to be conveyed by Agency or by the RDA.

2.3.8 City resolutions vacating the Phase I Vacation Streets have been deposited with escrow and such resolutions previously shall have been recorded or shall record at the Phase I Closing.

2.3.9 City has approved the Lot Line Adjustment or such other means of conveying the Phase I Vacation Streets to Participant, and such Lot Line Adjustment or other means of conveyance will record at the Phase I Closing.

2.3.10 Participant has approved, in its sole and absolute discretion, the environmental, geological and soils condition of the Phase I Conveyance Areas, including any mitigation measures and monitoring requirements which may be required for the Project pursuant to the certified EIR.

2.3.11 Participant is the fee owner of the Owner Parcel.

2.3.12 Participant shall have executed and deposited in Escrow the following documents, all in recordable form (except the Agency Promissory Note): (i) Grant Deed for the Phase I Conveyance Areas (other than the Subterranean Easement Area) including the Phase I Lot Line Adjustment or other means of conveyance of the Phase I Vacation Streets to Participant if not included in the Grant Deed; (ii) the Subterranean Easement, (iii) the Agreement Containing Covenants for Phase I; (iv) the Agency Promissory Note (defined at Section 8.5); (v) the Agency Phase I Deed of Trust (defined at Section 8.5); (vi) the Participant Option to Purchase (defined in Section 2.20); (vii) the Memorandum of Participant Option to Purchase; (viii) the Parcel 1a License Agreement; (ix) the Parcel 1a Easement; (x) an irrevocable offer of dedication for the Phase I Dedications in a form acceptable to Agency; (xi) if applicable, the Phase I Assignment; and (xii) all other documents and funds have been deposited in escrow as required to complete the conveyance of the Phase I Conveyance Areas to Participant.

2.3.13 All entitlements and land use and related approvals for the Project (including but not limited to any required General Plan amendment, zone change, and approval of any required minor modifications to the Vesting Tentative Map) have been issued by City and all other governmental agencies with jurisdiction over the Site, and demolition, grading and/or building permits shall be ready to be issued as a ministerial matter immediately after Close of Escrow upon payment of any required fees required to be paid as a condition to issuance of such permit(s).

2.3.14 Participant shall not be in default under this Agreement.

2.4 Conditions for the Benefit of Participant to Conveyance of the Phase I Conveyance Areas

In addition to any other conditions to the conveyance of the Phase I Conveyance Areas (which includes the granting of the easement to the Subterranean Easement Area) to Participant, the following events are conditions precedent for the benefit of Participant to Agency's obligation to convey the Phase I Conveyance Areas to Participant:

2.4.1 The Title Company has irrevocably committed to issue the Phase I Title Policy insuring that fee title to the Phase I Conveyance Areas (other than the Subterranean Easement Area) is vested in Participant, and insuring the grant of easement to the Subterranean Easement Area, subject only to those title exceptions shown in the form of the Pro Forma Title Policy approved by Participant in its sole and absolute discretion.

2.4.2 City's Risk Manager has approved Participant's evidence of insurance for Phase I.

2.4.3 The Director shall have approved Participant's evidence of financing for the Project.

2.4.4 Participant's construction financing for the Project shall close concurrently with the Close of Escrow.

2.4.5 The Oversight Board of Agency established pursuant to the provisions of H&S Code 34179 *et seq.* has either (i) reviewed and approved the sale of the Site in accordance with this Agreement and such approval by the Oversight Board either (A) has not timely been subjected to review by the State of California Department of Finance or, (B) if review of the Oversight Board's approval was been timely required by the Department of Finance, the Department of Finance subsequently approved the sale including by operation of law, or has declined to review the transaction contemplated by this Agreement, or (ii) the Oversight Board has determined that it does not have jurisdiction over the transaction contemplated by this Agreement, and with respect to all of the foregoing no action has been brought by any governmental agency or other third party challenging this Agreement under AB 1484 or any other applicable law.

2.4.6 All entitlements and land use and related approvals for the Project (including but not limited to any required General Plan amendment, zone change, and approval of any required minor modifications to the Vesting Tentative Map) have been issued by City and all other governmental agencies with jurisdiction over the Site, and demolition, grading and/or building permits shall be ready to be issued as a ministerial matter immediately after close of escrow upon payment of any required fees required to be paid as a condition to issuance of such permit(s).

2.4.7 The period for legal challenge to all of the entitlements and land use and related approvals for the Project has expired with no challenge having been filed, or a legal action has been filed challenging such entitlements and land use and related

approvals and a final judgment has been entered in favor of the City and also Participant as the real party in interest.

2.4.8 Any required minor modifications to the Vesting Tentative Map shall have been approved and shall be ready to record at the Close of Escrow.

2.4.9 At the Close of Escrow for the Phase I Conveyance Areas, Agency or RDA shall be the fee owner of Parcel 1a.

2.4.10 Prior to or concurrently with the Close of Escrow, title to the Phase I Conveyance Areas shall be vested in Agency, or vested in the RDA with the right of Agency to effect conveyance, or, for those portions of the Phase I Conveyance Areas owned by City, Agency shall cause City to convey such portions to Participant concurrently with the portions to be conveyed by Agency or by the RDA.

2.4.11 The Director has approved Participant's Phase I Project construction budget.

2.4.12 Resolutions/orders vacating the Phase I Vacation Streets previously have been recorded or shall record at the Phase I Closing.

2.4.13 Agency shall have executed and deposited in Escrow (and, as required, caused City to execute and deposit in Escrow) the following documents, all in recordable form: (i) Grant Deed for the Phase I Conveyance Areas (other than the Subterranean Easement Area) including the resolutions/orders vacating the Phase I Vacation Streets and the Phase I Lot Line Adjustment or other means of conveyance of the Phase I Vacation Streets to Participant if not included in the Grant Deed; (ii) the Subterranean Easement, (iii) the Agreement Containing Covenants for Phase I; (iv) the Participant Option to Purchase (defined in Section 2.20); (v) the Memorandum of Participant Option to Purchase; (vi) the Parcel 1a License Agreement; (vii) the Parcel 1a Easement; (viii) if applicable, the Phase I Assignment; (ix) the reconveyance or modification of the Agency Deed of Trust (defined in Section 8.5.1.2) as may be necessary pursuant to Section 8.5.2; (x) reconveyances and terminations as may be necessary to reconvey the deed of trust arising from the Loan Documents (defined in Section 8.5) and to terminate the Loan Documents; and (xi) all other documents and funds have been deposited in escrow as required to complete the conveyance of the Phase I Conveyance Areas to Participant.

2.4.14 Agency has provided to Participant the Reports described in Section 2.14 and Participant, in its sole discretion, has agreed to proceed with the close of escrow notwithstanding the information contained in such Reports.

2.4.15 Participant has approved, in its sole and absolute discretion, the environmental, geological and soils condition of the Phase I Conveyance Areas, including any mitigation measures and monitoring requirements which may be required for the Project pursuant to the certified EIR.

2.4.16 City has provided written approval to Participant of the following minimum parking standards for the Phase I Project: (a) one (1) parking space per unit; (b) one (1) guest parking space per every four (4) units; (c) commercial/retail parking at one (1) parking space per one thousand square feet (1000 s.f.) of commercial/retail space; (d) a five percent (5%) transit oriented discount to the foregoing standards; and (e) shared parking permitted between guest and retail parking.

2.4.17 Agency's share of closing costs have been deposited with the Escrow Agent by Agency.

2.4.18 City has approved the Lot Line Adjustment or such other means of conveying the Phase I Vacation Streets to Participant, and such Lot Line Adjustment or other means of conveyance will record at the Phase I Closing.

2.4.19 The Agency Director has approved, which approval shall not be unreasonably withheld, conditioned, or delayed, one or more subordination agreements to be recorded at the Phase I Closing so that the Agency Phase I Deed of Trust shall be fully subordinated to all other Phase I lender(s) deeds of trust.

2.4.20 Agency shall not be in default under this Agreement.

2.5 Closing

The Agency and Participant agree to open an escrow ("Escrow") for the conveyance of the Phase I Conveyance Areas with an escrow agent (the "Escrow Agent") selected by Agency and reasonably acceptable to Participant within the time set forth in the Schedule of Performance. This Agreement shall constitute the joint escrow instructions of the Agency and Participant with respect to conveyance of the Phase I Conveyance Areas and a copy of this Agreement shall be delivered to the Escrow Agent upon the opening of Escrow.

2.5.1 Conveyance of the Phase I Conveyance Areas

(a) For the conveyance of the Phase I Conveyance Areas, Participant shall pay in Escrow to the Escrow Agent the Phase I Purchase Price and the following fees, charges and costs promptly after the Escrow Agent has notified the Participant of the amount of such fees, charges, and costs, but not later than one (1) day prior to the scheduled date for the conveyance of the Site:

(i) One half of the escrow fee;

(ii) Premiums for any title insurance and any endorsements requested by Participant; and

(iii) Recording fees.

(b) For the conveyance of the Phase I Site, Agency shall pay in escrow to the Escrow Agent, the following fees, charges and costs promptly after the Escrow Agent has notified the Agency of the amount of the fees, charges and costs:

(i) One half of the escrow fee;

(ii) Notary fees; and

(iii) Any State, County or City documentary stamps or transfer tax.

(c) The Escrow Agent is authorized to:

(i) Pay and charge Participant for any fees, charges and costs payable by Participant under this Section 2.5. Before such payments are made, the Escrow Agent shall notify Participant of the fees, charges and costs necessary to clear and convey title;

(ii) Record with the Los Angeles County Recorder the reconveyances and terminations as necessary to terminate the Loan Documents (defined in Section 8.5), resolutions/orders vacating the Phase I Vacation Streets, the Grant Deed, Phase I Lot Line Adjustment (if not included in the Grant Deed), the Subterranean Easement, the Agreement Containing Covenants—Phase I; any required minor modifications to the Vesting Tentative Map, the Agency Phase I Deed of Trust (defined in Section 8.5.2), the Memorandum of Participant Option, the Phase I Assignment if applicable, the Parcel 1a Easement, and the Parcel 1a License Agreement, in the order of recordation specified in a joint escrow instruction submitted by respective counsel for the Agency and Participant;

(iii) Deliver the Agency Promissory Note to Agency;

(iv) Pay to Agency, after deduction of Agency's portion of the escrow fees and costs, the Phase I Purchase Price, if any such amount be remaining;

(v) Deliver any other documents to the parties entitled thereto when the conditions of this Escrow have been fulfilled by the Agency and Participant, and the Agency and Participant have each authorized the Escrow Agent to do so, including the Phase I Title Policy conforming to the requirements of this Agreement;

(vi) Cause the Title Company to issue the Phase I Title Policy together with such endorsements as are requested by Participant; and

(vii) Record any further instruments delivered through this Escrow as necessary or proper to vest title to the Phase I Conveyance Areas (other than the Subterranean Easement Area and the Parcel 1a Easement) in Participant, vest the easement to the Subterranean Easement Area and the Parcel 1a Easement in Participant, and record any further instruments delivered through Escrow as necessary or proper to effect the foregoing ownerships, in accordance with the terms and provisions of this Agreement.

2.5.2 General

(a) All funds received in this Escrow shall be deposited by the Escrow Agent in a general interest bearing escrow account with any state or national bank doing business in the State of California and may be combined in such with other escrow funds of the Escrow Agent. Such funds may be transferred to any other such general escrow account or accounts. Interest shall accrue for the benefit of the party depositing the funds.

(b) If the Escrow Agent is not able to convey title (or easements as described in this Article II) to the Phase I Conveyance Areas pursuant to this Agreement, either party who then shall have fully performed the acts to be performed before the conveyance of title may, in writing, demand the return of its money, papers, or documents from the Escrow Agent. No demand for return shall be recognized until ten (10) days after the Escrow Agent shall have mailed copies of such demand to the other party or parties at the address of its principal place of business. Objections, if any, shall be raised by written notice to the Escrow Agent and to the other party within the 10 day period, in which event, the Escrow Agent is authorized to hold all money, papers, and documents with respect to the Escrow until instructed by a mutual agreement of the parties or upon failure thereof by a court of competent jurisdiction. If no such demands are made, the Escrow shall be closed as soon as possible.

(c) The Escrow Agent shall not be obligated to return any such money, papers, or documents except upon the written instructions of both the Agency and Participant, or until the party entitled thereto has been determined by a final decision of a court of competent jurisdiction.

(d) Any amendment to these escrow instructions shall be in writing and signed by both the Agency and Participant. At the time of any amendment the Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

(e) All communications from the Escrow Agent to the Agency or Participant shall be directed to the addresses and in the manner established in Section 7.1 of this Agreement for notices, demands, and communications between the Agency and Participant.

(f) The liability of the Escrow Agent under this Agreement is limited to performance of the obligations imposed upon it under Sections 2.5 through 2.11 (inclusive) of this Agreement.

(g) If Close of Escrow has not occurred by the time provided in the Schedule of Performance, either Agency or, Participant may, in their respective sole discretion, terminate this Agreement by written notice to the other party and to Escrow Agent; provided that such termination shall be effective for ten (10) days after receipt of notice by the non-terminating party and shall be not effective if prior to the end of such ten (10) day period the non-terminating party delivers written notice to the Escrow Agent and the terminating party objecting to the termination. In the event of such objection the

Escrow Agent shall hold such funds and documents as are on deposit until the parties have resolved their differences with respect to the proposed termination.

2.6 Conveyance of Title and Delivery of Possession

Subject to any mutually agreed upon extension of time and the provisions of this Agreement (including but not limited to Section 7.8), conveyance of the Phase I Conveyance Areas to Participant shall be completed on or prior to the date for Close of Escrow specified in the Schedule of Performance (Attachment No. 4). Subject to the provisions of this Agreement, the Agency and Participant agree to perform all acts necessary for conveyance of title in sufficient time for title to be conveyed in accordance with the Schedule of Performance. Except as may be provided otherwise in Section 6.7, and provided the condition of title is as required by Section 2.8 and the various conditions precedent set forth in Section 2.3 and Section 2.4 have been satisfied or waived, upon a tender of title to the Phase I Conveyance Areas (other than the Subterranean Easement Area) and the granting of the easement to the Subterranean Easement Area, Participant must accept title and the easement.

Possession of each of the Phase I Conveyance Areas shall be delivered to Participant concurrently with the Close of Escrow. Participant shall accept title and possession on the date of Close of Escrow.

2.7 Form of Deed

2.7.1 Phase I Conveyance Areas Other than Subterranean Easement Area. The Agency shall convey to Participant title to the Phase I Conveyance Areas other than the Subterranean Easement Area in the condition provided in Section 2.8 of this Agreement by executing the Grant Deed in the form attached hereto as Attachment No. 5.

2.7.2 Subterranean Easement Area and Parcel 1a Easement. The Agency shall convey to Participant the easement for the Subterranean Easement Area in the condition provided in Section 2.8 of this Agreement through a grant of easement in the form set forth as Attachment No. 11 attached hereto. The Participant shall convey to Agency the easement for the Parcel 1a Easement through a grant of easement in the form set forth as Attachment No. 12 attached hereto.

2.7.3 Phase I Vacation Streets. The Agency or City, as applicable, shall convey the Phase I Vacation Streets to Participant by Lot Line Adjustment or other conveyance means reasonably acceptable to Participant if not included in the Grant Deed.

2.8 Condition of Title

The Agency shall convey to Participant fee simple title to the Phase I Conveyance Areas other than the Subterranean Easement, subject only to those title exceptions approved by Participant and set forth in the Phase I Pro Forma Title Policy. Title to the Phase I Conveyance Areas other than the Subterranean Easement and Parcel 1a Easement, and the grant of easement to the Subterranean Easement Area and the Parcel 1a Easement, shall be subject to the exclusion therefrom (to the extent now or hereafter validly excepted and reserved by the parties named in

existing deeds, leases, and other documents of record) of all oil, gas, hydrocarbon substances and minerals of every kind and character lying more than 500 feet below the surface, together with such other rights set forth in such prior recorded documents of record identified in the Phase I Pro Forma Title Policy. No Permitted Exception (defined at Section 3.1.3) shall allow any right to use either the surface of the Phase I Conveyance Areas or any portion thereof within 500 feet of the surface, for any purpose or purposes therefor whatsoever.

Notwithstanding anything above to the contrary, Participant agrees that title to the Phase I Conveyance Areas other than the Subterranean Easement and the Parcel 1a Easement shall be subject to the covenants contained in the Grant Deed and the Agreement Containing Covenants, and that the Subterranean Easement shall be subject to the covenants contained therein and the Parcel 1a Easement shall be subject to the covenants contained therein.

2.9 Time for and Place for Delivery of the Deeds and Other Documents

Subject to any mutually agreed upon extension of time, the Agency shall deposit or cause to be deposited the Grant Deed(s), the Subterranean Easement, the Lot Line Adjustment or other mean of conveyance of the Phase I Vacation Streets, the Memorandum of Participant Option to Purchase, and the Parcel 1a License Agreement; and Participant shall deposit or cause to be deposited the Parcel 1a Easement, with the Escrow Agent on or before three (3) days prior to the dates established for the Close of Escrow in the Schedule of Performance.

2.10 [RESERVED]

2.11 Title Insurance

Concurrently with recordation of the Grant Deed conveying the Phase I Conveyance Parcels, the Escrow Agent shall cause the Title Company to deliver to Participant the Phase I Title Policy insuring that title to the Phase I Conveyance Areas is vested in Participant, and that title to the Parcel 1a easement is vested in Agency, in the condition required by this Agreement. Title Company shall provide a copy of the insurance policy to the Agency. Said policy shall be in form and amount, and shall be subject to those endorsements, as reasonably requested by Participant.

2.12 Taxes and Assessments; Stipulated Taxable Assessed Value

2.12.1 Ad valorem taxes and assessments, if any, on the Phase I Site and taxes upon this Agreement or any rights hereunder levied, assessed, or imposed after conveyance of title to the Phase I Conveyance Areas shall be paid by Participant.

2.12.2 For the purposes of determining the "Taxable Assessed Value" (as that term is defined at California Revenue and Taxation Code Section 95) for the Project (which includes the land and all improvements thereon) [as used in this Article 2.0, the term "Project" means the Phase I Project] for those fiscal years commencing with the fiscal year in which the Certificate of Occupancy is issued for the Project and terminating at the end of the 2046–2047 fiscal year (such term to be referred to as the "Phase I Stipulated Tax Years"), Participant agrees that the "Taxable Assessed Value" shall be the

sum of (a) the Phase I Purchase Price plus (b) the value of the Phase I improvements to be constructed pursuant to approved plans as determined by the Planning and Building Department for purposes of issuing building permits for the Project (the "Phase I Stipulated Value"). For purchasers of condominium units within the Phase I Project, if any, the Taxable Assessed Value shall be the greater of (i) the purchase price paid for the condominium unit or (ii) the pro rata portion, based upon floor area, of the Phase I Stipulated Value for that unit.

2.12.3 Participant agrees (a) that it or any successor(s) in interest to the Phase I Site shall pay the property taxes levied upon the Project in accordance with the tax bills for the Phase I Stipulated Tax Years prepared by the Los Angeles County Tax Collector, and (b) that neither Participant nor any successor(s) in interest to the Phase I Site shall protest, appeal, or otherwise attempt to lower the Taxable Assessed Value of the Phase I Site to an amount less than the Phase I Stipulated Value.

2.12.4 Upon five days' prior notice, and during normal business hours, Agency may audit Participant's (or such successor- or successors-in-interest) books and records relevant to the property taxes levied upon the Phase I Site following issuance of the Certificate of Occupancy and paid by Participant thereafter up to not more than the most recent three years.

2.12.5 If for any of the Phase I Stipulated Tax Years the assessed value of the Phase I Site (as shown on the tax bill(s) for the Phase I Site), is less than the Phase I Stipulated Value, Participant (or such successor- or successors-in-interest) shall pay to Agency the additional amount of property taxes (based on the 1% allocation under Proposition 13) that would have been paid to the Tax Collector had the assessed valuation for the Phase I Site been the Phase I Stipulated Value rather than the actual lower assessed valuation. Such payment shall be due within thirty (30) days after the end of the fiscal year in which property taxes in question were due. Any unpaid amounts due Agency hereunder shall bear simple interest at the lesser of 7% per annum or the maximum interest rate permitted by law, commencing on the date such payment was due and unpaid and until payment is made.

2.13 Zoning of the Site

If necessary, Participant, at its sole cost and expense, shall seek to secure zoning to be such as to permit development of the Project.

Agency acknowledges that a Participant condition to Close of Escrow for Phase I is Participant's receipt of written approval from City of the following minimum parking standards for the Phase I Project: (a) one (1) parking space per unit; (b) one (1) guest parking space per every four (4) units; (c) commercial/retail parking at one (1) parking space per one thousand square feet (1000 s.f.) of commercial/retail space; (d) a five percent (5%) transit oriented discount to the foregoing standards; and (e) shared parking permitted between guest and retail parking.

Agency agrees to cooperate with Participant and to exert its best efforts to secure such zoning, variances and discounts. However, Participant acknowledges that Agency is unable to cause any change in zoning over the City's refusal or to require City to grant variances or discounts.

2.14 Condition of Phase I Conveyance Areas.

2.14.1 AS-IS. EXCEPT FOR THE AGENCY'S REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 2.18 BELOW, PARTICIPANT SPECIFICALLY ACKNOWLEDGES AND AGREES THAT, AS OF THE CLOSE OF ESCROW, AGENCY IS SELLING AND PARTICIPANT IS PURCHASING THE PHASE I CONVEYANCE AREAS OTHER THAN THE SUBTERRANEAN EASEMENT AREA, AND AGENCY IS GRANTING TO PARTICIPANT AN EASEMENT IN THE SUBTERRANEAN EASEMENT AREA, ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT, EXCEPT FOR THE AGENCY'S REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 2.18 BELOW, PARTICIPANT IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM AGENCY, ITS AGENTS OR BROKER AS TO ANY MATTERS CONCERNING THE PHASE I CONVEYANCE AREAS, INCLUDING WITHOUT LIMITATION: (i) the quality, nature, adequacy and physical condition and aspects of the Phase I Conveyance Areas; (ii) the quality, nature, adequacy, and physical condition of soils, geology and any groundwater, (iii) the existence, quality, nature, adequacy and physical condition of utilities serving the Phase I Conveyance Areas, (iv) the development potential of, or use, habitability, merchantability, or fitness, or the suitability, value or adequacy of the Phase I Conveyance Areas for any particular purpose, (v) the zoning or other legal status of the Phase I Conveyance Areas or any other public or private restrictions on use of the Phase I Conveyance Areas, (vi) the compliance of the Phase I Conveyance Areas with any applicable codes, laws, regulations, statutes, ordinances, covenants, conditions and restrictions of any governmental or quasi-governmental entity or of any other person or entity, (vii) the presence of hazardous materials on, under or about the Phase I Conveyance Areas or the adjoining or neighboring property, and (viii) the condition of title to the Phase I Conveyance Areas (subject to conveyance in the approved title condition in accordance with the terms of this Agreement).

2.14.2 Environmental Disclosures.

Subject to Section 2.14.4, it is the Participant's sole responsibility, at its expense, to determine the suitability of the Phase I Site for the proposed development. Agency shall not be responsible for the structural or geological conditions of the Phase I Site, or any portion thereof. Agency shall give all known environmental information regarding the Phase I Site to Participant; however, the Agency makes no representations or warranties as respects the suitability of the soils for the use or uses to which the Phase I Site will be put. An environmental "Phase I" report has been prepared for the Phase I Conveyance Areas, at Agency's cost, a copy of which has been provided to Participant. In accordance with regulations issued by the Environmental Protection Agency (40 CFR Part 312), Agency shall provide an update of such Phase I report dated not earlier than six months prior to the Close of Escrow.

2.14.3 Natural Hazards Disclosures.

Without limiting Section 2.14.1, Agency and Participant acknowledge that the Disclosure Statutes (as defined below) provide that a seller of real property must make certain disclosures regarding certain natural hazards potentially affecting the property, as more particularly provided in the Disclosure Statutes. As used in this Agreement, "Disclosure Statutes" means, collectively, California Government Code Sections 8589.3, 8589.4 and 51183.5, California Public Resources Code Sections 2621.9, 2694 and 4136 and any other California statutes that require Agency (or Agency on behalf of City with respect to the portions of the Conveyance Areas owned by City) to make disclosures concerning the Phase I Conveyance Areas. All natural hazard disclosure reports (the "Reports") required by the Disclosure Statutes shall be provided to Participant at least thirty (30) days prior to the Phase I Closing. Participant hereby agrees as follows with respect to the Disclosure Statutes and the Reports:

(a) Upon receipt of the Reports, Participant agrees that such Reports shall satisfy all obligations and requirements of Agency under the Disclosure Statutes.

(b) Prior to the Close of Escrow Participant shall have had an opportunity to review all Reports and to investigate the disclosures and information.

(c) Agency shall not be liable for any error or inaccuracy in, or omission from, the information in the Reports.

(d) The Reports shall be provided by Agency for purposes of complying with the Disclosure Statutes and shall not be deemed to constitute a representation or warranty by Agency as to the presence or absence in, at or around the Phase I Conveyance Areas and of the conditions that are the subject of the Disclosure Statutes.

2.14.4 Site Remediation; Phase I Conveyance Areas

In the event that prior to the Close of Escrow, the environmental, soils or geological conditions of the Phase I Conveyance Areas or any part of them, are not suitable, or contain contaminants in excess of permissible levels, for the use or uses to which the Phase I Site will be put, as determined by Participant in its sole and absolute discretion, Participant may so advise Agency of such condition and request that the Agency improve or remediate the affected portions of the Phase I Conveyance Areas to an acceptable condition. The Agency may, but shall be under no obligation to, take such actions as may be necessary to place the Phase I Conveyance Areas, including the soil conditions, in all respects in a condition entirely suitable for the development of the Phase I Site. If the Agency fails to take such action, the Participant, at its cost may undertake such remediation or may terminate this Agreement prior to the Close of Escrow, as provided in Section 6.6.1 of this Agreement.

2.14.5 Participant Responsibility After Close of Escrow. After the Close of Escrow, it shall be Participant's responsibility to remedy any soil or geologic condition at its cost and to fulfill its obligations hereunder, subject to Section 7.8 re: Force Majeure.

2.14.6 Release. Except for the Agency's representations and warranties set forth in Section 2.18 below and without limiting Sections 2.14.1 through 2.14.5, Participant on behalf of itself and its successors and assigns waives its right to recover from, and forever releases and discharges Agency and Agency's affiliates, and the directors, officers, attorneys, employees and agents of each of them, and their respective successors and assigns, from any and all demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, costs or expenses whatsoever (including, without limitation, attorneys' fees and costs), whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with the Phase I Conveyance Areas, including, without limitation, the physical or environmental condition of the Phase I Conveyance Areas, or any law or regulation applicable thereto. With respect to the waiver and release set forth herein relating to unknown and unsuspected claims, Participant hereby acknowledges that such waiver and release is being made after obtaining the advice of counsel and with full knowledge and understanding of the consequences and effects of such waiver, and that such waiver is made with the full knowledge, understanding and agreement that California Civil Code Section 1542 provides as follows, and that the protections afforded by said code section are hereby waived:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

This Section 2.14.6 shall be effective with respect to the Phase I Conveyance Areas as of the Close of Escrow.

2.15 Preliminary Work by Participant

Prior to the conveyance of the Phase I Conveyance Areas, representatives of Participant shall have the right of access to the Phase I Conveyance Areas at all reasonable times upon the grant of a right to enter by City, for the purpose of obtaining data, making surveys and tests, and preparations for the construction of the improvements set forth in the Scope of Development as necessary to carry out this Agreement. Participant hereby indemnifies and holds the Agency and the City harmless from any injury or damages arising out of any activity of Participant, its agents, employees and contractors, performed and conducted on the Phase I Conveyance Areas pursuant to this Section 2.15.

2.16 Submission of Evidence of Financing Commitments

2.16.1 Prior to the Close of Escrow, Participant shall submit to the Director evidence reasonably satisfactory to the Director that Participant has obtained sufficient equity capital and commitments for financing necessary for development of the Phase I

Site in accordance with this Agreement and the Schedule of Performance. The Director shall approve or disapprove such evidence of financing within the times established in the Schedule of Performance. Approval by the Director shall not be unreasonably withheld. Any disapproval by the Director of any portion of the evidence of financing shall be in writing and shall specify the reasons for such disapproval. Participant, in its sole discretion, may resubmit other or additional information in an effort to obtain approval.

2.16.2 Such evidence of financing shall include:

(a) Copies of all firm financing commitments subject to usual and customary lender conditions for the loan or loans being obtained by Participant to finance the development of the Project on the Phase I Site. Such lenders shall agree that the security instruments for construction financing required under the commitment shall record as a first priority lien on the Phase I Site and next in order to the Agreement Containing Covenants Affecting Real Property.

(b) Evidence of other sources of equity capital that may be required to demonstrate that Participant has adequate funds to cover the difference between (i) the costs to develop the Project, and (ii) the financing commitments.

2.17 Warranties, Representations, and Covenants of Participant

Participant hereby warrants, represents, and/or covenants to Agency that:

2.17.1 Participant, except as disclosed to Agency, has no actual knowledge of, nor is it aware of, any actions, suits, material claims, legal proceedings, or any other proceedings affecting the Owner Parcel, at law, or in equity before any court or governmental agency which has not been disclosed by Participant to Agency.

2.17.2 Until the Closing, Participant shall not do anything which would prohibit or impair development of the Phase I Site in the manner required by this Agreement. Nothing contained in this subparagraph shall be interpreted to prohibit Participant from leasing the Owner Parcel for their uses existing as of the date of this Agreement, provided that such lease is terminable upon 30-days' notice. Participant shall not encumber the Owner Parcel until the Closing.

2.17.3 Until the Closing, Participant shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of Closing, promptly give written notice of such fact or condition to Agency.

For breach of any of the warranties, representations, or covenants of this Section, Agency may, at its option, terminate this Agreement pursuant to Section 6.6.2 below.

2.18 Warranties, Representations, and Covenants of Agency

Agency hereby warrants, represents, and/or covenants to Participant that:

2.18.1 The current officers of Agency, without investigation or inquiry, have no actual knowledge of, nor are they aware of, any actions, suits, material claims, legal proceedings, or any other proceedings affecting the Phase I Conveyance Areas or any portion thereof, at law, or in equity, before any court or governmental agency, or any violations or any health, safety, pollution or other laws, ordinances, rules or regulations which have not been disclosed to Participant;

2.18.2 As of the Effective Date either Agency, RDA, or City own all of the property comprising the Phase I Conveyance Areas and that Agency, from the Effective Date until the Close of Escrow for conveyance of the Phase I Conveyance Areas, shall not, and shall use its best efforts to cause City to not, encumber or impair or cloud title to any of the Phase I Conveyance Areas without Participant's prior written approval, which approval Participant may give or withhold in Participant's sole and absolute discretion.

2.18.3 Until the Closing, Agency shall not, and shall use its best efforts to cause City to not, take any action with respect to the Phase I Conveyance Parcels which would prohibit or impair development of the Phase I Site in the manner required by this Agreement.

2.18.4 To the best knowledge of the current officers of Agency, Agency's execution, delivery, and performance of this Agreement shall not constitute a default or breach under any contract, agreement, judgment, or order to which Agency or the RDA is a party or by which Agency or the RDA is bound.

2.18.5 Until the Closing, Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of Closing, promptly give written notice of such fact or condition to Participant. For breach of any of the warranties, representations, or covenants of this Section, Participant may, at its option, terminate this Agreement pursuant to Section 6.6.1 below.

2.19 [Reserved]

2.20 Participant Option to Purchase the Phase II Conveyance Areas.

Agency hereby grants Participant the option to purchase the Phase II Conveyance Areas as set forth in Section 3.1 ("Participant Option to Purchase"). The Participant Option to Purchase shall be delivered, and a Memorandum of Participant Option to Purchase shall be recorded, at the Close of Escrow for the Phase I Conveyance Areas.

3 ASSEMBLY OF THE SITE – PHASE II

3.1 Phase II Conveyance Areas.

3.1.1 Agency hereby grants an option to Participant to acquire the Phase II Conveyance Areas (the "Participant Option to Purchase"), the exercise of which by Participant is subject to the terms set forth in this Section 3.1.1 and in Section 3.1.2. Participant shall have the right, pursuant to the Participant Option to Purchase, to

purchase the Phase II Conveyance Areas no later than the date that is one (1) year after the date of issuance of the earlier of (i) the temporary, or (ii) the final, Phase I Certificate of Occupancy, with one option to extend for one (1) additional year upon payment to Agency of $36,400 (the "Extension Payment"). If the Extension Payment is not paid within the time provided, the Participant Option to Purchase shall terminate and the Memorandum of Participant Option to Purchase shall be extinguished. One-half of the Extension Payment shall be nonrefundable, and one-half shall be applied toward the purchase price. Participant's Option to Purchase shall be in the form set forth in Attachment No. 10 to this Agreement. If Participant exercises the Option, Agency shall convey the Phase II Conveyance Areas to Participant, upon satisfaction of those conditions set forth at Section 3.2 below, for the purchase price of One Million Eight Hundred Twenty Thousand Dollars ($1,820,000.00) (the "Phase II Purchase Price"). The Phase II Purchase Price is the agreed value of the Phase II Conveyance Areas and Agency hereby determines that such price maximizes the value of the Phase II Conveyance Areas in accordance with AB1x26. Payment of the Phase II Conveyance Areas Purchase Price and closing costs as set forth below at Section 3.4 are Participant's only cost responsibility with respect to purchase of the Phase II Conveyance Areas. Agency shall be responsible to deliver the Phase II Conveyance Areas free of occupants and to allow Participant to perform such remediation, if any, as may be necessary to place the environmental, soils and geological conditions of the Phase II Conveyance Areas, or any part of it, in a condition suitable for the development of the Project (as used in this Article 3, "Project" refers to the Phase II Project unless expressly stated otherwise). Agency's agreement to submit a request to its Oversight Board to reimburse Participant for the costs to remediate the Phase II Conveyance Areas is set forth in Section 3.13.4. Agency shall assign to Participant the rights it has, if any, against former owners (other than City) or occupants of the Phase II Conveyance Areas. The foregoing terms shall be incorporated into the Participant Option to Purchase and in the Memorandum of Participant Option to Purchase, attached hereto as Attachment No. 10.

3.1.2 Prior to the Close of Escrow for the Phase II Conveyance Areas, Agency shall not negotiate with any person, firm, or entity, or enter into any agreement for, the sale, leasing, financing, or encumbrancing of the Phase II Conveyance Areas or any of them, without the prior, express, written consent of Participant which may be given, withheld, or conditioned in Participant's sole and absolute discretion. At the Close of Escrow for the Phase I Conveyance Areas, Agency and Participant shall execute and acknowledge, and record the Memorandum of Option to Purchase, in form as attached hereto as Attachment No. 10. Participant shall have the option term as stated above and in the Memorandum of Option to Purchase) (unless the Option to Purchase is terminated earlier) to exercise the Option to Purchase for the purpose of developing the Phase II Project. Participant has no obligation to exercise the Option to Purchase the Phase II Conveyance Areas or to develop Phase II. In order to exercise the Option to Purchase, Participant shall deliver to Agency the Notice of Exercise set forth in the Memorandum of Option to Purchase and a Performance Deposit in the amount of one hundred thousand dollars ($100,000.00) ("Phase II Performance Deposit"), which shall be applied to the Phase II Purchase Price at the Close of Escrow. The Option to Purchase may be terminated by Agency, after written notice and an opportunity to cure (which cure period

shall not exceed 60 days excluding delays due to *force majeure*), if Participant has not commenced construction of the Phase I Project, or has not completed the construction of the Phase I Project, on or before the dates provided therefor in the Schedule of Performance.

3.1.3 Within thirty (30) days after Participant's exercise of the Option to Purchase, Agency shall obtain from a title company ("Title Company") selected by Agency and reasonably satisfactory to Participant, a preliminary title report (the "PTR") for the Phase II Conveyance Areas, together with all underlying documents. The Agency will convey fee title to the Phase II Conveyance Areas (and to the extent necessary shall cause City to convey such portions of the Phase I Conveyance Areas owned by City) to Participant free and clear of all liens, encumbrances, covenants, assessments, easements, leases and taxes, subject to the Subterranean Easement and also subject to the Parcel 1a Easement, and to those exceptions to title approved by Participant ("Permitted Exceptions"). Title to the Phase II Conveyance Areas shall be subject to easements and other matters of record that do not interfere with development, and to the exclusion therefrom (to the extent now or hereafter validly excepted and reserved by the parties named in existing deeds, leases, and other documents of record) of all oil, gas, hydrocarbon substances and minerals of every kind and character lying more than 500 feet below the surface, together with such other rights set forth in such prior recorded documents of record identified in the Phase II Pro Forma Title Policy. No Permitted Exception shall allow any right to use either the surface of the Phase I Conveyance Areas or any portion thereof within 500 feet of the surface, for any purpose or purposes therefor whatsoever.

3.1.4 Within forty-five (45) days following receipt by Participant of the PTR, Participant shall notify Agency ("Phase II Title Notice") which exceptions, if any, are Phase II Permitted Exceptions and which exceptions are Phase II Disapproved Exceptions. If Participant fails to deliver timely notice within the required period, Participant shall be deemed to have disapproved all exceptions to title specified in the Phase II Title Reports; provided that before such disapproval is effective Agency shall give written notice to Participant of its failure to receive the Phase II Title Notice and giving Participant an additional thirty (30) days to deliver a Phase II Title Notice to Participant. Agency may, but shall be under no obligation to, eliminate any Disapproved Exceptions. Agency shall have forty-five (45) days after receipt of the Phase II Title Notice within which to deliver to Participant a notice ("Phase II Response Notice") indicating which Phase II Disapproved Exceptions Agency will eliminate ("Phase II Removed Exceptions") by the Close of Escrow; provided that if the Phase II Response Notice is not timely received by Participant, Participant shall deliver written notice to Agency of Participant's failure to receive the Phase II Response Notice and giving Agency an additional fifteen (15) days to deliver the Phase II Response Notice to Participant. If Agency (I) does not deliver the Phase II Response Notice within the required time, or (ii) timely notifies Participant that Agency is unable or unwilling to remove all such Phase II Disapproved Exceptions, then Participant shall have thirty (30) days to elect to waive such Phase II Disapproved Exceptions or deliver to Agency written notice terminating this Agreement ("Phase II Waiver/Termination Notice"). Participant's

failure to deliver the Phase II Waiver/Termination Notice within such thirty (30) day period shall be deemed Participant's election to terminate, provided that before such termination is deemed effective Agency shall provide written notice to Participant of Agency's failure to receive the Phase II Waiver/Termination Notice and providing Participant with an additional fifteen (15) days from the date of Agency's written notice to deliver the Phase II Waiver/Termination Notice. The term "Phase II Permitted Exceptions" means all title exceptions in the Phase II Title Notice which are Phase II Permitted Exceptions, plus all exceptions created by the Grant Deed(s) and the Agreement Containing Covenants Affecting Real Property, but excluding all Phase II Removed Exceptions. Agency also covenants to remove (as "Phase II Removed Exceptions" and Participant need not include in the Phase I Title Notice) all possessory rights and all monetary liens other than taxes not yet due and payable. Participant shall seek a title commitment from, and shall obtain a pro forma title policy (the "Phase II Pro Forma Title Policy") from, the Title Company consistent with the Phase II Permitted Exceptions, insuring fee simple to the Phase II Conveyance Areas subject only to the Phase II Permitted Exceptions, in the amount of the Phase II Purchase Price, or such other amount as Participant may request, and otherwise in such form and substance as acceptable to Participant in its sole discretion ("Phase Il Pro Forma Policy"). If Participant is unable to obtain the Phase II Pro Forma Policy within thirty (30) days prior to the scheduled Close of Escrow, then Participant shall have the right to terminate this Agreement in accordance with Section 6.7. At the Close of Escrow, Title Company shall deliver to Participant a ALTA owner's policy of title insurance together with endorsements as requested (and paid for) by Participant insuring fee simple to the Phase II Site subject only to the Phase II Permitted Exceptions (the "Phase II Title Policy"). The Phase II Site shall be conveyed free and clear of all tenancies and occupancies of any kind or nature and subject to only those title exceptions set forth in the Phase II Pro Forma Title Policy.

3.1.5 Notwithstanding any other provision of this Agreement to the contrary, Participant shall not be responsible or liable for the costs or provision of services or benefits associated with any relocation of any person or business from the Phase II Conveyance Areas. Agency shall indemnify, defend and hold Participant and its managers, directors, shareholders, employees, lenders and contractors, and the successors and assigns of each of the foregoing, harmless from and against any claims, damages, liabilities, penalties, judgments, and costs (including but not limited to attorney's fees) arising out of or related to the termination by City or Agency of any lease, tenancy or occupancy of the Phase II Conveyance Areas or any claim or cost for the relocation of any person or business from the Phase II Conveyance Areas. This Section 3.1.5 shall survive the conveyance of the Phase II Conveyance Areas to Participant and shall not merge with any grant deed for the Phase II Conveyance Areas or otherwise.

3.1.6 As used in this Agreement, the term "Pro Forma Title Policy" means such form of title report for the Phase II Conveyance Areas as the context requires, and acceptable to Participant in its sole and absolute discretion.

3.2 Conditions for the Benefit of Agency to Conveyance of the Phase II Conveyance Areas

In addition to any other conditions to the conveyance of the Phase II Conveyance Areas to Participant, the following events are conditions precedent for the benefit of Agency to Agency's obligation to convey the Phase II Conveyance Areas to Participant:

3.2.1 The City shall have issued a temporary or final certificate of occupancy for the Phase I Project.

3.2.2 Participant shall have timely delivered to the Director a written Notice of Exercise of Option to Purchase.

3.2.3 Participant shall have deposited the $100,000 Performance Deposit with Agency.

3.2.4 Prior to or concurrently with the Close of Escrow for the Phase II Conveyance Areas, title to the Phase II Conveyance Areas shall be vested in Agency (or if vested in City, the City has agreed to convey title to Participant at Close of Escrow).

3.2.5 [RESERVED.]

3.2.6 All conditions precedent in this Section 3.2 have been met on or before the date set forth in the Schedule of Performance for the Close of Escrow for the Phase II Conveyance Areas.

3.2.7 The remainder of the Phase II Purchase Price (*i.e.,* Phase II Purchase Price less (i) Participant's previously paid Performance Deposit to Agency and (ii) one-half of the Extension Payment) and Participant's share of the closing costs shall have been deposited with Escrow Agent by Participant.

3.2.8 The Director shall have approved Participant's evidence of financing for the Project.

3.2.9 City's Risk Manager has approved Participant's evidence of insurance for the Project.

3.2.10 Participant has approved, in its sole and absolute discretion, the environmental, geological and soils condition of the Phase II Conveyance Areas, including any mitigation measures and monitoring requirements which may be required for the Project pursuant to the certified EIR.

3.2.11 The Director has approved Participant's construction budget for the Project.

3.2.12 Participant shall have executed and delivered (and, as required, caused City to execute and deliver) to Escrow the following documents, all in recordable form:

(i) Termination of the Memorandum of Participant Option to Purchase, (ii) the Grant Deed for the Phase II Conveyance Areas including the resolutions/orders vacating the Phase II Vacation Streets and the Phase II Lot Line Adjustment or other means of conveyance of the Phase II Vacation Streets to Participant if not included in the Grant Deed; (iii) an irrevocable offer to dedicate the Phase II Dedication Area in a form reasonably acceptable to Agency, (iv) a grant of easement to the Sidewalk Easement Area in a form reasonably acceptable to Agency, (v) the Agreement Containing Covenants for Phase II, (vi) a termination of the Parcel 1a License Agreement (defined in Section 4.1.5) in a form reasonably acceptable to Participant and Agency, (vii) the Phase II Assignment Agreement, if applicable, and (viii) all other documents and funds in escrow as required to complete the conveyance of the Phase II Conveyance Areas to Participant.

3.2.13 As Phase II was fully entitled at the time of approval of the OPA, Participant has submitted final drawings necessary for receipt of grading and building permits and demolition, grading and/or building permits shall be ready to be issued as a ministerial matter immediately after close of escrow upon payment of any required fees required to be paid as a condition to issuance of such permit(s).

3.2.14 Participant shall not be in default under this Agreement.

3.3 Conditions for the Benefit of Participant to Conveyance of the Phase II Conveyance Areas

In addition to any other conditions to the conveyance of the Phase II Conveyance Areas to Participant, the following events are conditions precedent for the benefit of Participant to Agency's obligation to convey the Phase II Conveyance Areas to Participant:

3.3.1 The Title Company has irrevocably committed to issue the Phase II Title Policy insuring that title to the Phase II Conveyance Areas is vested in Participant subject only to those title exceptions shown in the form of the Phase II Pro Forma Title Policy approved by Participant in its sole and absolute discretion.

3.3.2 The Director shall have approved Participant's evidence of financing for the Project.

3.3.3 Prior to or concurrently with the Close of Escrow for the Phase II Conveyance Areas,, title to the Phase II Conveyance Areas shall be vested in Agency (or if vested in City, City has agreed to convey title to Participant at Close of Escrow).

3.3.4 The Director has approved Participant's construction budget for the Project.

3.3.5 City's Risk Manager has approved Participant's evidence of insurance for Phase II.

3.3.6 Agency shall have included on the Recognized Obligation Payment Schedule for the period July 1, 2013 to December 31, 2013 ("ROPS IV") and successive

ROPS until payment is received by Agency from the Redevelopment Property Tax Trust Fund, an enforceable obligation in the amount of up to One Million Eight Hundred Twenty Thousand Dollars ($1,820,000.00) to cover the estimated cost to effect remediation of the Phase II Conveyance Areas if, and to the extent, the Phase II Conveyance Areas require remediation, including but not limited to remediation of any groundwater contamination affecting the Parcel 1a.

3.3.7 As Phase II was fully entitled at the time of approval of the OPA, Participant has submitted final drawings necessary for receipt of grading and building permits and demolition, grading, and building permits shall be ready to be issued as a ministerial matter immediately after close of escrow upon payment of any fees required to be paid as a condition to issuance of such permits.

3.3.8 The period for legal challenge to all of the entitlements and land use and related approvals for the Project has expired with no challenge having been filed, or a legal action has been filed challenging such entitlements and land use and related approvals and a final judgment has been entered in favor of the City and also Participant as the real party in interest.

3.3.9 The CEQA determination for the Project shall have been certified by the lead agency, the Notice of Determination or other applicable Notice shall have been filed, and the period for legal challenge to the CEQA determination shall have expired with no challenges having been filed, or a legal action has been filed challenging such CEQA determination and a final judgment has been entered in favor of the lead agency and Participant as the real party in interest.

3.3.10 Agency shall have executed and delivered (and, as required, caused City to execute and deliver) to Escrow the following documents, all in recordable form: (i) Termination of the Memorandum of Participant's Option to Purchase, (ii) the Grant Deed for the Phase II Conveyance Areas including the resolutions/orders vacating the Phase II Vacation Streets and the Phase II Lot Line Adjustment or other means of conveyance of the Phase II Vacation Streets to Participant if not included in the Grant Deed; (iii) an irrevocable offer to dedicate the Phase II Dedication Area in a form reasonably acceptable to Agency, (iv) a grant of easement to the Sidewalk Easement Area in a form reasonably acceptable to Agency, (v) the Agreement Containing Covenants for Phase II, (vi) a termination of the Parcel 1a License Agreement in a form reasonably acceptable to Participant and Agency, (vii) the Phase II Assignment Agreement, if applicable, and (viii) all other documents and funds in escrow as required to complete the conveyance of the Phase II Conveyance Areas to Participant.

3.3.11 Agency has provided to Participant the Reports described in Section 3.13 and Participant, in its sole and absolute discretion, has agreed to proceed with the escrow notwithstanding the information contained in such Reports.

3.3.12 Participant has approved in its sole and absolute discretion the environmental, geological and soils condition of the Phase II Conveyance Areas,

including any mitigation measures and monitoring requirements which may be required for the Project pursuant to the CEQA determination made by the lead agency for the Project.

3.3.13 Any required minor modifications to the Vesting Tentative Map for the Project shall have been approved and shall be ready to record at the Closing.

3.3.14 City has provided written approval to Participant of the following minimum parking standards for the Phase II Project: (a) one (1) parking space per unit; (b) one (1) guest parking space per every four (4) units; (c) commercial/retail parking at one (1) parking space per one thousand square feet (1000 s.f.) of commercial/retail space; (d) a five percent (5%) transit oriented discount to the foregoing standards; and (e) shared parking permitted between guest and retail parking.

3.3.15 The Agency Director has approved, which approval shall not be unreasonably withheld, conditioned, or delayed, one or more subordination agreements to be recorded at the Phase II Closing so that the Agency Phase II Deed of Trust shall be fully subordinated to all other Phase II lender(s) deeds of trust.

3.3.16 Agency shall not be in default under this Agreement.

3.4 Closing

The Agency and Participant agree to open an escrow ("Escrow") for the conveyance of the Phase II Conveyance Areas with an escrow agent (the "Escrow Agent") selected by Agency and reasonably acceptable to Participant within the time set forth in the Schedule of Performance. This Agreement shall constitute the joint escrow instructions of the Agency and Participant with respect to conveyance of the Phase II Conveyance Areas and a copy of this Agreement shall be delivered to the Escrow Agent upon the opening of Escrow.

3.4.1 Conveyance of the Phase II Conveyance Areas

For the conveyance of the Phase II Conveyance Areas, Participant shall pay in Escrow to the Escrow Agent the Phase II Purchase Price and the following fees, charges and costs promptly after the Escrow Agent has notified Participant of the amount of such fees, charges, and costs, but not later than one (1) day prior to the scheduled date for the conveyance of the Phase II Conveyance Areas:

(a) One-half of the escrow fee;

(b) Premiums for any title insurance or endorsements to be issued in excess of that portion to be paid by Agency;

(c) Recording fees;

For the conveyance of the Phase II Conveyance Areas, Agency shall pay in escrow to the Escrow Agent, the following fees, charges and costs promptly after the Escrow Agent has notified Agency of the amount of the fees, charges and costs:

(d) One half of the escrow fee;

(e) Notary fees;

(f) An amount equal to the premium for a ALTA standard owner's policy of title insurance with coverage in an amount equal to the Phase II Purchase Price ; and

(g) Any State, County or City documentary stamps or transfer tax.

The Escrow Agent is authorized to:

(h) Pay and charge Agency and Participant for all fees, charges and costs payable under this Section 3.4. Before such payments are made, the Escrow Agent shall notify Agency and Participant of the fees, charges and costs necessary to clear and convey title;

(i) Record the Grant Deed, the termination of the Memorandum of Participant Option to Purchase, the Agreement Containing Covenants, the termination of the Parcel 1a License Agreement, the irrevocable offer to dedicate the Dedication Area, the grant of the Sidewalk Easement, Participant's Phase II construction loan, and the Phase II Assignment (if applicable) with the Los Angeles County Recorder, with the documents recorded in such order as set forth in a joint instruction submitted to Escrow Agent by the respective counsel for Agency and Participant; the date the Grant Deed is recorded in the official records is referred to as the "Close of Escrow" or "Closing" for the Phase II Conveyance Areas;

(j) Deliver any documents to the parties entitled thereto when the conditions of this Escrow have been fulfilled by the Agency and Participant;

(k) Cause the Title Company to issue an Owner's title insurance policy substantially in conformance with the Pro Forma Title Policy for the Phase II Conveyance Areas together with such endorsements as are requested by Participant; and

(l) Record any further instruments delivered through this Escrow as necessary or proper to vest title to the Phase II Conveyance Areas in Participant in accordance with the terms and provisions of this Agreement.

3.4.2 <u>General</u>

(a) All funds received in this Escrow shall be deposited by the Escrow Agent in a general interest bearing escrow account with any state or national bank doing business in the State of California and may be combined in such with other escrow funds of the Escrow Agent. Such funds may be transferred to any other such general escrow account or accounts. Interest shall accrue for the benefit of the party depositing the funds.

(b) If the Escrow Agent is not able to convey title to the Phase II Conveyance Areas pursuant to this Agreement, either party who then shall have fully performed the acts to be performed before the conveyance of title may, in writing, demand the return of its money, papers, or documents from the Escrow Agent. No demand for return shall be recognized until ten (10) days after the Escrow Agent shall have mailed copies of such demand to the other party or parties at the address of its principal place of business. Objections, if any, shall be raised by written notice to the Escrow Agent and to the other party within the 10 day period, in which event, the Escrow Agent is authorized to hold all money, papers, and documents with respect to the Phase II Conveyance Areas until instructed by a mutual agreement of the parties or upon failure thereof by a court of competent jurisdiction. If no such demands are made, the Escrow shall be closed as soon as possible.

(c) The Escrow Agent shall not be obligated to return any such money, papers, or documents except upon the written instructions of both the Agency and Participant, or until the party entitled thereto has been determined by a final decision of a court of competent jurisdiction.

(d) Any amendment to these escrow instructions shall be in writing and signed by both the Agency and Participant. At the time of any amendment the Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

(e) All communications from the Escrow Agent to the Agency or Participant shall be directed to the addresses and in the manner established in Section 7.1 of this Agreement for notices, demands, and communications between the Agency and Participant.

(f) The liability of the Escrow Agent under this Agreement is limited to performance of the obligations imposed upon it under Sections 3.4 through 3.10 (inclusive) of this Agreement.

(g) If Close of Escrow for the Phase II Conveyance Areas has not occurred by the time provided in the Schedule of Performance, either Agency or Participant may, in their respective sole discretion, terminate this Agreement by written notice to the other party and to Escrow Agent.

3.5 Conveyance of Title and Delivery of Possession

(a) Subject to any mutually agreed upon extension of time and the provisions of this Agreement (including but not limited to Section 7.8), conveyance to Participant of title to the Phase II Conveyance Areas in accordance with the provisions of Section 3.7 of this Agreement, and the conveyance to City of the Dedication Area and the acceptance of same by City, and the granting of the Sidewalk Easement, shall be completed on or prior to the date for Close of Escrow specified in the Schedule of Performance (Attachment No. 4). Subject to the provisions of this Agreement, the Agency and Participant agree to perform all acts necessary for conveyance of title in sufficient time for title to be conveyed in accordance with the Schedule of Performance.

Except as may be provided otherwise in Section 6.7, and provided the condition of title is as required by Section 3.7 and the various conditions precedent have been satisfied or waived, upon a tender of title to the Phase II Conveyance Areas, Participant must accept title to the Phase II Conveyance Areas.

(b) Possession of the Phase II Conveyance Areas shall be delivered to Participant concurrently with the conveyance of title. Participant shall accept title to and possession of the Phase II Conveyance Areas on the date of conveyance.

3.6 Form of Deed

The Agency shall convey to Participant title to the Phase II Conveyance Areas in the condition provided in Section 3.7 of this Agreement by executing the Grant Deed in the form attached hereto as Attachment No. 5, and incorporated herein by this reference.

3.7 Condition of Title

The Agency shall convey to Participant fee simple title to the Phase II Conveyance Areas subject only to those title exceptions approved by Participant and set forth in the approved Phase II Pro Forma Title Policy. Title to Phase II Conveyance Areas shall be subject to the exclusion therefrom (to the extent now or hereafter validly excepted and reserved by the parties named in existing deeds, leases, and other documents of record) of all oil, gas, hydrocarbon substances and minerals of every kind and character lying more than 500 feet below the surface, together with such other rights as may be set forth in such prior recorded documents of record identified in the Phase II Pro Forma Title Policy but without, however, any right to use either the surface of any of the Phase II Conveyance Areas or any portion thereof within 500 feet of the surface for any purpose or purposes therefor whatsoever.

Notwithstanding anything above to the contrary, Participant agrees that title to the Phase II Conveyance Areas shall be subject to the covenants contained in the Grant Deed and the Agreement Containing Covenants.

3.8 Time for and Place for Delivery of the Deed

Subject to any mutually agreed upon extension of time, the Agency shall deposit or cause to be deposited the Grant Deed and Agreement Containing Covenants, and Participant shall deposit or cause to be deposited the conveyance of the Dedication Area and the Sidewalk Easement, with the Escrow Agent on or before three days prior to the date established for the Close of Escrow in the Schedule of Performance.

3.9 Recordation of the Deeds and Other Covenants

For conveyance of the Phase II Conveyance Areas, the Escrow Agent shall record the Grant Deed, the Agreement Containing Covenants, the termination of the Option to Purchase and such other instruments as requested by Participant, among the land records in the Office of the County Recorder for Los Angeles County.

3.10 Title Insurance

Concurrently with recordation of the Grant Deed conveying title to the Phase II Conveyance Areas, the Escrow Agent shall cause the Title Company to deliver to Participant the Phase II Title Policy, issued by the Title Company insuring that the title is vested in Participant in the condition required by this Agreement. Title Company shall provide a copy of the insurance policy to the Agency. Said policy shall be in form and amount, and shall be subject to those endorsements, as reasonably requested by Participant.

3.11 Taxes and Assessments; Stipulated Taxable Assessed Value

3.11.1 Ad valorem taxes and assessments, if any, on the Phase II Site and taxes upon this Agreement or any rights hereunder levied, assessed, or imposed after conveyance of title to the Phase II Conveyance Areas shall be paid by Participant.

3.11.2 For the purposes of determining the "Taxable Assessed Value" (as that term is defined at California Revenue and Taxation Code Section 95) for the Project (which includes the land and all improvements thereon) [as used in this Article 3.0, the term "Project" means the Phase II Project] for those fiscal years commencing with the fiscal year in which the Certificate of Occupancy is issued for the Project and terminating at the end of the 2046–2047 fiscal year (such term to be referred to as the "Phase II Stipulated Tax Years"), Participant agrees that the "Taxable Assessed Value" shall be the sum of (a) the Phase II Purchase Price plus (b) the value of the Phase II improvements to be constructed pursuant to approved plans as determined by the Planning and Building Department for purposes of issuing building permits for the Project (the "Phase II Stipulated Value"). For purchasers of condominium units within the Phase II Project, the Taxable Assessed Value shall be the greater of (i) the purchase price paid for the condominium unit or (ii) the pro rata portion, based upon floor area, of the Phase II Stipulated Value for that unit.

3.11.3 Participant agrees (a) that it or any successor(s) in interest to the Phase II Site shall pay the property taxes levied upon the Project in accordance with the tax bills for the Phase II Stipulated Tax Years prepared by the Los Angeles County Tax Collector, and (b) that neither Participant nor any successor(s) in interest to the Phase II Site shall protest, appeal, or otherwise attempt to lower the Taxable Assessed Value of the Phase II Site to an amount less than the Phase II Stipulated Value.

3.11.4 Upon five days' prior notice, and during normal business hours, Agency may audit Participant's (or such successor- or successors-in-interest) books and records relevant to the property taxes levied upon the Phase II Site following issuance of the Certificate of Occupancy and paid by Participant thereafter up to not more than the most recent three years.

3.11.5 If for any of the Phase II Stipulated Tax Years the assessed value of the Phase II Site (as shown on the tax bill(s) for the Phase II Site), is less than the Phase II Stipulated Value, Participant (or such successor- or successors-in-interest) shall pay to Agency the additional amount of property taxes (based on the 1% allocation under

Proposition 13) that would have been paid to the Tax Collector had the assessed valuation for the Phase II Site been the Phase II Stipulated Value rather than the actual lower assessed valuation. Such payment shall be due within thirty (30) days after the end of the fiscal year in which property taxes in question were due. Any unpaid amounts due Agency hereunder shall bear simple interest at the lesser of 7% per annum or the maximum interest rate permitted by law, commencing on the date such payment was due and unpaid and until payment is made.

3.12 Zoning of the Site

If necessary, Participant, at its sole cost and expense, shall seek to secure zoning at the time of conveyance to be such as to permit development of the Project.

Agency agrees to cooperate with Participant and to exert its best efforts to secure such zoning and variances. However, Participant acknowledges that Agency is unable to cause any change in zoning over the City's refusal or require City to issue a variance.

Agency acknowledges that a Participant condition to Close of Escrow for Phase II is Participant's receipt of written approval from City of the following minimum parking standards for the Phase II Project: (a) one (1) parking space per unit; (b) one (1) guest parking space per every four (4) units; (c) commercial/retail parking at one (1) parking space per one thousand square feet (1000 s.f.) of commercial/retail space; (d) a five percent (5%) transit oriented discount to the foregoing standards; and (e) shared parking permitted between guest and retail parking.

3.13 Condition of the Phase II Conveyance Areas.

3.13.1 AS-IS. EXCEPT FOR THE AGENCY'S REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 3.17 BELOW, PARTICIPANT SPECIFICALLY ACKNOWLEDGES AND AGREES THAT AGENCY, AS OF THE CLOSE OF ESCROW, IS SELLING AND PARTICIPANT IS PURCHASING THE PHASE II CONVEYANCE AREAS ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT, EXCEPT FOR THE AGENCY'S REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 3.17 BELOW, PARTICIPANT IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM AGENCY, ITS AGENTS OR BROKER AS TO ANY MATTERS CONCERNING THE PHASE II CONVEYANCE AREAS, INCLUDING WITHOUT LIMITATION: (i) the quality, nature, adequacy and physical condition and aspects of the Phase II Conveyance Areas, (ii) the quality, nature, adequacy, and physical condition of soils, geology and any groundwater, (iii) the existence, quality, nature, adequacy and physical condition of utilities serving the Phase II Conveyance Areas, (iv) the development potential of the Phase II Conveyance Areas, and the Phase II Conveyance Areas' use, habitability, merchantability, or fitness, or the suitability, value or adequacy of the Phase II Conveyance Areas for any particular purpose, (v) the zoning or other legal status of the Phase II Conveyance Areas, or any other public or private restrictions on use of the Phase II Conveyance Areas, (vi) the compliance of the Phase II Conveyance Areas with any applicable codes, laws,

regulations, statutes, ordinances, covenants, conditions and restrictions of any governmental or quasi-governmental entity or of any other person or entity, (vii) the presence of hazardous materials on, under or about the Phase II Conveyance Areas, or the adjoining or neighboring property, and (viii) the condition of title to the Phase II Conveyance Areas (subject to conveyance in the approved title condition in accordance with the terms of this Agreement).

3.13.2 Environmental Disclosures. Subject to Section 3.14.4, It is the Participant's sole responsibility, at its expense, to determine the suitability of the Phase II Site for the proposed development. Agency shall not be responsible for the structural or geological conditions of the Phase II Site, or any portion thereof. Agency shall give all known environmental information regarding the Phase II Site to Participant; however, the Agency makes no representations or warranties as respects the suitability of the soils for the use or uses to which the Phase II Site will be put. A Phase I report shall be prepared for the Phase II Conveyance Areas, at Agency's cost, in accordance with regulations issued by the Environmental Protection Agency (40 CFR Part 313) and dated not earlier than six months prior to the Close of Escrow.

3.13.3 Natural Hazards Disclosures. Without limiting Section 3.13.1, Agency and Participant acknowledge that the Disclosure Statutes (as defined below) provide that a seller of real property must make certain disclosures regarding certain natural hazards potentially affecting the property, as more particularly provided in the Disclosure Statutes. As used in this Agreement, "Disclosure Statutes" means, collectively, California Government Code Sections 8589.3, 8589.4 and 51183.5, California Public Resources Code Sections 3631.9, 3694 and 4136 and any other California statutes that require Agency to make disclosures concerning the Phase II Conveyance Areas. Participant shall receive all natural hazard disclosure reports (the "Reports") required by the Disclosure Statutes at least sixty (60) days prior to the Close of Escrow for the Phase II Conveyance Areas. Participant hereby agrees as follows with respect to the Disclosure Statutes and the Reports: Upon timely receipt of the Reports, Participant shall submit a written statement to the Director acknowledging the following:

(a) Participant has received all Reports (which Reports shall be updated as required at the Close of Escrow) and they are hereby deemed to satisfy all obligations and requirements of Agency under the Disclosure Statutes.

(b) Participant has had an opportunity to review all Reports and to investigate the disclosures and information.

(c) Agency shall not be liable for any error or inaccuracy in, or omission from, the information in the Reports.

(d) The Reports were provided by Agency for purposes of complying with the Disclosure Statutes and shall not be deemed to constitute a representation or warranty by Agency as to the presence or absence in, at or around of the Phase

II Conveyance Areas, of the conditions that are the subject of the Disclosure Statutes.

3.13.4 Site Remediation of Phase II Conveyance Areas.

3.13.4.1 Parcel 1a. As of the date hereof, Agency has provided to Participant the following documents regarding the contamination or lack thereof of the Phase II Conveyance Areas: (i) Phase I Environmental Assessment, Shoreline Gateway Project by SCS Engineers dated August 2005; (ii) Phase II Investigation Report, Video Choice - 777 East Ocean Boulevard, Long Beach, California by SCS Engineers dated January 9, 2006; and (iii) an update to the Phase I Environmental Assessment dated October 29, 2007. In addition, at Participant's written request, Agency shall commission a soils engineer or other qualified consultant, at Participant's cost, to perform a file review of the Water Resources Regional Board's files and City Fire Department files on any releases from the property adjacent to Parcel 1a that formerly had been used as a gas station. Participant may, at its cost, undertake and complete a groundwater sampling plan for Parcel 1a, and based on the results of such sampling plan, may perform such remediation as may be required for use of Parcel 1a for the Project. Participant shall provide to Agency a copy of the groundwater sampling plan and report on remediation work performed within ten (10) days after receipt of same by Participant. Agency hereby grants, and shall cause City and/or RDA, as appropriate, to grant to Participant, its agents and contractors, the right to enter the Phase II Conveyance Areas for the purpose of undertaking such groundwater sampling plan, environmental testing of the Phase II Conveyance Areas, and/or the work of remediation described in subparagraph 3.13.4.2 and related activities, as Participant reasonably determines to be prudent. Prior to exercising this right to enter Participant and the owners of the Phase II Conveyance Areas shall enter into a right to enter agreement in commercially standard form as approved by Agency's general counsel.

3.13.4.2 Remediation Costs. In the event that prior to Close of Escrow, the environmental, soils, groundwater, or geological conditions of the Phase II Conveyance Areas contain, as determined by Participant in its sole and absolute discretion, contaminants in excess of permissible levels for the uses or uses to which the Phase II Site will be put, including as indicated in the copies of reports provided by Agency to Participant pursuant to Section 3.13.4.1, Participant may so advise Agency of such condition and Participant may, at its cost, remediate the Phase II Conveyance Areas to an acceptable condition. Prior to performing such remediation, Participant shall prepare for the Director's review and approval, a request for proposals to perform such work. The approved request for proposals shall be advertised as directed by the Director, and proposals received shall be presented to and reviewed by the Director. The successful proposal shall be selected by Participant with the Director's reasonable approval. The work of remediation shall be considered to be a public work requiring the payment of prevailing wages. After completion of the work of remediation,

Participant may request reimbursement from the Agency, which reimbursement shall be made only if Agency has received funds from the Redevelopment Property Tax Trust Fund or other designated fund as a result of the placement on the Recognized Obligation Payment Schedule for the period July 1, 2013 through December 31, 2013 ("ROPS IV"), of an enforceable obligation in the amount of the cost of remediation, not to exceed One Million Eight Hundred Twenty Thousand Dollars ($1,820,000.00), and such successive Recognized Obligation Payment Schedules subsequent to ROPS IV, pursuant to its obligation to do so in accordance with Section 3.17.7 ("Phase II Remediation Funds Received"). Agency shall promptly report to Participant the Agency's receipt of any Phase II Remediation Funds and shall, after receipt of Participant's written request for reimbursement with supporting documentation and within ten (10) business days of receipt of such funds, reimburse Participant for its actual, documented third party costs. Notwithstanding the foregoing, Participant shall be responsible to remediate at its cost any contamination of the Phase II Conveyance Areas caused by Participant or its agents.

3.13.5 Participant Responsibility After Close of Escrow. After the Close of Escrow, and whether or not Agency has provided any of the disclosures set forth above, it shall be Participant's responsibility to remedy any soil or geologic condition of the Phase II Site at its cost and to fulfill its obligations hereunder, subject to Section 7.8 re: Force Majeure.

3.13.6 Release. Except for the Agency's representations and warranties set forth in Section 3.17 below and without limiting Sections 3.13.1 through 3.13.5, Participant on behalf of itself and its successors and assigns waives its right to recover from, and forever releases and discharges Agency and Agency's affiliates, and the directors, officers, attorneys, employees and agents of each of them, and their respective successors and assigns, from any and all demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, costs or expenses whatsoever (including, without limitation, attorneys' fees and costs), whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with the Phase II Conveyance Areas, including, without limitation, the physical or environmental condition of the Phase II Conveyance Areas, or any law or regulation applicable thereto. With respect to the waiver and release set forth herein relating to unknown and unsuspected claims, Participant hereby acknowledges that such waiver and release is being made after obtaining the advice of counsel and with full knowledge and understanding of the consequences and effects of such waiver, and that such waiver is made with the full knowledge, understanding and agreement that California Civil Code Section 1543 provides as follows, and that the protections afforded by said code section are hereby waived:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF

KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

This Section 3.13.6 shall be effective with respect to the Phase II Conveyance Areas as of the Close of Escrow.

3.14 Preliminary Work by Participant

Prior to the conveyance of title, representatives of Participant shall have the right of access to the Phase II Conveyance Areas at all reasonable times for the purpose of obtaining data, making surveys and tests, and preparations for the construction of the improvements set forth in the Scope of Development as necessary to carry out this Agreement. Participant hereby indemnifies and holds the Agency and the City harmless from any injury or damages arising out of any activity of Participant, its agents, employees and contractors, performed and conducted on the Phase II Conveyance Areas pursuant to this Section 3.14.

3.15 Submission of Evidence of Financing Commitments

3.15.1 Prior to conveyance of the Phase II Conveyance Areas, Participant shall submit to the Director evidence reasonably satisfactory to Director that Participant has obtained sufficient equity capital and commitments for financing necessary for acquisition of the Phase II Conveyance Areas and for development of the Phase II Site in accordance with this Agreement and the Schedule of Performance. The Director shall approve or disapprove such evidence of financing within the times established in the Schedule of Performance. Approval by the Director shall not be unreasonably withheld. Any disapproval by the Director of any portion of the evidence of financing shall be in writing and shall specify the reasons for such disapproval. Participant, in its sole discretion, may resubmit other or additional information in an effort to obtain approval.

3.15.2 Such evidence of financing shall include:

(a) Copies of all firm financing commitments subject to usual and customary lender conditions for the loan or loans being obtained by Participant to finance the acquisition of the Phase II Conveyance Areas and development of the Project on the Phase II Site. Such lenders shall agree that the security instruments for construction financing required under the commitment shall record next in order to the Grant Deed to Participant and the Agreement Containing Covenants Affecting Real Property.

(b) Evidence of other sources of equity capital that may be required to demonstrate that Participant has adequate funds to cover the difference between (i) the costs to acquire the Phase II Conveyance Areas and to develop the Project, and (ii) the financing commitments.

3.16 Warranties, Representations, and Covenants of Participant

Participant hereby warrants, represents, and/or covenants to Agency that:

3.16.1 Participant, except as disclosed to Agency, has no actual knowledge of, nor is it aware of, any actions, suits, material claims, legal proceedings, or any other proceedings affecting Phase II Conveyance Areas or any portion thereof, at law, or in equity, before any court or governmental agency, which has not been disclosed by Participant to Agency.

3.16.2 Until the Closing, Participant shall not do anything which would prohibit or impair development of the Phase II Site in the manner required by this Agreement.

3.16.3 Until the Closing, Participant shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of Closing, promptly give written notice of such fact or condition to Agency.

For breach of any of the warranties, representations, or covenants of this Section, Agency may, at its option, terminate this Agreement pursuant to Section 6.6.3 below.

3.17 Warranties, Representations, and Covenants of Agency

Agency hereby warrants, represents, and/or covenants to Participant that:

3.17.1 From the Effective Date until the termination of Participant's Option to Purchase the Phase II Conveyance Areas, Agency shall retain fee title to Parcel 1a and Agency shall use its best efforts to cause City to retain fee title to the Phase II Vacation Streets, and Agency shall not negotiate with any person for the sale and development of the Phase II Conveyance Areas.

3.17.2 The current officers of Agency, without investigation or inquiry, have no actual knowledge of, nor are they aware of, any actions, suits, material claims, legal, proceedings, or any other proceedings affecting the Phase II Conveyance Areas or any portion thereof, at law, or in equity, before any court or governmental agency, or any violations or any health, safety, pollution or other laws, ordinances, rules or regulations which have not been disclosed to Participant;

3.17.3 Agency represents and warrants that as of the Effective Date Agency is the owner of fee title to Parcel 1a and that City is owner of fee title to the Phase II Vacation Streets and that from the Effective Date until the Close of Escrow for conveyance of the Phase II Conveyance Areas to Participant Agency shall not encumber or impair or cloud title to Parcel 1a, and Agency shall cause City to not encumber or impair or cloud title to the Phase II Vacation Streets, without Participant's prior written approval, which approval Participant may give or withhold in Participant's sole and absolute discretion.

3.17.4 Until the Closing, Agency shall not do anything which would prohibit or impair development of the Phase II Site in the manner required by this Agreement.

3.17.5 To the best knowledge of the current officers of Agency, Agency's execution, delivery, and performance of this Agreement shall not constitute a default or

breach under any contract, agreement, judgment, or order to which Agency or RDA is a party or by which Agency or RDA is bound.

3.17.6 Until the Closing, Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of Closing, promptly give written notice of such fact or condition to Participant.

3.17.7 In anticipation that Participant may be required to effect remediation of the Phase II Conveyance Areas, Agency shall include on the Recognized Obligation Payment Schedule for the period July 1, 2013 to December 31, 2013 ("ROPS IV") an enforceable obligation in the amount of One Million Eight Hundred Twenty Thousand Dollars ($1,820,000.00) to cover the cost to effect remediation of the Phase II Conveyance Areas if, and to the extent, required to effect remediation of the Phase II Conveyance Areas, including but not limited to remediation of any groundwater contamination affecting the Parcel 1a. Agency shall also continue to list such amount and the purpose therefor as an enforceable obligation on up to three successive Recognized Obligation Payment Schedules until Phase II Remediation Funds (defined in Section 3.13.4.2) are received by Agency from the Redevelopment Property Tax Trust Fund or other designated funds. Agency shall promptly report to Participant the Agency's receipt of any Phase II Remediation Funds and shall, after receipt of Participant's written request for reimbursement with supporting documentation and within ten (10) business days of receipt of such funds, reimburse Participant for its actual, documented third party costs. If the inclusion of the foregoing item and amount on ROPS IV or subsequent Recognized Obligation Payment Schedule as an enforceable obligation is rejected by the Oversight Board or State of California Department of Finance, Agency pursue all administrative remedies, including any and all "meet and confer" opportunities with the Department of Finance, to overturn such rejection, as the Director determines to be reasonable and appropriate. If, at the conclusion of such administrative remedies, the item remains rejected, Agency shall notify Participant within five (5) days of such final administrative determination and assign any claims to Participant so that Participant, at its cost and in its sole and absolute discretion, may pursue other remedies, including litigation, against the Department of Finance or other entities seeking to reverse such final administrative determination that the item is not an enforceable obligation or other determination which prevents the Agency from receiving funds for the remediation.

For breach of any of the warranties, representations, or covenants of this Section, Participant may, at its option, terminate this Agreement pursuant to Section 6.6.1 below.

4 DEVELOPMENT OF THE SITE

4.1 <u>Development of the Site</u>

As used in this Article 4, the term "Site" means the "Phase I Site" as to Phase I, and means the "Phase II Site" as to Phase II. The "Project" means the "Phase I Project" as to Phase I, and means the "Phase II Project" as to Phase II.

4.1.1 Scope of Development

The Phase I Site shall be, and the Phase II Site may be, developed by Participant in accordance with and within the limitations established therefor in the "Scope of Development," attached hereto as Attachment No. 3 and incorporated herein by reference, and plans approved by Agency and City. Participant has no obligation under this Agreement to develop Phase II. However, if Phase II is developed by Participant, it shall be developed in accordance with this Agreement.

4.1.2 Entitlements and Site Plan Approval

Prior to the Effective Date, Participant, in conjunction with the approval of the OPA, obtained all required approvals under the California Environmental Quality Act ("CEQA") for the Phase I Project and the Phase II Project, and obtained all entitlements to proceed with development of the Phase II Project subject to receipt of grading and building permits. With respect to Phase I, Participant shall submit for Site Plan approval to the City and such other City approvals necessary to submit and receive approval for final construction drawings in order to obtain grading and building permits for Phase I. Such submission for Phase I shall be made within the time established therefor in the Schedule of Performance.

The Phase I Site and the Phase II Site shall each be developed as established in the approved plans, drawings and related documents for such phase, except for such changes as may be agreed upon between Participant and the Director or authorized designee. Any such changes shall be within the limitations established in the Scope of Development, and approval thereof shall not be unreasonably withheld or delayed.

4.1.3 Plans Submitted for Plan Check for Issuance of Building Permits

Within the times set forth in the Schedule of Performance, Participant shall submit a "permit set" of construction documents to the City as necessary for City's issuance of grading and building permits to Participant.

4.1.4 Plaza Area

The "Plaza Area" is the open space area within the vacated portion of Lime Street between the buildings comprising the Phase I Project and the Phase II Project, as depicted on the Site Map. The configuration of and the hardscape and landscaping constructed within the Plaza Area shall be depicted in reasonable detail in Participant's Phase I and Phase II final review drawings ("Final Review Drawings"). Although the Plaza Area is privately owned and subject to the provisions of Civil Code Section 1008, a portion of the Plaza Area shall be subject to a covenant in favor of the Agency that provides that such portion shall be available for public access from 7:00 a.m. to sunset daily ("Public Access Area"). The Public Access Area shall be shown on the Final Review Drawings. The configuration and improvement of the Plaza Area, including the location of the Public Access Area, shall be subject to the Director's review and approval, which approval shall not be unreasonably withheld. The Public Access Area shall expressly not include any patio areas that are part of residential units or any patio areas that are part of, or used by, any businesses, including but not limited to restaurants and other food uses, that occupy space in Phase I or Phase II. Participant may restrict or preclude public access to

some or all of the Public Access Area during the hours of 7:00 a.m. to sunset daily upon written request to, and approval by, the Director, which approval shall not be unreasonably withheld, in order, among other reasons, to hold private events. In addition, public access to the Public Access Area may be restricted or precluded, with the consent of the Director, which consent shall not be unreasonably withheld, in order to perform maintenance or restoration work to the Public Access Area or the greater Plaza Area or adjacent buildings, or to address security and/or health and safety issues. If it is reasonably necessary for Participant to restrict or preclude public access to the Public Access Area to address an immediate security, public health, or safety issue, Participant shall be permitted to do so provided Participant notifies the Director (which may be by email or telephone or other means of direct communication) as promptly thereafter as reasonably possible given the event causing the need for immediate action, but in no event greater than six (6) hours after commencement of the restricted access to, or closure of, the Public Access Area. During construction of Phase II, Participant may restrict or preclude public access to the Public Access Area for construction, staging and related purposes. In addition, upon the written request of Participant, the Director may revise the hours of public access over and across the Public Access Area as deemed necessary by the Director in his or her absolute discretion. Participant may not request that the hours of public access to the Public Access Area be revised more often than one time in any twelve (12) month period. Nothing herein precludes, but does not require, Participant to provide public access to the Public Access Area from sunset until 7:00 a.m.. Participant and Director (or Director's authorized designees) shall meet and confer in good faith to resolve any disputes concerning public access to the Public Access Area.

4.1.5 Use of Phase II Site for Phase I Construction Staging

Agency, concurrent with the Close of Escrow for Phase I, shall grant Participant an exclusive license to use Parcel 1a for construction staging for Phase I and, upon issuance of the Certificate of Occupancy for Phase I, for use for off-site parking for the Phase I project (the "Parcel 1a License Agreement"). The monthly license fee for use of Parcel 1a shall be equal to $40 per parking space currently located on Parcel 1a. The Parcel 1a License Agreement shall be in the form set forth in Attachment No. 6 attached hereto.

4.1.6 Cost of Construction

The cost of demolishing all structures on and removing debris from the Site, remediating the Site, and removing asbestos from the Site will be borne by Participant with the exception of Agency's obligations set forth in Section 2.1.6.

Agency shall work with City to resolve the requirement set forth in the EIR mitigation measures to install signalization at Lime Avenue and 7th Street; if such signalization is required, the cost shall not be the obligation of Participant.

All other costs of developing the Site and constructing all improvements, including costs associated with implementing mitigation measures (other than installation of signalization at Lime Avenue and 7th Street) as required to comply with the EIR (and Mitigation Monitoring Program in connection therewith), will be borne by the Participant.

4.1.7 Hiring Practices and Preferences; Job Training

To the greatest extent feasible Participant shall provide, and shall require its contractors and their subcontractors to provide, opportunities to the lower income residents of the City for training and employment arising in connection with the development of the Project. In addition, Participant shall provide, and shall require its contractors and subcontractors to provide, opportunities for contracts for work to be performed in connection with development of the Project to residents of the City, to business concerns which are located in or owned in substantial part by residents of the City and to persons displaced, if any, as a result of the development of the Project.

To satisfy Participant's obligations set forth in the preceding paragraph, Participant shall utilize the services of the City's Workforce Development Bureau (the "Bureau") as provided in this paragraph. The Bureau administers a Job Training Program pursuant to state and federal law which program provides opportunities to local residents and contractors to apply and/or bid for work on projects developed within the City (the "Bureau Services"). Participant shall provide to the Bureau notice of training, employment or bidding for contracts in order that the Bureau may provide local residents and contractors with the ability to apply and/or bid for work on the Project. Participant shall in good faith and as practicable utilize, and shall require its contractors and subcontractors to utilize, the Bureau Services in their hiring program in connection with the development of the Project. The ultimate determination of employment or contracting, however, shall remain with Participant and its contractors and subcontractors in their sole discretion.

Prior to the issuance of the Certificate of Occupancy for the Project, Participant shall deliver to the Director a written report setting forth its compliance with the requirements of this Section 4.1.7.

Within ten (10) days after the request of the Director, Participant shall provide to the Director payroll information related to the development of the Project certified by an officer of Participant or its contractor to be true and correct. In addition, Participant shall require its contractors and subcontractors to provide such certified payroll information within ten (10) days of the Director's request.

4.1.8 Schedule of Performance

(a) Phase I. After the conveyance to Participant of the Phase I Conveyance Areas, Participant shall promptly begin and thereafter diligently prosecute to completion the construction of the improvements on the Phase I Site and the development thereof as provided in the Schedule of Performance.

(b) Phase II. If Participant elects to purchase the Phase II Conveyance Areas, then after the Close of Escrow for such conveyance Participant shall promptly begin and thereafter diligently prosecute to completion the construction of the improvements on the Phase II Site as provided in the Schedule of Performance. If Participant exercises the option to acquire the Phase II Conveyance Areas, or prior to that time upon the request of Participant to the Director, Participant and the Director shall meet and confer in good faith to further refine Schedule of Performance items for Phase II. Participant shall begin and complete all construction and development within the time

specified in the modified Schedule of Performance as agreed upon by Participant and the Director.

(c) Revision of the Schedule. The Schedule of Performance is subject to revision from time to time as mutually agreed on in writing between the Participant and the Director. In addition, and independent from the foregoing authority of the Director, the Director, in his or her reasonable discretion, may extend the times for performance as set forth in the Schedule of Performance up to a cumulative total of one (1) year.

4.1.9 Indemnification; Bodily Injury and Property Damage Insurance

Participant agrees to and shall defend, indemnify and hold Agency and City harmless from and against all liability, loss, damage, costs, or expenses (including reasonable attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss, or damage whatsoever caused to any person or to the property of any person resulting from the alleged negligent or intentional acts or omissions of Participant, its officers, agents or employees in the performance of this Agreement; provided, however, Participant shall not indemnify Agency and City against any injury, loss of life or damage which is caused by the negligence or willful misconduct of, or breach of this Agreement by, Agency, City, their agents, employees or officers.

This indemnification provision supplements and in no way limits the scope of the indemnifications set out in Sections 3.14 (re: preliminary work on the Phase I Conveyance Areas and the Phase II Conveyance Areas) and 7.9 (re: broker's commissions) of this Agreement. The indemnity obligation of Participant under this Section 4.1.9 shall survive the expiration or termination, for any reason, of this Agreement.

(a) Required Insurance Coverage. Prior to any entry on any of the Phase I Conveyance Areas and until the date of issuance of the Certificate of Occupancy for Phase I, and prior to any entry on any of the Phase II Conveyance Areas and until the earlier of (i) the Participant's failure to exercise the option to acquire the Phase II Conveyance Areas or (ii) date of issuance of the Certificate of Occupancy for Phase II, Participant shall procure and maintain, at Participant's expense, the following insurance coverages from insurance carriers authorized to write insurance in the State of California or nonadmitted insurers listed in the California Department of insurance List of Eligible Surplus Line Insurers (LESLI) with a current rating of or equivalent to A:VIll by A.M. Best Company:

(iv) Commercial general liability insurance equivalent in scope to ISO form CG 00 01 11 85 or 11 88 in an amount not less than Three Million Dollars ($3,000,000) per occurrence and in aggregate. Such coverage shall include but shall not be limited to independent contractors liability, broad form contractual liability, cross liability protection, and products and completed operations liability. The Agency and City and their respective officials, employees, and agents shall be named as additional insureds by endorsement equivalent in scope to ISO form CG 20 26 11 85 with respect to liability arising

out of activities by or on behalf of Participant or in connection with the development, use or occupancy of the Phase I Site or Phase II Site (including use of Parcel 1a pursuant to the Parcel 1a License Agreement), as applicable. This insurance shall contain no special limitations on the scope of protection afforded to the Agency and City and their respective officials, employees, and agents. (

(v) Commercial automobile liability insurance equivalent in scope to ISO form CA 00 01 06 92 covering Auto Symbol 1 (Any Auto) in an amount not less than One Million Dollars ($1,000,000) combined single limit per accident for bodily injury and property damage.

(vi) Professional liability insurance in an amount not less than One Million Dollars ($1,000,000) per claim covering the work of any person providing architectural, engineering, environmental, landscape architectural, surveying, project management, soils engineering, or other professional services with respect to the development and construction of the Facilities. If such insurance is written on a claims-made basis, it must be provided with a pre-paid, one-year extended reporting endorsement incepting, for Phase I, at the date of the Certificate of Occupancy for Phase I, and for Phase II, at the date of the Certificate of Occupancy for Phase II.

(vii) "All Risk" Property insurance, including builder's risk protection during the course of construction and debris removal, in an amount sufficient to cover the full replacement value of all buildings and structural improvements erected on the Site. The Agency and City shall be named as additional insured and loss payee under a standard loss payable endorsement.

Participant shall also obtain coverage for the perils of earthquake and flood, if available from responsible insurance companies at commercially reasonable rates, and the Agency and City shall be named as additional insured and loss payee under a standard loss payable endorsement.

(viii) Workers' compensation insurance as required by the Labor Code of the State of California and endorsed, as applicable, to include United States Longshoremen and Harbor Workers' Act coverage, Jones' Act coverage, and employer's liability insurance with minimum limits of One Million Dollars ($1,000,000) per accident.

(b) Insurance requirements for Participant's contractor and subcontractors. Participant shall require Participant's contractors and subcontractors to meet the insurance requirements herein as applicable. With respect to Section 4.1.9(a)(i), the limit applicable to this section shall be in an amount not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) in aggregate. With respect to Section 4.1.9(a)(iv), this insurance is not applicable to this section. In addition, City's Risk Manager shall consider contractors' and subcontractors' written requests for modification of the insurance requirements based on the scope of work to be performed.

(c) Waiver of subrogation. With respect to damage to property, Agency and Participant hereby waive all rights of subrogation, one against the other, but only to the extent that collectible commercial insurance is available for said damage.

(d) Self-insurance and deductibles. Any self-insurance program, self-insured retention, or deductible must be approved separately in writing by City's Risk Manager or designee and shall protect the Agency and City and their officials, employees, and agents in the same manner and to the same extent as they would have been protected had the policy or policies not contained retention or deductible provisions.

(e) Cancellation; severability of interests; primary and noncontributing. In addition to the endorsements specified herein, each insurance policy required herein shall also be endorsed to provide as follows: (a) that coverage shall not be voided, canceled or changed by either party except after thirty (30) days prior written notice to Agency, (b) that the insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability; and (c) and that coverage shall be primary and not contributing to any other insurance or self-insurance maintained by Agency or City , and their officials, employees, or agents.

(f) Delivery of insurance documentation.

(iv) Prior to Participant's entry onto any of the Phase I Conveyance Areas, Participant shall deliver to Agency certificates of insurance and required endorsements evidencing the insurance coverage required by this Agreement for Phase I for approval as to sufficiency and form, including any insurance required of Participant's contractors or subcontractors. Similarly, prior to Participant's entry onto any of the Phase II Conveyance Areas, Participant shall deliver to Agency certificates of insurance and required endorsements evidencing the insurance coverage required by this Agreement for Phase II for approval as to sufficiency and form, including any insurance required of Participant's contractors or subcontractors. The certificates and endorsements shall contain the original signature of a person authorized by that insurer to bind coverage on its behalf.

(v) Participant shall, at least thirty (30) days prior to expiration of the policies of insurance required herein, furnish Agency with certificates of insurance and endorsements evidencing renewal of the insurance required herein. City reserves the right to require complete certified copies of all policies of the Participant or any of the Participant's contractors or subcontractors at any time.

(g) No limitation of liability. The insurance required herein shall not be deemed to limit Participant's liability relating to performance under this Agreement. The procuring of insurance shall not be construed as a limitation on liability or as full performance of the indemnification and hold harmless provisions of this Agreement. Participant understands and agrees that, notwithstanding any insurance, Participant is obligated to defend, indemnify, and hold Agency and City and their officials, employees,

and agents harmless hereunder for the full and total amount of any damage, injury, loss, expense, cost, or liability caused by the condition of the Phase I Site after Participant's acquisition of the Phase I Conveyance Areas, and the Phase II Site after Participant's acquisition of the Phase II Conveyance Areas, or in any manner connected with or attributed to the acts, omissions or operations of Participant, its officers, agents, contractors, subcontractors, employees, licensees, or visitors, or their use, misuse, or neglect of the Site.

(h) Books and records. Participant agrees to make available to Agency all books, records and other information relating to the insurance coverage required by this Agreement during normal business hours.

(i) Amendments to the insurance provisions

(iv) If in the opinion of City's Risk Manager from time to time, the amount, scope, or type of insurance coverage specified herein is not adequate, Participant shall amend its insurance as required by City's Risk Manager or designee.

(v) Any modification or waiver of the insurance requirements herein shall be made only with the written approval and sole discretion of the City's Risk Manager or designee after a written request from Participant.

4.1.10 City and Other Governmental Agency Permits

Before commencement of demolition, grading, construction or development of any buildings, structures or other work of improvement upon any portion of the. Site, Participant shall, at its own expense (except as otherwise expressly provided herein), secure or cause to be secured, any and all permits which may be required by City or any other governmental agency affected by such construction, development, or work.

Nothing contained herein shall be deemed to entitle Participant to any City permit or other City approval necessary for the development of the Site, or waive any applicable City requirements relating thereto. This Agreement does not (a) grant any land use entitlement to Participant, (b) supersede, nullify or amend any condition which may be imposed by the City in connection with approval of the development described herein, (c) guarantee to Participant or any other party any profits from the development of the Site, or (d) amend any City laws, codes or rules. This is not a Development Agreement as provided in Government Code Section 65864. Notwithstanding the foregoing, neither this Agreement nor any default of Participant hereunder shall affect or render void any entitlement or vested right of Participant obtained as a result of any approval, permit, or entitlement.

4.1.11 Rights of Access

During the period of construction on the Site, representatives of Agency and City shall have the reasonable right of access to the Site without charge or fees, at normal construction hours and after 24 hours' prior notice to Participant, including, but not limited to, the inspection of the work being performed in constructing the improvements. Agency, on

behalf of itself and City, and their representatives, agree to comply with all of the contractor's work place safety regulations, to repair and restore any damage the Agency, City or their representatives cause to the Project or the Site, and Agency or City, whichever's representative enters the Site, agrees to and shall indemnify, defend and hold harmless Participant from any and all injuries or damages arising out of the entry of said representative on the Site.

4.1.12 Local, State and Federal Laws; Prevailing Wage

Participant shall carry out the construction of the improvements on the Site in conformity with all applicable laws, including all applicable federal and state labor standards. Participant shall cause the construction of the Project to be performed as a public work; provided, however, that if the California Department of Industrial Relations ("DIR") makes a final determination that the development of the Project or a part thereof pursuant to this Agreement is not subject to the payment of prevailing wages, then Participant shall not be required to pay prevailing wages for construction of the Project (or the portion thereof which the DIR determined is not a public work).

Prevailing Wage. Participant agrees that all public work (as defined in California Labor Code Section 1720) performed pursuant to this Agreement (the "work"), if any, shall comply with the requirements of California Labor Code Sections 1770 et seq. In all bid specifications, contracts and subcontracts for the work, Participant (or its general contractor, in the case of subcontracts) shall obtain the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in this locality for each craft, classification or type of worker needed to perform the work, and shall include such rates in the bid specifications, contract or subcontract. Such bid specifications, contract or subcontract must contain the following provision:

> It shall be mandatory for the contractor to pay not less than the said prevailing rate of wages to all workers employed by the contractor in the execution of this contract. The contractor expressly agrees to comply with the penalty provisions of California Labor Code Section 1775 and the payroll record keeping requirements of California Labor Code Section 1771.

Notwithstanding any other provision of this Agreement to the contrary, the terms of this Section 4.1.12 shall apply only to the construction work undertaken to complete the Project through the issuance of the Certificate of Occupancy for the Project, and shall not apply to any construction work performed on the Site after issuance of the Certificate of Occupancy under a different contract than the construction contract for the Project.

Participant shall indemnify and hold Agency and City harmless from and against any and all claims, demands, causes of action, obligations, damages, liabilities, costs and expenses, including reasonable attorneys' fees, that may be asserted against or incurred by Agency or City with respect to or in any way arising from Participant's compliance with or failure to comply with applicable laws, including all applicable federal and state labor standards including without limitation the requirements of Labor Code Section 1720.

4.1.13 Nondiscrimination During Construction

Participant for itself, its successors and assigns, agrees that in the construction of the improvements on the Site provided for in this Agreement, Participant will not discriminate against any employee or applicant for employment because of race, color, religion, national origin, sex, sexual orientation, AIDS, AIDS-related condition, age, marital status, disability or handicap, or veteran status.

4.2 Taxes, Assessments, Encumbrances and Liens

Participant or such successor(s) in interest shall pay when due all real estate taxes and assessments assessed and levied on or against the Phase I Site subsequent to the conveyance of the Phase I Conveyance Areas, and all real estate taxes and assessments assessed on and levied on or against the Phase II Site subsequent to the conveyance of the Phase II Conveyance Areas. Notwithstanding anything in this Agreement to the contrary, Participant or such successor(s) in interest shall not be required to pay or make provision for the payment of any tax, assessment, lien or charge so long as Participant or such successor(s) in interest in good faith contests the validity or amount, and so long as the delay in payment will not subject the Site or any part of it to forfeiture or sale.

4.3 Security Financing Prior to Completion

The terms of Sections 4.3.1 through 4.3.5 of this Section 4.3 shall terminate, as to Phase I, upon issuance by the City of the Certificate of Occupancy for Phase I, and as to Phase II, upon issuance by the City of the Certificate of Occupancy for Phase II.

4.3.1 No Encumbrances Except Mortgages, Deeds of Trust or Other Conveyance for Financing for Development

Mortgages, deeds of trust or any other form of conveyance required for any reasonable method of financing are permitted for Phase I before City's issuance of the Certificate of Occupancy for Phase I but only for the purpose of securing loans of funds to be used for financing the development of Phase I, and for Phase II before City's issuance of the Certificate of Occupancy for Phase II, but only for the purpose of securing loans of funds to be used for financing the acquisition of the Phase II Conveyance Areas and the construction of Phase II (if Participant elects to develop Phase II), and any other expenditures necessary and appropriate to develop the Phase I Site and, if applicable the Phase II Site, under this Agreement. Upon conveyance of each of the Phase I Conveyance Areas and the Phase II Conveyance Areas, all liens securing financing shall be subordinate to the Agreement Containing Covenants for such phase unless otherwise approved by the Director. If required by Participant's construction lender, the Director agrees to subordinate the Agency Phase I Deed of Trust to Participant's construction financing for Phase I. Participant, except for conveyances for financing (which shall include a mortgage, deed of trust, sale, and sale-leaseback) approved by the Director as part of the approved Participant evidence of financing pursuant to Section 2.16 or Section 3.15, as applicable, shall not enter into any conveyance for financing without the prior written approval of the Director, which approval will not be unreasonably withheld, conditioned, or delayed, and

which approval shall be granted if such conveyance for financing is given to a reputable financial institution, person, or entity.

4.3.2 Holder Not Obligated to Construct Improvements

The holder of any mortgage or deed of trust or other security interest authorized by this Agreement shall not be obligated by the provisions of this Agreement to construct or complete the improvements or to guarantee construction or completion; nor shall any covenant or any other provision in this Agreement, the Agreement Containing Covenants, the Grant Deed or any other document or instrument recorded for the benefit of the Agency for the Project be construed so to obligate the holder. Nothing in this Agreement will be deemed to construe, permit, or authorize any holder to devote the Site or any part of it to any uses, or to construct any improvements not authorized by this Agreement.

4.3.3 Notice of Default to Mortgagee or, Trustee under Deed of Trust or Other Security Interest Holders; Right to Cure

Whenever the Agency delivers any notice or demand to Participant with respect to any breach or default by Participant in completion of construction of the improvements, the Agency shall at the same time deliver to each holder of record of any mortgage, deed of trust or other security interest authorized by this Agreement a copy of such notice or demand. Each holder will (insofar as the rights of the Agency are concerned) have the right at its option within ninety (90) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any default and to add the cost to the security interest debt and the lien on its security interest. Nothing contained in this Agreement will be deemed to permit or authorize the holder to undertake or continue the construction or completion of the improvements (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed Participant's obligations to Agency by written agreement satisfactory to the Agency. The holder in that event must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates, and submit evidence satisfactory to the Agency that it has the qualifications and financial responsibility necessary to perform the obligations.

The Agency agrees, at the request of any such holder, at any time, to enter into a non-disturbance and estoppel agreement, intercreditor agreement, or other agreements which (a) authorizes the holder to assume Participant's obligations under this Agreement following the holder's acquisition of the Site through foreclosure or deed-in-lieu of foreclosure, (b) specifies the portions of this Agreement which are binding upon such holder following its acquisition of the Site through foreclosure or deed-in-lieu of foreclosure, (c) provides that the holder shall not be obligated to cure any default of Participant which is not reasonably susceptible of being cured by the holder, (d) modifies certain terms and conditions of this Agreement as they relate to the holder, (e) subordinates the Participant's or any other party's obligations to the Agency, including any deed of trust in favor of the Agency with respect to the Site, on terms and conditions mutually acceptable to the holder and the Agency, and (f) contains such other provisions reasonably requested by the holder. Any such holder properly completing such improvement shall be entitled, upon compliance with the requirements of Section 4.7 of this Agreement, to a Certificate of Occupancy for the particular Phase. It is understood that a holder

shall be deemed to have satisfied the ninety (90) day time limit set forth above for commencing to cure or remedy a Participant default which requires title and/or possession of the Site (or portion thereof) if and to the extent any such holder has within such ninety (90) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default.

4.3.4 Failure of Holder to Complete Project

In any case where three months after receipt by Participant and the holder of any mortgage, deed of trust or other security interest creating a lien or encumbrance on the Site or any part of it of written notice of default by Participant in completion of construction of improvements under this Agreement, such holder of a security interest has not exercised the option to cure or remedy any default, or if it has exercised the option and has not commenced and proceeded diligently to cure or remedy any default, as provided by Section 4.3.3 above, the Agency may purchase the mortgage, deed of trust or other security interest by payment to the holder of the amount of the unpaid debt. If the ownership of the Site or any part of it has vested in the holder, the Agency, if it so desires, will be entitled to require the holder to convey the Site or any part to the Agency on payment to the holder of an amount equal to the sum of the following:

(a) The unpaid mortgage, deed of trust or other security interest debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings).

(b) All expenses with respect to foreclosure.

(c) The net expenses, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Site.

(d) The costs of any improvements made by such holder.

(e) An amount equivalent to the interest that would have accrued on the aggregate of the amounts had all the amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Agency.

4.3.5 Right of the Agency to Cure Mortgage, Deed of Trust Default or Other Security Interest Default

In the event of a default or breach by Participant of a mortgage, deed of trust or other security interest for Phase I after Participant's acquisition of the Phase I Conveyance Areas, and for Phase II after Participant's acquisition of the Phase II Conveyance Areas, and prior to the issuance of a Certificate of Occupancy for the applicable Phase, and after Participant has had a reasonable time to challenge, cure or satisfy any liens on its interests in the applicable portion of the Site which are then in default, and if the holder of any security interest has not provided Agency with written notice of a request to enter into a nondisturbance and estoppel agreement, intercreditor agreement or other agreements as described in Section 4.3.3, the Agency may cure the default. In that event, the Agency will be entitled to reimbursement from

Participant of all costs and expenses incurred by the Agency in curing the default. The Agency will also be entitled to a lien on the affected portion of the Site to the extent of such costs and disbursements. Any lien will be subject to mortgages, deeds of trust or other forms of financing executed for the sole purpose of obtaining funds to purchase and develop the affected portion of the Site.

4.4 Right of the Agency to Satisfy Other Liens on the Site After Title Passes

After the conveyance of the Phase I Conveyance Parcels and prior to the issuance of a Certificate of Occupancy for construction of Phase I, and after conveyance of the Phase II Conveyance Areas and prior to issuance of a Certificate of Occupancy for construction of Phase II, and after Participant has had a reasonable time to challenge, cure or satisfy any liens or encumbrances on the applicable Phase, the Agency will have the right to satisfy any liens or encumbrances, provided, however, that nothing in this Agreement will require Participant to pay or make provision for the payment of any tax, assessment, lien or charge so long as Participant in good faith will contest the validity or amount, and so long as the delay in payment will not subject the affected portion of the Site or any part of it to forfeiture or sale.

4.5 Prohibition Against Transfer of the Site

After execution of this Agreement and prior to issuance by City of a Certificate of Occupancy (referred to in Section 4.7 of this Agreement) for the relevant Phase, Participant, without the prior written approval of the Director, shall not make any total or partial sale, transfer, conveyance, assignment or subleasing of the whole or any part of the Site in the relevant Phase, or the improvements thereon, not otherwise permitted by Section 1.5.3. This prohibition shall not be deemed to prevent any of the following: (i) the granting of easements or permits to facilitate the development of the Site in the relevant Phase, the granting of any security interests expressly described in this Agreement for financing the acquisition and development of the Site in the relevant Phase (nor the sale of the Site in the relevant Phase or any interest therein at foreclosure or conveyance in lieu of foreclosure pursuant to a foreclosure by an approved lender); (iii) prior to conveyance of the Phase I Conveyance Parcels, the leasing of the Owner Parcel for uses permitted by City zoning; (iv) the leasing of Phase I and Phase II units; (v) the Phase I Assignment, or (vi) the Phase II Assignment. Notwithstanding the foregoing prohibition, Participant may convey a portion of the Site in the relevant Phase to an entity, the managing member of which is AndersonPacific LLC, provided that Participant and such grantee enter into an assignment and assumption agreement satisfactory to the Director pursuant to which such grantee assumes those responsibilities under this Agreement applicable to the portion of the Site conveyed. In addition, Participant may convey individual condominium units prior to the issuance of the Certificate of Occupancy for the applicable Phase and after the issuance of a final subdivision public report for the particular Phase by the California Department of Real Estate and with the prior written approval of the Director, which approval shall not be unreasonably withheld, conditioned or delayed. If one or more individual condominium units are conveyed under these circumstances, Participant shall not be released from any of its obligations until the issuance of the Certificate of Occupancy for the relevant Phase, and the buyer(s) of the condominium unit(s) shall have no liability, under this Agreement.

After issuance of the Certificate of Occupancy for Phase I, Participant may, with the prior written approval of the Director, which approval shall not be unreasonably withheld, subdivide the Phase I Site. After the issuance of the Certificate of Occupancy for Phase II, Participant may subdivide the Phase II Site, provided that: (i) the plaza area between and around the building to be developed in Phase II (the "Gateway Tower") and the building to be developed in Phase I (the "Terrace Tower") is maintained in accordance with the Agreement Containing Covenants. In addition, Participant may file a condominium map on the Site or relevant Phase thereof and sell individual condominium units.

In the absence of the delivery to Agency of an assignment and assumption agreement (and approval for such assignments and transfers requiring Agency approval under this Agreement), no transfer or assignment will be deemed to relieve the assignor from any obligations under this Agreement.

4.6 Public Agency Rights of Access for Construction, Repair and Maintenance of Public Improvements and Facilities

Agency for itself, and for City and other public agencies, at their sole risk and expense, reserves the right to enter the Site or any part thereof at normal construction hours, after 24 hours' prior notice, and with as little interference as possible, for the purposes of construction, reconstruction, maintenance, repair or service of any public improvements or public facilities located on the Site. Agency and City, and their representatives, agree to comply with all of the contractor's work place safety regulations, and to repair and restore any damage the Agency, City or their representatives cause to the Project or the Site. Agency, on behalf of itself and City, shall indemnify and hold Participant harmless from any claims or liabilities pertaining to any entry. Any damage or injury to the Site resulting from such entry shall be promptly repaired at the sole expense of the public agency responsible for such damage or injury.

4.7 Certificate of Occupancy

Upon completion of all construction to be completed by the Participant on the Site, Participant shall apply to the Building and Safety Bureau for the issuance of a Certificate of Occupancy, and shall deliver a copy of such certificate to the Director when received.

Separate Certificates of Occupancy shall be issued for each Phase of the Project. Upon issuance of the Certificate of Occupancy for a Phase, the respective rights and obligations of the parties with reference the Phase I portion of the Site shall be limited to those stated in the Grant Deed to the Phase I Conveyance Areas (other than the Subterranean Easement Area) and the Agreement Containing Covenants for Phase I, and for the Phase II portion of the Site shall be limited to those stated in the Grant Deed for the Phase II Conveyance Areas and the Agreement Containing Covenants, and in such other recorded documents as will be joined in by Participant to impose certain restrictions and covenants on the use of the Site pursuant to this Agreement.

5 USE OF THE SITE

5.1 Uses

Participant covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Phase I Site or any part thereof that upon Participant's acquisition of the Phase I Conveyance Areas, Participant, such successors, and such assigns shall develop and devote the Phase I Site to the uses permitted in this Agreement, the Agreement Containing Covenants, and plans, drawings and related documents approved by Agency pursuant hereto. Participant covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Phase II Site or any part thereof that if Participant acquires the Phase II Conveyance Areas then upon Participant's acquisition of the Phase II Conveyance Areas, Participant, such successors, and such assigns shall develop and devote the Phase II Site to the uses permitted in this Agreement, the Agreement Containing Covenants, and plans, drawings and related documents approved by Agency pursuant hereto.

5.2 Obligation to Refrain from Discrimination

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, national origin, sex, sexual orientation, AIDS, AIDS-related condition, age, marital status, disability or handicap, or veteran status in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, and Participant itself (or any person claiming under or through it) shall not 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 Site. Participant agrees that its required compliance with the Americans with Disabilities Act ("ADA") shall be its sole responsibility and shall defend, indemnify and hold harmless Agency and City for any liability arising from its failure to comply therewith.

5.3 Form of Nondiscrimination and Non-segregation Clauses

All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

5.3.1 In deeds: "The grantee herein covenants by and for himself or herself, his or her 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 any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any 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 premises herein conveyed. The foregoing covenants shall run with the land."

5.3.2 In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, 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 any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, 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 premises herein leased."

5.3.3 In contracts entered into by the agency relating to the sale, transfer, or leasing of land or any interest therein acquired by the agency within any survey area or redevelopment project the foregoing provisions in substantially the forms set forth shall be included and the contracts shall further provide that the foregoing provisions shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the instrument.

5.4 Effect and Duration of Covenants

The covenants established in this Agreement shall, without regard to technical classification and designation, be binding on Participant and any successor in interest to the Site, or any part thereof, for the benefit and in favor of Agency, its successors and assigns, and City. The covenants of Participant contained in this Agreement shall remain in effect with respect to each parcel of the Phase I Site until the Certificate of Occupancy for the Phase I Project is issued, and with respect to each parcel to the Phase II Site until the Certificate of Occupancy for the Phase II Project is issued, at which time the covenants contained in the Grant Deed(s) and the Agreement Containing Covenants Affecting Real Property shall control.

5.5 Agreement Containing Covenants

Concurrently with the conveyance of the Phase I Conveyance Areas to Participant, Participant agrees to record as a first priority encumbrance against the Phase I Site, and concurrently with the conveyance of the Phase II Conveyance Areas to Participant, Participant agrees to record as a first priority encumbrance against the Phase II Site, the Agreement Containing Covenants Affecting Real Property, both in the form attached hereto as Attachment No. 7 and incorporated herein by this reference.

6 DEFAULTS, REMEDIES AND TERMINATION

6.1 Defaults - General

Subject to the extensions of time set forth in Section 7.8 of this Agreement, failure by either party to perform any term or provision of this Agreement within the time periods provided herein following notice and failure to cure as described hereinafter, constitutes a "default" under this Agreement. Except as otherwise may be expressly provided in this Agreement for specific defaults, the party against whom a default has been asserted shall have thirty (30) days after receipt of written notice of default to cure the default, unless the nature of such default is such that more than thirty (30) days shall reasonably be required, if such party commences to cure and diligently prosecutes such cure to completion.

Except as otherwise expressly provided in this Agreement, any failures or delays by either party in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies, provided that the party asserting a default shall first comply with the requirement to provide written notice of default to the other party, provide the other party with the required time period to cure or commence to cure the default, and the party asserting a default shall not be entitled to institute any proceeding against the other party unless and until such written notice of default and opportunity to cure has been fully provided.

6.2 Legal Actions

6.2.1 Institution of Legal Actions

In addition to any other rights or remedies, and except as may otherwise be provided in this Agreement, either party may institute legal action to cure, correct or remedy any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions may be instituted in the Superior Court of the County of Los Angeles, State of California or in the Federal District Court in the Central District of California.

6.2.2 Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

6.2.3 Acceptance of Service of Process

In the event that any legal action is commenced by Participant against Agency, service of process on Agency shall be made by personal service upon the Director or Secretary of the Agency or City Clerk, or in such other manner as may be provided by law.

In the event that any legal action is commenced by Agency against Participant, service of process on Participant shall be made by personal service upon any owner, general

partner, corporate officer or manager of Participant and shall be valid whether made within or without the State of California, or in such other manner as may be provided by law.

6.3 Rights and Remedies are Cumulative

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default or any other default by the other party.

6.4 Damages

Subject to the notice and cure provisions of Section 6.1, if either party defaults with regard to any of the provisions of this Agreement, the defaulting party shall be liable to the non-defaulting party for any direct damages caused by such default (but not consequential damages such as loss of tax increment or other revenues), and the non-defaulting party may thereafter (but not before) commence an action for damages against the defaulting party with respect to such default.

6.5 Specific Performance

Notwithstanding any other provision of this Agreement to the contrary, if Agency defaults with regard to any of its obligations under this Agreement, and after expiration of all applicable cure periods with such default having not been cured, Participant at its option, may thereafter (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default.

6.6 Remedies and Rights of Termination Prior to Conveyance

6.6.1 Termination by Participant for Agency Default

Provided Participant is not in default of any of the terms and conditions of this Agreement, and:

(a) Upon satisfaction of those conditions precedent set forth at Section 2.3, Agency fails to tender to Participant conveyance of title to the Phase I Conveyance Areas other than the Subterranean Easement Area, and an easement in the Subterranean Easement Area, in the manner and condition and within the time established by this Agreement; or

(b) Upon satisfaction of those conditions precedent set forth at Section 3.2, Agency fails to tender to Participant conveyance of title to the Phase II Conveyance Areas in the manner and condition and within the time established by this Agreement; or

(c) Agency is in breach of any of its representations and warranties set forth in this Agreement; or

(d) Agency is in breach of any other material obligation herein;

and such failure is not cured (or Agency has not commenced to cure and is not diligently prosecuting such cure) within thirty (30) days after the date of written demand from Participant, then Participant shall have the right to terminate this Agreement by written notice to Agency. In such event, (1) the Performance Deposit referred to in Section 8.2 of this Agreement shall be returned to Participant, and (2) Agency shall prepare and record certificates of termination for each Parcel which shall terminate those covenants contained in Paragraphs 2, 3 and 4 of the Agreement Containing Covenants. In addition, Participant may pursue its legal and equitable remedies as provided above at Sections 6.4 and 6.5.

6.6.2 Termination by Agency for Participant Default

With respect to Phase I, prior to the conveyance to Participant of title to the Phase I Conveyance Areas other than the Subterranean Easement, and an easement in the Subterranean Easement Area, or with respect to Phase II, if Participant has elected to develop Phase II, the prior to the conveyance to Participant of title to the Phase II Conveyance Areas, in the event that:

(a) Participant (or any successor in interest) assigns or attempts to assign this Agreement or any rights herein, or makes any total or partial sale, transfer, conveyance, or subleasing of the whole or any part of the Site or the improvements to be developed thereon, in violation of this Agreement; or

(b) There is any Significant Change in the ownership or identity of Participant; or

(c) Participant fails to pay the Phase I Purchase Price; or

(d) After one year after issuance of a certificate of occupancy (or temporary certificate of occupancy), Participant fails to pay the Extension Payment;

(e) If Participant elects to develop Phase II, Participant fails to pay the Phase II Purchase Price; or

(f) Participant fails to take title to the Phase I Conveyance Areas other than the Subterranean Easement, and fails to accept the easement to the Subterranean Easement Area, and if Participant elects to develop Phase II, fails to take title to the Phase II Conveyance Areas, under a tender of conveyance by Agency (or City, if applicable) pursuant to Sections 2.6 or 3.5 of this Agreement; or

(g) Participant fails to submit evidence of financing in accordance with Section 2.16 (and if Participant elects to develop Phase II, Section 3.15) of this Agreement by the time provided therefor in the Schedule of Performance; or

(h) Participant breaches any of the representations, warranties, or covenants set forth in Section 2.17 (and if Participant elects to develop Phase II, Section 3.16) of this Agreement; or

(i) Participant does not submit plans, drawings and related documents as required by Section 4.1.2 of this Agreement by the times respectively provided therefor in the Schedule of Performance; or

(j) Participant is in breach of any other material obligation herein, and

any default or failure referred to in subdivisions (a) through (j) of this Section 6.6.2 shall not be cured within thirty (30) days after the date of written demand by Agency, or, if impossible of cure within said thirty (30) day period, then commenced to be cured within said thirty (30) day period, which cure is diligently and continuously prosecuted to completion, then this Agreement and any rights of Participant or transferee thereof arising from this Agreement may, at the option of Agency, be terminated by Agency by written notice thereof to Participant. In such event, the Performance Deposit referred to in Section 8.2 of this Agreement shall be retained by Agency as liquidated damages.

NOTWITHSTANDING ANY CONTRARY PROVISION CONTAINED HEREIN, IN THE EVENT THIS AGREEMENT IS TERMINATED BECAUSE OF A DEFAULT UNDER SECTION 6.2.2 OF THIS AGREEMENT ON THE PART OF PARTICIPANT PRIOR TO THE ISSUANCE OF THE PHASE I CERTIFICATE OF OCCUPANCY, THE PERFORMANCE DEPOSIT (I.E., $100,000) SHALL BE RETAINED BY AGENCY AS LIQUIDATED DAMAGES. THE PARTIES ACKNOWLEDGE THAT AGENCY'S ACTUAL DAMAGES IN THE EVENT OF A DEFAULT BY PARTICIPANT WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE PERFORMANCE DEPOSIT HAS BEEN AGREED ON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF AGENCY'S DAMAGES AND AS AGENCY'S EXCLUSIVE REMEDY AGAINST PARTICIPANT IN THE EVENT OF A DEFAULT ON THE PART OF PARTICIPANT. IN THE EVENT THIS PROVISION SHOULD BE HELD TO BE VOID OR UNENFORCEABLE FOR ANY REASON, AGENCY SHALL BE ENTITLED TO ANY AND ALL DAMAGES AND REMEDIES WHICH AGENCY WOULD HAVE HAD UNDER LAW OR IN EQUITY IN THE ABSENCE OF SAID PROVISION.

AGENCY AND PARTICIPANT ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF, AND CONFIRM. THE ACCURACY OF THE STATEMENTS MADE IN THIS PARAGRAPH AND SECTION 6.8 BELOW, AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY THEIR TERMS.

Agency's Initials ________ Participant's Initials ________

6.7 Other Termination Prior to Close of Escrow

6.7.1 By Participant. Participant, by notice in writing to Agency, may terminate this Agreement pursuant to Section 2.14 (re: condition of the Phase I Conveyance Areas) (and if Participant elects to develop Phase II, Section 3.13 (re: condition of the Phase II

Conveyance Areas), such termination to be effective thirty (30) days after Agency's receipt of such notice. Upon termination of this Agreement pursuant to either Section 2.14 or Section 3.13, the Performance Deposit referred to in Section 8.2 of this Agreement shall be returned to Participant. Thereafter neither party shall be liable to the other party or obligated under this-Agreement.

6.7.2 By Agency. Agency, by notice in writing to participant, may terminate this Agreement if Participant has not exercised the option to extend the option term (and paid the Extension Payment) or, if Participant has extended the option term and paid the Extension Payment, has not exercised the Option to Purchase by the date that is two (2) years after the date of issuance of the Certificate of Occupancy for Phase I, such termination to be effective thirty (30) days after Participant's receipt of such notice. Upon termination of this Agreement pursuant to this Section, the Performance Deposit referred to in Section 8.2 of this Agreement shall be returned to Participant. Thereafter neither party shall be liable to the other party or obligated under this Agreement.

6.7.3 By Agency or Participant. Either Agency or Participant may terminate this Agreement immediately upon written notice by one party to the other that the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Long Beach established pursuant to the provisions of Health and Safety Code Section 34179 et seq., or the State of California Department of Finance, has instructed the Agency that it may not convey the Phase I Conveyance Areas and/or the Phase II Conveyance Areas, or portions thereof, in accordance with this Agreement. Upon termination of this Agreement pursuant to this paragraph, then this Agreement, and any rights of the Participant, or any assignee or transferee, in the Agreement or the Phase I Conveyance Areas or Phase II Conveyance Areas, as applicable, will be terminated, and thereafter Agency and Participant will have no further rights against or liability to the other under the Agreement with respect to the Site. Upon termination of this Agreement pursuant to this Section, the Performance Deposit shall be returned to the Participant.

6.8 Remedies of the Agency for Certain Defaults After Passage of Title – Liquidated Damages

In addition to its remedies pursuant to Sections 6.2 through 6.6, inclusive, or in the Grant Deed, prior to the issuance of the Phase I Certificate of Occupancy, Agency may assess liquidated damages for certain defaults, as set forth below.

6.8.1 Commencement of Construction. If Participant fails to commence construction for Phase I (and if Participant elects to develop Phase II) by the time set forth therefor in the Schedule of Performance, the Director may, upon written notice to Participant, assess liquidated damages against the Participant in the amount of ten thousand dollars ($10,000), and withdraw such amount from the Performance Deposit.

6.8.2 Hours of Construction. Participant shall comply with the City's permitted hours of construction (i.e., 7 a.m. until 7 p.m., Monday through Friday, and 9 a.m. until 6 p.m. on Saturday). With the prior written consent of the Director, Participant may undertake construction activities at times other than the permitted hours of construction.

If Participant undertakes construction activities at times other than the permitted hours of construction without the Director's prior written consent, the Director shall deliver written notice to Participant of violation of this Section. Commencing with the third violation and for each subsequent violation of this Section, the Director may, after sending written notice to Participant of the violation, assess liquidated damages against the Participant in the amount of five thousand dollars ($5,000) per violation, and withdraw such amount from the Performance Deposit.

6.8.3 Failure to Comply with Final Building Plans. If the Project as constructed materially deviates from the approved final building plans, and after written notice and failure to cure within a reasonable time, the Director may assess liquidated damages as provided in this Section. Prior to constructing any component of the Project which materially deviates from the approved final building plans Participant shall request in writing that the Director approve such material deviation, which approval may be withheld in the Director's sole and absolute discretion. If the Director determines that a component of the Project may materially deviate from the approved final building plans, the Director shall notify Participant as soon as is reasonably practicable of such deviation and request that Participant correct the identified material deviation. If Participant fails to correct the identified deviation prior to issuance of a certificate of occupancy, the Director may assess liquidated damages against Participant in the amount of fifty thousand dollars ($50,000) and withdraw such amount from the Performance Deposit upon written notice to Participant.

6.8.4 Completion of Construction. If Participant fails to complete construction of a Phase (as evidenced by the issuance of a temporary or final Certificate of Occupancy for that Phase) by the time set forth therefor in the Schedule of Performance for reasons other than force majeure (see Section 7.8), and after written notice and failure to cure within a reasonable time,, the Director may, without notice, assess liquidated damages in the amount of five thousand dollars ($5,000) for every thirty (30) days completion of the Project is delayed, and withdraw such amount from the Performance Deposit.

6.8.5 Acknowledgement. **NOTWITHSTANDING ANY CONTRARY PROVISION CONTAINED HEREIN, IN THE EVENT PARTICIPANT, PRIOR TO ISSUANCE OF THE PHASE I CERTIFICATE OF COMPLETION, IS IN VIOLATION OF ONE OR MORE OF SUBSECTIONS 6.8.1 THROUGH 6.8.4, INCLUSIVE, AGENCY MAY RETAIN THE AMOUNTS AS SET FORTH IN THOSE SECTIONS AS LIQUIDATED DAMAGES. THE PARTIES ACKNOWLEDGE THAT AGENCY'S ACTUAL DAMAGES IN THE EVENT OF SUCH VIOLATIONS BY PARTICIPANT WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR INITIALS ABOVE AT SUBSECTION 6.6.2, THE PARTIES ACKNOWLEDGE THAT THE LIQUIDATED DAMAGES AMOUNT FOR EACH SUCH VIOLATION HAS BEEN AGREED ON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF AGENCY'S DAMAGES AND AS AGENCY'S EXCLUSIVE REMEDY AGAINST PARTICIPANT IN THE EVENT OF THE VIOLATIONS AS DESCRIBED ABOVE ON THE PART OF**

PARTICIPANT. IN THE EVENT THIS PROVISION SHOULD BE HELD TO BE VOID OR UNENFORCEABLE FOR ANY REASON, AGENCY SHALL BE ENTITLED TO ANY AND ALL DAMAGES AND REMEDIES WHICH AGENCY WOULD HAVE HAD UNDER LAW OR IN EQUITY IN THE ABSENCE OF SAID PROVISION.

AGENCY AND PARTICIPANT ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF, AND CONFIRM THE ACCURACY OF THE STATEMENTS MADE IN THIS SECTION AND BY THEIR INITIALS ABOVE AT SUBSECTION 6.6.2 (IN CONNECTION WITH LIQUIDATED DAMAGES UPON TERMINATION BY AGENCY PRIOR TO CONVEYANCE) AGREE TO BE BOUND BY ITS TERMS.

7 GENERAL PROVISIONS

7.1 Notices, Demands and Communications Between the Parties

All notices under this Agreement shall be in writing and shall be effective upon receipt whether delivered by personal delivery or recognized same-day or overnight delivery service, telecopy (provided the original is delivered within 24 hours thereafter by one of the methods authorized by this Section), or sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the respective parties as follows:

If to Participant: Shoreline Gateway, LLC
6701 Center Drive West, Suite 710
Los Angeles, CA 90045
Attn: James R. Anderson
Fax No. (310) 689-2305

With copy to: Rutan & Tucker, LLP
611 Anton Blvd., Suite 1400
Costa Mesa, CA 92626
Attn: Dan Slater
Fax No.: (714) 546-9035

If to Agency: City of Long Beach
333 West Ocean Boulevard, 3rd Floor
Long Beach, California 90802
Attn: Director of Development Services
Fax No. (562) 570-6215

With a copy to: Office of the City Attorney
City of Long Beach
333 West Ocean Boulevard, 11th Floor
Long Beach, California 90802
Attn: Assistant City Attorney
Fax No. (562) 436-1579

Any party can notify the other party of their change of address by notifying the other party in writing of the new address.

7.2 Conflicts of Interest

No member, official or employee of Agency shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement which is prohibited by law.

7.3 Warranty Against Payment of Consideration for Agreement

Participant warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as architects, engineers, attorneys, and public relations consultants.

7.4 Nonliability of Agency Officials and Employees

No member, official or employee of Agency shall be personally liable to Participant, or any successor in interest, in the event of any default or breach by Agency or for any amount which may become due to Participant or successor, or on any obligation under the terms of this Agreement.

7.5 Attorney's Fees

In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any uncured default of any of the covenants or agreements or any inaccuracies in any of the representations and warranties on the part of the other party arising out of this Agreement, then in that event, the prevailing party in such action or dispute shall be entitled to have and recover of and from the other party all costs and expenses of suit, including actual attorneys' fees. Any judgment or order entered in any final judgment shall contain a specific provision providing for the recovery of all costs and expenses of suit, including actual attorneys' fees (collectively "Costs") incurred in enforcing, perfecting and executing such judgment. For the purposes of this Section, Costs shall include, without limitation, attorneys' fees, costs and expenses and expert witness fees incurred in (i) postjudgment motions, (ii) contempt proceeding, (iii) garnishment, levy, and debtor and third party examination, (iv) discovery, and (v) bankruptcy litigation.

7.6 Approval by Agency and Participant

Wherever this Agreement requires Agency or Participant to approve any contract, document, plan, proposal, specification, drawing or other matter, such approval shall not be unreasonably withheld or delayed, unless expressly provided to the contrary.

7.7 [RESERVED.]

7.8 Force Majeure

In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war; terrorism, insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; acts or failure to act of the City or any other public or governmental agency or entity (other than that acts or failure to act of the Agency or the City shall not excuse performance by the Agency); significant changes in economic or market conditions including but not limited to a significant rise in interest rates; or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause.

7.9 Real Estate Commissions

The Agency shall not be liable for any real estate commissions, brokerage fees or finder's fees which may arise from this Agreement. The Agency and Participant each represent that neither has engaged any broker, agent or finder in connection with the negotiation, approval, or execution of this Agreement. In the event of any claims for brokers' or finders' fees or commissions in connection with the negotiation, approval or execution of this Agreement, the party at fault shall indemnify, save harmless and defend the other from and against such claims.

7.10 Additional Representations and Warranties of Participant

Participant hereby covenants that the following representations and warranties of Participant are true as of the date of this Agreement and shall be true and correct as of the Close of Escrow. Agency's rights with respect to the following representations and warranties shall survive the Close of Escrow.

7.10.1 Power and Authority of Participant. Participant is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware. Participant has the requisite right, power and authority to enter into and carry out the terms of this Agreement and the execution and delivery hereof and of all other instruments referred to herein. The person(s) executing this Agreement on behalf of Participant has been duly authorized to do so. The performance by Participant of Participant's obligations hereunder will not violate or constitute an event of default under the terms and provisions of any material agreement, document or instrument to which Participant is a party or by which Participant is bound. All proceedings required to be taken by or on behalf of Participant to authorize it to make, deliver and carry out the terms of this Agreement have been duly and properly taken. No further consent of any person or entity is required in connection with the execution and delivery of, or performance by Participant of its obligations under this Agreement, including, without limitation, the consent or approval of any bankruptcy or other court having jurisdiction over Participant.

7.10.2 Validity of Agreement. This Agreement is a valid and binding obligation of Participant, enforceable against Participant in accordance with its terms, subject to the effect of applicable bankruptcy, insolvency, reorganization, or other similar laws affecting the rights of creditors generally and general equitable principles.

7.10.3 No Bankruptcy Proceedings. Participant has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by Participant's creditors, (iii) suffered the appointment of a receiver to take possession of all or substantially all of Participant's assets, or (iv) suffered the attachment or other judicial seizure of all or substantially all of Participant's assets.

7.11 Additional Representations and Warranties of Agency

Agency hereby covenants that the following representations and warranties of Agency are true as of the date of this Agreement and shall be true and correct as of the Close of Escrow. Participant's rights with respect to the following representations and warranties shall survive the Close of Escrow.

7.11.1 Power and Authority of Agency. Agency is the duly organized and existing successor agency to the dissolved RDA under the California Community Redevelopment Law (Health & Safety Code § 33000 et seq.), specifically pursuant to the provisions of AB1x26 and AB 1484 including, but not limited to Health and Safety Code Section 34173, has been authorized to transact business as the successor agency to the RDA, and that the Agency has the requisite right, power and authority to enter into and carry out the terms of this Agreement and the execution and delivery hereof and of all other instruments referred to herein. The person(s) executing this Agreement on behalf of Agency has been duly authorized to do so. The performance by Agency of Agency's obligations hereunder will not violate or constitute an event of default under the terms and provisions of any material agreement, document or instrument to which Agency or RDA is a party or by which Agency or RDA is bound. All proceedings required to be taken by or on behalf of Agency to authorize it to make, deliver and carry out the terms of this Agreement have been duly and properly taken. No further consent of any person or entity [other than the Oversight Board and then approval of the Oversight Sight's approval by DOF either by not reviewing such approval within the time set forth in Health and Safety Code Section 34179(h), or by reviewing same and approving it within the time set forth in Health and Safety Code Section 34179(h)] is required in connection with the execution and delivery of, or performance by Agency of its obligations under this Agreement, including, without limitation, the consent or approval of any bankruptcy or other court having jurisdiction over Agency.

7.11.2 Validity of Agreement. This Agreement is a valid and binding obligation of Agency, enforceable against Agency in accordance with its terms, subject to the effect of applicable law.

7.12 Counterparts.

This Agreement may be executed in counterparts which, when signed by all the parties hereto, shall constitute a binding agreement.

7.13 Interpretation

The language in all parts of this Agreement shall in all cases be construed in accordance with its fair meaning and not strictly for or against either party. The parties hereto acknowledge that this Agreement has been prepared jointly by the parties hereto and shall not be interpreted or construed against the party preparing it or any portion hereof. The captions, headings, and subheadings herein are inserted solely for convenience and shall not be used to interpret the terms of this Agreement. As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and vice versa.

7.14 Binding Effect

This Agreement shall inure to the benefit of the parties and their respective heirs, successors, and assigns, and shall be binding upon the foregoing except as otherwise set forth in this Agreement.

7.15 No Third Party Beneficiaries

The parties to this Agreement acknowledge and agree that the provisions of this Agreement are for the sole benefit of Agency and Participant and not for the benefit, directly or indirectly, express or implied, of any other person or entity, except as may otherwise expressly be provided in this Agreement.

7.16 Further Assurances

The parties hereto agree to execute such other documents and to take such other actions as may be reasonably necessary to further the purposes of this Agreement.

7.17 Severability

If any term or provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect unless such invalid or unenforceable term or provision shall materially alter the Project or the position of one or both of the parties to perform, in which case the parties hereto shall meet and confer in good faith to amend this Agreement to eliminate such term or provision while maintaining the purposes of this Agreement, if possible.

8 SPECIAL PROVISIONS

8.1 Right to Estoppel Certificates

Each party, within ten (10) days after written notice from the other party, shall execute and deliver to the other party a certificate stating that this Agreement is unmodified and in full force and effect, or in full force and effect as modified, and stating the modifications. The

certificate shall also state whether or not the requesting party is in default in the performance of the Agreement, and whether or not the requesting party has breached the Agreement and would be in default with just the giving of notice. The Director shall have the authority to issue estoppel certificates on behalf of the Agency.

8.2 Performance Deposit

Agency and Participant acknowledge and agree that Participant previously delivered to RDA a performance deposit for Phase I (the "Phase I Performance Deposit") in the amount of One Hundred Thousand Dollars ($100,000) as security for the performance of the obligations of Participant to be performed pursuant to this Agreement with respect to Phase I.

Upon termination of this Agreement as provided in Sections 6.6 or 6.7 or 8.5, or upon certain defaults and failure to cure as provided in Section 6.8, the Phase I Performance Deposit shall be disposed of as provided by the respective terms thereof.

If this Agreement shall not have been canceled or terminated as in any of said Sections provided, the Agency shall return the Phase I Performance Deposit to the Participant upon issuance of the Phase I Certificate of Occupancy. If this Agreement is disapproved or canceled or terminated by the Oversight Board or the Department of Finance or other state department or agency, or as a result of the application of State law, the Phase I Performance Deposit shall be returned to Participant.

If Participant elects to exercise the Option to purchase the Phase II Conveyance Areas, concurrently with such exercise Participant shall delivered to Agency a Phase II Performance Deposit in the amount of One Hundred Thousand Dollars ($100,000) as security for the performance of the obligations of Participant to develop the Phase II Project. Upon termination of this Agreement as provided in Sections 6.6 or 6.7 or 8.5, or upon certain defaults and failure to cure as provided in Section 6.8, the Phase II Performance Deposit shall be disposed of as provided by the respective terms thereof. After the Phase it Deposit is deposited, if this Agreement shall not have been canceled or terminated as in any of said Sections provided, the Agency shall return the Phase II Performance Deposit to the Participant upon issuance of the Phase II Certificate of Occupancy.

8.3 Percent for Public Art.

Participant shall comply with the "Percent for Public Art Guidelines" established by Agency and attached hereto as Attachment No. 8 for both Phases. Eighty-five percent (85%) of the public art fee may be used on-site as approved by the Director and fifteen percent (15%) of the public art fee shall be payable in cash.

Payment of the public art fee for Phase I shall be an obligation of Phase II and shall be payable if Phase II is to be developed as a condition to issuance of building permits for Phase II.

8.4 Affordable Residential Units—Phase II

8.4.1 If Participant exercises the option to acquire the Phase II Site and acquires the Phase II Site, then prior to the date as set forth in the Schedule of Performance, Agency may require Participant, upon payment by Agency of a fee (the "Covenant Fee") to Participant, to make not more than twenty percent (20%) of the residential units within the Phase II Project available for sale to "persons and families of moderate income" at a purchase price based on "affordable housing cost" as those terms are defined in Section 50052.5(b)(4) of the California Health and Safety Code (each an "Affordable Unit"). Such affordability covenant shall have a term of not less than 45 years from the date of issuance of the Certificate of Occupancy; the Director may require a longer term.

8.4.2 The Covenant Fee is equal to the difference between (a) the fair market price of the condominium unit free of affordability covenants and (b) the affordable housing cost of the Affordable Unit, assuming that the purchaser pays three percent (3%) of the purchase price in cash and finances the remainder with a fixed rate loan amortized over thirty (30) years or longer, and will be responsible to pay homeowner's association dues as projected by the Participant.

8.4.3 Within two weeks after submittal of its application to the Department of Real Estate for issuance of the "Pink" preliminary public report for the Phase II Project, Participant shall deliver written notice (the "Right to Designate Notice") to the Director which refers to this Agreement and this Section 8.4, and states that the Director has the right to designate Affordable Units within the Phase II Project and that such right shall be waived if the Director does not respond in writing within one hundred eighty (180) days from receipt of the Right to Designate Notice. Upon the Director's receipt of the Right to Designate Notice and for 180 days thereafter, the Director shall have the right to identify up to twenty percent (20%) of the units within the Phase II Project which are to be designated as Affordable Units. If Participant has not received a written statement from the Director identifying which units are to be so designated within 180 days after the Director's receipt of the Right to Designate Notice, then Participant shall have no obligation to include Affordable Units within the Phase II Project.

8.4.4 If the Director has elected to designate Affordable Units within the Phase II Project, then at least three (3) months prior to the release of a block of condominium units for sale Participant shall notify in writing the Director of the date Participant anticipates such block of condominium units will be offered for sale to the general public and the offering prices of those units which Agency designated as possible Affordable Units. Participant shall inform the Director if the offering prices of the possible Affordable Units change.

8.4.5 Within thirty (30) days after receipt of Participant's notice of the offering prices of the possible Affordable Units the Director shall inform Participant which of the possible Affordable Units shall be Affordable Units, inform Participant of the affordable housing cost for each such unit and the resulting Covenant Fee for each such Affordable Unit.

8.4.6 Upon determination of the Agency to purchase affordability covenants on one or more of the units, but not exceeding twenty percent (20%) of the units, in the Project, Participant, with the assistance of Agency (or with its consent, the Long Beach Housing Development Company) shall identify and screen qualifying buyers, determine the eligibility of prospective buyers, and shall provide Agency (or LBHDC) with reasonable information about each prospective buyer. Agency shall have ten (10) days after receiving such information on a prospective buyer to object to such prospective buyer or to reasonably request additional information about the prospective buyer. Unless Agency, within such ten (10) day period, or such additional time as required to receive the additional information requested, notifies Participant in writing of Agency's reasonable objection to the prospective buyer including setting for the reasons for such objection, Participant shall thereafter enter into a purchase and sale agreement with each such qualifying buyer. Participant shall provide the Director with a copy of the proposed purchase and sale agreement and escrow information, the amount of the Covenant Fee, and such other information as may be reasonably requested by the Director.

8.4.7 With respect to any possible Affordable Unit for which the Director determines not to purchase an affordability covenant, Participant shall not reduce the sales price by more than five percent (5%) without first informing the Director of such price reduction and allowing the Agency the opportunity to purchase an affordability covenant.

8.4.8 At the close of escrow for each Affordable Unit, (a) Agency or its assignee, and Participant shall execute and record in the official records of Los Angeles County a covenant agreement subjecting the Affordable Unit to the affordability restrictions; (b) Agency will pay the agreed-upon Covenant Fee; and (c) Agency and the buyer of the Affordable Unit will execute and record in the official records such covenants and a second-priority deed of trust, as determined by Agency. The instruments described at clause (c) will be in form acceptable to the Long Beach Housing Development Company.

8.4.9 The Long Beach Housing Development Company is a third party beneficiary of this Section 8.4 and, at the election of Agency and the Long Beach Housing Development Company may exercise the rights of Agency under this Section.

8.5 Prior RDA Loan Guaranty

Agency and Participant acknowledge that pursuant to the OPA, the RDA, on or about December 21, 2007, executed a package of loan documents that included a certain loan guaranty in favor of International City Bank ("Bank") in the amount of Six Million Dollars ($6,000,000.00) ("RDA Guaranty") for the purpose of securing the repayment of a loan in that same amount by the Bank to Participant ("Loan") (all of the loan documents to effect the Loan, including but not limited to the promissory note, business loan agreement, RDA Guaranty, the assignment of rents, and the Deed of Trust recorded as Instrument No. 20080046902, are referred to collectively as the "Loan Documents"). Bank subsequently executed on the RDA Guaranty and the RDA paid Bank the approximate amount of Six Million Eight Thousand Eight Hundred Twenty-Four Dollars and Sixty-Six Cents ($6,008,824.66) to pay and extinguish the

Loan ("RDA Guaranty Payment"). Participant agrees that its obligation to the RDA for the RDA Guaranty Payment shall be satisfied as follows:

8.5.1 Replacement Note and Deed of Trust. Within ten (10) days after the Effective Date, Agency and Participant shall take the following concurrent actions:

8.5.1.1 Agency shall record a reconveyance of the Deed of Trust securing the Loan and RDA Guaranty Payment, and shall terminate the Loan Documents, and shall provide written evidence that the note evidencing the Loan and RDA Guaranty Payment have been paid and, if available, deliver the original note marked "PAID" to Participant.

8.5.1.2 Participant shall sign and deliver to Agency a new promissory note in the amount $6,008,824.66 ("Agency Promissory Note") secured by a new deed of trust against the Owner Parcel ("Agency Deed of Trust"). The Agency Deed of Trust shall be recorded in the Official Records of Los Angeles County concurrent with and immediately following recordation of the Agency's reconveyance of Deed of Trust that secured repayment of the note for the Loan/RDA Guaranty Payment. The Title Company shall insure, at Participant's cost, the Agency Deed of Trust as a first priority lien encumbering the Owner Parcel.

8.5.1.3 The Agency Promissory Note shall be for a term of nine (9) years, subject to extension for reasons of force majeure and shall carry a rate of interest of one and one-half percent (1.5%) per annum, simple interest, non-compounding, accrued annually. The Agency Promissory Note shall be non-recourse. The Agency Promissory Note shall be in the form shown in Attachment No. 14 and the Agency Deed of Trust shall be in the form shown in Attachment No. 15.

8.5.2 Phase I Subordinated Deed of Trust. Concurrent with the Phase I Closing, the Agency Deed of Trust shall be modified or extended or replaced so that the Agency's security for the Agency Promissory Note is the entire Phase I Site rather than just the Owner Parcel ("Agency Phase I Deed of Trust"). A Participant condition to the Phase I Closing shall be that the Director shall have approved, either as part of the approval of the evidence of financing for Phase I or as a separate approval, which approval shall not be unreasonably withheld, conditioned or delayed, one or more subordination agreements to be recorded at the Phase I Closing so that the Agency Phase I Deed of Trust shall be fully subordinated to all other Phase I lender(s) deeds of trust. By execution of this Agreement, Agency delegates to the Agency Director the authority to sign such subordination agreements on behalf of Agency as necessary to effect the foregoing subordination.

8.5.3 Payment of Agency Promissory Note Upon Phase I Recapitalization(s) Prior to Participant Phase I Sale. Upon any and each recapitalization (as herein defined) prior to Participant's sale of the Phase I Project, the proceeds obtained from the

recapitalization(s) after reasonable and customary expenses associated with the recapitalization ("Phase I Recapitalization Proceeds") shall be distributed as follows:

8.5.3.1 The portion of the Phase I Recapitalization Proceeds, in excess of the portion of the Phase I Recapitalization Proceeds first required to achieve (and to pay to Participant and its investors) a Phase I Project unleveraged internal rate of return ("Phase I Project Unleveraged Internal Rate of Return") of fifteen percent (15%), shall be applied against the outstanding balance of the Agency Promissory Note, including accrued interest thereon, until (if there are sufficient Phase I Recapitalization Proceeds after the foregoing described return to Participant and its investors) the Agency Promissory Note, including accrued interest, is paid in full. Any portion of the Phase I Recapitalization Proceeds remaining after payment of the Agency Promissory Note, including accrued interest thereon, in full, shall be retained by Participant and/or its Phase I equity partners. The term "Project Unleveraged Internal Rate of Return" is defined and illustrated in Section 8.5.9.2.

8.5.3.2 If the Phase I Recapitalization Proceeds are insufficient to have paid the Agency Promissory Note, including accrued interest, in full (or at all) pursuant to Section 8.5.3.1, the Agency Promissory Note shall survive and the remaining outstanding balance of the Agency Promissory Note including accrued and unpaid interest, shall be subject to the provisions of Section 8.5.4 if Participant's sale of the Phase I Project occurs prior to the date that the Agency Promissory Note is subject to payment or discharge, or conversion to equity, in the Phase II Project, as described in Section 8.5.5 below.

8.5.4 Payment of Agency Promissory Note Upon Participant's Sale of the Phase I Project. If Participant's sale of the Phase I Project occurs prior to payment or discharge, or the conversion to an equity capital account as described in Section 8.5.5, of the outstanding balance, including accrued and unpaid interest, of the Agency Promissory Note, the proceeds obtained from the Phase I sale after reasonable and customary expenses associated with the sale ("Phase I Sale Proceeds") shall be distributed as follows:

8.5.4.1 The portion of the Phase I Sale Proceeds, in excess of the portion of the Phase I Sale Proceeds first required to achieve (and to pay to Participant and its investors) a Phase I Project Unleveraged Internal Rate of Return of fifteen percent (15%), shall be applied against the outstanding balance of the Agency Promissory Note, including accrued interest thereon, until (if there are sufficient Phase I Sale Proceeds after the foregoing described return to Participant and its investors) the Agency Promissory Note, including accrued interest, is paid in full. Any portion of the Phase I Sale Proceeds remaining after payment of the Agency Promissory Note, including accrued interest thereon, in full, shall be retained by Participant and/or its Phase I equity partners.

8.5.4.2 If the Phase I Sale Proceeds are insufficient to have fully paid the Agency Promissory Note, including accrued and unpaid interest, the Agency Promissory Note shall survive and the remaining outstanding balance of the Agency Promissory Note including accrued and unpaid interest, shall be subject to payment or discharge, or conversion to equity, in the Phase II Project, as described in Section 8.5.5 below.

8.5.5 Phase II Subordinated Deed of Trust; Payment of Agency Promissory Note Upon Phase II Recapitalization(s) Prior to Participant Phase II Conversion of Agency Promissory Note to Equity At Phase II Completion of Construction. If there is any outstanding balance, including accrued but unpaid interest, of the Agency Promissory Note after application of Sections 8.5.3.1 and 8.5.4.1, as applicable, such balance shall be paid, discharged, and/or converted to equity in the Phase II Project as follows:

8.5.5.1 If there is any outstanding balance, including accrued but unpaid interest, of the Agency Promissory Note after application of Sections 8.5.3.1 and 8.5.4.1, as applicable, the Agency Promissory Note shall survive but at the Phase II Closing: (i) Agency shall reconvey the Agency Phase I Deed of Trust if Participant's sale of the Phase I Project has occurred (and if such sale has not occurred by the date of the Phase II Closing, Agency shall reconvey the Agency Phase I Deed of Trust upon the earlier of (A) the sale of Phase I Project or (B) the date the Agency Promissory Note is converted to an equity capital account as described hereinbelow); and (ii) obtain from Participant a deed of trust against the Phase II Site to secure the Agency Promissory Note ("Agency Phase II Deed of Trust"). A Participant condition to the Phase II Closing shall be that the Agency Director shall have approved, either as part of the approval of the evidence of financing for Phase II or as a separate approval, which approval shall not be unreasonably withheld, conditioned or delayed, one or more subordination agreements to be recorded at the Phase II Closing so that the Agency Phase II Deed of Trust shall be fully subordinated to all other Phase II lender(s) deeds of trust. By execution of this Agreement, Agency delegates to the Agency Director the authority to sign such subordination agreements on behalf of Agency as necessary to effect the foregoing subordination. If Participant does not exercise the Participant Option to Purchase (as described in Section 3.1.1) or exercises the Participant Option to Purchase but thereafter does not close on Phase II, the Agency Promissory Note and the outstanding balance, including accrued interest thereon, shall then automatically and without need for further action by Agency or Participant, be deemed waived and discharged by Agency and Agency shall promptly record a reconveyance of the Agency Phase I Deed of Trust (if not previously reconveyed) and the Agency Phase II Deed of Trust in the Official Records of Los Angeles County. Any federal or state income tax liability arising from the Agency's waiver and discharge of the Agency Promissory Note shall be the obligation of Participant and shall not be borne by Agency.

8.5.5.2 Upon any and each recapitalization (as herein defined) prior to the earlier of (A) Participant's sale of the Phase II Project, or (B) conversion of the

outstanding balance, including accrued and unpaid interest, of the Agency Promissory Note to an equity capital account (as described hereinafter), the proceeds obtained from the recapitalization(s) after expenses associated with the recapitalization ("Phase II Recapitalization Proceeds") shall be distributed as follows:

(i) The portion of the Phase II Recapitalization Proceeds, in excess of the portion of the Phase II Recapitalization Proceeds first required to achieve (and to pay to Participant and its investors) a Phase II Project unleveraged internal rate of return ("Phase II Project Unleveraged Internal Rate of Return") of fifteen percent (15%), shall be applied against the outstanding balance of the Agency Promissory Note, including accrued interest thereon, until (if there are sufficient Phase II Recapitalization Proceeds after the foregoing described return to Participant and its investors) the Agency Promissory Note, including accrued interest, is paid in full. Any portion of the Phase II Recapitalization Proceeds remaining after payment of the Agency Promissory Note, including accrued interest thereon, in full, shall be retained by Participant and/or its Phase II equity partners. The term "Project Unleveraged Internal Rate of Return" is defined in Section 8.5.9.2 and illustrated in Section 8.5.9.3.

8.5.5.3 If a condominium map is subsequently recorded with respect to the Phase II Project with the intent to sell condominium units to the public, then upon completion of construction of Phase II (as evidenced by the issuance of a partial or final certificate of occupancy for Phase II, whichever occurs first), and regardless of whether prior to such date Participant has sold the Phase I Project, the then-outstanding balance of the Agency Promissory Note, including accrued interest, shall convert to an equity capital account in anticipation of the sale of the Phase II condominium units. Prior to, and as conditions to, the conversion of the Agency Promissory Note to the equity capital account, the following actions shall occur:

(a) Prior to the conveyance of the Phase II Site, Participant shall provide to Agency's counsel the Participant's proposed Phase II ownership entity operating agreement, or an amendment to an existing operating agreement (which agreement or amendment may be redacted to omit non-relevant portions), that incorporates the terms requiring the conversion of the Agency Promissory Note to equity, the establishment of the Agency's equity capital account, and the terms of the Agency's participation in the receipt of Phase II Funds (as defined below). Agency's legal counsel shall review and reasonably approve the operating agreement if it contains the terms set forth herein describing the conversion of the Agency Promissory Note to equity, the establishment of the Agency's equity capital account, and the terms of the Agency's participation in the receipt of Phase II Funds (as defined below). Keyser Marston Associates, Inc. may assist Agency's legal counsel in such review. Not later than thirty (30) days prior to the anticipated conversion of the Agency Promissory Note to an equity capital account, Participant shall confirm in writing that the Phase II ownership entity

operating agreement has not been further amended in any way which may adversely affect Agency's economic interests. In no event shall the operating agreement become, as a result of such review, a public record subject to disclosure under the California Public Records Act or other law unless the Agency, based on a determination by Participant, is required to be a party to the operating agreement or amendment thereto.

(b) Agency shall reconvey the Agency Phase I Deed of Trust (if not previously reconveyed), shall reconvey the Agency Phase II Deed of Trust, shall mark the Agency Promissory Note as "PAID," and shall deliver the Agency Promissory Note as so marked to Participant.

8.5.6 Agency Equity Position. The operating agreement or amendment referred to in Section 8.5.5.3(a) shall provide that upon the conversion of the Agency Promissory Note to equity and the formation of the Agency equity capital account, the following terms shall apply:

8.5.6.1 Agency shall be the lowest class, non-voting, limited partner, shareholder or member of the ownership entity positioned after the debt and a Project Unleveraged Internal Rate of Return of 15% to other partners/members.

8.5.6.2 Agency shall have no liability as a result of its status as a lowest class non-voting partner/member except potential loss of an amount equal to the formerly held outstanding balance, including accrued but unpaid interest, of the Agency Promissory Note existing on the date of conversion to equity ("Conversion Date").

8.5.6.3 The Agency's equity capital account shall be based on the total outstanding balance, including accrued but unpaid interest, of the Agency Promissory Note existing on the Conversion Date ("Agency's Deemed Capital Account").

8.5.6.4 Agency shall be granted a seven percent (7%) return on its outstanding capital upon conversion, beginning on the Conversion Date.

8.5.7 Disbursement of Phase II Funds. After the Conversion Date, upon the sale of the Phase II Project (or over time from sales of individual condominium units to the public), the proceeds obtained from the sale(s), after expenses associated with the sale(s) ("Phase II Funds"), shall be distributed as follows:

8.5.7.1 The portion of the Phase II Funds, in excess of the portion of the Phase II Funds first required to achieve (and to pay to Participant and its investors) a Phase II Project Unleveraged Internal Rate of Return of fifteen percent (15%), shall be applied to the Agency's Deemed Capital Account, including any accrued but unpaid return at seven percent (7%), and paid to Agency. Any portion of the Phase II Funds remaining after payment of the

Agency's Deemed Capital Account, shall be retained by Participant and/or its Phase II equity partner(s). The term "Project Unleveraged Internal Rate of Return" is defined in Section 8.5.9.2 and illustrated in Section 8.5.9.3.

8.5.7.2 Agency's interest in the Phase II Project, and the Agency's Deemed Capital Account, regardless of whether Agency has fully recovered the Agency's Deemed Capital Account, shall be extinguished upon the payment to the Agency pursuant to Section 8.5.7.1, if any, and Agency, without any further action required of Agency or Participant, shall automatically be withdrawn from the Phase II ownership entity to the extent Agency, through the operating agreement or otherwise, became a formal member of the Phase II ownership entity for purposes of the distribution, if any, described in Section 8.5.7.1.

8.5.7.3 If federal or state tax authorities determine the Agency Deemed Capital Account is not equity but remains a loan despite the conversion of the Agency Promissory Note to equity, and any federal or state income tax liability arises from debt forgiveness because the Agency Deemed Capital Account is not fully paid pursuant to Section 8.5.6.1 and Section 8.5.6.2, such federal or state income tax liability shall be the obligation of Participant and shall not be borne by Agency.

8.5.8 Election of Participant to Not File Condominium Map for Phase II. If Participant elects to not file a condominium map prior to the completion of the construction of the Phase II Project and the Agency Promissory Note shall have survived to the date of completion of construction of the Phase II Project, proceeds obtained from a sale of the Phase II Project after expenses associated with the sale ("Phase II Proceeds") shall be distributed as follows:

8.5.8.1 The portion of the Phase II Proceeds, in excess of the portion of the Phase II Proceeds first required to achieve (and to pay to Participant and its investors) a Phase II Project Unleveraged Internal Rate of Return of fifteen percent (15%), shall be applied against the outstanding balance of the Agency Promissory Note, including accrued interest thereon, until (if there are sufficient Phase II Proceeds after the foregoing described return to Participant and its investors) the Agency Promissory Note, including accrued interest, is paid in full. Any portion of the Phase II Proceeds remaining after payment of the Agency Promissory Note, including accrued interest thereon, in full, shall be retained by Participant and/or its Phase II equity partners. The term "Project Unleveraged Internal Rate of Return" is defined in Section 8.5.9.2 and illustrated in Section 8.5.9.2.

8.5.8.2 Upon the payment described in Section 8.5.8.1, the Agency shall waive and discharge any remaining outstanding balance, including accrued and unpaid interest, of the Agency Promissory Note, shall mark the Agency Promissory Note as "PAID," shall deliver the Agency Promissory Note so marked to Participant, and shall reconvey the Agency Phase I Deed of Trust (if not

previously reconveyed) and shall reconvey the Agency Phase II Deed of Trust. Any federal or state income tax liability arising from the Agency's waiver and discharge of the Agency Promissory Note shall be the obligation of Participant and shall not be borne by Agency.

8.5.9 Definitions. As used in this Section 8.5, the following terms shall have the following meanings:

8.5.9.1 The term "Recapitalization" means a significant readjustment of Participant's capital structure due to occurrence of a "Recapitalization Event," which includes but is not limited to: refinancing of the Project; a 1031 exchange of an interest in the Project; an installment sale of the Project; and installment sale of an interest in the Project; any trade of property involving the Project; a sale of an interest in the Project; or a sale of the Project.

8.5.9.2 The term "Project Unleveraged Internal Rate of Return" means a compounded monthly rate of return of the net Project cash flows from the respective Phase without regard to any financial or operating leverage (even if leverage is utilized), income taxes, or other non-cash expenses ("Net Project Cash Flow"). The term of the calculation shall begin upon the month, but not earlier than the Effective Date, that any cash investment is made into the Phase and shall include all cash invested into the Phase and continued monthly until the Project Unleveraged Internal Rate of Return is requested upon a sale or Recapitalization Event. The methodology of Project Unleveraged Internal Rate of Return shall utilize the algorithm included in Microsoft Excel for Internal Rate of Return ("IRR") written to accommodate a monthly calculation. The formula is as follows: =((1+IRR(value range, rate estimate))^12)-1 where the value range is the monthly series of net cash flows including all cash in-flow and outflows without regard to leverage, and the rate estimate is a base monthly IRR rate to allow the algorithm to function or 0.01.

8.5.9.3 Attached as Attachment No. 16 is an example of the IRR calculation showing a 7 year period with a sale at the end of the review period.

9 ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

This Agreement is executed in five (5) duplicate originals each of which is deemed to be an original. This Agreement constitutes the entire understanding and agreement of the parties.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of Agency or Participant, and all amendments hereto must be in writing and signed by the appropriate authorities of Agency and Participant.

10 TIME FOR ACCEPTANCE OF AGREEMENT BY AGENCY; CONDITION TO EFFECTIVENESS

This Agreement, when executed by Participant and delivered to Agency, must be approved and executed by Agency within sixty (60) days after the submission by Participant, or this Agreement may be withdrawn by Participant in its sole and absolute discretion by written notice to Agency. The Effective Date of this Agreement shall be the date Agency has signed this Agreement after it has been approved by the Agency and by the City Council at public meetings thereof. Notwithstanding the foregoing, this Agreement shall not be effective unless and until this Agreement has been approved by the Oversight Board, such approval has been posted on the City's website and notice of approval has been provided to the State of California Department of Finance ("DOF") in the manner specified by the DOF, and five (5) business days has passed without request for review of the Oversight Board's approval by DOF, or DOF has requested approval within the required time and thereafter approves the Oversight Board's approval within the required time, as provided in Health and Safety Code Section 34179(h).

IN WITNESS WHEREOF, Agency and Participant have signed this Agreement as of the date set opposite their signatures and this Agreement shall be deemed effective as of the Effective Date.

AGENCY

CITY OF LONG BEACH AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH

Dated: 4-9, ~~2012~~ 2013

By: ______________ Assistant City Manager

Its: City Manager

EXECUTED PURSUANT TO SECTION 301 OF THE CITY CHARTER.

Approved as to form this 3 day of April, 2013

ROBERT E. SHANNON, City Attorney of the City of Long Beach, and general counsel to the City as Successor Agency.

By: ______________

~~Assistant~~ Deputy

PARTICIPANT

SHORELINE GATEWAY, LLC,
a Delaware limited liability company

By: APL-SGL, LLC,
a Delaware limited liability company
Its: Manager

By: AndersonPacific, LLC,
a Delaware limited liability company

By:____________________________
James R. Anderson
Managing Member

ATTACHMENT NO. 1

SITE MAP

(behind this page)

ASSESSORS PARCEL MAP LOT DIVISION

ATLANTIC AVE.

MEDIO ST.

ALAMITOS AVE.

2

3

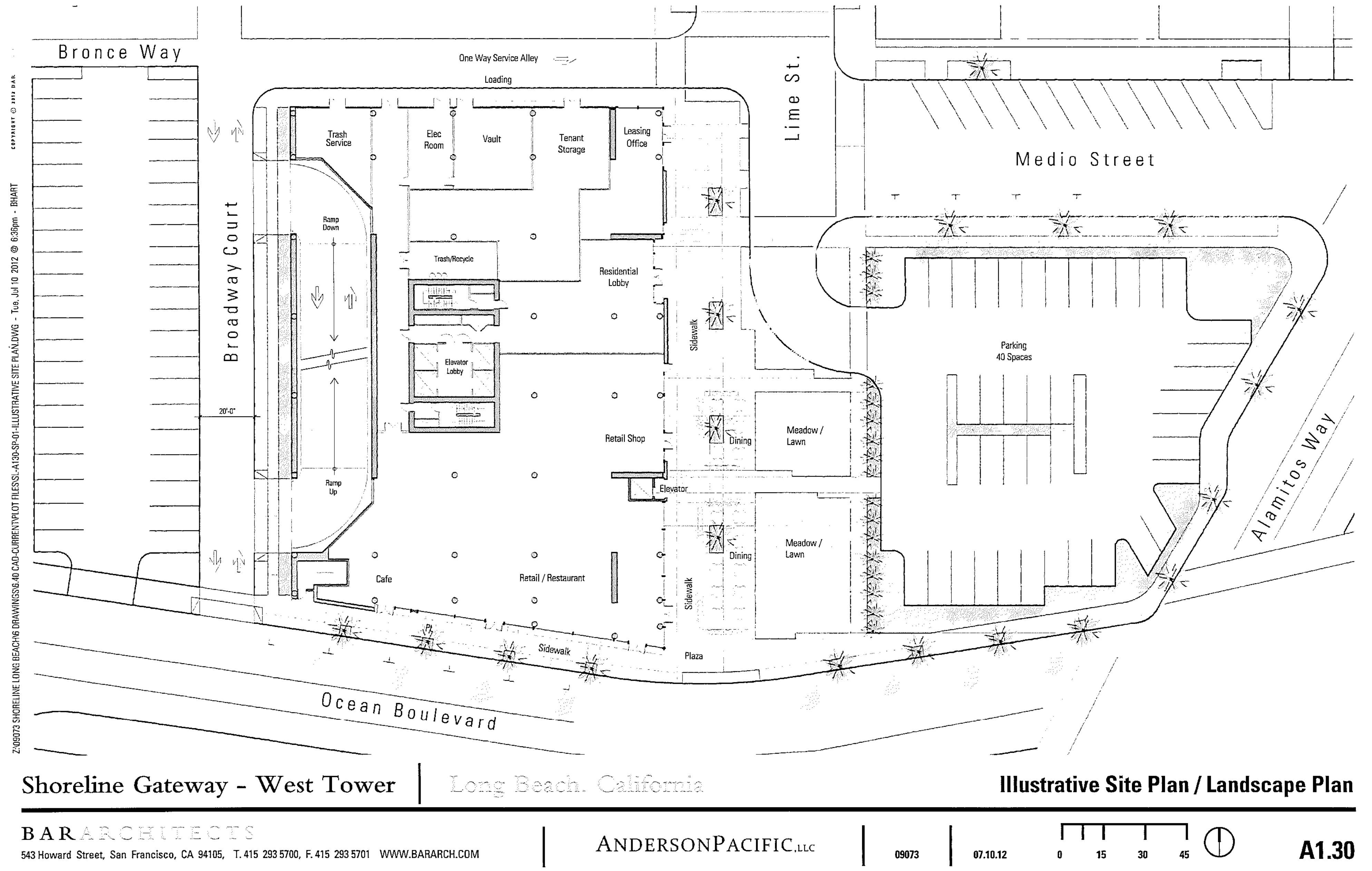
1

4

LIME AVE.

1a

OCEAN BLVD.


Bronce Way
One Way Service Alley
Loading
Lime St.
Medio Street
Broadway Court
Trash Service
Elec Room
Vault
Tenant Storage
Leasing Office
Ramp Down
Ramp Up
Trash/Recycle
Elevator Lobby
Residential Lobby
Retail Shop
Elevator
Cafe
Retail / Restaurant
Sidewalk
Dining
Meadow / Lawn
Parking 40 Spaces
Alamitos Way
Plaza
Ocean Boulevard
20'-0"
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Shoreline Gateway - West Tower
Long Beach, California
Illustrative Site Plan / Landscape Plan
BAR ARCHITECTS
543 Howard Street, San Francisco, CA 94105, T. 415 293 5700, F. 415 293 5701 WWW.BARARCH.COM
ANDERSONPACIFIC, LLC
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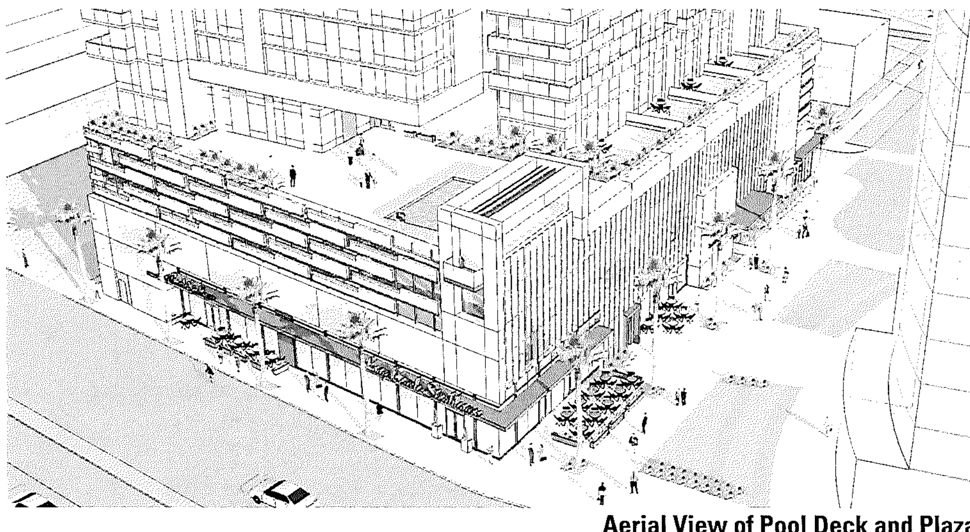

Aerial View of Pool Deck and Plaza

View of Plaza at South East Corner

Shoreline Gateway - West Tower | Long Beach, California

Perspective Views

BAR ARCHITECTS
543 Howard Street, San Francisco, CA 94105, T. 415 293 5700, F. 415 293 5701 WWW.BARARCH.COM

ANDERSONPACIFIC, LLC | 09073 | 07.10.12

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ATTACHMENT NO. 2

[RESERVED]

ATTACHMENT NO. 2A
TO AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT

LEGAL DESCRIPTION FOR PARCEL 1

[SEE FOLLOWING PAGE]

LEGAL DESCRIPTION OF PARCEL 1

7281-023-015 – 635 E OCEAN BLVD.

LOTS 37 AND 38 IN BLOCK 116 OF TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 19, PAGE 91 TO 96 INCLUSIVE OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL MINERALS, GAS, OILS, PETROLEUM NAPHTHA, HYDROCARBON SUBSTANCES AND OTHER MINERALS IN OR UNDER SAID LAND, LYING 500 FEET OR MORE BELOW THE SURFACE OF SAID LAND, AS EXEPTED AND RESERVED IN DEED RECORDED DECEMBER 23, 1971, AS INSTRUMENT NO. 3010.

ATTACHMENT NO. 2B TO
AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT

LEGAL DESCRIPTION OF PARCELS 2, 3 AND 4

[BEHIND THIS PAGE]

LEGAL DESCRIPTION OF PARCELS 2, 3 AND 4

PARCEL 2:

7281-023-014 – 619 E. Ocean Blvd.

LOTS 35 AND 36 IN BLOCK 116 OF TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 19, PAGE 91 TO 96 INCLUSIVE OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL3:

7281-023-016, 017 – 19 LIME AVENUE & ADJACENT VACANT LOT

THE NORTH 65 FEET OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

AND

THAT PORTION OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

> BEGINNING AT A POINT IN THE WEST LINE OF LIME AVENUE, DISTANT 65 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 40; THENCE SOUTH ALONG THE WEST LINE OF LIME AVENUE, 50 FEET; THENCE WEST 50 FEET TO THE WEST LINE OF SAID LOT 39; THENCE NORTH ALONG SAID WEST LINE 50 FEET; THENCE EAST 50 FEET TO THE POINT OF BEGINNING.

PARCEL 4

7281-023-018 – 645 E. OCEAN BLVD.

THAT PORTION OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

> "BEGINNING AT THE SOUTHWEST CORNER, OF LOT 39; THENCE NORTH ALONG THE WEST LINE OF SAID LOT, 90 FEET; MORE OR LESS TO THE SOUTHWEST CORNER OF LAND CONVEYED BY ELIZA ADELAIDA COX AND HUSBAND TO CATHERINE H. STOUT, BY DEED RECORDED IN BOOK 1575 PAGE 213 OF DEEDS; THENCE EAST ALONG THE SOUTH LINE OF SAID LAST MENTIONED LAND TO ITS INTERSECTION WITH THE EAST LINE OF SAID LOT 40; THENCE SOUTH ALONG SAID EAST LINE 80 FEET, MORE OR LESS, TO ITS INTERSECTION WITH THE NORTHERLY LINE OF A 45 FOOT STRIP OF LAND CONVEYED BY SAID ELIZA ADELAIDA COX AND HUSBAND TO THE CITY OF LONG BEACH, BY DEED RECORDED IN BOOK 851 PAGE 314 OF DEEDS; THENCE SOUTHWESTERLY TO THE POINT OF BEGINNING."

ATTACHMENT NO. 2B TO AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT

LEGAL DESCRIPTION OF PARCEL 1a

[BEHIND THIS PAGE]

7281-022-901

PARCEL 1

THAT PORTION OF BLOCK 120 IN THE TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING WESTERLY OF A LINE BEGINNING AT A POINT IN THE SOUTHERLY LINE OF SAID BLOCK 120, DISTANT WESTERLY THEREON 71.34 FEET FROM THE SOUTHEAST CORNER OF SAID BLOCK AND EXTENDING NORTHERLY TO A POINT IN THE NORTHERLY LINE OF SAID BLOCK, DISTANT WESTERLY THEREON 73.25 FEET FROM THE NORTHEAST CORNER OF SAID BLOCK.

EXCEPTING THEREFROM ALL MINERALS AND ALL MINERAL RIGHTS OF EVERY KIND AND CHARACTER NOW KNOWN TO EXIST OR THEREAFTER DISCOVERED: INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, OIL AND GAS AND RIGHTS THERETO, TOGETHER WITH THE SOLE, EXCLUSIVE AND PERPETUAL RIGHT TO EXPLORE FOR, REMOVE AND DISPOSE OF SAID MINERALS BY ANY MEANS OR METHODS, BUT WITHOUT ENTERING UPON OR USING THE SURFACE OF SAID LANDS, AND IN SUCH MANNER AS NOT TO DAMAGE THE SURFACE OF SAID LAND TO INTERFERE WITH THE USE THEREOF, AS EXCEPTED AND RESERVED BY LAS VEGAS LAND AND WATER COMPANY, A NEVADA CORPORATION, IN DEED RECORDED APRIL 15, 1957 IN BOOK 54211 PAGE 53 OF OFFICIAL RECORDS, AS INSTRUMENT NO. 256.

PARCEL 2

THOSE PORTIONS OF BLOCK 120 AND THE ALLEY EXTENDING THROUGH SAID BLOCK 120, OF THE TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19, PAGE 91, ET SEQ., OF MISCELLANEOUS RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEASTERLY CORNER OF SAID BLOCK 120; THENCE WESTERLY ALONG THE SOUTHERLY LINE THEREOF, 71.34 FEET; THENCE NORTHERLY IN A DIRECT LINE TO A POINT IN THE NORTHERLY LINE OF SAID BLOCK 120, WHICH IS DISTANT WESTERLY THEREON, 73.25 FEET FROM THE NORTHEASTERLY CORNER OF SAID BLOCK 120; THENCE EASTERLY ALONG SAID NORTHERLY LINE, 73.25 FEET TO SAID NORTHEASTERLY CORNER; THENCE

SOUTHERLY ALONG THE EASTERLY LINE OF SAID BLOCK 120, TO THE POINT OF BEGINNING.

EXCEPT ALL OIL, GAS AND OTHER HYDROCARBONS, GEOTHERMAL RESOURCES AS DEFINED IN SECTION 6903 OF THE CALIFORNIA PUBLIC RESOURCES CODE, AND ALL OTHER MINERALS, WHETHER SIMILAR TO THOSE HEREIN SPECIFIED OR NOT, WITHIN OR THAT MAY BE PRODUCED FROM SAID PROPERTY; PROVIDED HOWEVER, THAT THE SURFACE OF SAID PROPERTY SHALL NEVER BE USED FOR THE EXPLORATION, DEVELOPMENT, EXTRACTION, REMOVAL OR STORAGE OF ANY THEREOF, AS RESERVED BY STANDARD OIL COMPANY OF CALIFORNIA, A CORPORATION, BY DEED DATED SEPTEMBER 6, 1972, AND RECORDED SEPTEMBER 29, 1972, AS INSTRUMENT NO. 4526 OF OFFICIAL RECORDS.

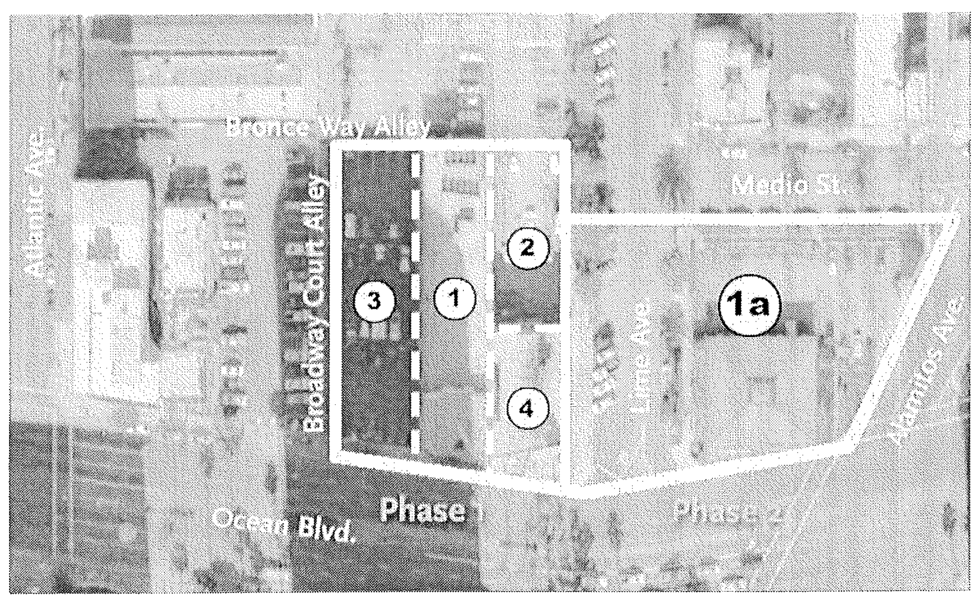
ATTACHMENT NO. 3

SCOPE OF DEVELOPMENT

ATTACHMENT 3

"SCOPE OF DEVELOPMENT"

The proposed Shoreline Gateway Project is a transit oriented, mixed-use infill project located in the City of Long Beach, California. The location of the project site serves as an entrance to the East Village Arts District and the eastern edge of the downtown. The Project site is comprised of five parcels (approximately 1.05 acres) and the vacated land area of Lime Ave, south of Medio Street. The site is generally located north of Ocean Boulevard and south of Medio Street, between Broadway Court alley and Alamitos Avenue.



Site #	Address	Current Use	Lot Size (sq.ft.)	Lot Size (acres)
PHASE 1 - West Tower				
1	619 E. Ocean Blvd.	Surface Parking Lot	9,784	0.22
2	635 E. Ocean Blvd.	33-unit Apartment *	10,159	0.23
3	19 / 25 Lime Ave.	Surface Parking Lot	5,750	0.13
4	645 E. Ocean Blvd.	Vacant Land	4,787	0.11
			30,480	**0.70**
PHASE 2 - East Tower				
1a	777 E. Ocean Blvd.	Surface Parking Lot	15,171	0.35
			15,171	**0.35**
TOTAL PROJECT SITE AREA			**45,651**	**1.05**

* Building is mostly vacant with one (1) occupied unit.

WEST TOWER – PHASE 1

Shoreline Gateway West Tower ("Phase 1") is comprised of four parcels (#1-4), where one parcel (#1) is owned by Shoreline Gateway, LLC and three parcels (#2-4) are owned by the Successor to the City of Long Beach Redevelopment Agency, totaling approximately 30,400 square feet of land.

Phase 1, as currently proposed, is designed as an 18-story multi-family residential tower. The residential component includes 222 units within 264,000 square feet. The unit mix includes one to two bedroom units, penthouse units and associated amenities. The site is comprised of four parcels (approximately 0.70 acres) and is generally located north of Ocean Boulevard and south of Bronce Way Alley, between Lime Ave and Broadway Court Alley.

Phase 1 proposes approximately 9,500 square feet of net retail area (11,300 square feet gross retail area), which would occupy the ground floor spaces on Ocean Boulevard and the future Lime Avenue Plaza.

Vehicular access to Phase 1 would occur from Broadway Court and Bronce Way alley. Both the entry and exit to the parking would be from the same access point along the west side of the site. Parking for Phase 1 would be a structured garage – two levels below grade and three levels above grade – with a total capacity of approximately 325 cars.

In Phase 1, Lime Avenue, between Medio Street and Ocean Boulevard, would be vacated to allow for a future outdoor plaza to be created. The open space concept proposes a pedestrian paseo between a future (Phase 2) proposed 35-story tower and the adjacent developments to provide a linkage to Ocean Boulevard.

Phase 1 proposes the use of stone and other composite cladding at the base of the building to provide durable and tactile surfaces for the lower level program uses. The upper levels of the residential tower will be composed primarily of painted smooth finishes with aluminum window wall systems with clear and tinted glass. The upper levels may also have the opportunity for accent materials to be added such as glass railings and shading devices.

Phase 1 proposes landscaping within the ground level public open space, roof decks of the residential tower and intermittently at balcony/terrace levels in the tower.

In the event of any discrepancy in the plans or descriptions set forth here and the final approved building plans, the final approved plans shall control.

EAST TOWER – PHASE 2

Shoreline Gateway East Tower ("Phase 2") is comprised of one parcel (#1a) which is approximately 15,171 square feet (0.35 acres), and the vacated land area of Lime Ave, south of Medio Street. The site is generally located north of Ocean Boulevard and south of Medio Street, between Lime Ave and Alamitos Avenue.

Phase 2, as currently proposed, is a mixed-use development involving a 35-story residential tower at the northwest corner of Ocean Boulevard and Alamitos Avenue. The proposed building would incorporate residential and ground level retail, gallery space, and townhouse units to activate the edges along Ocean Blvd, Alamitos Ave, and Medio Street. Phase 2 contemplates approximately 221 residential units including townhomes, one to three bedroom units, penthouse units and associated amenities.

Phase 2 proposes 15,000 square feet of retail/gallery space, which would occupy the ground floor spaces on Ocean Boulevard and Alamitos Ave.

Vehicular access to Phase 2 would occur from Medio Street. Both the entry and exit to the subterranean parking would be from the same access point along the north side of the site. Parking for Phase 2 would be a structured garage with a total capacity of 494 cars. The tower would have four levels of subterranean parking with the retail, gallery, townhouse, and park uses at the ground level on top of the structure.

In Phase 2, Lime Avenue, between Medio Street and Ocean Boulevard, would be vacated to allow for an outdoor plaza to be created. The open space concept proposes a pedestrian paseo between the proposed 35-story tower and the adjacent developments to provide a linkage to Ocean Boulevard.

Phase 2 proposes the use of stone and metal and composite cladding at the base of the building to provide durable and tactile surfaces for the lower level program uses. The upper levels of the residential tower will have a more elegant feel, being composed primarily of painted smooth finish concrete with aluminum curtainwall and window wall systems with clear and tinted glass. The upper levels may also have the opportunity for accent materials to be added such as metal panels, glass railing, and metal shading devices.

Phase 2 proposes landscaping within the ground level public open space, roof decks of the residential tower and intermittently at balcony/terrace levels in the tower. The planting concept plan proposes that the promenade to the west of the tower is an intimate garden featuring a variety of plantings, fountains, sculpture, and public seating beneath light shade of canopy trees.

In the event of any discrepancy in the plans or descriptions set forth here and the final approved building plans, the final approved plans shall control.

ATTACHMENT NO. 4

SCHEDULE -- PART A

PRIOR TO, CONCURRENTLY WITH OR IMMEDIATELY AFTER EXECUTION OF AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT ("AGREEMENT")

1. Certification of EIR. Agency shall consider the final EIR for certification and if and when certified, file a notice of determination.	Certified on September 18, 2006 and NOD filed in November 2007.
2. Payment for SEIR. Participant shall have reimbursed Agency for the cost to prepare the Supplemental EIR.	Paid.
3. Certification of SEIR. Agency shall consider the final SEIR for certification and if and when certified, file a notice of determination.	Certified and NOD filed.
4. Submission and approval - Conceptual Design and Preliminary Review for Phase I. Participant will prepare and submit to the Site Plan Review Committee Conceptual Drawings and Preliminary Review Drawings for Phase I of the Project.	Submitted and approved.
5. Submission — Final Review Drawings. Participant shall prepare and submit to City Final Review Drawings for Phase I.	To be submitted within 10 days after Agency execution of Agreement (Note: Agency does not execute the Agreement until the DoF either has not timely considered the Agreement or has approved the Agreement).
6. Deposit of the Phase I Performance Deposit. Participant shall deposit the Phase I Performance Deposit with the Agency.	Completed.
7. Submittal of Agreement to the Department of Finance. If Agency's Oversight Board has approved the Agreement, Agency shall submit the Agreement to the Department of Finance for approval.	Within 5 days after Oversight Board approval.
8. Execution of Agreement. Agreement authorized, executed and delivered to Participant by Agency.	Within 10 days after DOF approval by operation of law or otherwise.

9. Filing of Notice of Determination. At Participant's request, Agency will file a Notice of Determination on determination that the Amended and Restated OPA is within the scope of the previously approved EIR and SEIR, if appropriate.

Within 5 days after Agency's execution of the Agreement.

10. Approval or Conditional Approval – Final Review Drawings. City will approve, conditionally approve or disapprove the Drawings for Phase I.

In accordance with City policy and procedures.

SCHEDULE – PART B
PHASE I

11. Request for Vacation. Participant shall submit a request in form as required by City for vacation of the Phase I Vacation Streets and, if required, for a lot line adjustment.

Vacation of Portion of Lime completed. Within 45 days prior to Close of Escrow for Phase I Conveyance Parcels to Participant for vacation of remainder of Phase I Vacation Streets.

12. Approval-Final Drawings and Plans. The City will approve or disapprove the Final Construction Drawings for Phase I.

Prior to Close of Escrow for the conveyance of the Phase I Conveyance Parcels to Participant.

13. Submission of Evidence of Financing Documents, Subordination Agreements(s), and Insurance Certificates. The Participant will deliver to the Director its evidence of financing documents, subordination agreement(s) and insurance certificates for Phase I.

At least twenty-one (21) days prior to the scheduled Close of Escrow for Agency's conveyance of the Phase I Conveyance Parcels to Participant.

14. Opening of Escrow. An escrow will be opened with Escrow Agent.

Within ten (10) days after written request from Participant.

15. Approval - Evidence of Financing Documents, Subordination Agreements and Insurance Certificates. The Director will approve or disapprove financing documents, subordination agreement(s) and insurance certificates for Phase I.

Within fifteen (15) days after receipt of a complete submittal of the evidence of financing documents, subordination agreement(s) and insurance certificates.

16. Percent for Public Art Program Requirements. Participant shall be responsible to complete its Percent for Public Art Program requirements for Phase I with Phase II.

Prior to issuance of building permits for Phase II.

17. Obtaining Permits. Participant will

Prior to the scheduled Close of Escrow for

have been notified by City that with the payment of fees Participant may obtain building, and other required permits for Phase I.

Agency's conveyance of the Phase I Conveyance Parcels to Participant.

18. Close of Escrow for Conveyance of the Phase I Conveyance Parcels. Participant shall have satisfied all conditions precedent to conveyance, and Agency shall convey the Phase I Conveyance Parcels to Participant.

After satisfaction of all conditions precedent set forth in Sections 2.3 and 2.4, but not later than three (3) years from the Effective Date of this Agreement; provided however that Participant may request a one (1) year extension of the Closing Date which extension may be granted or denied by the Director in her reasonable discretion.

19. Vacation of the Vacation Streets. The order of vacation for vacation of the Vacation Streets shall be recorded in the official records.

Concurrently with conveyance of the Phase I Conveyance Parcels to Participant.

20. Recordation of Lot Line Adjustment and Vesting Tentative Map. The Lot Line Adjustment and Vesting Tentative Map shall record.

Concurrently with conveyance of the Phase I Conveyance Parcels to Participant.

21. Commencement of Construction – Phase I. Participant will commence construction of Phase I of the Project.

Within 30 days after Close of Escrow for conveyance of the Phase I Conveyance Parcels

22. Compliance Report. Participant shall submit to the Director a written report regarding its compliance with the requirements of Section 4.1.7 for Phase I.

Prior to the issuance of the earlier of a temporary or final certificate of occupancy for Phase I.

23. Completion of Construction – Phase I. Participant will substantially complete the construction of Phase I of the Project.

Within thirty-six (36) months after Close of Escrow for the conveyance of the Phase I Conveyance Parcels to Participant.

24. Issuance of the Certificate of Occupancy. City shall issue a Certificate of Occupancy for Phase I.

Upon written request of Participant after completion of all construction for Phase I.

SCHEDULE – PART C
PHASE II

25. Participant's Exercise of Option to Purchase the Phase II Conveyance Areas. Participant delivers, in its sole discretion, the Notice of Exercise of Option to the Director to acquire the Phase II Conveyance Areas to proceed with Phase II.

Within one (1) year from the date of issuance of the Phase I Temporary or Final Certificate of Occupancy, as such date may be extended by the Participant in accordance with the terms of the Participant Option to Purchase the Phase II

	Conveyance Areas.
26. Schedule for Submission and Approval of Plans and Drawings for Phase II.	To be determined; provided that the Drawings shall be submitted not later than one (1) year after delivery of the Notice of Exercise of the Option.
27. Schedule for Submission and Approval of Evidence of Financing Documents, Subordination Agreement(s) and Insurance Certificates.	Not later than 21 days prior to the scheduled Close of Escrow of Phase II.
28. Approval - Evidence of Financing Documents, Subordination Agreements and Insurance Certificates. The Director will approve or disapprove financing documents, subordination agreement(s) and insurance certificates for Phase II.	Within fifteen (15) days after receipt of a complete submittal of the evidence of financing documents, subordination agreement(s) and insurance certificates.
29. Close of Escrow for the Conveyance of the Phase II Conveyance Areas to Participant. Participant shall have satisfied all conditions precedent, and Agency shall convey title of the Phase II Conveyance Parcels to Participant.	After satisfaction of all conditions precedent set forth in Sections 3.2 and 3.3, but not later than two (2) years after delivery of the Notice of Exercise of Option and the Phase II Performance Deposit to the Director.
30. Commencement of Construction – Phase II. Participant will commence construction of Phase II of the Project.	Within 30 days after Close of Escrow for the Phase II Conveyance Parcels.
31. Right to Designate Notice. Participant shall deliver the Right to Designate Notice to the Director.	Within 2 weeks of submittal of Participant's application for its Pink preliminary public report.
32. Compliance Report. Participant shall submit to the Director a written report regarding its compliance with the requirements of Section 4.1.7.	Prior to the issuance of a certificate of occupancy for Phase II.
33. Completion of Construction – Phase II. Participant will substantially complete the construction of Phase II of the Project.	Within forty-two (42) months after Close of Escrow for the conveyance of the Phase II Conveyance Parcels to Participant.
34. Issuance of the Certificate of Occupancy for Phase II. City shall issue a Certificate of Completion for Phase II.	Upon written request of Participant after completion of all construction.

Note: In the event of inconsistency between this Schedule of Performance and the time for performance set forth in the text of the Agreement, the text of the Agreement shall control.

ATTACHMENT NO. 5

FORM OF GRANT DEED

ATTACHMENT NO. 5

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:
Shoreline Gateway, LLC
6701 Center Drive West, Suite 710 Los
Angeles, CA 90045
Attn: James R. Anderson
Mail tax statements to return address above.

APN:__________________

Documentary Transfer Tax is $_______________

GRANT DEED

For valuable consideration, the receipt of which is hereby acknowledged,

THE CITY OF LONG BEACH AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH ("Grantor") hereby grants to SHORELINE GATEWAY, LLC, a Delaware limited liability company ("Grantee"), all of its right, title and interest in and to that certain real property (the "Property") and described on the attached Exhibit "A" incorporated herein by this reference. By this Grant Deed Grantor is acting to carry out the public purposes of that certain Amended and Restated Owner Participation Agreement (the "Agreement"), dated November ___, 2012, and entered into by and between Grantor and Grantee. The Agreement is incorporated herein as though fully set forth. A copy of the Agreement is available for public review in the Office of the City Clerk of the City of Long Beach.

1. The Property is conveyed in accordance with and is subject to the Agreement Containing Covenants Affecting Real Property recorded in the Official Records of Los Angeles County concurrently herewith.

2. Title to the Property is conveyed subject to all those exceptions to title of record or apparent.

3. Grantee shall construct those improvements as set forth in the Scope of Development to the Agreement (the "Improvements") on the Property. Concurrent with the conveyance of the Property to Grantee, Grantor granted to Grantee a subterranean easement under portions of Ocean Boulevard (the "Easement Area"), as more particularly described in the Grant of Subterranean Easements recorded concurrently herewith. The Property together with the Easement Area are referred to herein and in the Agreement as the "Phase I Site." The obligations of Grantee set forth in this Grant Deed, including but not limited to this paragraph 3 and paragraphs 4, 5, and 6, shall apply to the Phase I Site.

4. Grantee hereby covenants for itself, its successors, its assigns and every successor in interest to the Property or any part thereof that prior to recordation of the Certificate of Occupancy for the Improvements:

(a) Grantee shall have no power to make any total or partial sale, transfer, conveyance, encumbrance, lease (excluding tenant leases) or assignment of the Property or any part thereof without the prior written consent of Grantor, except to a mortgagee or trustee under a mortgage or deed of trust or other conveyance permitted by paragraph 4(b) of this Grant Deed or by a purchaser on foreclosure or to municipal corporations or public utilities or others as owner of easements or permits to facilitate development of the Property: or except as otherwise permitted in the Agreement. In the absence of delivery to Grantor of an assignment and assumption agreement (and approval for such transfer or assignment of the Property requiring Grantor's approval under this Grant Deed), no such unauthorized sale, transfer, conveyance or assignment of the Property shall be deemed to relieve the assignor from any obligations under this Grant Deed.

(b) Prior to issuance by Grantor of a temporary or final Certificate of Occupancy (referred to in Section 4.7 of the Agreement) for the Phase I Site, Grantee, without the prior written approval of the Director of Grantor's Development Services Department (the "Director"), shall not make any total or partial sale, transfer, conveyance, assignment, or subleasing of the whole or any part of the Property, or the improvements thereon, not otherwise permitted by this Grant Deed or by the Agreement (including but not limited to by Sections 1.5.3, 4.3.1, and 4.5 therein).

(c) Grantee shall pay prior to delinquency all real property taxes and assessments assessed and levied on or against the Property subsequent to the conveyance of the Property, except for those portions of the Property which are subsequently dedicated or conveyed as authorized by this Grant Deed or by the Agreement. Nothing herein contained shall be deemed to prohibit Grantee from contesting the validity or amounts of any levy, attachment, tax assessment, encumbrance or lien, nor to limit the remedies available to Grantee in respect thereto.

(d) Grantee shall remove, or shall have removed, any levy or attachment made on the Property or shall assure the satisfaction thereof within a reasonable time but in any event prior to a sale thereunder.

Grantee shall cure any violation of the provisions of this paragraph 4 pursuant to the provisions of Sections 6.1 and 7.1 of the Agreement, and subject to Paragraph 8 herein.

5. Prior to recordation of the Certificate of Occupancy for the Improvements:

(a) Grantor shall have the additional right at its option, but subject to the terms of this Paragraph 5 and the rights of holders of Mortgages set forth in Paragraph 7, to re-enter and take possession of the Property hereby conveyed with all Improvements thereon, and to terminate and revest in Grantor the Property hereby conveyed to Grantee if Grantee (or its successors in interest) shall:

(1) Fail to proceed with the construction of the Improvements as required by the Agreement for a period of three (3) consecutive months after written notice thereof from Grantor, which notice may be given only after expiration of all extensions and postponements to which Grantee may be entitled or permitted under Section 7.8 (re: *Force Majeure*), the Schedule of Performance and elsewhere in the Agreement;

(2) Abandon or substantially suspend construction of the Improvements without cause or valid reason for a period of three (3) consecutive months after written notice of such abandonment or suspension from Grantor which may be given only after expiration of all extensions and postponements to which Grantee may be entitled pursuant to Section 7.8 (re: *Force Majeure*), the Schedule of Performance, and elsewhere in the Agreement; or

(3) Assign or attempt to assign the Agreement (or any rights therein), or transfer, or suffer any transfer of the Property or any part thereof, in violation of this Grant Deed and the Agreement and such violation shall not be cured within thirty (30) days after the date of receipt of written notice thereof by Grantor to Grantee, subject to the provisions of Sections 6.1, 7.1, and 7.8 of the Agreement.

(b) The right to reenter, repossess, terminate and revest shall be subordinate and subject to, and shall be limited by and shall not defeat, render invalid, or limit:

(1) Any mortgage or deed of trust or other security instrument permitted by the Agreement or approved by Grantor; and

(2) Any rights or interests provided in the Agreement for the protection of the holders of such mortgage, deed of trust, or other security interest.

Although it is the intent of Grantor, pursuant to this subparagraph (b), that Grantor's right to reenter, repossess, terminate and revest set forth hereinabove is subordinate to and subject to any mortgage or deed of trust or other security instrument permitted by the Agreement or approved by Grantor, Grantor agrees to enter into such subordination agreement(s) to be recorded in the Official Records of Los Angeles County as such holder may request to further document the subordination set forth in this subparagraph (b) and other terms holder may request, the approval of which terms Grantor shall not unreasonably withhold, condition, or delay.

(c) The right to reenter, repossess, terminate and revest with respect to the Property as set forth in this paragraph 5 shall terminate when the temporary or final Certificate of Occupancy regarding the Improvements to be constructed on the Property under paragraph 4.7 of the Agreement has been issued for the Project.

(d) In the event title to the Property or any part thereof is revested in Grantor as provided in this paragraph 5, Grantor shall, pursuant to its responsibilities under California law, use its best efforts to resell the Property as soon and in such manner as Grantor shall find feasible and consistent with the objectives of such law to a qualified

and responsible party or parties (as determined by Grantor) who will assume the obligation of making or completing the Improvements or such other improvements in their stead as shall be satisfactory to Grantor. Upon such resale of the Property, the proceeds thereof shall be applied:

(1) First, to reimburse Grantor for all direct, actual costs and expenses incurred by Grantor, including but not limited to: (A) salaries to personnel for the time spent directly engaged in (but excluding Grantor's general overhead expense), the recapture, management, and resale of the Property or any part thereof, (but less any income derived by Grantor from the Property, or any part thereof in connection with such management); (B) all taxes, assessments and water and sewer charges with respect to the Property, or part thereof, (or in the event the Property, or any part thereof, is exempt from taxation or assessment or such charges during the period of ownership thereof by Grantor, an amount if paid, equal to such taxes, assessments or charges as determined by the City assessing officials, as would have been payable if the Property, or part thereof, were not so exempt); (C) any payment made or necessary to be made to discharge or prevent from attaching any subsequent encumbrances or liens due to obligations incurred with respect to the making or completion of the Improvements on the Property, or any part thereof; (D) any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part of them; and (E) any amounts otherwise owing Grantor by Grantee or its successor transferee.

(2) Second, to reimburse Grantee, its successor or transferee, up to the amount equal to (A) the sum of the Purchase Price paid to Grantor by Grantee for the Property; and (B) the costs incurred by Grantee in connection with the development of the Property, or part thereof, and for construction of the Improvements thereon, less (C) any gains or income withdrawn or made by the Participant from the Property or the improvements;

(3) Third, any balance remaining after such reimbursement will be retained by Grantor as its property.

(e) This right of reverter is to be interpreted in light of the fact that Grantor hereby conveys the Property to Grantee for development and not for speculation in undeveloped land.

6. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, national origin, sex, sexual orientation, AIDS, AIDS-related condition, age, marital status, disability or handicap, or veteran status in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, and Grantee itself (or any person claiming under or through it) shall not 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 Site. Grantee agrees that its required compliance with the Americans with Disabilities Act ("ADA") shall be its sole

responsibility and shall defend, indemnify and hold harmless Agency and City for any liability arising from its failure to comply therewith.

All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

1. In deeds: "The grantee herein covenants by and for himself or herself, his or her 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 any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any 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 premises herein conveyed. The foregoing covenants shall run with the land."

2. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, 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 any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, 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 premises herein leased."

3. In contracts entered into by the agency relating to the sale, transfer, or leasing of land or any interest therein acquired by the agency within any survey area or redevelopment project the foregoing provisions in substantially the forms set forth shall be included and the contracts shall further provide that the foregoing provisions shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the instrument.

7. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other security instrument permitted by the Agreement, or the Agreement Containing Covenants Affecting Real Property recorded

concurrently herewith against the Property (or portion thereof included within the Phase I Site) and made in good faith and for value; provided, however, that any subsequent owner of the portion of the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such owner's title was acquired by foreclosure, trustee's sale or otherwise. The provisions of this Grant Deed do not limit the right of any mortgagee or beneficiary under a deed of trust which secures construction or permanent financing to foreclose or otherwise enforce any Mortgage, or other encumbrance upon the Property or any portion thereof, or the right of any mortgagee or beneficiary under a deed of trust to exercise any of its remedies for the enforcement of any pledge or lien upon the Property, provided, however, that in the event of any foreclosure, under any such Mortgage or other lien or encumbrance, or a sale pursuant to any power of sale included in any such Mortgage, the purchaser or purchasers and their successors and assigns and the Property shall be, and shall continue to be, subject to all of the covenants contained herein. The holder of any mortgage or deed of trust or other security interest on or in the Property shall not be obligated by the provisions of this Grant Deed to construct or complete any improvements or to guarantee construction or completion; nor shall any covenant or any other provision in this Grant Deed or any other document or instrument recorded for the benefit of Grantor for the Property be construed so to obligate the holder. Nothing in this Grant Deed will be deemed to construe, permit, or authorize any holder to devote the Property or any part of it to any uses, or to construct any improvements not authorized by the Agreement. Whenever Grantor delivers any notice or demand to Grantee with respect to any breach or default by Grantee under this Grant Deed, Grantor shall at the same time deliver to each holder of record of any mortgage, deed of trust or other security interest authorized by the Agreement a copy of such notice or demand. Each holder shall (insofar as the rights of Grantor are concerned) have the right at its option within ninety (90) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any default and to add the cost to the security interest debt and the lien on its security interest. Nothing contained in this Grant Deed shall be deemed to permit or authorize the holder to undertake or continue the construction or completion of the improvements (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed Grantee's obligations to Grantor set forth in this Grant Deed by written agreement satisfactory to Grantor. The holder in that event must agree to complete, in the manner provided in the Agreement, the improvements to which the lien or title of such holder relates, and submit evidence satisfactory to Grantor that it has the qualifications and financial responsibility necessary to perform the obligations. Grantor agrees, at the request of any such holder, at any time, to enter into a nondisturbance and estoppel agreement, intercreditor agreement, or other agreements which (a) authorizes the holder to assume Grantee's obligations under this Grant Deed following the holder's acquisition of the Property through foreclosure or deed-in-lieu of foreclosure, (b) specifies those covenants in this Grant Deed which are binding upon such holder following its acquisition of the Property through foreclosure or deed-in-lieu of foreclosure, (c) provides that the holder shall not be obligated to cure any default of Grantee which is not reasonably susceptible of being cured by the holder, (d) modifies certain terms and covenants in this Grant Deed as they relate to the holder, (e) subordinates Grantee's or any other party's obligations to Grantor, including any deed of trust in favor Grantor with respect to the Property, on terms and conditions mutually acceptable to the holder and the Agency, and (f) contains such other provisions reasonably requested by the holder. Any such holder properly completing such improvements shall be entitled, upon compliance with the requirements of Section 4.7 of the Agreement, to a Certificate of

Occupancy. It is understood that a holder shall be deemed to have satisfied the ninety (90) day time limit set forth above for commencing to cure or remedy a Grantee default which requires title and/or possession of the Property (or portion thereof) if and to the extent any such holder has within such ninety (90) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default.

8. In addition to specific provisions of this Grant Deed, Grantee's performance of its obligations hereunder shall be subject to, and Grantee shall not be deemed to be in default where delays or defaults are due to war; terrorism, insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; acts or failure to act of the City or any other public or governmental agency or entity (other than that acts or failure to act of the Grantor or the City shall not excuse performance by the Grantor); significant changes in economic or market conditions including but not limit to a significant rise in interest rates; or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause.

9. Upon the recordation of a Certificate of Occupancy for the Phase I Site and the Improvements thereon as provided at Section 4.7 of the Agreement, the covenants contained above at paragraphs 3, 4 and 5 shall terminate, and any permitted transferee of the Property shall not incur or be deemed to have assumed any obligation or liability under Article 4 of the Agreement, titled "DEVELOPMENT OF THE SITE."

10. The covenants against discrimination contained in Section 6 of this Grant Deed shall remain in effect in perpetuity.

11. All covenants without regard to technical classification or designation shall be binding on Grantee, its successors and assigns, and for the benefit of Grantor and such covenants shall run in favor of Grantor for the entire period during which such covenants shall be in force and effect, without regard to whether Grantor is or remains an owner of any land or interest therein to which such covenants relate. Grantor, in the event of any breach of any such covenant, shall have the right to exercise all the rights and remedies, and to maintain any suits in equity to enforce the curing of such breach.

12. All covenants contained in this Grant Deed shall be construed as covenants running with the land and not as conditions which might result in forfeiture of title.

13. None of the terms, covenants, agreements, or conditions heretofore agreed upon in writing in other instruments between the parties to this Grant Deed with respect to obligations to be performed, kept or observed in respect to the Property after this conveyance of the Property shall be deemed to be merged with this Grant Deed.

14. Only Grantor, its successor, and assigns, and Grantee and the successor and assigns of Grantee in and to all or any part of the fee title to the Property, shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants or other restrictions contained in this Grant Deed or to subject the Property to additional covenants, easements, or other restrictions without the consent of any tenant, lessee, easement holder or licensee. The covenants contained in this Grant Deed without regard to technical classification or designation shall not benefit or be enforceable by any person, firm, or corporation, public or private, except Grantor, the City, and Grantee and their respective successors and assigns.

IN WITNESS WHEREOF, Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers thereunder duly authorized, as of this __ day of ___________, 201_, to be effective on the date this instrument is recorded in the Official Records of Los Angeles County.

GRANTOR

CITY OF LONG BEACH AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH

By:_________________________________

Its:_________________________________

Approved as to form this ___ day of
______________, 2012

ROBERT E. SHANNON, City Attorney of the City of Long Beach, and general counsel to the City as Successor Agency.

By:_________________________________

Assistant

Grantee hereby accepts and approves each of the covenants, conditions, and restrictions set forth in this Grant Deed.

GRANTEE

SHORELINE GATEWAY, LLC,
a Delaware limited liability company

By: APL-SGL, LLC,
a Delaware limited liability company
Its: Manager

By: AndersonPacific, LLC,
a Delaware limited liability company

By:______________________________
James R. Anderson
Managing Member

State of California)
County of ________________)

On _______________________, before me, _______________________________,
(insert name and title of the officer)

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.

Signature__________________________ (Seal)

State of California)
County of ________________)

On ________________________, before me, ____,
(insert name and title of the officer)

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.

Signature___________________________ (Seal)

[NOTE: SUBJECT TO CONFIRMATION FROM TITLE COMPANY PRIOR TO CLOSE OF ESCROW]

EXHIBIT A
TO GRANT DEED
(ATTACHMENT #5 TO AMENDED AND RESTATED
OWNER PARTICIPATION AGREEMENT)

LEGAL DESCRIPTION OF THE PROPERTY

LEGAL DESCRIPTION OF PARCELS 2, 3 AND 4

PARCEL 2:

7281-023-014 – 619 E. Ocean Blvd.

LOTS 35 AND 36 IN BLOCK 116 OF TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 19, PAGE 91 TO 96 INCLUSIVE OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL3:

7281-023-016, 017 – 19 LIME AVENUE & ADJACENT VACANT LOT

THE NORTH 65 FEET OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

AND

THAT PORTION OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WEST LINE OF LIME AVENUE, DISTANT 65 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 40; THENCE SOUTH ALONG THE WEST LINE OF LIME AVENUE, 50 FEET; THENCE WEST 50 FEET TO THE WEST LINE OF SAID LOT 39; THENCE NORTH ALONG SAID WEST LINE 50 FEET; THENCE EAST 50 FEET TO THE POINT OF BEGINNING.

PARCEL 4

7281-023-018 – 645 E. OCEAN BLVD.

THAT PORTION OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

"BEGINNING AT THE SOUTHWEST CORNER, OF LOT 39; THENCE NORTH ALONG THE WEST LINE OF SAID LOT, 90 FEET; MORE OR LESS TO THE SOUTHWEST CORNER OF LAND CONVEYED BY ELIZA ADELAIDA COX AND HUSBAND TO CATHERINE H. STOUT, BY DEED RECORDED IN BOOK 1575 PAGE 213 OF DEEDS; THENCE EAST ALONG THE SOUTH LINE OF SAID LAST MENTIONED LAND TO ITS INTERSECTION WITH THE EAST LINE OF SAID LOT 40; THENCE SOUTH ALONG SAID EAST LINE 80 FEET, MORE OR LESS, TO ITS INTERSECTION WITH THE NORTHERLY LINE OF A 45 FOOT STRIP OF LAND CONVEYED BY SAID ELIZA ADELAIDA COX AND HUSBAND TO THE CITY OF LONG BEACH, BY DEED RECORDED IN BOOK 851 PAGE 314 OF DEEDS; THENCE SOUTHWESTERLY TO THE POINT OF BEGINNING."

ATTACHMENT NO. 6

FORM OF PARCEL 1a LICENSE AGREEMENT

ATTACHMENT NO. 6

PARCEL 1a LICENSE AGREEMENT

This Parcel 1a License Agreement (the "License") is made and entered into as of this ___ day of _________________, 201__, by and between CITY OF LONG BEACH AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH ("Licensor"), and SHORELINE GATEWAY, LLC, a Delaware limited liability company (the "Licensee") with reference to the following recitals of fact:

R E C I T A L S:

A. WHEREAS, Licensor and Licensee are parties to that certain Amended and Restated Owner Participation Agreement dated as of _____________, 201__ (the "OPA"). Capitalized terms when used herein have the same meanings ascribed to them in the OPA unless expressly defined otherwise herein;

B. WHEREAS, Licensor owns that certain real property located in the County of Los Angeles, State of California referred to in the OPA as Parcel 1a and more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference (herein referred to as the "Site");

C. WHEREAS, Licensee owns that certain real property located in the County of Los Angeles, State of California referred to in the OPA as the Phase I Site and more particularly described on Exhibit "B" attached hereto and incorporated herein by this reference (herein referred to as the "Phase I Site");

D. WHEREAS, Licensor desires to grant to the Licensee a right to enter the Property on the terms and conditions as set forth herein.

NOW, THEREFORE, for valuable consideration, the sufficiency and receipt of which is hereby acknowledged, it is agreed as follows:

1. Right to Enter. Licensor hereby grants to Licensee a license to enter on the Site solely for the following purposes: (a) to fulfill its obligations pursuant to the OPA including, but not limited to, construction staging for the development of the Phase I Site; and (b) following the issuance of a temporary or final certificate of occupancy for the Project constructed on the Phase I Site, to provide surface parking for the use of invitees of the Project constructed on the Phase I Site. Any other use shall require the prior written consent of Licensor.

2. Reservation of Rights. During the term of this License, representatives of Licensor and City shall have the reasonable right of access to the Site without charge or fees, at normal construction hours and after 24 hours' prior notice to Licensee. Licensor, on behalf of itself and City, and their representatives, agree to comply with all of the contractor's work place safety regulations, to repair and restore any damage the Licensor, City or their representatives cause to the Project or the Site, and Licensor or City, whichever's representative enters the Site, agrees to and shall indemnify, defend and hold harmless Licensee from any and all injuries or damages arising out of the entry of said representative on the Site..

3. Term. This License shall begin as of the date first set forth above, and terminate upon the earlier of (a) sixty (60) days after the failure by Participant to timely exercise the Option granted pursuant to the Participant Option to Purchase; (b) if the Option has been exercised by the Participant, sixty (60) days after the failure of Participant to timely commence construction of the Project on the Phase II Site; (c) conveyance of the Phase II Site to Participant; (d) termination because of default by Participant as provided below at Paragraph 12, or (e) termination of the OPA. In the sole and absolute discretion of the Director, the term of this License may be extended for up to an additional one hundred eighty (180) days.

4. Rent. Licensee agrees to pay to Licensor rent at the rate of One Thousand Five Hundred Sixty Dollars ($1560.00) per month, payable monthly in advance, commencing on the execution hereof for the term of this License. Rent is due on the first day of each calendar month and is delinquent if not received by the tenth day (or following business day) of each month. Rent for any partial month shall be prorated on a per diem basis. Late rent shall bear interest at the rate of 8% per annum from the due date until paid. The parties confirm that the rent is the fair market rent for the Site.

5. Improvement of the Site. Licensee's obligation to improve the Site shall be governed by the OPA.

6. Trade Fixtures and Equipment. Trade fixtures and equipment placed in or upon the Site by Licensee shall remain Licensee's property. Licensee shall remove such fixtures and equipment from the Site at or prior to the termination hereof unless such termination is the result of the conveyance of the Site to Licensee.

7. Maintenance of the Site. At all times during the existence of this License, Licensee shall, at its sole cost, expense and risk, and to Licensor's reasonable satisfaction, keep and maintain the Site in a safe condition. Licensee has the right, but not the obligation, to limit or restrict access to the Site by means of barriers, fences, the use of security personnel or other means deemed necessary

to protect the Site and the general public. The rights granted to Licensee are intended to be construed as exclusive (except as noted above at Paragraph 2); Licensee may take such actions as are reasonable to exclude the public from the Site.

8. Failure to Maintain. Should Licensee fail, refuse or cease to keep and maintain the Site in accordance with Paragraph 7 above to the Licensor's reasonable satisfaction, then Licensor shall deliver written notice to Licensee specifying such failure with particularity ("Agency Notice"). Licensee shall have 10 days after receipt of the Agency Notice, or such longer time as is reasonably necessary, to resolve the failure, unless such failure causes an unsafe condition as determined by Licensor in its reasonable discretion, in which event Agency may enter the Site immediately and undertake the necessary action. If Licensee does not timely resolve the items specified in the Agency Notice, the Licensor may enter the Site and undertake the necessary action. Licensor may charge Licensee for the direct costs of such action in accordance with this Paragraph. Licensor shall bill Licensee for such direct costs, and the amount owed shall be payable within thirty (30) days after Licensee's receipt of the bill. Delinquent amounts shall bear interest at eight percent (8%) per annum from the due date until paid. The obligation to pay this amount will be a separate, distinct and personal debt of the Licensee, and shall bind its successors and assigns.

9. No Signs. Licensee shall not place or maintain or permit to be placed or maintained any signs on or over the Site without the express written consent of the Director, which consent shall not be unreasonably withheld.

10. Indemnity. Licensee agrees to defend, indemnify, save and keep Licensor, City, their officers, agents and their employees free and harmless from and against any and all liability and any and all loss, claims, demands, damages, expenses and costs of whatsoever nature arising out of, attributable to or in any manner resulting, directly or indirectly, from any of the following:

(a) Claims for personal injury or property damage arising out of Licensee's operations within or adjacent to the Site pursuant to this License;

(b) Licensee's failure to keep and maintain the Site and all improvements thereon as provided for in this License; and

(c) Claims for personal injury or property damage arising out of Licensee's use of or misuse of the Site, including any and all improvements thereon, or appurtenances thereto.

11. Insurance. Licensee shall maintain or cause to be maintained for the term of this License insurance as provided in the OPA. Prior to or upon execution of

this License, Licensee shall deliver to Licensor Certificates of Insurance executed by a person authorized by the insurer to bind coverage on its behalf, evidencing the coverage required therein. Any modification or waiver of the insurance requirements herein shall be made only with the written approval of the City's Risk Manager or his designee.

12. Early Termination; Obligation to Restore Site. The parties contemplate that the Site will be used as described above at Paragraph 1 and may ultimately by conveyed to Licensee for development as Phase II pursuant to the OPA. If this License is terminated in accordance with Paragraph 3 above, (A) Licensee hereby agrees to remove all debris from the Site, (B) to leave the Site in a good and well maintained condition, or (C) to grade the Site to a level condition and to minimally landscape the Site in accordance with plans reasonably approved by the Director (or in lieu of minimal landscaping, if Licensee desires to not remove any fencing that surrounds or substantially surrounds the Site and the Director desires to retain such fencing and not require Licensee to remove it, retention of such fencing shall relieve Licensee of any landscaping obligation).

(a) If Licensee is in default hereunder Licensor shall deliver to Licensee written notice of default stating with particularity the nature of the default and the action which must be undertaken to cure such default. Licensee shall have sixty (60) days from receipt of such written notice to cure the default (or such longer period as may reasonably be required provided that Licensee commences such cure within the sixty (60) day period and is diligently prosecuting such cure to completion.)

(b) Failing such cure, at the expiration of the cure period Licensor shall deliver to Licensee written notice of termination. Upon receipt of such written notice Licensee shall remove all of its property (including fixtures and equipment, forms, false work and, if concrete has been poured, all concrete and steel) from the Site. If the OPA is terminated, Licensee shall then restore the Site to its condition prior to the execution of this License.

(c) Upon restoration of the Site to its condition prior to the execution of this License and payment to Licensor of all amounts owing, if any, this License shall terminate.

13. Nature of License. This License is personal to the Licensee. Licensee may not assign any of its rights pursuant to this License without the prior written consent of Director; provided, however, that Licensee may assign this License to a person that is an approved assignee under the OPA. Without such prior written consent of Licensor, any purported assignment shall be null, void and without effect. Licensee agrees and acknowledges that it has no right, title or interest in and to any of Site, except for the rights expressly granted to Licensee herein.

14. Utilities. Licensee shall be responsible to pay for all water, gas, heat, light, power, telephone and other utilities and services supplied to the Site, together with any taxes thereon.

15. Mechanic's Liens. Licensee shall not permit or suffer any mechanic's, materialmen's or other liens of any kind or nature to be recorded and/or enforced against the Site for work done or materials furnished on Licensee's behalf, and Licensee shall indemnify and hold harmless the Licensor and the Site from and against any and all liens, claims, demands, costs and expenses related to work done, labor performed or materials furnished in connection with its entry on the Site. Within thirty (30) days after notice of lien, Licensee shall remove such lien as an encumbrance on the Site, or if Licensee desires to contest such lien, claim or demand, Licensee shall prevent enforcement of the lien if Licensee is unsuccessful in such contest. If Licensee fails to comply with this provision, Licensor may remove the lien and Licensee shall reimburse Licensor for all costs and attorneys' fees incurred by Licensor in so doing.

16. Notices. All notices, requests, demands, and other communications hereunder shall be in writing and shall be given as provided in the OPA.

17. Attorneys Fees. In case suit shall be brought because of the breach of any covenant or condition herein contained, the prevailing party shall be entitled to reasonable attorneys' fees together with its costs, expenses and necessary disbursements.

18. No Brokers. There are no brokers involved in this transaction.

IN WITNESS WHEREOF, the parties hereto have executed this License the day and year first above written.

LICENSOR:

CITY OF LONG BEACH AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH
By: ______________________________
Its: ______________________________

Approved as to form this
___ day of ______________, 2012

ROBERT E. SHANNON, City Attorney
of the City of Long Beach, and
general counsel to the City as Successor Agency.

By: ______________________________
Assistant

(signatures continue)

LICENSEE

SHORELINE GATEWAY, LLC,
a Delaware limited liability company

By: APL-SGL, LLC,
a Delaware limited liability company, Manager

By: AndersonPacific, LLC, a Delaware limited liability company, its manager

By: ________________________
James R. Anderson. Managing Member

[NOTE: SUBJECT TO CONFIRMATION FROM TITLE COMPANY PRIOR TO CLOSE OF ESCROW]

Exhibit A to Parcel 1a License Agreement

(ATTACHMENT #6 TO AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT)

LEGAL DESCRIPTION OF THE SITE

LEGAL DESCRIPTION OF PARCEL 1a

7281-022-901

PARCEL 1

THAT PORTION OF BLOCK 120 IN THE TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING WESTERLY OF A LINE BEGINNING AT A POINT IN THE SOUTHERLY LINE OF SAID BLOCK 120, DISTANT WESTERLY THEREON 71.34 FEET FROM THE SOUTHEAST CORNER OF SAID BLOCK AND EXTENDING NORTHERLY TO A POINT IN THE NORTHERLY LINE OF SAID BLOCK, DISTANT WESTERLY THEREON 73.25 FEET FROM THE NORTHEAST CORNER OF SAID BLOCK.

EXCEPTING THEREFROM ALL MINERALS AND ALL MINERAL RIGHTS OF EVERY KIND AND CHARACTER NOW KNOWN TO EXIST OR THEREAFTER DISCOVERED: INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, OIL AND GAS AND RIGHTS THERETO, TOGETHER WITH THE SOLE, EXCLUSIVE AND PERPETUAL RIGHT TO EXPLORE FOR, REMOVE AND DISPOSE OF SAID MINERALS BY ANY MEANS OR METHODS, BUT WITHOUT ENTERING UPON OR USING THE SURFACE OF SAID LANDS, AND IN SUCH MANNER AS NOT TO DAMAGE THE SURFACE OF SAID LAND TO INTERFERE WITH THE USE THEREOF, AS EXCEPTED AND RESERVED BY LAS VEGAS LAND AND WATER COMPANY, A NEVADA CORPORATION, IN DEED RECORDED APRIL 15, 1957 IN BOOK 54211 PAGE 53 OF OFFICIAL RECORDS, AS INSTRUMENT NO. 256.

PARCEL 2

THOSE PORTIONS OF BLOCK 120 AND THE ALLEY EXTENDING THROUGH SAID BLOCK 120, OF THE TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED

IN BOOK 19, PAGE 91, ET SEQ., OF MISCELLANEOUS RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEASTERLY CORNER OF SAID BLOCK 120; THENCE WESTERLY ALONG THE SOUTHERLY LINE THEREOF, 71.34 FEET; THENCE NORTHERLY IN A DIRECT LINE TO A POINT IN THE NORTHERLY LINE OF SAID BLOCK 120, WHICH IS DISTANT WESTERLY THEREON, 73.25 FEET FROM THE NORTHEASTERLY CORNER OF SAID BLOCK 120; THENCE EASTERLY ALONG SAID NORTHERLY LINE, 73.25 FEET TO SAID NORTHEASTERLY CORNER; THENCE SOUTHERLY ALONG THE EASTERLY LINE OF SAID BLOCK 120, TO THE POINT OF BEGINNING.

EXCEPT ALL OIL, GAS AND OTHER HYDROCARBONS, GEOTHERMAL RESOURCES AS DEFINED IN SECTION 6903 OF THE CALIFORNIA PUBLIC RESOURCES CODE, AND ALL OTHER MINERALS, WHETHER SIMILAR TO THOSE HEREIN SPECIFIED OR NOT, WITHIN OR THAT MAY BE PRODUCED FROM SAID PROPERTY; PROVIDED HOWEVER, THAT THE SURFACE OF SAID PROPERTY SHALL NEVER BE USED FOR THE EXPLORATION, DEVELOPMENT, EXTRACTION, REMOVAL OR STORAGE OF ANY THEREOF, AS RESERVED BY STANDARD OIL COMPANY OF CALIFORNIA, A CORPORATION, BY DEED DATED SEPTEMBER 6, 1972, AND RECORDED SEPTEMBER 29, 1972, AS INSTRUMENT NO. 4526 OF OFFICIAL RECORDS.

[NOTE: SUBJECT TO CONFIRMATION FROM TITLE COMPANY PRIOR TO CLOSE OF ESCROW]

Exhibit B to Parcel 1a License Agreement

(ATTACHMENT #6 TO AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT)

LEGAL DESCRIPTION OF THE PHASE I SITE

PARCEL 1

7281-023-015 – 635 E OCEAN BLVD.

LOTS 37 AND 38 IN BLOCK 116 OF TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 19, PAGE 91 TO 96 INCLUSIVE OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL MINERALS, GAS, OILS, PETROLEUM NAPHTHA, HYDROCARBON SUBSTANCES AND OTHER MINERALS IN OR UNDER SAID LAND, LYING 500 FEET OR MORE BELOW THE SURFACE OF SAID LAND, AS EXEPTED AND RESERVED IN DEED RECORDED DECEMBER 23, 1971, AS INSTRUMENT NO. 3010.

PARCEL 2:

7281-023-014 – 619 E. Ocean Blvd.

LOTS 35 AND 36 IN BLOCK 116 OF TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 19, PAGE 91 TO 96 INCLUSIVE OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL3:

7281-023-016, 017 – 19 LIME AVENUE & ADJACENT VACANT LOT

THE NORTH 65 FEET OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

AND

THAT PORTION OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

> BEGINNING AT A POINT IN THE WEST LINE OF LIME AVENUE, DISTANT 65 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 40; THENCE SOUTH ALONG THE WEST LINE OF LIME AVENUE, 50 FEET; THENCE WEST 50 FEET TO THE WEST LINE OF SAID LOT 39; THENCE NORTH ALONG SAID WEST LINE 50 FEET; THENCE EAST 50 FEET TO THE POINT OF BEGINNING.

PARCEL 4

7281-023-018 – 645 E. OCEAN BLVD.

THAT PORTION OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

"BEGINNING AT THE SOUTHWEST CORNER, OF LOT 39; THENCE NORTH ALONG THE WEST LINE OF SAID LOT, 90 FEET; MORE OR LESS TO THE SOUTHWEST CORNER OF LAND CONVEYED BY ELIZA ADELAIDA COX AND HUSBAND TO CATHERINE H. STOUT, BY DEED RECORDED IN BOOK 1575 PAGE 213 OF DEEDS; THENCE EAST ALONG THE SOUTH LINE OF SAID LAST MENTIONED LAND TO ITS INTERSECTION WITH THE EAST LINE OF SAID LOT 40; THENCE SOUTH ALONG SAID EAST LINE 80 FEET, MORE OR LESS, TO ITS INTERSECTION WITH THE NORTHERLY LINE OF A 45 FOOT STRIP OF LAND CONVEYED BY SAID ELIZA ADELAIDA COX AND HUSBAND TO THE CITY OF LONG BEACH, BY DEED RECORDED IN BOOK 851 PAGE 314 OF DEEDS; THENCE SOUTHWESTERLY TO THE POINT OF BEGINNING.

ATTACHMENT NO. 7

FORM OF AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY

ATTACHMENT NO. 7

FORM OF AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY

[NOTE: THIS FORM REFERS TO PHASE I AND SHALL BE REVISED TO PERTAIN TO PHASE II PRIOR TO THE PHASE II CLOSING.]

Recording Requested By)
and When Recorded Return to:)
)
The City of Long Beach as successor)
agency to the Redevelopment Agency)
of the City of Long Beach)
333 West Ocean Blvd., Third Floor)
Long Beach, California 90802)
Attention: Director)
)

AGREEMENT CONTAINING COVENANTS AFFECTING
REAL PROPERTY

THIS AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY ("Covenants") is entered into this ___ day of ______, 201_, by and between SHORELINE GATEWAY, LLC, a Delaware limited liability company ("Owner") and THE CITY OF LONG BEACH AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH ("Agency"), with reference to the following:

A. Owner is the owner of the real property in the City of Long Beach, County of Los Angeles, State of California (hereinafter referred to as the "Property"), described in Exhibit "A" attached hereto and incorporated herein by this reference; and

B. Owner and The Redevelopment Agency of the City of Long Beach entered into that certain Owner Participation Agreement dated as of January 11, 2008, as amended by that certain First Amendment thereto dated March 24, 2011 (collectively, the "OPA"), which OPA was amended and restated by the Amended and Restated Owner Participation Agreement, dated _________, 201_, by and between Agency and Owner (the "Agreement"). These Covenants are entered into pursuant to the Agreement. Capitalized terms when used herein shall have the meanings ascribed to them in the Agreement unless expressly defined otherwise herein.

NOW, THEREFORE, AGENCY AND OWNER COVENANT AND AGREE AS FOLLOWS:

1. Maintenance of the Property. Owner, its successors, assigns, and any successor in interest to the Property, covenants and agrees to maintain the improvements (the "Improvements") and landscaping on the Property (which includes the "Plaza Area," defined below) in accordance with the "Reasonable Standards," as hereinafter defined. Said Improvements shall include, but not be limited to, buildings, sidewalks, pedestrian lighting, landscaping, irrigation of landscaping, and any and all improvements on the Property. To accomplish the maintenance, the Owner shall either staff or contract with qualified (and if required by law, licensed) personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Agreement. The obligations of Owner regarding maintenance of the Property in accordance with this Section 1 are referred to herein as the "Owner Obligations."

(a) Reasonable Standards. The following standards ("Reasonable Standards") shall be complied with by the Owner and its maintenance staff, contractors or subcontractors:

(i) Landscape maintenance shall include, but not be limited to: watering/irrigation; fertilization; mowing; edging; weeding; removal and replacement of dead landscaping material; trimming of grass; tree and shrub pruning.

(ii) Clean-up maintenance shall include, but not be limited to: maintenance of all sidewalks, paths and other paved areas in clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from Improvements and landscaping.

(iii) The Improvements shall be maintained in substantial conformance with the approved construction and architectural plans and design scheme, as the same may be amended from time to time with the approval of the Agency, and in accordance with Exhibit "B" hereto.

(b) Failure to Maintain Improvements. In the event the Owner does not maintain the Property and Improvements in the manner set forth herein and in accordance with Reasonable Standards, the Agency shall have the right to enter the Property and maintain such Improvements, or to contract for the correction of such deficiencies, after written notice to the Owner; provided, however, that prior to taking any such action, the Agency shall notify the Owner in writing that (A) the condition of the Property or Improvements does not meet the Reasonable Standards and (B) specifying the maintenance deficiencies and the actions required to be taken by Owner to cure, correct,

or remedy such deficiencies. Upon notification of any maintenance deficiency, the Owner shall have thirty (30) days within which to commence, and thereafter diligently correct, remedy or cure the deficiency. If the written notification states the problem is urgent and relates to public health and safety, the Owner shall have forty-eight (48) hours to commence to rectify the problem.

(c) Right to Enter and Maintain. In the event the Owner, after receipt of the notice set forth in clause (b) above, fails to cure, correct, or remedy, or has not commenced curing, correcting, or remedying, such maintenance deficiency after the period of correction has lapsed, then the Agency shall have the right to enter the Property upon prior written notice to Owner and perform such maintenance to correct the maintenance deficiency described in the notice. The Owner agrees to pay the Agency such actual, direct, and documented costs incurred (excluding overhead charges) by the Agency in curing such maintenance deficiency ("Maintenance Costs") within thirty (30) days after Owner receives Agency's invoice and backup documentation for the costs Agency incurred ("Agency Invoice"). Amounts not paid when due shall bear interest at the rate of 7% per annum from the due date until paid.

2. Public Access to the Plaza Area. The "Plaza Area" is the open space area within the vacated portion of Lime Street on the easterly portion of the Phase I Site and, if the Phase II Project is constructed, between the buildings comprising the Phase I Project and the Phase II Project. The Plaza Area, and the area within the Plaza Area defined as the "Public Access Area," are depicted on the Site Map, Exhibit "C" hereto. The Plaza Area is privately owned and subject to the provisions of Civil Code Section 1008.

(a) Owner, its successors, assigns, and any successor in interest to the Property, covenants and agrees that the Public Access Area shall be available for public access from 7:00 a.m. to sunset daily (the "Public Access Hours").

(b) Owner may restrict or preclude public access to some or all of the Public Access Area during the Public Access Hours upon written request to, and approval by, either the Agency Director or the Director of Public Works of the City of Long Beach ("City Director"), or designees, which approval shall not be unreasonably withheld, in order, among other reasons, to hold private events. In addition, public access to the Public Access Area may be restricted or precluded, with the consent of the Director, which consent shall not be unreasonably withheld, in order to perform maintenance or restoration work to the Public Access Area or the greater Plaza Area or adjacent buildings, or to address security and/or health and safety issues. If it is reasonably necessary for Owner to restrict or preclude public access to the Public Access Area during the Public Access Hours to address an immediate security, public heath, or safety issue, Owner shall be permitted to do so

provided Owner notifies either the Agency Director or City Director, or designee (which may be by email or telephone or other means of direct communication) as promptly thereafter as reasonably possible given the event causing the need for immediate action, but in no event greater than six (6) hours after commencement of the restricted access to, or closure of, the Public Access Area. During construction of Phase II, Owner may restrict or preclude public access to the Public Access Area for construction, staging, and related purposes.

(c) Upon the written request of Owner, the Director may revise the Public Access Hours as deemed necessary by the Director in his or her absolute discretion. Owner may not request that the Public Access Hours be revised more often than one time in any twelve (12) month period. Nothing herein precludes, but does not require, Owner to provide public access to the Public Access Area from sunset until 7:00 a.m.

(d) In the event of a dispute regarding public access to the Public Access Area during the Public Access Hours, Owner and either the Agency Director or City Director (or such Director's authorized designees) shall meet and confer in good faith to resolve any such disputes before commencing any action.

3. Lien for Maintenance Costs. If Owner fails to pay the Agency Invoice pursuant to paragraph 1(c) within the thirty (30) day period set forth in paragraph 1(c), the amount of the unpaid Agency Invoice shall be a lien on the Property which lien shall be perfected by the recordation of "Notice of Claim of Lien" against the Property.

(a) Upon recordation of a Notice of a Claim of Lien against the Property, such lien shall constitute a lien on the fee estate in and to the Property prior and superior to all other monetary liens except; (i) all taxes, bonds, assessments, and other levies which, by law, would be superior thereto and (ii) the lien or charge of any mortgage, deed of trust, or other security interest then of record made in good faith and for value, it being understood that the priority of any such lien for costs incurred to comply with these covenants shall date from the date of the recordation of the Notice of Claim of Lien.

(b) Any such lien shall be subject to and subordinate to any existing lease or sublease of the interest of Owner in the Property or any portion thereof. In addition, any such lien shall be subject to and subordinate to any easement affecting the Property or any portion thereof entered into at any time (either before or after) the date of recordation of such a Notice of Claim of Lien.

(c) Any lien created pursuant to this Section 3 may be enforced in any manner permitted by law, including judicial foreclosure or nonjudicial foreclosure. Any nonjudicial foreclosure shall be conducted by the trustee named in the Notice of Claim of Lien or by a trustee substituted pursuant to Section 2934a of the California Civil Code, in accordance with the provisions of Sections

2924, 2924b and 2924c of the California Civil Code.

(d) If the sums specified in the Notice of Claim of Lien are paid before the completion of any judicial or nonjudicial foreclosure, the Agency shall record a notice of satisfaction and release of the lien. Upon receipt of a written request by the Owner, the Agency shall also record a notice of rescission of the Notice of Claim of Lien.

(e) Upon foreclosure of any mortgage of deed of trust made in good faith and for value and recorded prior to the recordation of any unsatisfied Notice of Claim of Lien, the foreclosure-purchaser shall take title to the Property free of any lien imposed by the Agency that has accrued up to the time of the foreclosure sale, and upon taking title to the Property, such foreclosure-purchaser shall only be obligated to pay reasonable costs associated with these covenants accruing after the foreclosure-purchaser acquires title to the Property.

(f) If the Property is ever legally divided (with the written approval of the Agency if such approval is required pursuant to the Agreement), and fee title to various portions of the Property is held under separate ownerships, then the burdens of the Owner's maintenance obligations set forth in these Covenants and the Maintenance Costs set forth in Agency Invoices, to reimburse the Agency for the cost of undertaking such maintenance obligations of Owner, and its successors and assigns, and the lien for such charges shall be, prior to issuance of the Certificate of Occupancy for the Property referred to in Section 4.7 of the Agreement, apportioned among the fee owners of the various portions of the Property under different ownerships according to the square footage of the land contained in the respective portions of the Property owned by them; provided, however, that if after the issuance of said Certificate of Occupancy the Property is subject to a condominium map or otherwise divided into condominium ownership of units, then such charges shall be charged to the homeowner's association or, if there is no homeowner's association, then these Covenants shall be amended to provide that the charges shall be apportioned among the condominium owners based on allocations to be set forth in <u>Exhibit "D"</u> attached hereto, which <u>Exhibit "D"</u> shall be completed and attached at the time of such amendment. Upon such apportionment, no separate owner of a portion of the Property shall have any liability for the apportioned Maintenance Costs of any other separate owner of another portion of the Property, and the lien shall be similarly apportioned and shall only constitute a lien against the portion of the Property owned in fee by the owner who is liable for the apportioned Maintenance Costs charged by the Agency and secured by the apportioned lien and against no other portion of the Property.

(g) Owner acknowledges and agrees Agency may also pursue any and all other remedies available in equity in the event Owner fails to remedy any

maintenance deficiency after notice and within the period of correction; provided, however, the Agency shall elect a single remedy and shall then be precluded from seeking other or multiple remedies for such a particular maintenance deficiency.

(h) Owner shall be liable for any and all reasonable attorneys' fees, and other legal costs or fees incurred in collecting the amounts set forth in the Agency Invoice(s) that are covered by the Notice of Claim of Lien(s).

4. Ad Valorem Tax Assessment. Ad valorem taxes and assessments, if any, on the Property and taxes upon this Agreement or any rights hereunder levied, assessed, or imposed after conveyance of title to the Phase I Conveyance Areas shall be paid by Owner.

(a) For the purposes of determining the "Taxable Assessed Value" (as that term is defined at California Revenue and Taxation Code Section 95) for the Project (which includes the land and all Improvements thereon) (as used in this Article 4, the term "Project" means the Phase I Project for those fiscal years commencing with the fiscal year in which the Certificate of Occupancy is issued for the Project and terminating at the end of the 2046–2047 fiscal year (such term to be referred to as the "Phase I Stipulated Tax Years"), Owner agrees that the "Taxable Assessed Value" shall be the sum of (a) the Phase I Purchase Price plus (b) the value of the Phase I improvements to be constructed pursuant to approved plans as determined by the Planning and Building Department for purposes of issuing building permits for the Project (the "Phase I Stipulated Value"). For purchasers of condominium units within the Phase I Project, if any, the Taxable Assessed Value shall be the greater of (i) the purchase price paid for the condominium unit or (ii) the pro rata portion, based upon floor area, of the Phase I Stipulated Value for that unit.

(b) Owner agrees (a) that it or any successor(s) in interest to the Property shall pay the property taxes levied upon the Project in accordance with the tax bills for the Phase I Stipulated Tax Years prepared by the Los Angeles County Tax Collector, and (b) that neither Owner nor any successor(s) in interest to the Property shall protest, appeal, or otherwise attempt to lower the Taxable Assessed Value of the Property to an amount less than the Phase I Stipulated Value.

(c) Upon five days' prior notice, and during normal business hours, Agency may audit Owner's (or such successor- or successors-in-interest) books and records relevant to the property taxes levied upon the Property following issuance of the Certificate of Occupancy and paid by Owner thereafter up to not more than the most recent three years.

(d) If for any of the Phase I Stipulated Tax Years the assessed value of the Property (as shown on the tax bill(s) for the Property), is less than the Phase

I Stipulated Value, Owner (or such successor- or successors-in-interest) shall pay to Agency the additional amount of property taxes (based on the 1% allocation under Proposition 13) that would have been paid to the Tax Collector had the assessed valuation for the Property been the Phase I Stipulated Value rather than the actual lower assessed valuation. Such payment shall be due within thirty (30) days after the end of the fiscal year in which property taxes in question were due. Any unpaid amounts due Agency hereunder shall bear simple interest at the lesser of 7% per annum or the maximum interest rate permitted by law, commencing on the date such payment was due and unpaid and until payment is made.

(e) If the Property is subject to a condominium map or otherwise divided into condominium ownership of units, then these Covenants shall be amended to provide that the Stipulated Value for the Project shall be apportioned and allocated among condominium owners based on the allocations set forth in Exhibit "D" attached hereto, which Exhibit "D" shall be completed and attached at the time of such amendment. Upon such apportionment, no separate owner of a condominium unit shall have any liability for the apportioned Stipulated Value of any other owner of a condominium unit or for a breach by any such other owner of the provisions of this Section 4.

5. Mortgagee Protections.

(a) The provisions of these Covenants do not limit the right of any mortgagee or beneficiary under a deed of trust which secures construction or permanent financing to foreclose or otherwise enforce any Mortgage, or other encumbrance upon the Property or any portion thereof, or the right of any mortgagee or beneficiary under a deed of trust to exercise any of its remedies for the enforcement of any pledge or lien upon the Property, provided, however, that in the event of any foreclosure, under any such Mortgage or other lien or encumbrance, or a sale pursuant to any power of sale included in any such Mortgage, the purchaser or purchasers and their successors and assigns and the Property shall be, and shall continue to be, subject to all of the conditions, restrictions and covenants contained herein.

(b) The holder of any mortgage or deed of trust or other security interest authorized by the Agreement shall not be obligated by the provisions of these Covenants to construct or complete any Improvements or to guarantee construction or completion; nor shall any covenant or any other provision in these Covenants or any other document or instrument recorded for the benefit of the Agency for the Property be construed so to obligate the holder. Nothing in this Agreement will be deemed to construe, permit, or authorize any holder to devote the Property or any part of it to any uses, or to construct any improvements not authorized by the Agreement or these Covenants.

(c) Whenever the Agency delivers any notice or demand to Owner with respect to any breach or default by Owner in completion of construction of the

Improvements, the Agency shall at the same time deliver to each holder of record of any mortgage, deed of trust or other security interest authorized by the Agreement or by these Covenants a copy of such notice or demand. Each holder shall (insofar as the rights of the Agency are concerned) have the right at its option within ninety (90) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any default and to add the cost to the security interest debt and the lien on its security interest. Nothing contained in these Covenants shall be deemed to permit or authorize the holder to undertake or continue the construction or completion of the Improvements (beyond the extent necessary to conserve or protect the Improvements or construction already made) without first having expressly assumed Owner's obligations to Agency by written agreement satisfactory to the Agency. The holder in that event must agree to complete, in the manner provided in this Agreement, the Improvements to which the lien or title of such holder relates, and submit evidence satisfactory to the Agency that it has the qualifications and financial responsibility necessary to perform the obligations. The Agency agrees, at the request of any such holder, at any time, to enter into a nondisturbance and estoppel agreement, intercreditor agreement, or other agreements which (a) authorizes the holder to assume Owner's obligations under these Covenants following the holder's acquisition of the Property through foreclosure or deed-in-lieu of foreclosure, (b) specifies the portions of these Covenants which are binding upon such holder following its acquisition of the Property through foreclosure or deed-in-lieu of foreclosure, (c) provides that the holder shall not be obligated to cure any default of Owner which is not reasonably susceptible of being cured by the holder, (d) modifies certain terms and conditions of these Covenant as they relate to the holder, (e) subordinates the Owner's or any other party's obligations to the Agency, including any deed of trust in favor of the Agency with respect to the Property, on terms and conditions mutually acceptable to the holder and the Agency, and (f) contains such other provisions reasonably requested by the holder. Any such holder properly completing such improvement shall be entitled, upon compliance with the requirements of Section 4.7 of the Agreement, to a Certificate of Occupancy. It is understood that a holder shall be deemed to have satisfied the ninety (90) day time limit set forth above for commencing to cure or remedy an Owner default which requires title and/or possession of the Property (or portion thereof) if and to the extent any such holder has within such ninety (90) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default.

6. Duration of Covenants. The covenants contained in paragraphs 1, 2, 3 and 4 of these Covenants shall remain in effect until the expiration of the 2046 – 2047 fiscal year.

7. Beneficiaries. Agency, its successors and assigns, are deemed the beneficiaries of the covenants contained herein, without regard to technical classification and designation. The covenants shall run in favor of the Agency, its successors and assigns, without regard to whether the Agency has been, remains, or is an owner of any land or interest therein.

8. No Easement by Implication; Prevention of Prescriptive Rights. Neither the execution of these Covenants or any agreement executed in connection herewith, shall be deemed to grant any easement to Agency or any third party, or to establish any easement by implication, in or to the Property including but not limited to the Plaza Area.

9. Ownership of Improvements. All Improvements within the Plaza Area shall be and remain the property of Owner; provided that, Owner's rights and powers with respect to the Improvements within the Plaza Area are subject to the terms and limitations of these Covenants.

10. Indemnification. Owner agrees to and shall indemnify, defend and hold the Agency (which, for purposes of this Section, includes the City of Long Beach) and its officers, agents and employees (but not the general public or other users of the Plaza Area), harmless from and against all liability, loss, damage, costs or expenses (including attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss and damage whatsoever caused to any person or to the property of any person, and whether such damage shall accrue or be discovered before or after termination of these Covenants, which may be caused by (1) the construction, maintenance or repair of the Plaza Area or the Improvements therein, (2) the use of the Plaza Area by (a) Owner, (b) Owner's permittees, or (c) the general public, (3) the performance of Owner's obligations under these Covenants, or (4) any errors or omissions of Owner, whether such performance or errors or omissions be made by Owner, its contractors or subcontractors, its agents, or anyone directly or indirectly employed by Owner. Provided, however, that Owner shall not be required to indemnify Agency or the City of Long Beach, or their respective officers, agents or employees for damages arising out of the negligence, willful misconduct or breach of these Covenants by Agency or the City of Long Beach or their respective officers, agents or employees.

11. Damage and Destruction. Owner shall notify Agency in writing immediately upon the occurrence of any damage to the Improvements within the Public Access Area. Owner shall make the Improvements within the Public Access Area an integral part of any restoration of the Improvements constructed on the Property.

12. Remedies. The parties acknowledge that in the event the Public Access Area is not made available to the general public, it will be impossible to measure in money the damage to Agency caused by such failure to comply with the covenants set forth in Section 2 of these Covenants, that such covenant is material, and that in the event of any such failure, Agency will not have an adequate remedy at law or in damages.

Therefore, Owner consents to the issuance of an injunction or the enforcement of other equitable remedies against Owner at the suit of Agency, without bond or other security, to compel performance of Owner's covenants contained in Section 2 of these Covenants, and waives the defense of the availability of relief in damages.

13. Covenants Running with the Land. The provisions contained herein are covenants running with the land and shall bind the Owner and the successors and assigns of the Owner to the Property.

14. Amendments. Only Agency, its successor, and assigns, and Owner and the successor and assigns of Owner in and to all or any part of the fee title to the Property, shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants or other restrictions contained in these Covenants or to subject the Property to additional covenants, easements, or other restrictions without the consent of any tenant, lessee, easement holder or licensee. The covenants contained in these Covenants without regard to technical classification or designation shall not benefit or be enforceable by any person, firm, or corporation, public or private, except Agency and Owner and their respective successors and assigns.

15. Governing Law. These Covenants shall be construed under, and governed by, the laws of the State of California.

16. Force Majeure. In addition to specific provisions of these Covenants, performance by any party hereunder shall not be deemed to be in default where delays or defaults are due to war; terrorism, insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; acts or failure to act of the City or any other public or governmental agency or entity (other than that acts or failure to act of the Agency or the City shall not excuse performance by the Agency); significant changes in economic or market conditions including but not limited to a significant rise in interest rates; or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause.

17. No Third Party Beneficiaries. These Covenants are for the sole benefit of Agency and Owner and not for the benefit, directly or indirectly, express or implied, of any other person or entity, except as may otherwise expressly be provided in this Agreement.

18. Attorney's Fees. If a party to these Covenants commences an action against another party to these Covenants arising out of or in connection with these

Covenants, the prevailing party shall be entitled to recover reasonable attorneys' fees, expert witness fees, costs of investigation, and costs of suit from the losing party.

(Signature page follows)

IN WITNESS WHEREOF, the Agency and the Owner have executed this Agreement Containing Covenants Affecting Real Property.

THE CITY OF LONG BEACH AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH

By: ________________________________

Its: ________________________________

Approved as to form this ____ day of ______________, 201_.

ROBERT E. SHANNON, City Attorney of the City of Long Beach. General Counsel for the City as successor agency

By:____________________________

Assistant

OWNER

SHORELINE GATEWAY, LLC, a Delaware limited liability company

By: APL-SGL, LLC, a Delaware limited liability company,
Its Manager

By: AndersonPacific, LLC, a Delaware limited liability company
Its Manager

By: ________________________

James R. Anderson
Managing Member

State of California)
County of ________________)

On ________________________, before me, __________________________,
(insert name and title of the officer)

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.

Signature ________________________ (Seal)

State of California)
County of ________________)

On ________________________, before me, _________________________,
(insert name and title of the officer)

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.

Signature _______________________ (Seal)

[NOTE: SUBJECT TO CONFIRMATION FROM TITLE COMPANY PRIOR TO CLOSE OF ESCROW]

EXHIBIT A TO AGREEMENT CONTAINING COVENANTS

(ATTACHMENT #7 TO AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT)

LEGAL DESCRIPTION OF THE PROPERTY

PARCEL 1

7281-023-015 – 635 E OCEAN BLVD.

LOTS 37 AND 38 IN BLOCK 116 OF TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 19, PAGE 91 TO 96 INCLUSIVE OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL MINERALS, GAS, OILS, PETROLEUM NAPHTHA, HYDROCARBON SUBSTANCES AND OTHER MINERALS IN OR UNDER SAID LAND, LYING 500 FEET OR MORE BELOW THE SURFACE OF SAID LAND, AS EXEPTED AND RESERVED IN DEED RECORDED DECEMBER 23, 1971, AS INSTRUMENT NO. 3010.

PARCEL 2:

7281-023-014 – 619 E. Ocean Blvd.

LOTS 35 AND 36 IN BLOCK 116 OF TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 19, PAGE 91 TO 96 INCLUSIVE OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL3:

7281-023-016, 017 – 19 LIME AVENUE & ADJACENT VACANT LOT

THE NORTH 65 FEET OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

AND

THAT PORTION OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WEST LINE OF LIME AVENUE, DISTANT 65 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 40; THENCE SOUTH ALONG THE WEST LINE OF LIME AVENUE, 50 FEET; THENCE WEST 50 FEET TO THE WEST LINE OF SAID LOT 39; THENCE NORTH ALONG SAID WEST LINE 50 FEET; THENCE EAST 50 FEET TO THE POINT OF BEGINNING.

PARCEL 4

7281-023-018 – 645 E. OCEAN BLVD.

THAT PORTION OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

"BEGINNING AT THE SOUTHWEST CORNER, OF LOT 39; THENCE NORTH ALONG THE WEST LINE OF SAID LOT, 90 FEET; MORE OR LESS TO THE SOUTHWEST CORNER OF LAND CONVEYED BY ELIZA ADELAIDA COX AND HUSBAND TO CATHERINE H. STOUT, BY DEED RECORDED IN BOOK 1575 PAGE 213 OF DEEDS; THENCE EAST ALONG THE SOUTH LINE OF SAID LAST MENTIONED LAND TO ITS INTERSECTION WITH THE EAST LINE OF SAID LOT 40; THENCE SOUTH ALONG SAID EAST LINE 80 FEET, MORE OR LESS, TO ITS INTERSECTION WITH THE NORTHERLY LINE OF A 45 FOOT STRIP OF LAND CONVEYED BY SAID ELIZA ADELAIDA COX AND HUSBAND TO THE CITY OF LONG BEACH, BY DEED RECORDED IN BOOK 851 PAGE 314 OF DEEDS; THENCE SOUTHWESTERLY TO THE POINT OF BEGINNING.

EXHIBIT B

MAINTENANCE ITEMS

All maintenance and repairs will be the responsibility of the property owner.

Building

The building skin and trim shall be kept in good condition, subject to normal wear and tear. Any deterioration or damage to the building shall be repaired immediately. Any painting accomplished to repair deterioration or damage, or to cover graffiti, shall match the existing paint color.

Sidewalks and Private Alleyways

Sidewalks adjoining the Property and private alleyways within the Property shall be maintained in a clean and weed-free condition; clear of dirt, mud, trash, litter, debris or other matter which is unsafe or unsightly; and removal of all graffiti.

Windows and doors

All windows and doors shall be kept in good working order. Any damaged glazing shall be replaced immediately. Door and window mullions will be maintained free from deterioration and repaired or replaced if damaged.

Lighting

All lighting will be kept in good working order at all times. Any worn out light bulbs will be replaced immediately. Lighting standards will be repaired or replaced with identical lighting in case of deterioration or damage.

Awnings

All awnings shall be cleaned with soap and water every six months to remove dirt, grime and dust. Awnings shall be repaired as necessary or replaced with identical awnings of the same fabric and color to match existing awnings in case of deterioration or damage (if such identical awnings and such same fabric and color are available at commercially reasonable prices). Any deterioration of or damage to the awning supports shall be repaired or replaced immediately.

Signage

All permanent building signage shall be kept in good working order at all times. Any unworking light bulbs shall be replaced immediately. Permanent building signage shall be repaired as necessary or replaced with identical materials as constructed due to deterioration or damage (if such identical materials are available at commercially

reasonable prices). All permanent and temporary signage shall be as permitted by the zoning code. Any signs that are removed must have the facade patched and painted to match the existing surface.

Screening (Grille Doors)

All door and trash enclosure screening shall be kept in good working order at all times. The screening shall be repaired as necessary or replaced with identical materials and paint color as installed (if such identical materials and paint color is available at commercially reasonable prices). No security bars or screening shall be allowed to be placed on the exterior of the building or over the doors or windows except as shown on the approved building plans or as otherwise approved in writing by the Executive Director.

Trash

The sidewalks and gutters in front of the structure shall be cleaned consistently and kept free from trash and debris. Sidewalks shall be washed down a minimum of once per month.

EXHIBIT C

SITE MAP

EXHIBIT D

APPORTIONMENT/ALLOCATION OF VALUATIONS OF THE CONDOMINIUM UNITS FOR PURPOSES OF PARAGRAPH 3(f) and 4 OF FOREGOING COVENANTS

[TO BE ATTACHED PRIOR TO THE SALE OF THE FIRST CONDOMINIUM UNIT]

ATTACHMENT NO. 8

PERCENT FOR PUBLIC ART PROGRAM

Attachment No. 8

REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH

PERCENT FOR PUBLIC ART PROGRAM

September 18, 2006

Redevelopment Agency of the City of Long Beach

PERCENT FOR PUBLIC ART PROGRAM

September 2006

I. PUBLIC ART PROGRAM
   A. Program Description
   B. Policy

II. PROGRAM COMPONENTS
   A. PCA Public Art Fund
   B. On-Site Public Art Programs

III. COSTS
   A. Development Costs
   B. On-Site Public Art Budget
   C. Eligible and Ineligible Art Budget Expenditures

IV. SELECTION PROCESSES
   A. Advisory Committee for Public Art
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   C. Selection Process for Artists
   D. Eligible Locations for Public Art

V. PUBLIC ART PLANNING AND DEVELOPMENT PROCESS
   A. On-Site Public Art Project Development
   B. Maintenance of Public Art
   C. Ownership of Public Art

APPENDIX: EXHIBITS

A) Map of Redevelopment Project Areas in Long Beach
B) Building Development and Land Cost Table
C) RDA Maintenance Covenant

I. PUBLIC ART PROGRAM

A. PROGRAM DESCRIPTION

The Redevelopment Agency of the City of Long Beach (RDA) in cooperation with the City of Long Beach and the Arts Council for Long Beach (ACLB) adopted the Percent for Public Art Program for private and public developments in all redevelopment project areas including; Central Long Beach, North Long Beach, West Long Beach Industrial, Los Altos, Long Beach Polytechnic High School (Poly High), West Beach, and Downtown. Refer to the attached map (Exhibit A) of the City of Long Beach Redevelopment Project Areas.

It is the Redevelopment Agency's intent to implement the Percent for Public Art Program through partnership with the Arts Council for Long Beach, the arts council and official advisory body to the City of Long Beach. Percent for Public Art Program goals are to integrate art and art programs into the fabric of the city's redevelopment areas by means of community participation, cultural exchange between citizens, and collaboration of various professional disciplines such as artists, architects and planners and developers among others.

B. POLICY

The RDA Percent for Public Art Program requires that at least 1% of the total development costs, including construction, land and parking costs, for either public or private developments beginning at $250,000 be allocated to finance public art programs or the Arts Council for Long Beach (ACLB) Public Art Fund. This obligation is required when a contractual agreement with the RDA, such as an Owner Participation Agreement, a Disposition and Development Agreement or other agreement, is entered into. The 1% obligation excludes both low- and moderate-income housing and tenant improvements to the interior, non-public spaces of existing buildings.

- Projects that cost between $250,000 and $10 million shall deposit the 1% obligation into the ACLB's Public Art Fund for general enhancement of the City's public cultural resources in redevelopment project areas.

- Projects with a total development cost in excess of $10 million are required to allocate 1% of total development costs to a public art program (art works, cultural programming, or cultural facilities). Of this 1% obligation, 85% shall be used to fund <u>on-site</u> art programs and 15% shall be deposited in the ACLB's Public Art Fund.

- Projects with a cost of less than $250,000 have no public art program obligation.

- Projects that include historically designated buildings and landmarks shall participate based on total development costs as for other development projects (described above). Projects that qualify for on-site public art programs involve the restoration, rehabilitation, or preservation of exterior facades or exterior decorative elements only, and shall as a rule, be in conformance with the Secretary of the Interior's Standards for Historic Preservation Projects. The developer's plan for facade or decorative work shall be presented to and approved by the ACLB's Advisory Committee for Public Art for conformance with the 1% obligation.

II. PROGRAM COMPONENTS

A. ACLB PUBLIC ART FUND

The ACLB Public Art Fund is a funding mechanism in which the ACLB aggregates portions of the Public Art Program requirement and redistributes these funds to publicly accessible locations throughout redevelopment project areas, for general enhancement of the City's cultural resources. Redistribution of funds for arts and cultural purposes shall be considered in keeping with Public Art Program goals and with redevelopment goals in Long Beach.

Funds in the Public Art Fund will be allocated by the ACLB to support community art programs, including citywide public art displays. Funds may also be used to support cultural facilities, cultural programming, conservation and maintenance of public art, artists on design/planning teams, artists' residencies, cultural events and festivals, long-range planning, documentary projects, and other programs pertaining to arts and culture in Long Beach, subject to the approval by the RDA and the ACLB's Advisory Committee for Public Art (ACPA).

The developer shall provide the required Public Art Fund obligation to the ACLB before issuance of the first permit for the project (demolition, grading, building, for example). For projects in excess of $10 million, an initial application fee submitted by the developer to the ACLB before the project's Site Plan Review phase shall be credited to the developer at this time.

B. ON-SITE PUBLIC ART PROGRAMS

On-site public art programs (for development projects in excess of $10 million) in redevelopment areas are reviewed by the ACLB's Advisory Committee for Public Art (ACPA) and administered by the ACLB's Director of Public Art Programs. On-site public art programs may include the following three options:

- Public Art Works – as approved by the ACPA (includes a broad interpretation of art forms and all media)
- Cultural Programming – as approved by the ACPA (requires management agreements with arts/cultural organizations)
- Arts Spaces or Cultural Facilities – as approved by the ACPA (requires management agreements with arts/cultural organizations)

For Public Art Works, the on-site public art program must be completed and installed before the Certificate of Occupancy is issued for the project. In the case of Cultural Programming or Cultural Facilities, the management agreements must be in place before issuance of the Certificate of Occupancy.

III. COSTS

A. DEVELOPMENT COSTS

Total development costs for the Percent for Public Art Public Program are estimated by calculating construction, parking and land costs. The cost of land is determined by using

either the documented purchase price of the land, the present value of the base rent payments of a long-term lease, or by using the table of land cost multipliers. Building costs are estimated by using the table of estimated building cost multipliers by Marshall and Swift Valuation Service. Refer to the attached tables to determine estimated land and building costs (Exhibit B). The RDA shall make a final determination of the estimated land, parking and construction costs and provide the information to the ACLB.

B. ON-SITE PUBLIC ART BUDGET

Developers shall discuss the specifics of compliance with the Percent for Public Art Program with the Arts Council for Long Beach (ACLB) prior to planning the public art program. The public art program for the development must be planned and approved by the ACLB's Advisory Committee for Public Art during the project's Site Plan Review phase and, in all cases, prior to issuance of any permit for construction of the development project (demolition, grading, building, etc.)

The preliminary public art budget must be based on the estimated costs of the project and shall be determined no later than submittal of the preliminary plans to the city. The art budget shall be no less than 1% of the actual construction costs, including land costs and parking costs, and shall be increased proportionally if the actual development costs exceed the estimated costs. The developer shall be required to submit a revised proposal to the ACPA in a mutually agreed upon time frame for inclusion of additional funds, either into the on-site public art program or into the ACLB's Public Art Fund.

C. ELIGIBLE AND INELIGIBLE ART BUDGET EXPENDITURES

Eligible art budget expenditures may include but are not limited to the following:

- Creation of public art works, art spaces, cultural facilities and/or cultural programming
- Artist design proposals and related documentation for the art component
- Professional fees for the artist
- Fees for assistants, materials, professional and contracted services required for the design, engineering, fabrication, and installation of the artwork
- Dealer, gallery, or consultant fees not to exceed 10% of the artist fee
- Travel expenses of the artist for site visitation, research, and presentations
- Transportation or installation of the artwork
- Preparation of the site to receive artwork beyond that which would normally be required
- Installation expenses directly related to the public art project
- Plaque to identify the public art program, per ACLB plaque criteria
- Publications devoted exclusively to the public art project as approved by the ACPA
- Expenses associated with the artist selection process, including artist selection and art review panel fees and/or honoraria
- Permits or certificate fees, including specialized reports or studies directly related to the public art program
- Artist studio and operating costs, including artists' expenses pertaining to project development and fabrication
- Developer's public art application fee

Ineligible art budget expenditures include but are not limited to the following:

- Directional elements such as supergraphics, signage or color-coding except where these elements are integral parts of the original work of art
- Art objects which are mass produced of standard, commercial design such as playground equipment, fountains, or statuary objects
- Reproductions, by mechanical or other means, of original artwork, except in cases of film, video, photography, printmaking, or other media arts
- Decorative, ornamental, or functional elements which are designed by the building architect or other design industry professionals, as opposed to an artist commissioned for this purpose
- Landscape architecture, landscape gardening and engineering except where these elements are designed by the artist and/or are an integral part of the artwork by the artist
- Fees for architectural, engineering or other design professional services not under the direct purview of the project artist
- Services or utilities necessary to operate or maintain the artwork over time (maintenance of art must be included in building maintenance costs)
- Receptions or grand openings
- Publications not pertaining specifically to the public art project

IV. SELECTION PROCESSES

A. ADVISORY COMMITTEE FOR PUBLIC ART

Public art works, cultural programming or cultural facilities originating from the Public Art Fund or through the on-site public art program obligation (for projects in excess of $10 million) are reviewed by the ACLB's Advisory Committee for Public Art.

Members of the Advisory Committee for Public Art (ACPA) are appointed by the ACLB Board of Directors and form a community-based group, which reviews a developer's plans for conformance with the public art program. Membership of the ACPA includes two artists (performing and visual), two arts professionals (such as arts administrators, educators, conservators and critics), one member of the ACLB Board of Directors, one member of the RDA Board of Directors, one community member-at-large and one RDA Staff member.

Where appropriate, the ACPA appoints a Project Committee for a specific project to assist the developer or the area community in the process of selecting a project artist and to review on-site public art program proposals. The Project Committee conveys recommendations to the ACPA for review. For on-site public art programs, once the artist is selected and the public art program concept has been approved by the ACPA, the RDA and ACLB Board of Directors will be notified that the project's Site Plan Review requirements have been met.

If the public art program is disapproved, the developer may appeal to the ACPA or present an alternative proposal for consideration. All proposals for on-site art, cultural programs or cultural facilities will be evaluated by the ACPA and the Project Committee members within the context of the Percent for Public Art Program goals and objectives as established by the ACLB and the RDA.

B. ON-SITE PUBLIC ART SELECTION PROCESS

For development projects in excess of $10 million, the developer may choose from the following methods for artist selection for on-site public art programs:

- Open Competition – the ACPA issues a call to artists to submit qualifications for consideration
- Invitational Competition – the ACPA issues a call to a limited number of artists to submit qualifications for consideration
- Direct Selection – the developer and/or developer's art consultant recommends artists for ACPA approval

Art projects, programming or cultural facility proposals will be evaluated by the ACPA, ACLB staff and participating Project Committee members within the context of the Percent for Public Art Program goals and objectives as established by the ACLB and the RDA. Each proposed public art program will be evaluated based, at a minimum, on the following criteria:

- Artistic merit of the design concept, evidencing creative and distinctive solutions to stated objectives
- Appropriateness to the site and the overall urban context
- Social and historic context
- Experience and ability of the artist to work collaboratively in the public realm with design professionals and others
- Long-term safety, durability, liability, and maintenance considerations
- Feasibility of the proposed project
- Environmental impact

C. SELECTION PROCESS FOR ARTISTS

The Percent for Public Art Program is intended for the participation of practicing professional artists. Artist eligibility for each project will be determined by the ACPA. Not eligible for selection are the project's architects or members of architectural, landscape, engineering, or professional design firms; members of the selection panel; members of the Advisory Committee for Public Art, the ACPA-appointed Project Committee, or members of their immediate families; or employees of the ACLB, RDA, or the City of Long Beach. Students are not eligible to participate unless under the direct purview of a professional artist.

General criteria for considering artists may include, but not be limited to:

- Artistic merit of the artist's public art proposal
- Responsiveness and appropriateness to the site
- Feasibility of the proposed public art
- Experience and ability to work in the public realm
- Ability to work collaboratively with other design professionals
- Proven experience in working with the given budget, time frame, and city parameters
- Record of art training, achievement, education, and recognition

For on-site public art programs, all financial arrangements shall be negotiated between the developer and the artist and shall be verified per the terms of a written agreement. The City

of Long Beach, the Redevelopment Agency, and the Arts Council for Long Beach shall be held harmless from any liability arising from the default of either the developer or the artist as part of the developer/artist agreement. A copy of the executed contract(s) between the developer and the artist shall be submitted to the ACLB upon its execution. For Public Art Fund projects the artist shall enter into agreement for design services with the ACLB and with the City of Long Beach as the project may warrant and as approved on a case-by-case basis by the ACPA and the City of Long Beach.

D. ELIGIBLE LOCATIONS FOR PUBLIC ART

Interior or exterior spaces that are accessible to the public on a regular basis for a minimum of 12 hours a day may be considered suitable locations for public art. The definition of "location" or the "accessibility" of public art within a site or building may be expanded by an artist's ability to extend the possibilities of public art, and shall require the approval of the ACLB's Advisory Committee for Public Art on a case-by-case basis. The developer shall submit a narrative of the proposed type and location of the public art project, and proposed days and hours of accessibility, to the ACLB during the project's Site Plan Review stage.

Upon the ACPA's approval of public art project location and accessibility to the general public, the developer shall take all steps, execute and record all reasonable documents as necessary to assure the right of public access to the public art project.

V. PUBLIC ART PLANNING & DEVELOPMENT PROCESS

A. ON-SITE PUBLIC ART PROJECT DEVELOPMENT

Proposed projects from $10 million and over within any of the redevelopment project areas (see Exhibit A) must comply with the Percent for Public Art Program. The developer shall work with the Arts Council for Long Beach to select the project artist and to convey a preliminary art budget to the ACLB during the project's Site Plan Review stage.

The on-site public art process consists of five stages of review with mandatory approvals by the ACLB's Advisory Committee for Public Art (ACPA). The stages coincide with the Redevelopment Agency's Design Review Process, which correspond to conventional phases of architectural and artistic design practice, from design concept to final construction.

Prior to submission of the project's Site Plan Review requirements, the owner/developer must attend an initial briefing with the ACLB and the RDA to review the ACLB's Percent for Public Art Program Guidelines for Developers. This briefing stage shall help the developer to understand the public art program goals.

The steps for this phase are as follows:

- Developer briefing
- Approval of artist selection method (if applicable)
- Approval of developer's art consultant (if applicable)
- Submittal of ACLB *Developer Application Form* and application fee (a $10,000 non-refundable retainer fee is required and shall be credited to the total Public Art Fund budget requirement)

Stage I / Site Plan Review:

- Submittal of the artist(s) resume(s), biographical materials and evidence of artistic/cultural qualifications
- Brief narrative description of proposed type and location of on-site public art program
- Approval of selected artist
- Submittal of the ACLB's *Public Art Project Proposal Form*
- Submittal of one copy of the Developer/Artist agreement

Stage II / ACPA Review:

- Submittal of the artist(s) preliminary public art plan

Stage III / Final Review:

- Submittal of the artist(s) final public art plan

Stage IV / Design Check:

- Developer shall submit any revisions or modifications to the original) approved public art design concept) scope) time line, or budget. Modifications may require an additional design presentation to the ACPA. This submittal may occur any time between the completion of Final Review Stage and the end of the Design Check Stage.
- Submittal of a copy of the Artist/Developer agreement for fabrication, installation, and completion of the art program.
- Submittal of copies of permits and approvals required for completion of the art program.
- Developer shall submit Public Art Fund cash obligation to the ACLB prior to, but in no case later than, issuance of the first permit sought for the project.
- RDA staff reviews the construction documents for inclusion of the public art program and recommends to the Building Department issuance of a building permit.

Stage V / Construction Check:

- Submittal of the final public art budget expenditures
- Submittal of the final maintenance program and costs
- Submittal of copies of lien releases from the artist, artist subcontractors, and art consultants (if applicable)
- The Certificate of Occupancy shall be issued upon approval of the completed and installed public art program and verification provided that all contractual obligations have been met

B. MAINTENANCE OF PUBLIC ART

The maintenance of the on-site public art program will be the responsibility of the developer and its successor for the lifetime of the development project or length of time as approved by the ACPA. Maintenance responsibility for public art works commissioned through the Public Art Fund process shall be determined on a case-by-case basis by the ACPA. The RDA and the ACLB will encourage artists and developers to include maintenance provisions in the artwork contract that stipulate the length of time that the artist will be responsible for repairs (typically one year).

The artists shall provide a maintenance manual with a maintenance schedule to be reviewed by the ACPA for appropriateness and shall have the right of first refusal on the repair contract for their artwork. The owner/developer shall be required to execute a maintenance covenant with the RDA per the terms of the attached sample maintenance covenant (Exhibit C). The maintenance covenant shall be recorded against the property and transferred to subsequent owners should the property be sold. Subsequent owners of the property shall be responsible for fulfilling all maintenance requirements as stipulated in the covenant with the RDA.

C. OWNERSHIP OF PUBLIC ART

All artwork included in a specific project or redevelopment area belongs to the project owner, the commissioning body or other entity as determined through the selection and implementation process by the ACPA. However, the artwork copyright belongs to the artist. The copyright remains with the artist unless specifically addressed in the artist developer agreement. If the development or improvements where the artwork is installed is either abandoned or sold by the owner/developer, the artist shall be given the first right of refusal to receive or purchase art. Photographing, altering, or replicating the artwork in any way for public consumption or use requires prior written permission from the artist. The ACLB and the RDA shall have the exclusive right to use any photos, slides, models, printed materials, etc. of the artwork for non-commercial purposes. The ACLB and the ACPA recommend that the developer act in accordance with Federal and State of California artist's rights legislation with regard to the ownership, maintenance, preservation, disposition, sale, copyright, and other legal considerations concerning public art.

CITY OF LONG BEACH REDEVELOPMENT AREAS

PROJECT AREAS

- Central Long Beach
- Downtown
- Los Altos
- North Long Beach
- Poly High
- West Beach
- West Long Beach Industrial

CITY OF SIGNAL HILL

N

LONG BEACH REDEVELOPMENT AGENCY
C: ESRI/BARBI'S GIS PROJECTS/RDA/RDA MAP.APR
MARCH 11, 2003

Table to Determine Building Development & Land Costs
Precent for Public Art Program
Long Beach, California

Category	Marshall & Swift Cost	Cost Multiplier	Local Multiplier	Base Cost	Description
Residential					
Low Rise (1 to 3 Stories)	77.77	1.02	1.15	$90 psf	Good Class D Multiple Residences
High Rise (3+ Stories)	95.06	0.97	1.15	$110 psf	Excellent Class D Apartments
Office					
Low Rise (1 to 3 Stories)	156.38	1.10	1.16	$200 psf	Good Class A Office Building
High Rise (3+ Stories)	197.41	1.10	1.16	$250 psf	Excellent Class A Office Building
Hotel	195.80	0.99	1.16	$220 psf	Excellent Class A Full Service Hotel
Retail	136.54	1.07	1.16	$170 psf	Excellent Class A Retail Store
Parking Structure					
Above Grade	11,700	1.06	1.16	$14,000 sp	Average Class B Parking Structure
Below Grade	24,178	1.06	1.16	$30,000 sp	Average Class B Underground Parking Structure
Land Cost					
Low Rise - Residential				50%	of base cost
Low Rise - Office & Retail				40%	of base cost
High Rise - Residential, Office & Hotel				20%	of base cost

(1) The base building costs (excluding parking) presented above must be adjusted to reflect increases in height of over three stories, at the rate of 0.5% (1/2%) of base building costs for each story over three, up to 30 stories. Add 0.4% (4/10%) for each additional story over 30.

Prepared by: Keyser Marston Associates, Inc.
Filename: Art Percent Update 2-16-07:LB Art:2/16/2007: NYM

EXHIBIT C

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Redevelopment Agency of the
City of Long Beach, California
333 West Ocean Boulevard
Third Floor
Long Beach, California 90802
Attn: Executive Director

NO FEE REQUIRED FOR RECORDATION PURSUANT
TO GOVERNMENT CODE SECTION 6103

PUBLIC ART MAINTENANCE AGREEMENT

THIS PUBLIC ART MAINTENANCE AGREEMENT ("Maintenance Agreement") is made as of ______________________________, 20__, by and between the REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA, a public body, corporate and politic (the "Agency"), and ______________________________, a __________ (the "Owner"), with respect to the following facts:

A. Owner and the Agency entered into a Disposition and Development Agreement (the "DDA") on ____________________, 20__.

B. Pursuant to the DDA, Owner owns fee title to certain real property (the "Property") located in the City of Long Beach, California, more fully described in Exhibit A hereto.

C. Pursuant to the DDA, Owner is obligated to maintain certain public art (the "Public Art") proximate to the Property; the location of the Public Art is shown on the Site Map, Exhibit B hereto; the Public Art is described on Exhibit C hereto.

NOW, THEREFORE, the parties agree as follows:

1. Maintenance of the Public Art. Owner, its successors, assigns, and any successor in interest to the Property, covenants and agrees to maintain the Public Art in

accordance with the "Reasonable Standards," as hereinafter defined. Said Public Art includes, but is not limited to, adjacent sidewalks, pedestrian lighting, and landscaping which is part of the Public Art. To accomplish the maintenance, the Owner shall either staff or contract with qualified and if required by law, licensed personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Agreement. The obligations of Owner regarding maintenance of the Public Art in accordance with this paragraph 1 are referred to herein as the "Owner Obligations."

2. Reasonable Standards. The following standards ("Reasonable Standards") shall be complied with by the Owner and its maintenance staff, contractors or subcontractors:

A. Maintenance shall include, but not be limited to: maintenance of all sidewalks, paths and other paved areas in clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from the Public Art and immediately surrounding areas and removal of all graffiti.

B. Landscape maintenance shall include, but not be limited to: watering/irrigation; fertilization; mowing; edging; weeding; removal and replacement of dead landscaping material; trimming of grass; tree and shrub pruning.

C. The Public Art shall be maintained in accordance with the custom and practice generally applicable to comparable high quality commercial properties located within the City, including but not limited to, periodic cleaning of all exterior surfaces.

3. Failure to Maintain Public Art. In the event the Owner does not maintain the Public Art in the manner set forth herein and in accordance with Reasonable Standards, the Agency and/or the City of Long Beach ("City") shall have the right to maintain the Public Art, or to contract for the correction of such deficiencies, after written notice to the Owner. However, prior to taking any such action, the Agency agrees to notify the Owner in writing if the condition of the Public Art does not meet with Reasonable Standards and to specify the deficiencies and the actions required to be taken by the Owner to cure the deficiencies. Upon notification of any maintenance deficiency, the Owner shall have thirty (30) days within which to commence, and thereafter diligently correct, remedy or cure the deficiency. If the written notification states the problem is urgent and relates to public health and safety, the Owner shall have forty-eight (48) hours to commence to rectify the problem.

A. Right to Maintain. In the event the Owner fails to correct, remedy, or cure or has not commenced correcting, remedying or curing such maintenance deficiency after notification and after the period of correction has lapsed, then the Agency and/or City shall have the right to maintain the Public Art. The Owner agrees to pay the

Agency and/or City such charges and costs incurred by the Agency and/or City in curing such maintenance deficiency. Until so paid, the Agency and/or City shall have a lien on the Property as provided by this Agreement for the amount of such charges or costs.

B. Lien for Owner's Obligations. Owner hereby mortgages the Property, and each subsequent purchaser by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to mortgage the Property to Agency, with power of sale, for the purpose of securing the payment of the Owner Obligations. Owner Obligations, together with interest at the Applicable Rate (as defined in the following sentence) as of the date of the lien, late charges, reasonable collection costs, and reasonable attorney fees, to the extent permitted by this Agreement, shall be a charge on the Property and shall be a continuing lien upon the Property. The "Applicable Rate" shall be prime rate of interest as published in the Wall Street Journal, but in no event higher than the maximum rate permitted by law. The lien shall become effective upon recordation of a "Notice of Default" in accordance with paragraph 3.C below. No "Notice of Default" (as hereinafter defined) shall be released until all amounts correctly provided in such notice have been paid in full. The lien created hereby shall be prior and superior to any and all liens except (1) for taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (2) any Mortgages (as defined below) made in good faith and for fair value. The lien created hereby may be foreclosed in the manner provided by law for the foreclosure of a Mortgage under power of sale or by an appropriate action in court.

C. Notice of Default. In the event Owner fails to pay any Owner Obligation, Agency may declare an "Event of Default" hereunder and cause a written notice of default and election to sell the Property (hereinafter referred to as "Notice of Default") to be prepared and have the Notice of Default filed for record in the office of the County Recorder of Los Angeles County. An Event of Default shall not be declared, and a Notice of Default shall not be recorded, until Owner has been given written notice of delinquency and has not cured said delinquency within thirty (30) days of the giving of said notice in the case of a monetary default, or within sixty (60) days of the giving of said notice in the case of a nonmonetary default, provided that if such nonmonetary default cannot be cured within such 60-day period then within such reasonable period of time as may be necessary to commence and pursue cure within diligence to completion. A Notice of Default shall also not be recorded until any holder of each Mortgage shall have been given written notice of delinquency and shall have failed to cure said delinquency as provided in paragraph 3.B. of this Agreement. A Notice of Default shall state the amount of such delinquent sums (and may include sums which become delinquent prior to the sale) and other authorized charges and interest at the Applicable Rate as of the date of the lien (including the cost of recording such notice), a sufficient description of the Property, and the name of the record owner thereof. The Notice of Default (and any notice of satisfaction and release as referred to below) shall be signed on behalf of Agency by the Chairman or Executive Director or any duly authorized

officer. A Notice of Default executed and acknowledged by Agency stating the amount of indebtedness secured by a lien on the Property shall be conclusive upon Agency and the purchaser at a foreclosure sale as to the amount of such indebtedness on the date of the Notice of Default in favor of all persons who rely thereon in good faith without notice of any error therein. Upon payment to Agency of such delinquent sums and charges in connection therewith, or other satisfaction thereof, Agency shall cause to be recorded in the office of the County Recorder of Los Angeles County a further notice stating the satisfaction and release of such delinquent sums and charges. Agency may demand and receive the cost of recordation of such release before recording same. Any purchaser or encumbrancer acting in good faith and for value, may rely upon such notice of satisfaction and release as conclusive proof of the full satisfaction of the sums stated in the Notice of Default pertaining thereto. After three (3) months or such longer time as may be allowed by law shall have elapsed from the recordation of any Notice of Default, and after a written notice of sale has been given to the extent required by the then applicable law (but in any event not less than 30 days' prior written notice to Owner and each holder of a Mortgage), Agency, without legal action or demand on Owner, may sell the Property at such time and place fixed in said notice of sale or at the time and place to which the sale is postponed as hereinafter provided without additional notice at public auction to the highest bidder for cash in lawful money of the United States at the time of sale or upon such other terms as Agency may consider advisable and as permitted by law. Agency may postpone the sale of the Property by public announcement thereof at the time and place of sale and from time to time thereafter by public announcement at the time and place of the preceding postponement. Agency in conducting or postponing said sale may act through the agents, officers or employees of Agency or any other person designated by Agency whether or not such party shall be a licensed auctioneer. Agency, or any other person designated by it in writing, shall be deemed to be acting as the Agent of Owner and shall be entitled to actual expenses and such fees as may be allowed by law or as may be prevailing at the time the sale is conducted. Agency shall deliver to the buyer or buyers at such sale its deeds or deeds conveying the Property so sold, but without any covenant or warranty expressed or implied. The Property shall be sold subject to the lien created by this Agreement and to the liens of any holders of Mortgages. The recitals in such deed or deeds of any matters of fact shall be conclusive proof of the truthfulness thereof against the buyer, its successors and assigns, and all other persons. Any person may purchase at such sale. Owner shall surrender immediately and without demand possession of the Property to the buyer at such sale. Any such sale provided for herein shall be conducted in accordance with the provisions of Sections 2924, 2924b, and 2924c of the Civil Code of the State of California, applicable to the exercise of powers of sale in Mortgages and deeds of trust, or in any other manner permitted or provided by law. Agency, through its duly authorized agents, shall have the power to bid on the Property at any foreclosure sale, and to acquire and hold, lease, Mortgage and convey the same.

D. Application of Proceeds. Agency shall apply the proceeds of such sale in

the following manner and order:

i. Reasonable expenses of such sale and all reasonable costs, fees, charges and expenses of Agency, including costs of evidence of title and reasonable attorneys' fees;

ii. Satisfaction of delinquent sums hereunder;

iii. The remainder, if any, to Owner or other person or persons legally entitled thereto.

E. Judicial Foreclosure. In addition, Agency may foreclose the lien created hereby by court action in the manner provided by the laws then applicable to this Agreement, in which case the foreclosed owner of the Property agrees to pay all reasonable costs and expenses thereof, including reasonable attorneys' fees as the court may determine. The foreclosure shall not affect the lien created by this Agreement as to any future amounts owing hereunder and shall not affect the liens of any holders of Mortgages, or the priority of this Agreement with respect to such other liens. In the event that Agency proceeds to enforce this Agreement pursuant to paragraph 3.A or this paragraph 3.E hereof, neither such enforcement nor the existence of Agency's rights contained herein shall prevent Agency from proceeding directly against Owner pursuant to the other provisions hereof, nor prevent the bringing of an action to enforce similar provisions contained in other agreements between the parties hereto, as long as any unpaid Owner Obligation is not collected more than once, in all such cases, however, subject to applicable contractual provisions and laws of the State of California.

F. Appointment of a Receiver. Upon an Event of Default, Agency shall have the right (but not the obligation) to have a court immediately appoint a receiver for the Property. Any such appointment may be made either before or after sale, with such notice, if any, as may be required by court rule or proceeding and applicable law, and without regard to the solvency or insolvency at the time of application for such receiver of the person or person(s), if any, liable for the payment of the payment obligation secured hereby and without regard to the then value of the Property and without bond being required of the applicant. Said receiver shall have the power to take possession, control, and care of the Property and to collect the rents and profits of the Property and, in the case of a sale and a deficiency, during the full statutory period of redemption, as well as during any further times Agency, except for the intervention of such receiver, would be entitled to collect such rents, issues, and profits, and all other powers which may be necessary or are useful in such cases for the protection, possession, control, management, and operation of the Property during the whole of said period. To the extent permitted by law, the receiver may be authorized by the court to extend or modify any then existing leases and to make new leases. It is understood and agreed that any

such new lease and the extensions, modifications or other such provisions shall be binding upon trustor and all persons whose interests in the Property are subject to the lien hereof and upon the purchaser or purchasers from sale.

G. Copies of Notice. Copies of the Notice of Default and any notice of sale hereunder shall be posted at the Property, delivered to Owner at Owner's last known address, and if applicable, to Owner's agent for the service of process in California.

4. Indemnification; Bodily Injury and Property Damage Insurance. Owner agrees to and shall defend, indemnify and hold Agency and City harmless from and against all liability, loss, damage, costs, or expenses (including reasonable attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss, or damage whatsoever caused to any person or to the property of any person resulting from the alleged negligent or intentional acts or omissions of Owner, its officers, agents or employees in the performance of its duty to maintain the Public Art pursuant to this Agreement.

A. Insurance. Prior to any maintenance of the Public Art pursuant to Paragraph 2 of this Agreement, until termination of this Agreement, Owner, at its sole cost and expense but for the mutual benefit of Agency and Owner, shall procure and maintain, at Owner's expense, the following insurance coverages including any extensions, renewals or holding over thereof, from insurance carriers admitted to write insurance in California or having a minimum rating of or equivalent to a current rating of A:VIII by A.M. Best Company for at least the coverages and limits listed herein unless otherwise determined by City's Risk Manager or designee.

(a) By Owner:

(i) Commercial general liability insurance equivalent in scope to ISO form CG 00 01 11 85 or 11 88 in an amount not less than Two Million Dollars ($2,000,000) per occurrence and in aggregate. Such coverage shall include but shall not be limited to independent contractors liability, broad form contractual liability, cross liability protection, and products and completed operations liability. The City, the Redevelopment Agency, and their officials, employees, and agents shall be named as additional insureds by endorsement equivalent in scope to ISO form CG 20 26 11 85 with respect to liability arising out of activities by or on behalf of Owner or in connection with the development, use or occupancy of the Site. This insurance shall contain no special limitations on the scope of protection afforded to the City, the Redevelopment Agency, and their officials, employees, and agents.

(ii) Commercial automobile liability insurance equivalent in scope to ISO form CA 00 01 06 92 covering Auto Symbol 1 (Any Auto) in an amount

not less than One Million Dollars ($1,000,000) combined single limit per accident for bodily injury and property damage.

(iii) Professional liability insurance in an amount not less than One Million Dollars ($1,000,000) per claim covering the work of any person providing architectural, engineering, environmental, landscape architectural, surveying, project management, soils engineering, or other professional services with respect to the development and construction of the Facilities. If such insurance is written on a claims-made basis, it must be provided with a pre-paid, one-year extended reporting endorsement incepting at the date of the Certificate of Completion.

(iv) "All Risk" Property insurance, including builder's risk protection during the course of construction and debris removal, in an amount sufficient to cover the full replacement value of all buildings and structural improvements erected on the Site. The City and the Redevelopment Agency shall be named as additional insured and loss payee under a standard loss payable endorsement.

Owner shall also obtain coverage for the perils of earthquake and flood, if available from responsible insurance companies at commercially reasonable rates, and the City and the Redevelopment Agency shall be named as additional insured and loss payee under a standard loss payable endorsement.

(v) Workers' compensation insurance as required by the Labor Code of the State of California and endorsed, as applicable, to include United States Longshoremen and Harbor Workers' Act coverage, Jones' Act coverage, and employer's liability insurance with minimum limits of One Million Dollars ($1,000,000) per accident.

(b) Insurance Requirements for Owner's Contractor and Subcontractors. Owner shall require Owner's contractors and subcontractors to meet the insurance requirements herein as applicable. With respect to the insurance required in paragraph A(i), the limit applicable to this Paragraph shall be in an amount not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) in aggregate. The insurance required by paragraph A(iv) is not applicable to this Paragraph. In addition, City's Risk Manager shall consider contractors' and subcontractors' written requests for modification of the insurance requirements based on the scope of work to be performed.

B. Certificates. Prior to the start of any inspection, excavation or construction under this Agreement, Owner shall deliver to City certificates of insurance with original endorsements evidencing the insurance coverage required by this Agreement for

approval as to sufficiency and form. The certificates and endorsements for each insurance policy shall contain the original signature of a person authorized by that insurer to bind coverage on its behalf. City reserves the right to require complete certified copies of all policies of the Owner or any of the Owner's contractors or subcontractors at any time.

C. Books and Records. Owner agrees to make available to City all books, records and other information relating to the insurance coverage required by this Agreement during normal business hours.

D. Self Insurance. Any self-insurance program, self-insured retention, or deductibles must be approved separately in writing by City's Risk Manager or designee and shall protect the City of Long Beach, its officials, employees, and agents in the same manner and to the same extent as they would have been protected had the policy or policies not contained retention provisions. Owner may be required to reduce or eliminate deductibles or self-insured retentions or to procure a bond guaranteeing payment of losses and related investigations, claims administration, and defense costs.

E. Insurance Primary. Insurance required herein shall be primary insurance as respects any insurance or self-insurance maintained by the City. Any insurance or self-insurance maintained by the City shall be excess of this insurance. Coverage shall state that the insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability, and all policies shall be endorsed to state that coverage shall not be suspended, voided, changed, or canceled except after thirty (30) days prior written notice to City.

F. Amendment. If in the opinion of City from time to time, the amount, scope, or type of insurance coverage specified herein is not adequate, Owner shall amend its insurance as required by City's Risk Manager or designee.

G. No Limitation of Liability. The insurance required herein shall not be deemed to limit Owner's liability relating to performance under this Agreement. The procuring of insurance shall not be construed as a limitation on liability or as full performance of the indemnification and hold harmless provisions of this Agreement. Owner understands and agrees that, notwithstanding any insurance, Owner is obligated to defend, indemnify, and hold City of Long Beach, its officials, employees, and agents harmless hereunder for the full and total amount of any damage, injury, loss, expense, cost, or liability caused by the condition of the Property or in any manner connected with or attributed to the acts, omissions or operations of Owner, its officers, agents, contractors, subcontractors, employees, licensees, or visitors, or their use, misuse, or neglect of the Property.

H. Modifications. Any modification or waiver of the insurance requirements

herein shall be made only with the written approval of the City's Risk Manager or designee.

5. Mortgagee Protection.

A. Nothing contained in this Agreement shall render invalid or in any way impair the lien of any mortgage or deed of trust placed upon the Property, but title to the Property obtained through sale or otherwise in satisfaction of any such mortgage or deed of trust shall thereafter be held subject to the restrictions and provisions hereof.

B. The holder of any mortgage or deed of trust shall in no way be obligated to comply with any of the other covenants contained herein, except for the period of time such holder owns fee simple title to the Property and upon any conveyance by such holder, such holder shall be released from liability for any obligations accruing after the time of such conveyance.

C. At the time the Agency delivers any notice or demand with respect to any breach or default by Owner hereunder, the Agency shall at the same time deliver to each holder of record of any mortgage or deed of trust a copy of such notice or demand at an address designated by such holder by notice given to the Agency, or otherwise, at the address for such holder of record set forth in the recorded instrument. Each such holder shall have the right, at its option, within 90 days after receipt of such notice to cure or remedy such default, provided, however, if such default cannot be reasonably cured within 90 days, then such holder shall have such additional time as is reasonably required to cure such default, but not in excess of 180 days following such notice from the Agency, on the condition such holder commences to cure within such 90 days and thereafter diligently pursues such cure to completion.

6. Notices. Any notice, demand, request, consent, approval, or communication that any party desires or is required to give to any other party or any other person shall be in writing and either served personally or sent by prepaid, certified or registered mail, return receipt requested. Any such notice, demand, request, consent, approval, or communication shall be addressed as follows:

To the Agency:

Executive Director
Redevelopment Agency of the
City of Long Beach, California
3rd Floor
333 West Ocean Boulevard
Long Beach, California 90802

To the Owner: ____________________________

____

____

____

Any party may change its address by notifying the other parties of the change of address. All notices shall be effective on the date set forth on the return receipt or on the date delivery is refused.

7. Termination. This Agreement may be terminated with the written consent of Agency. In the event the Agency subsequently determines in the exercise of its reasonable discretion, whether at the request of Owner or otherwise, that the obligations imposed upon Owner by this Agreement are no longer required, the Agency will execute instruments in recordable form releasing Owner and its successors in interest from any liability under this Agreement.

8. General Provisions

A. No Public Dedication. Nothing in this Agreement is intended or shall be construed to be a dedication to the public of any portion of the Owner's Property or the Subterranean Parcels.

B. Breach Shall Not Permit Termination. It is expressly agreed that no breach of this Agreement shall entitle Owner or Agency to cancel, rescind or otherwise terminate this Agreement, but such limitation shall not affect, in any manner, any other right or remedies which the parties may have hereunder by reason of any breach of this Agreement.

C. Estoppel Certificate. Owner and Agency hereby covenant that upon written request of the other, it will issue to such requesting party or any other person specified by such requesting party, an estoppel certificate stating to the best of its knowledge (a) whether the party or signatory to whom the request has been directed knows of any default under the Agreement, and if there are known defaults, specifying the nature thereof; (b) whether the Agreement has been assigned, modified or amended in any way (and if it has, then stating the nature thereof); and (c) that the Agreement as of that date is in full force and effect.

D. No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties and their respective successors and assigns, any rights or remedies under or by reason of this Agreement.

E. Amendments. This Agreement may not be modified or amended except by a written instrument executed by all parties or their successors in interest.

F. California Law. This Agreement shall be governed by and construed in

accordance with the laws of the State of California applicable to contracts made and performed within the State of California.

G. Force Majeure. Owner shall not be in breach or default hereunder, or liable to the Agency or the City, for failure or delay in performance of any of its obligations under this Agreement caused by floods, earthquakes, acts of God, fires, wars, riots and similar hostilities, strikes or other labor difficulties, shortages of materials, government regulations or actions or other causes beyond Owner's reasonable control.

H. Severability. If any term(s) or provision(s) of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term(s) or provision(s) to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby. Each and every term of this Agreement shall be valid and enforced to the fullest extent permitted by law.

I. Interpretation. This Agreement is to be deemed to have been prepared jointly by the parties hereto and if any inconsistencies exist herein they shall not be interpreted or construed against any party as the draftor.

J. Attorneys Fees. In the event of a dispute between the parties hereto or their representatives or assigns relating to this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs incurred in connection therewith.

K. No Partnership. Nothing herein contained shall be construed to create a joint venture or partnership nor to create the relationship of principal and agent or of any association between the City, the Agency and Owner.

L. Further Cooperation. Each party hereto agrees to execute any and all documents and writings which may be necessary or expedient and do such other acts as will further the purposes hereof.

M. Successors and Assigns. As used herein, Owner means Long Beach Plaza Associates, a California corporation, or any subsequent fee owner of the Subterranean Parcels. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their assigns and successors.

N. No Discrimination. There shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, national origin, sex, sexual orientation, AIDS, AIDS-related condition, age, marital status, disability or handicap, or Vietnam Era veteran status in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of their Property, nor shall Owner himself or any person claiming under or through him, establish or permit any such practice or practices of discrimination or

segregation with reference to the selection, location, number, use of occupancy of tenants, lessees, subtenants, sublessees, or vendees in their property. The foregoing covenants shall run with the land.

IN WITNESS WHEREOF, the Agency, the City and the Owner have executed this Agreement as of the date set forth opposite their respective signatures.

REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA,
a public body corporate and politic

__________, 20____

By: ____________________________
Executive Director/Secretary

Approved as to form this ____ day
of ______________, 20____.

ROBERT E. SHANNON, City Attorney of the City of Long Beach. General Counsel for the Redevelopment Agency of the City of Long Beach, California

By: ______________________________
Assistant

OWNER

_____________________________________, a
____

By: ________________________________
Name: ______________________________
Its: ________________________________

By: ________________________________
Name: ______________________________
Its: ________________________________

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On this ______ day of ________________, 200_, before me, ______________________________, a Notary Public in and for said State, duly commissioned and sworn, personally appeared ______________ ______________________________, personally known to me (or 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.

WITNESS my hand and official seal.

______________________________ (Seal)
Notary's Signature

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On this ______ day of ________________, 200_, before me, ______________________________, a Notary Public in and for said State, duly commissioned and sworn, personally appeared ______________ ______________________________, personally known to me (or 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.

WITNESS my hand and official seal.

______________________________ (Seal)
Notary's Signature

Exhibit A

LEGAL DESCRIPTION

(To be inserted)

Exhibit B

MAP OF PUBLIC ART LOCATIONS

ATTACHMENT NO. 9

[RESERVED]

ATTACHMENT NO. 10

PARTICIPANT OPTION TO PURCHASE THE PHASE II CONVEYANCE AREAS (WITH MEMORANDUM)

ATTACHMENT NO. 10

PARTICIPANT OPTION TO PURCHASE
(Phase II Conveyance Areas)

This Participant Option to Purchase (the "Agreement") is made and entered into as of this ___ day of ________________, 201__ ("Effective Date"), by and between CITY OF LONG BEACH AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH ("Owner"), and SHORELINE GATEWAY, LLC, a Delaware limited liability company (the "Participant") with reference to the following recitals of fact:

R E C I T A L S:

A. WHEREAS, Owner and Participant are parties to that certain Amended and Restated Owner Participation Agreement dated as of ____________, 201__ (the "OPA"). Capitalized terms when used herein have the same meanings ascribed to them in the OPA unless expressly defined otherwise herein;

B. WHEREAS, Owner owns that certain real property located in the County of Los Angeles, State of California referred to in the OPA as the Phase II Conveyance Areas and more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference (herein referred to as the "Property");

C. WHEREAS, Owner desires to grant to the Participant an option to purchase the Property (defined in the OPA as the "Phase II Conveyance Areas"); and

D. WHEREAS, the parties hereto desire to set forth the terms of the option granted hereinbelow from Owner to the Participant to purchase the Property.

NOW, THEREFORE, the parties hereto agree as follows:

A G R E E M E N T:

1. Grant of Option. Owner hereby grants to the Participant an option (the "Option") to purchase the Property on the terms and conditions set forth in this Agreement.

2. Term of Option. The term of the Option shall commence on the Effective Date and shall expire on the date that is one (1) year after the date of issuance of (i) the temporary, or (ii) the final, Phase I Certificate of Occupancy (the "Initial Option Term"); provided, however, that the Initial Option Term may be extended for one (1) additional year upon payment to Owner of Thirty-Six Thousand Four Hundred Dollars ($36,400) (the "Extension Payment"). One-half of the Extension Payment shall be nonrefundable, and one-half shall be applied toward the Phase II Purchase Price (defined below) if and when the Option is exercised. The Extension Payment shall be payable at least thirty (30) days prior to the expiration of the Initial Option Term. The Initial Option Term as may be extended is hereinafter referred to as the "Option Term."

The Option shall terminate at the expiration of the Option Term and the Memorandum of Participant Option to Purchase (defined below) shall be extinguished.

3. Manner of Exercising Option. The Participant may exercise the Option by delivering to Owner, at any time during the Option Term written notice of such exercise. The notice of exercise shall state that the Option is exercised without condition or qualification (other than the terms of the OPA).

4. Purchase Price. The purchase price for the Property pursuant to the Option shall be One Million Eight Hundred Twenty Thousand Dollars ($1,820,000.00) (the "Phase II Purchase Price"). If Participant exercises the Option, Owner shall convey the Property to Participant pursuant to the terms set forth in the OPA.

5. Completion of Sale.

Escrow for the sale of the Property shall close no later than the date set forth in the OPA for the Phase II Closing. Failure to convey the Property by such date (as such period may be extended for *force majeure*) for reasons not attributable to Agency's action or inaction, shall result in a termination of the Option and extinguishment of the Memorandum of Participant Option to Purchase. Payment of the purchase price, the conditions precedent to conveyance of the Property and the parties' other obligations relating to conveyance of the Property are set forth in the OPA, including but not limited to Section 3 therein.

6. Quitclaim Deed and Termination of Option . Upon termination of the Option, the Participant agrees, upon Owner's written request, to (a) execute and deliver to Owner a quitclaim deed, releasing all of the Participant's right, title and interest in and to the Option within thirty (30) days after Participant's receipt of written request from Owner, and (b) execute, acknowledge and deliver such other documents as may be reasonably required by Owner's title company to remove the cloud of the Option from title to the Property. If Participant fails to execute and deliver a quitclaim deed as required by this paragraph, then Participant irrevocably makes, constitutes and appoints Owner (and all officers, employees or agents designated by Owner) as Participant's true and lawful attorney in fact and agent, with full power of substitution, solely for the limited purpose of executing such quitclaim deed and recording it in the official records of Los Angeles County; provided Agency shall not take such action if Participant has contested in writing to Agency the right of Agency to have requested Participant provide such quitclaim deed.

7. Notices. Notices, demands and communications between the parties shall be as set forth in the OPA.

8. Attorney's Fees. In the event of any action or proceeding at law or in equity between any of the parties hereto to enforce any provision of this Agreement or to protect or establish any right or remedy of either party hereunder, the unsuccessful party to the litigation shall pay to the prevailing party all costs and expenses, including, without limitation, reasonable attorneys' fees incurred therein by the prevailing party,

and if the prevailing party recovers judgment in any action or proceeding, the costs, expenses and attorney's fees shall be included in and as part of the judgment.

9. Miscellaneous.

(a) Owner and the Participant each represent and warrant that neither has had or will have any dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the transactions contemplated hereby. Each party hereto hereby agrees to indemnify and hold harmless the other party from and against costs, expenses of liabilities for compensation, commissions or charges which may be claimed by any broker, finder or similar party by reason of any actions of the indemnifying party.

(b) The rights and obligations of Owner and the Participant under this Agreement shall inure to the benefit of, and bind the respective successors and assigns.

(c) The captions used herein are for convenience of reference only and are not part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.

(d) Time is of the essence of each and every agreement, covenant and condition of this Agreement.

(e) This Agreement shall be interpreted in accordance with, and governed by, the laws of the State of California.

(f) This Agreement constitutes the entire agreement by and among Owner and the Participant with respect to the subject matter hereof, and supersedes all prior offers and negotiations, oral and written; provided, however, that notwithstanding the foregoing, the terms of the OPA are incorporated herein and made a part hereof and shall be used to interpret the terms of this Agreement. This Agreement may not be amended or modified in any respect whatsoever except by an instrument in writing signed by Owner and the Participant. Owner and the Participant shall subordinate this Agreement to the lien of any deed of trust necessary to develop the Property.

(g) Concurrently with the close of escrow for the Phase I Site, the parties shall record a Memorandum of Participant Option to Purchase substantially in form as attached hereto as Exhibit B.

[Signature pages follow]

IN WITNESS WHEREOF, Owner and the Participant have executed this Agreement as of the date first above written.

OWNER:

CITY OF LONG BEACH AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH

By:______________________________
Its:______________________________

Approved as to form this ___ day of
______________, 2012

ROBERT E. SHANNON, City Attorney of the City of Long Beach, and general counsel to the City as Successor Agency.

By:______________________________
Assistant

(signatures continue)

PARTICIPANT

SHORELINE GATEWAY, LLC,
a Delaware limited liability company

By: APL-SGL, LLC,
a Delaware limited liability company
Its: Manager

By: AndersonPacific, LLC,
a Delaware limited liability company, its manager

By:______________________
James R. Anderson
Managing Member

[NOTE: SUBJECT TO CONFIRMATION FROM TITLE COMPANY PRIOR TO CLOSE OF ESCROW]

Exhibit A to Option to Purchase

(ATTACHMENT #10 TO AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT)

Legal Description

LEGAL DESCRIPTION OF PARCEL 1a

7281-022-901

PARCEL 1

THAT PORTION OF BLOCK 120 IN THE TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING WESTERLY OF A LINE BEGINNING AT A POINT IN THE SOUTHERLY LINE OF SAID BLOCK 120, DISTANT WESTERLY THEREON 71.34 FEET FROM THE SOUTHEAST CORNER OF SAID BLOCK AND EXTENDING NORTHERLY TO A POINT IN THE NORTHERLY LINE OF SAID BLOCK, DISTANT WESTERLY THEREON 73.25 FEET FROM THE NORTHEAST CORNER OF SAID BLOCK.

EXCEPTING THEREFROM ALL MINERALS AND ALL MINERAL RIGHTS OF EVERY KIND AND CHARACTER NOW KNOWN TO EXIST OR THEREAFTER DISCOVERED: INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, OIL AND GAS AND RIGHTS THERETO, TOGETHER WITH THE SOLE, EXCLUSIVE AND PERPETUAL RIGHT TO EXPLORE FOR, REMOVE AND DISPOSE OF SAID MINERALS BY ANY MEANS OR METHODS, BUT WITHOUT ENTERING UPON OR USING THE SURFACE OF SAID LANDS, AND IN SUCH MANNER AS NOT TO DAMAGE THE SURFACE OF SAID LAND TO INTERFERE WITH THE USE THEREOF, AS EXCEPTED AND RESERVED BY LAS VEGAS LAND AND WATER COMPANY, A NEVADA CORPORATION, IN DEED RECORDED APRIL 15, 1957 IN BOOK 54211 PAGE 53 OF OFFICIAL RECORDS, AS INSTRUMENT NO. 256.

PARCEL 2

THOSE PORTIONS OF BLOCK 120 AND THE ALLEY EXTENDING THROUGH SAID BLOCK 120, OF THE TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED

IN BOOK 19, PAGE 91, ET SEQ., OF MISCELLANEOUS RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEASTERLY CORNER OF SAID BLOCK 120; THENCE WESTERLY ALONG THE SOUTHERLY LINE THEREOF, 71.34 FEET; THENCE NORTHERLY IN A DIRECT LINE TO A POINT IN THE NORTHERLY LINE OF SAID BLOCK 120, WHICH IS DISTANT WESTERLY THEREON, 73.25 FEET FROM THE NORTHEASTERLY CORNER OF SAID BLOCK 120; THENCE EASTERLY ALONG SAID NORTHERLY LINE, 73.25 FEET TO SAID NORTHEASTERLY CORNER; THENCE SOUTHERLY ALONG THE EASTERLY LINE OF SAID BLOCK 120, TO THE POINT OF BEGINNING.

EXCEPT ALL OIL, GAS AND OTHER HYDROCARBONS, GEOTHERMAL RESOURCES AS DEFINED IN SECTION 6903 OF THE CALIFORNIA PUBLIC RESOURCES CODE, AND ALL OTHER MINERALS, WHETHER SIMILAR TO THOSE HEREIN SPECIFIED OR NOT, WITHIN OR THAT MAY BE PRODUCED FROM SAID PROPERTY; PROVIDED HOWEVER, THAT THE SURFACE OF SAID PROPERTY SHALL NEVER BE USED FOR THE EXPLORATION, DEVELOPMENT, EXTRACTION, REMOVAL OR STORAGE OF ANY THEREOF, AS RESERVED BY STANDARD OIL COMPANY OF CALIFORNIA, A CORPORATION, BY DEED DATED SEPTEMBER 6, 1972, AND RECORDED SEPTEMBER 29, 1972, AS INSTRUMENT NO. 4526 OF OFFICIAL RECORDS.

EXHIBIT B

MEMORANDUM OF PARTICIPANT OPTION TO PURCHASE

RECORDING REQUESTED BY AND WHEN
RECORDED MAIL TO:
Shoreline Gateway, LLC
6701 Center Drive West, Suite 710 Los
Angeles, CA 90045
Attn: James R. Anderson

MEMORANDUM OF PARTICIPANT OPTION TO PURCHASE

APN: ________________

This is a memorandum of that certain Participant Option to Purchase (the "Agreement") made and entered into as of the ___ day of ________________, 201__, between the CITY OF LONG BEACH AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH ("Owner"), and SHORELINE GATEWAY, LLC, a Delaware limited liability company (the "Participant").

Pursuant to the Agreement, Owner has granted to Participant the option to purchase the real property legally described in Exhibit "A" hereto (the "Property"). The term of the option, and the terms and conditions of its exercise are set forth in the Agreement and in that certain Amended and Restated Owner Participation Agreement between Owner and Participant dated as of ______________, 2012.

A copy of the Agreement and the Amended and Restated Owner Participation Agreement are available for public review in the Office of the City Clerk of the City of Long Beach.

IN WITNESS WHEREOF, Owner and the Participant have executed this Agreement as of the date first above written.

OWNER:

CITY OF LONG BEACH AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH

By: ______________________________

Its: ______________________________

Approved as to form this
___ day of ______________, 2012

ROBERT E. SHANNON, City Attorney of the City of Long Beach, and general counsel to the City as Successor Agency.

By: ______________________________
Assistant

PARTICIPANT

SHORELINE GATEWAY, LLC,
a Delaware limited liability company

By: APL-SGL, LLC,
a Delaware limited liability company, Manager

By: AndersonPacific, LLC,
a Delaware limited liability company, its manager

By: ________________________
James R. Anderson. Managing Member

State of California)
County of ________________)

On _________________________, before me, ________________________________,
(insert name and title of the officer)
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.

Signature____________________________ (Seal)

State of California)
County of _________________)

On ________________________, before me, ________________________________,
(insert name and title of the officer)

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.

Signature ___________________________ (Seal)

EXHIBIT A TO MEMORANDUM OF PARTICIPANT OPTION TO PURCHASE

LEGAL DESCRIPTION OF THE PROPERTY

ATTACHMENT NO. 11

FORM OF SUBTERRANEAN EASEMENT

FORM OF SUBTERRANEAN EASEMENTS

Recording Requested By
and When Recorded Return to:

Shoreline Gateway, LLC
6701 Center Drive West
Suite 710
Los Angeles, CA 90045
Attn: James R. Anderson

(Space above this line for recording use)

GRANT OF SUBTERRANEAN EASEMENTS

THIS GRANT OF SUBTERRANEAN EASEMENTS ("**Grant of Easements**") is entered into this ____ day of_______________, 201__, by and between the CITY OF LONG BEACH, a charter city ("**Grantor**"), and SHORELINE GATEWAY, LLC, a Delaware limited liability company ("**Grantee**"), with reference to the following:

A. Grantor is the owner of that certain real property in the City of Long Beach currently used as public rights of way commonly known as a portion of Ocean Boulevard (both the street and sidewalk portions) legally described in **Exhibit "A"** attached hereto ("**Grantor Property**"). The Grantor Property is adjacent to Grantee's Property (defined below)_and is depicted on **Exhibit "B"** attached hereto ("**Site Map No. 1**"). (the "**Adjacent Ocean Boulevard Rights of Way**").

B. Grantee is the owner of fee title to certain real property legally described on **Exhibit "C"** attached hereto (the "**Grantee Property**"), The Grantee Property is also depicted on Site Map No. 1.

C. Grantor and Grantee are parties to that certain Amended and Restated Owner Participation Agreement dated as of ____________, 2012 (the "OPA"). Capitalized terms when used herein have the same meanings ascribed to them in the OPA unless otherwise expressly defined herein. Pursuant to the OPA, Grantee has, among other obligations, agreed to undertake development of a Project on the "Phase I Site" as described in the OPA.

D. The Phase I Site includes the Grantee Property and the Subterranean Easement Area as herein described.

E. Pursuant to the OPA, Grantee proposes to construct the Phase I Project which will include subterranean and above-ground structured parking and appurtenant improvements ("**Garage**") (all of the foregoing, collectively, the "**Buildings**").

F. To enable the development of the Phase I Project, Grantor desires to grant certain easements to Grantee, and Grantee desires to accept certain easements, as set forth herein, so that a portion of the Garage may be located within a subterranean area of the Adjacent Ocean Boulevard Rights of Way (the "**Subterranean Easement Area**") as described in **Exhibit "D"** attached hereto.

G. The parties hereto desire that the Subterranean Easement Area be held and used subject to and with the benefit of, certain easements, covenants, agreements, conditions, and restrictions as hereinafter set forth, all of which shall run with the title to the Grantee Property, and shall be binding on, and inure to the benefit of, all parties having any right, title or interest therein or in any part thereof, their successors and assigns.

NOW, THEREFORE, for good and sufficient consideration, receipt of which is hereby acknowledged, Grantor and Grantee covenant and agree as follows:

1. Grant of Easements.

1.1 Subterranean Easement Area. Grantor hereby grants to Grantee an exclusive easement (the "**Subterranean Easement**") for the construction, reconstruction, use, maintenance, and repair of the Garage within the Subterranean Easement Areas.

1.2 Temporary Construction Easement. Grantor hereby grants an exclusive temporary easement to Grantee in, to, over, under, and across that portion of the Adjacent Ocean Boulevard Rights of Way as shown on **Exhibit "E"** attached hereto ("**Site Map No. 2**") (the "**Exclusive Temporary Area**") for the construction of the Phase I Site including the Garage. Grantee may, in its reasonable discretion and with the approval of the Director ("**Director**") of the City of Long Beach Development Services Department or authorized designee, fence the Exclusive Temporary Area, including with locked gates, to prevent access to the Exclusive Temporary Area except by contractors and other personnel authorized by Grantee, and to secure construction trailers and equipment and for other construction-related purposes

1.3 Easement for Structural and Subjacent Support. Grantee hereby grants to Grantor an easement for structural and subjacent support for that

portion of the Adjacent Ocean Boulevard Rights of Way over the Subterranean Easement Areas (the "**Adjacent Public Areas**"), which, after excavation for, and construction, reconstruction, maintenance, repair, or replacement of the Garage, is intended to be used as public rights of way.

1.3.1 In the event that Grantee, its successors or assigns shall fail to maintain the structural and subjacent support of the Adjacent Public Areas, Grantor shall have the right to enter into the Garage and the Subterranean Easement Areas and take such action as is reasonably necessary to provide and maintain structural and subjacent support to the Adjacent Public Areas; provided, however, that prior to taking any such action, Grantor shall notify Grantee in writing specifying the deficiencies and the actions required to be taken by Grantee to cure the deficiencies. Upon notification of any such deficiency in the maintenance of the structural and subjacent support of the Adjacent Public Areas, Grantee shall have thirty (30) days after such notice to commence, and thereafter diligently correct, remedy or cure, the specified deficiency; or in the event such deficiency presents a threat to public safety, as reasonably determined by the Director based on the determination by a licensed civil or structural engineer, Grantee shall have two (2) business days after such notice to commence, and thereafter diligently correct, remedy or cure, the specified deficiency.

1.3.2 If Grantee fails to timely diligently correct, remedy, or cure the noticed maintenance deficiency and, as a result, should Grantor be required to enter the Garage and Subterranean Easement Area to perform that maintenance, Grantor may charge Grantee for the direct costs incurred by Grantor to perform such maintenance in accordance with Section 2.3, Failure to Maintain.

1.4 Maintenance After Garage Construction. The Adjacent Rights of Way are public rights of way. Should Grantee require the use of the Adjacent Rights of Way to maintain and repair the Garage, Grantee shall apply to the City's Public Works Department for the rights required to perform such maintenance and/or repair.

1.5 Exact Location of Easements. The easements provided in this Article 1 are generally depicted on Site Map No. 1 and Site Map No. 2. After construction of the Buildings and at Grantor's or Grantee's request, Grantor and Grantee shall meet and confer to more accurately describe, if necessary, the location of the various easements granted herein. Any amendments required pursuant to this Section shall be prepared at Grantee's expense, which amendment(s), if reasonably acceptable to the

Director, shall be executed by Grantor and Grantee and recorded in the Official Records of Los Angeles County.

2. Grantee Covenants.

2.1 Maintenance of the Garage. Grantee shall, at its cost and expense and at no cost and expense to Grantor, have the duty for the life of the Garage to maintain the Garage in a sound structural condition suitable to provide the structural and subjacent support to the Adjacent Rights of Way required by this Grant of Easements.

2.2 Construction within the Adjacent Public Areas. Grantee covenants to cooperate as reasonably required with the developer (the "**Phase II Developer**") of Parcel 1a (whether such construction is the Phase II Project as contemplated in the OPA or some other development provided that by the foregoing Grantee does not waive any rights it may have to object to, contest, or challenge a development materially different than the Phase II Project as contemplated in the OPA). Grantor shall require the Phase II Developer to perform such construction in a manner to minimize interference with the operation of the Garage and inconvenience to Grantee, the Building occupants, and their invitees. Grantee shall grant the Phase II Developer a right to enter the Garage and the Subterranean Easement Area as is reasonably required to inspect, plan and implement the development of Parcel 1a. Grantee shall allow the Phase II Developer to encroach into the Subterranean Easement Area as required to fasten its structures to the Garage. Grantee and the Phase II Developer shall enter into such reciprocal easement agreement(s) as may be useful and convenient for the construction, maintenance, repair and replacement of the Garage and the development to be constructed within Parcel 1a.

2.3 Failure to Maintain. If Grantee fails to maintain the Garage in accordance with its obligations under this Article 2, Grantor shall deliver written notice to Grantee specifying such failure with particularity ("**Default Notice**"). Grantee shall have thirty (30) days after receipt of the Default Notice, or such longer time as is reasonably necessary, to cure, correct, or remedy the specified deficiency. In the event Grantee fails to cure, correct, or remedy, or has not timely commenced curing, correcting, or remedying, such maintenance deficiency specified in the Default Notice, and after the period of correction has lapsed, then the Grantor shall have the right to enter the Subterranean Easement Areas upon prior written notice to Grantee and perform such maintenance to cure, correct, or remedy the maintenance deficiency described in the Default Notice. Grantee agrees to pay the Grantor such actual, direct, and documented costs incurred, and reasonable indirect costs and overhead incurred, by Grantor in curing, correcting, or remedying such maintenance deficiency ("**Grantee Maintenance Costs**") within thirty (30)

days after Grantee receives Grantor's invoice and backup documentation for such actual and direct costs Grantor incurred ("**Grantor Invoice**"). Amounts not paid when due shall bear interest at the rate of 7% per annum from the due date until paid.

3. Lien for Grantee Maintenance Costs.

3.1 If Grantee fails to pay the Grantee Maintenance Costs specified in an Grantor Invoice pursuant to Section 2.3 within the thirty (30) day period set forth in Section 2.3, or such additional time as the Director may allow in his/her sole discretion, the amount of the unpaid Grantor Invoice shall be a lien on the Grantee Property which lien shall be perfected by the recordation of "Notice of Claim of Lien" against the Grantee Property.

3.2 Upon recordation of a Notice of a Claim of Lien against the Grantee Property, such lien shall constitute a lien on the fee estate in and to the Grantee Property prior and superior to all other monetary liens except; (i) all taxes, bonds, assessments, and other levies which, by law, would be superior thereto and (ii) the lien or charge of any mortgage, deed of trust, or other security interest then of record made in good faith and for value, it being understood that the priority of any such lien for costs incurred to comply with these covenants shall date from the date of the recordation of the Notice of Claim of Lien.

3.3 Any such lien shall be subject to and subordinate to any then-existing lease or sublease of the interest of Grantee in the Grantee Property or any portion thereof, and to any easement affecting the Grantee Property or any portion thereof granted at any time (either before or after) the date of recordation of such a Notice of Claim of Lien.

3.4 Any lien created pursuant to this Article 3 may be enforced in any manner permitted by law, including, subject to the limitation set forth in Section 3.7, judicial foreclosure or nonjudicial foreclosure. Any nonjudicial foreclosure shall be conducted by the trustee named in the Notice of Claim of Lien or by a trustee substituted pursuant to Section 2934a of the California Civil Code, in accordance with the provisions of Sections 2924, 2924b and 2924c of the California Civil Code.

3.5 If the sums specified in the Notice of Claim of Lien are paid before the completion of any judicial or nonjudicial foreclosure, the Grantor shall record a notice of satisfaction and release of the lien. Upon receipt of a written request by Grantee, the Grantor shall also record a notice of rescission of the Notice of Claim of Lien.

3.6 Upon foreclosure of any mortgage or deed of trust made in good faith and for

value and recorded prior to the recordation of any unsatisfied Notice of Claim of Lien, the foreclosure-purchaser shall take title to the Grantee Property free of any lien imposed by Grantor that has accrued up to the time of the foreclosure sale, and upon taking title to the Grantee Property, such foreclosure-purchaser shall only be obligated to pay reasonable costs associated with these covenants accruing after the foreclosure-purchaser acquires title to the Grantee Property.

3.7 If the Grantee Property is ever legally divided (with the written approval of the Grantor if such approval is required pursuant to the Agreement), and fee title to various portions of the Property is held under separate ownerships, then the burdens of Grantee's maintenance obligations set forth hereinabove and the Grantee Maintenance Costs as set forth in Grantor Invoices, to reimburse the Grantor for the cost of undertaking such maintenance obligations of Grantee, and its successors and assigns, and the lien for such charges shall be, prior to issuance of the Certificate of Occupancy for the Phase I Site referred to in Section 4.7 of the Agreement, apportioned among the fee owners of the various portions of the Grantee Property under different ownerships according to the square footage of the land contained in the respective portions of the Grantee Property owned by them; provided, however, that if after the issuance of said Certificate of Occupancy the Grantee Property is subject to a condominium map or otherwise divided into condominium ownership of units, then Grantor shall not have the remedy of foreclosure but rather such Grantee Maintenance Costs shall be apportioned among the condominium owners based on the allocations set forth in Exhibit "D" to the Agreement Containing Covenants Affecting Real Property recorded concurrently herewith and Grantor may pursue legal or equitable remedies, except for foreclosure, to collect such amounts so apportioned . Upon apportionment, no separate owner of a portion of the Grantee Property shall have any liability for the apportioned Grantee Maintenance Costs of any other separate owner of another portion of the Grantee Property, and the lien shall be similarly apportioned and shall only constitute a lien against the portion of the Grantee Property owned in fee by the owner who is liable for the apportioned Grantee Maintenance Costs charged by the Grantor and secured by the apportioned lien and against no other portion of the Grantee Property.

3.8 Grantee acknowledges and agrees Grantor may also pursue any and all other remedies available in equity in the event Grantee fails to remedy any maintenance deficiency after notice and within the period of correction; provided, however, Grantor shall elect a single remedy and shall then be precluded from seeking other or multiple remedies for such a particular maintenance deficiency.

3.9 Grantee shall be liable for any and all reasonable attorneys' fees, and other legal costs or fees incurred in collecting the amounts set forth in the Grantor Invoice(s) that are covered by the Notice of Claim of Lien(s).

4. Indemnity and Insurance.

4.1 Indemnity.

4.1.1 Grantee shall indemnify, defend and hold the Grantor and its officers, employees, contractors and agents, harmless from any and all liability, loss, cost, damage or expense, including reasonable attorney's fees, relating to (i) claims of lien of laborers or materialmen, or others, for work performed or supplies furnished, in connection with the construction, reconstruction, repair, maintenance, operation or use of all or any part of the Buildings and the Garage; (ii) claims for personal injury or property damage arising out of the construction, reconstruction, repair, maintenance, operation or use of all or any part of the Buildings including the Garage except arising out of the negligence or willful misconduct of Grantor or its officers, officials, employees, contractors, subcontractors, visitors, invitees, agents, or representatives, or licensees; or (iii) claims connected with or attributed to the acts, omissions or operations of Grantee, its officers, agents, contractors, subcontractors, employees, licensees, or visitors, or their use, misuse, or neglect of the Buildings or the Garage.

4.1.2 Grantor shall indemnify, defend and hold the Grantee, its officers, principals, shareholders, members, employees, contractors and agents, harmless from any and all liability, loss, cost, damage or expense, including reasonable attorney's fees, relating to (i) claims for personal injury or property damage arising out of Grantor's ownership or use of the Grantor Property; or (ii) claims connected with or attributed to the acts, omissions or operations of Grantor, its officers, agents, contractors, subcontractors, employees, licensees, or visitors, of the Grantor Property.

4.2 Bodily Injury and Property Damage Insurance.

4.2.1 Grantee shall procure and maintain for all improvements within the Subterranean Easement Areas at Grantee's expense, for the duration of this Grant of Easements the following insurance coverages from insurance carriers admitted to write insurance in California or legally authorized non-admitted carriers having a minimum rating of or equivalent to A:VIII by A.M. Best Company:

4.2.1.1 Commercial general liability insurance (equivalent in scope to CG 00 01 11 85 or 11 88) in an amount not less than Three Million Dollars ($3,000,000) per occurrence and in aggregate. Such coverage shall include but shall not be limited to independent contractors liability, broad form contractual liability, cross liability protection, and products and completed operations liability. Grantor and its directors, officials, employees and agents shall be named as additional insureds by endorsement with respect to liability arising out of activities by or on behalf of Grantee or in connection with the development, use or occupancy of the Subterranean Easement Areas and the Adjacent Public Areas. This insurance shall contain no special limitations on the scope of protection afforded to the Grantor and its directors, officials, employees, and agents.

4.2.1.2 All Risk property insurance in an amount sufficient to cover the full replacement value of Grantee's improvements constructed on or about the Garage.

4.2.1.3 Workers' compensation insurance as required by the Labor Code of the State of California and Employer's Liability insurance with minimum limits of One Million Dollars ($1,000,000).

4.2.2 With respect to damage to property, Grantee hereby waives all rights of subrogation against Grantor, but only to the extent that collectible commercial insurance is available for said damage.

4.2.3 Any self-insurance program, self-insured retention, or deductibles must be approved separately in writing by City's Risk Manager or designee and shall protect the Grantor and its officials, employees, and agents in the same manner and to the same extent as they would have been protected had the policy or policies not contained retention provisions.

4.2.4 In addition to the endorsements specified herein, each insurance policy required herein shall also be endorsed to provide as follows: (a) that coverage shall not be voided, canceled or changed by either party except after thirty (30) days prior written notice to Grantor, (b) that the insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability; and (c) that coverage shall be primary and not contributing to any other insurance or self-insurance maintained by Grantor.

4.2.5 If in the opinion of City's Risk Manager from time to time, the amount, scope, or type of insurance coverage specified herein is not adequate, Grantee shall amend its insurance as required by City's Risk Manager or designee.

4.2.6 The insurance required herein shall not be deemed to limit Grantee's liability relating to performance under this Grant of Easements. The procuring of insurance shall not be construed as a limitation on liability or as full performance of the indemnification and hold harmless provisions of this Grant of Easements. Grantee understands and agrees that, notwithstanding any insurance, Grantee is obligated to defend, indemnify, and hold Grantor and its officials, employees, and agents harmless to the extent provided in Section 4.1.

4.2.7 Grantee agrees to make available to Grantor all books, records and other information relating to the insurance coverage required by this Grant of Easements during normal business hours.

4.2.8 Any modification or waiver of the insurance requirements herein shall be made only with the written approval of the City's Risk Manager or designee.

4.3 Damage or Destruction. If the Garage or if any part of the Buildings are damaged or destroyed, and if Grantee elects to rebuild a substantially identical structure, the easements in favor of Grantee and covenants provided for herein relating to same shall remain in force during the period of demolition and construction and thereafter following such reconstruction.

5. Effective Date. The terms and provisions of this Grant of Easements shall take effect upon the recordation hereof in the Official Records.

6. Duration of Easement. This Grant of Easements shall remain for the life of the Buildings constructed on the Phase I Site unless terminated by a writing signed by all parties and recorded in the Official Records. The parties hereto may terminate, upon a written, signed, and recorded notice of termination, one or more of the easements set forth herein without terminating some of the other easements set forth herein. Any termination of an easement shall be express.

7. Specific Performance. Due to the unique obligations of each party to be performed hereunder, which if a party (the "**Defaulting Party**") defaulted in the performance thereof would cause injury to the other party (the "**Injured Party**") which could not be reasonably and adequately compensated in damages, the Injured Party shall have the right at its option to bring an action for injunctive relief, specific performance, declaratory judgment or other equitable relief as appropriate, should the Defaulting

Party default in its obligations hereunder and such default shall continue for more than thirty (30) days after written notice thereof from the Injured Party to the Defaulting Party; provided, however, in the event such default cannot reasonably be cured within thirty (30) days, the Defaulting Party shall have such additional time as is reasonably required to cure such default provided that the Defaulting Party has commenced the cure within the initial thirty (30) day period and thereafter is diligently prosecuting such cure.

8. Mortgagee Protection. The provisions set forth in this Grant of Easements do not limit the right of any mortgagee or beneficiary under a deed of trust which secures construction or permanent financing to foreclose or otherwise enforce any Mortgage, or other encumbrance upon the Phase I Site or any portion thereof, or the right of any mortgagee or beneficiary under a deed of trust to exercise any of its remedies for the enforcement of any pledge or lien upon the Phase I Site, provided, however, that in the event of any foreclosure, under any such Mortgage or other lien or encumbrance, or a sale pursuant to any power of sale included in any such Mortgage, the purchaser or purchasers and their successors and assigns and the property subject to such foreclosure shall be, and shall continue to be, subject to this Grant of Easements.

8.1 The holder of any mortgage or deed of trust or other security interest authorized by the Agreement shall not be obligated by the provisions set forth in this Grant of Easements to construct or complete any improvements or to guarantee construction or completion; nor shall any covenant or any other provision in this Grant of Easements, or any other document or instrument recorded for the benefit of the Grantor be construed so to obligate the holder. Nothing in this Grant of Easements will be deemed to construe, permit, or authorize any holder to devote the Phase I Site, or any part of it, to any uses, or to construct any improvements not authorized by the Agreement.

8.2 Whenever Grantor delivers any notice or demand to Grantee with respect to any breach or default by Grantee of the terms of this Grant of Easements, Grantor shall at the same time deliver to each holder of record of any mortgage, deed of trust or other security interest authorized by the Agreement a copy of such notice or demand. Each holder shall (insofar as the rights of Grantor are concerned) have the right at its option within ninety (90) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any default and to add the cost to the security interest debt and the lien on its security interest. Nothing contained in this Grant of Easements shall be deemed to permit or authorize the holder to undertake or continue the construction or completion of the improvements (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed Grantee's obligations to Grantor by written agreement satisfactory to the Grantor. The holder in

that event must agree to complete, in the manner provided in the Agreement, the improvements to which the lien or title of such holder relates, and submit evidence satisfactory to the Grantor that it has the qualifications and financial responsibility necessary to perform the obligations. Grantor agrees, at the request of any such holder, at any time, to enter into a nondisturbance and estoppel agreement, intercreditor agreement, or other agreements which (a) authorizes the holder to assume Grantee's obligations under this Grant of Easements following the holder's acquisition of the applicable real property through foreclosure or deed-in-lieu of foreclosure, (b) specifies the portions of this Grant of Easements which are binding upon such holder following its acquisition of the applicable real property through foreclosure or deed-in-lieu of foreclosure, (c) provides that the holder shall not be obligated to cure any default of Grantee which is not reasonably susceptible of being cured by the holder, (d) modifies certain terms of this Grant of Easements as they relate to the holder, (e) subordinates Grantee's or any other party's obligations to Grantor, including any deed of trust in favor of Grantor with respect to the applicable real property, on terms and conditions mutually acceptable to the holder and Grantor, and (f) contains such other provisions reasonably requested by the holder. It is understood that a holder shall be deemed to have satisfied the ninety (90) day time limit set forth above for commencing to cure or remedy a Grantee default which requires title and/or possession of the applicable real property (or portion thereof) if and to the extent any such holder has within such ninety (90) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default.

9. Estoppel Certificates. Grantor and Grantee hereby covenant that within thirty (30) days of written request received from the other, it will issue to such requesting party or any other person specified by such requesting party, an estoppel certificate stating to the best of its knowledge (a) whether the party or signatory to whom the request has been directed knows of any default under the Grant of Easements, and if there are known defaults, specifying the nature thereof; (b) whether the Grant of Easements has been assigned, modified or amended in any way (and if it has, then stating the nature thereof); and (c) that the Grant of Easements as of that date is in full force and effect. A party who fails to timely reply to a request made pursuant to this Section shall be deemed to have certified that (i) there is no default under the Grant of Easements by any party thereto; (ii) the Grant of Easements has not been assigned, modified or amended and (iii) the Grant of Easements is in full force and effect.

10. Notices. All notices under this Grant of Easements shall be in writing and shall be effective upon receipt whether delivered by personal delivery or recognized same-day or overnight delivery service, telecopy (provided the original is delivered within 24 hours thereafter by one of the methods authorized by this Section), or sent by

United States registered or certified mail, return receipt requested, postage prepaid, addressed to the respective parties as follows::

To the Grantor:	Director Department of Building Services The City of Long Beach, California 3rd Floor 333 West Ocean Boulevard Long Beach, California 90802 Fax No.: (562) 570-6215
With copies to:	Office of the City Attorney City of Long Beach 333 West Ocean Boulevard, 11th Floor Long Beach, California 90802 Fax No.: (562) 436-1579
To the Grantee:	Shoreline Gateway, LLC 6701 Center Drive West Suite 710 Los Angeles, CA 90045 Attn: James R. Anderson Fax No. (310) 689-2305
With copies to:	Rutan & Tucker, LLP 611 Anton Blvd., Suite 1400 Costa Mesa, CA 92626 Attn: Dan Slater Fax No.: (714) 546-9035

Any party can notify the other party of their change of address by notifying the other party in writing of the new address.

11. <u>General Provisions</u>

12.1 <u>No Public Dedication</u>. Nothing in this Grant of Easements is intended or shall be construed to be a dedication to the public of any portion of the Grantor's or Grantee's property.

12.2 <u>Breach Shall Not Permit Termination</u>. It is expressly agreed that no breach of this Grant of Easements shall entitle Grantor or Grantee to cancel, rescind or otherwise terminate this Grant of Easements, but such limitation shall not

affect, in any manner, any other right or remedies which the parties may have hereunder by reason of any breach of this Grant of Easements.

12.3 No Third Party Beneficiaries. Nothing in this Grant of Easements, express or implied, is intended to confer upon any person, other than the parties and their respective successors and assigns, any rights or remedies under or by reason of this Grant of Easements.

12.4 Amendments. This Grant of Easements may not be modified or amended except by a written instrument executed by all parties or their successors in interest, and recorded in the Official Records.

12.5 California Law. This Grant of Easements shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed within the State of California.

12.6 Force Majeure. In addition to specific provisions of this Grant of Easements, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war; terrorism, insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; acts or failure to act of the Grantor or any other public or governmental agency or entity (other than that acts or failure to act of the Grantor shall not excuse performance by the Grantor); significant changes in economic or market conditions including but not limit to a significant rise in interest rates; or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause.

12.7 Severability. If any term(s) or provision(s) of this Grant of Easements or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Grant of Easements or the application of such term(s) or provision(s) to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby. Each and every term of this Grant of Easements shall be valid and enforced to the fullest extent permitted by law.

12.8 Interpretation. This Grant of Easements is to be deemed to have been prepared jointly by the parties hereto and if any inconsistencies exist herein they shall not be interpreted or construed against any party as the drafter.

12.9 Attorneys Fees. In the event of a dispute between the parties hereto or their assigns relating to this Grant of Easements, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs incurred in connection therewith.

12.10 No Partnership. The relationship of Grantor to Grantee is that of an independent contractor, and not of an employee or agent. Neither party shall hold itself out or act as an employee or agent of the other, nor shall either party have, nor represent to any person or entity that it has, any right or authority whatsoever to bind the other party to or incur any obligations or liability of any kind on behalf of the other party. Nothing herein contained shall be construed to create a joint venture or partnership nor to create the relationship of principal and agent or of any association between the Grantee and Grantor.

12.11 Further Cooperation. Each party hereto agrees to execute any and all documents and writings which may be necessary or expedient and do such other acts as will further the purposes hereof.

12.12 Successors and Assigns. As used herein, "**Grantor**" means the City of Long Beach or any subsequent fee owner of all or a portion of the Subterranean Easement Areas. This Grant of Easements shall inure to the benefit of and shall be binding upon the parties hereto and their assigns and successors.

12.12.1 The parties acknowledge that Grantee may elect, on receipt of the proper governmental approvals, to sell the residential and/or commercial units as condominium units to the public, and may convey various common areas, which will be defined in a condominium declaration of covenants, conditions and restrictions, to one or more condominium homeowners' association(s) ("**Homeowners' Association**") which may be established pursuant to California law with respect to the Buildings and the Phase I Site. Grantee may as part of the condominium sales transfer its rights, obligations and duties hereunder to a Homeowners' Association.

12.12.2 In the event that Grantee's successor is a Homeowners Association of the condominium unit purchasers with respect to units in the Buildings, any obligations of the Grantee shall be deemed to be an obligation of each unit in proportion to each such unit's *pro rata* share of the common areas as set forth in the condominium documents approved by the California Department of Real Estate.

12.12.3 Nothing in this Grant of Easements shall preclude or prevent Grantee from transferring, assigning, conveying, or hypothecating the

easements in favor of Grantee set forth herein subject to the terms and conditions governing transfers, assignments, conveyances, and hypothecations pertaining to the Phase I Site set forth in the Agreement.

12.13 Non-discrimination Covenants. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, national origin, sex, sexual orientation, AIDS, AIDS-related condition, age, marital status, disability or handicap, or veteran status in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Subterranean Easement Area, and Grantee itself (or any person claiming under or through it) shall not 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 Subterranean Easement Area. Participant agrees that its required compliance with the Americans with Disabilities Act ("ADA") shall be its sole responsibility and shall defend, indemnify and hold harmless Grantor for any liability arising from its failure to comply therewith.

12.14 Form of Nondiscrimination and Non-segregation Clauses.

All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

12.14.1 In deeds: "The grantee herein covenants by and for himself or herself, his or her 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 any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any 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 premises herein conveyed. The foregoing covenants shall run with the land."

12.14.2 In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

12.14.3 That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, 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 premises herein leased."

12.14.4 In contracts entered into by the agency relating to the sale, transfer, or leasing of land or any interest therein acquired by the agency within any survey area or redevelopment project the foregoing provisions in substantially the forms set forth shall be included and the contracts shall further provide that the foregoing provisions shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the instrument.

12.15 <u>Representations and Warranties</u>

12.15.1 <u>By Grantor</u>. Grantor represents and warrants to Grantee that as of the Effective Date hereof: (i) Grantor is a charter city and municipal corporation; (ii) Grantor is the owner of fee title to the Subterranean Easement Areas and has the requisite right, power and authority to enter into and carry out the terms of this Grant of Easements and the execution and delivery hereof and of all other instruments referred to herein; (iii) the person(s) executing this Grant of Easements on behalf of Grantor has been duly authorized to do so; (iv) the performance by Grantor of Grantor's obligations hereunder will not violate or constitute an event of default under the terms and provisions of any material agreement, document or instrument to which Grantor is a party or by which Grantor is bound; (v) all proceedings required to be taken by or on behalf of Grantor to authorize it to make, deliver and carry out the terms of this Grant of Easements have been duly and properly taken; (vi) no further consent of any person or entity is required in connection with the execution and delivery of, or performance by Grantor of its obligations under this Grant of Easements, including, without limitation, the consent or approval of any bankruptcy or other court having jurisdiction over

Grantor; and (vii) this Grant of Easements is a valid and binding obligation of Grantor, enforceable against Grantor in accordance with its terms, subject to the effect of applicable law..

(b) By Grantee. Grantee represents and warrants to Grantor that as of the Effective Date hereof: (i) Grantee is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware; (ii) Grantee has the requisite right, power and authority to enter into and carry out the terms of this Grant of Easements and the execution and delivery hereof and of all other instruments referred to herein; (iii) the person(s) executing this Grant of Easements on behalf of Grantee has been duly authorized to do so; (iv) the performance by Grantee of Grantee's obligations hereunder will not violate or constitute an event of default under the terms and provisions of any material agreement, document or instrument to which Grantee is a party or by which Grantee is bound; (v) all proceedings required to be taken by or on behalf of Grantee to authorize it to make, deliver and carry out the terms of this Grant of Easements have been duly and properly taken; (vi) no further consent of any person or entity is required in connection with the execution and delivery of, or performance by Grantee of its obligations under this Grant of Easements, including, without limitation, the consent or approval of any bankruptcy or other court having jurisdiction over Grantee; (vii) this Grant of Easements is a valid and binding obligation of Grantee, enforceable against Grantee in accordance with its terms, subject to the effect of applicable bankruptcy, insolvency, reorganization, or other similar laws affecting the rights of creditors generally and general equitable principles; and (viii) Grantee has not (A) made a general assignment for the benefit of creditors, (B) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by Grantee's, (C) suffered the appointment of a receiver to take possession of all or substantially all of Grantee's assets, or (D) suffered the attachment or other judicial seizure of all or substantially all of Grantee's assets.

12.16 No Brokers. Grantor and Grantee each represent and warrant to the other that neither has engaged any broker, agent or finder in connection with the negotiation, approval, or execution of this Grant of Easements. In the event of any claims for brokers' or finders' fees or commissions in connection with the negotiation, approval or execution of this Grant of Easements, the party at fault shall indemnify, save harmless and defend the other from and against such claims.

12.17 Possessory Interest Notice. Pursuant to California Revenue and Taxation Code Section 107.6, Grantor hereby informs Grantee that this Grant of Easements may create a possessory interest in the Subterranean

Easement Areas subject to property taxation, and in such event Grantee may be subject to property taxes on such possessory interest.

12.18 Counterparts. This Grant of Easements may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The parties authorize the Grantor to assemble original signature pages and consolidate them into duplicate identical originals for distribution to the parties. Any one of such completely executed counterparts shall be sufficient proof of this Grant of Easements.

IN WITNESS WHEREOF, the Grantee and Grantor have executed this Grant of Easements as of the date set forth opposite their respective signatures.

GRANTOR:

THE CITY OF LONG BEACH, a charter city

By: ______________________________
Its: ______________________________

Approved as to form this _____ day of
_________________, 201__.

ROBERT E. SHANNON, City Attorney of the City of Long Beach

By: ______________________________
Assistant

GRANTEE:

SHORELINE GATEWAY, LLC, a Delaware limited liability company

By: APL-SGL, LLC, a Delaware limited liability company, its Manager

By: AndersonPacific, LLC, a Delaware limited liability company
Its Manager

By: ______________________________
James R. Anderson
Managing Member

ATTACHMENT NO. 11

State of California)
County of __________________)

On __________________________, before me, ___________________________,
(insert name and title of the officer)

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.

Signature_________________________ (Seal)

State of California)
County of _________________)

On ___________________________, before me, ____________________________,
(insert name and title of the officer)

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.

Signature___ (Seal)

Exhibit A to Grant of Subterranean Easements

(ATTACHMENT #11 TO AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT)

LEGAL DESCRIPTION OF THE GRANTOR PROPERTY

[To be added]

Exhibit B to Grant of Subterranean Easements

(ATTACHMENT #11 TO AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT)

SITE MAP NO. 1

(Depicting the Phase I Site and the Adjacent Rights of Way)

[To be added]

[NOTE: SUBJECT TO CONFIRMATION FROM TITLE COMPANY PRIOR TO CLOSE OF ESCROW]

EXHIBIT "C" to Grant of Subterranean Easements

(ATTACHMENT #11 TO AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT)

LEGAL DESCRIPTION OF THE GRANTEE PROPERTY

PARCEL 1

7281-023-015 – 635 E OCEAN BLVD.

LOTS 37 AND 38 IN BLOCK 116 OF TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 19, PAGE 91 TO 96 INCLUSIVE OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL MINERALS, GAS, OILS, PETROLEUM NAPHTHA, HYDROCARBON SUBSTANCES AND OTHER MINERALS IN OR UNDER SAID LAND, LYING 500 FEET OR MORE BELOW THE SURFACE OF SAID LAND, AS EXEPTED AND RESERVED IN DEED RECORDED DECEMBER 23, 1971, AS INSTRUMENT NO. 3010.

PARCEL 2:

7281-023-014 – 619 E. Ocean Blvd.

LOTS 35 AND 36 IN BLOCK 116 OF TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 19, PAGE 91 TO 96 INCLUSIVE OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL3:

7281-023-016, 017 – 19 LIME AVENUE & ADJACENT VACANT LOT

THE NORTH 65 FEET OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

AND

THAT PORTION OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WEST LINE OF LIME AVENUE, DISTANT 65 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 40; THENCE SOUTH ALONG THE WEST LINE OF LIME AVENUE, 50 FEET; THENCE WEST 50 FEET TO THE WEST LINE OF SAID LOT 39; THENCE NORTH ALONG SAID WEST LINE 50 FEET; THENCE EAST 50 FEET TO THE POINT OF BEGINNING.

PARCEL 4

7281-023-018 – 645 E. OCEAN BLVD.

THAT PORTION OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

"BEGINNING AT THE SOUTHWEST CORNER, OF LOT 39; THENCE NORTH ALONG THE WEST LINE OF SAID LOT, 90 FEET; MORE OR LESS TO THE SOUTHWEST CORNER OF LAND CONVEYED BY ELIZA ADELAIDA COX AND HUSBAND TO CATHERINE H. STOUT, BY DEED RECORDED IN BOOK 1575 PAGE 213 OF DEEDS; THENCE EAST ALONG THE SOUTH LINE OF SAID LAST MENTIONED LAND TO ITS INTERSECTION WITH THE EAST LINE OF SAID LOT 40; THENCE SOUTH ALONG SAID EAST LINE 80 FEET, MORE OR LESS, TO ITS INTERSECTION WITH THE NORTHERLY LINE OF A 45 FOOT STRIP OF LAND CONVEYED BY SAID ELIZA ADELAIDA COX AND HUSBAND TO THE CITY OF LONG BEACH, BY DEED RECORDED IN BOOK 851 PAGE 314 OF DEEDS; THENCE SOUTHWESTERLY TO THE POINT OF BEGINNING.

EXHIBIT D to Grant of Subterranean Easements

(ATTACHMENT #11 TO AMENDED AND RESTATED
OWNER PARTICIPATION AGREEMENT)

DESCRIPTION OF THE SUBTERRANEAN EASEMENT AREAS

[To be added]

EXHIBIT E to Grant of Subterranean Easements

(ATTACHMENT #11 TO AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT)

SITE MAP NO 2

(Depicting the Exclusive Temporary Area)

[To be added]

ATTACHMENT NO. 12

FORM OF PARCEL 1a EASEMENT

PARCEL 1a EASEMENT

Recording Requested By)
and When Recorded Return to:)
)
The City of Long Beach as Successor)
Agency to the Redevelopment Agency)
of the City of Long Beach)
333 West Ocean Blvd., Third Floor)
Long Beach, California 90802)
Attention: Director)
)

GRANT OF PARCEL 1a EASEMENTS

THIS GRANT OF PARCEL 1a EASEMENTS ("**Grant of Easements**") is entered into this ____ day of _______________, 201__, by and between SHORELINE GATEWAY, LLC, a Delaware limited liability company ("**Grantor**"), and THE CITY OF LONG BEACH AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH ("**Grantee**"), with reference to the following:

A. Grantor is the owner of fee title to that certain real property legally described on **Exhibit "A"** attached hereto ("**Grantor Property**" or "**Phase I Site**") and depicted on **Exhibit "B"** attached hereto ("**Site Map No. 1**").

B. A portion of the Phase I Site is an area formerly known as the "Lime Street Vacation Area which is legally described on **Exhibit "C"** and is depicted on Site Map No. 1 ("**Lime Street Vacation Area**")..

C. Grantor and Grantee are parties to that certain Amended and Restated Owner Participation Agreement dated as of ____________, 2012 (the "OPA"), pursuant to which Grantor has, among other obligations, agreed to undertake development of a Project on the Phase I Site which includes the Lime Street Vacation Area. Capitalized terms when used herein have the same meanings ascribed to them in the OPA unless otherwise expressly defined herein.

D. Grantee is the owner of fee title to certain real property referred to in the OPA as "Parcel 1a," which parcel constitutes a portion of the Phase II Site and is legally described on **Exhibit "D"** attached hereto ("**Grantee Property**") and is also depicted on Site Map No. 1.

E. The Grantee Property is part of the real property for the anticipated development of the Phase II Site (as described in the OPA) which development includes subterranean improvements within the portion of the Grantor Property referred to herein and in the OPA as the Lime Street Vacation Area.

F. Pursuant to the OPA, the owner of the Phase II Site may construct within a portion of the Lime Street Vacation Area a subterranean garage ("**Garage**").

G. To enable the development of the Phase II Site, Grantor desires to grant certain easements to Grantee, and Grantee desires to accept certain easements, as set forth herein, in order to permit a portion of the Phase II Project to be located within a subterranean area of the Lime Street Vacation Area (the "**Phase II Subterranean Area**") as described in **Exhibit "E"** attached hereto.

H. The parties hereto desire that the Phase II Subterranean Area be held and used subject to and with the benefit of, certain easements, covenants, agreements, conditions, and restrictions as hereinafter set forth, all of which shall run with the title to the Grantee Property, and shall be binding on, and inure to the benefit of, all parties having any right, title or interest therein or in any part thereof, their successors and assigns.

NOW, THEREFORE, for good and sufficient consideration, receipt of which is hereby acknowledged, Grantor and Grantee covenant and agree as follows:

1. Grant of Easements.

1.1 Phase II Subterranean Area. Grantor hereby grants to Grantee an easement under the Lime Street Vacation Area (the "**Subterranean Easement**") for the construction, reconstruction, use, maintenance, and repair of the Garage within the Phase II Subterranean Area, and for access to the Garage from the adjacent public rights of way if and to the extent such access is shown on final approved building plans for the Garage.

1.2 Temporary Construction Easement. Grantor hereby grants a temporary easement to Grantee in, to, over, under, and across that portion of the Phase I Site as shown on **Exhibit "F"** attached hereto ("**Site Map No. 2**") (the "**Construction Easement Area**") for the construction of the Phase II Project including the Garage.

1.3 Easement for Structural and Subjacent Support. Grantee hereby grants to Grantor an easement for structural and subjacent support ("**Structural Support Easement**") for that portion of the Phase I Project (including the

Plaza Area) over the Phase II Subterranean Area and such other areas of the Grantee Property, including the Garage, integrally connected to such structural and subjacent support system (all of the foregoing, collectively, the "**Structural Support Easement Area**").

1.3.1 In the event that Grantee, its successors or assigns shall fail to maintain the foregoing described structural and subjacent support within the Structural Support Easement Area, Grantor shall have the right to enter into the Structural Support Easement Area and take such action as is reasonably necessary to provide and maintain structural and subjacent support; provided, however, that prior to taking any such action, Grantor shall notify Grantee in writing specifying the deficiencies and the actions required to be taken by Grantee to cure the deficiencies. Upon notification of any such deficiency in the maintenance of the structural and subjacent support, Grantee shall have thirty (30) days after such notice to commence, and thereafter diligently correct, remedy or cure, the specified deficiency; or in the event such deficiency presents a threat to public safety, as reasonably determined by the Director of the Department of Building Services (the "Director") or by a licensed civil or structural engineer, Grantee shall have two (2) days after such notice to commence, and thereafter diligently correct, remedy or cure, the specified deficiency.

1.3.2 If Grantee fails to timely correct, remedy, or cure the noticed maintenance deficiency and, as a result, should Grantor be required to enter the Structural Support Easement Area to perform that maintenance, Grantor may charge Grantee for the direct and reasonable indirect costs and overhead incurred by Grantor to perform such maintenance in accordance with Section 2.2, <u>Failure to Maintain</u>.

1.4 <u>Exact Location of Easements</u>. The easements provided in this Article 1 are generally depicted on Site Map No. 1 and Site Map No. 2. After construction of the Phase I Site and upon creation of building plans for the Phase II Site, and at Grantor's or Grantee's request, Grantor and Grantee shall meet and confer to more accurately describe, if necessary, the location of the various easements granted herein. Any amendments required pursuant to this Section shall be prepared at Grantee's expense, which amendment(s), if reasonably acceptable to the Director or officer of Grantee's successor in interest, shall be executed by Grantor and Grantee and recorded in the Official Records of Los Angeles County.

2. <u>Grantee Covenants</u>.

2.1 Maintenance of the Garage. Grantee shall, at its cost and expense and at no cost and expense to Grantor, have the duty for the life of the Garage to maintain the Garage and appurtenant improvements in a sound structural condition suitable to provide the structural and subjacent support to the affected portion of the Phase I Site.

2.2 Failure to Maintain. If Grantee fails to maintain the Garage and appurtenant improvements in accordance with its obligations under this Article 2, Grantor shall deliver written notice to Grantee specifying such failure with particularity ("**Default Notice**"). Grantee shall have thirty (30) days after receipt of the Default Notice, or such longer time as is reasonably necessary, to cure, correct, or remedy the specified deficiency if such cure, correction, or remedy is not reasonably capable of being completed within such thirty (30) day period.. In the event Grantee fails to cure, correct, or remedy, or has not timely commenced curing, correcting, or remedying, such maintenance deficiency specified in the Default Notice, and after the period of correction has lapsed, then Grantor shall have the right to enter the Structural Support Easement Area upon prior written notice to Grantee and perform such maintenance to cure, correct, or remedy the maintenance deficiency described in the Default Notice. Grantee agrees to pay the Grantor such actual, direct, and documented costs, and reasonable indirect costs and overhead incurred by Grantor in curing, correcting, or remedying such maintenance deficiency ("**Grantee Maintenance Costs**") within thirty (30) days after Grantee receives Grantor's invoice and backup documentation for such actual and direct costs incurred ("**Grantor Invoice**"). Amounts not paid when due shall bear interest at the rate of 7% per annum from the due date until paid.

3. Grantor Covenants.

3.1 Construction of the Phase II Project Affecting the Phase I Site. Grantor covenants to cooperate as reasonably required with the Grantee, its successors and assigns (the "**Phase II Developer**") (whether such construction is the Phase II Project as contemplated in the OPA or some other development provided that by the foregoing Grantor does not waive any rights it may have to object to, contest, or challenge a development materially different than the Phase II Project as contemplated in the OPA). The Phase II Developer shall perform construction of the Phase II Project in a manner to minimize interference with the operation of the Phase I Project (including without limitation the Phase I garage) and inconvenience to the Phase I Project's owners, occupants, and their invitees. Grantor shall grant the Phase II Developer a right to enter that portion of the Phase I Project as is reasonably required to inspect, plan and implement the development of the Phase II Site. Grantor shall allow the Phase II Developer to encroach into that portion of the Phase I Project beneath the Lime Street Vacation Area

(the "Phase I Subterranean Area") as required to fasten its structures to the Grantor's garage. Grantor and the Phase II Developer shall enter into such reciprocal easement agreements as may be useful and convenient for the construction, maintenance, repair and replacement of their respective garages and the development to be constructed within the Phase II Site. The form and substance of such reciprocal easement agreement shall be subject to the reasonable approval of the Director.

4. Indemnity and Insurance.

4.1 Indemnity.

4.1.1 Grantor shall indemnify, defend and hold the Grantee and its officers, employees, contractors and agents, harmless from any and all liability, loss, cost, damage or expense, including reasonable attorney's fees, relating to (i) claims of lien of laborers or materialmen, or others, for work performed or supplies furnished, in connection with the construction, reconstruction, repair, maintenance, operation or use of all or any part of the Phase I Site; (ii) claims for personal injury or property damage arising out of the construction, reconstruction, repair, maintenance, operation or use of all or any part of the Phase I Site ; or (iii) claims connected with or attributed to the acts, omissions or operations of Grantor, its officers, agents, contractors, subcontractors, employees, or licensees, or their use, misuse, or neglect of the Phase I Site.

4.1.2 Grantee shall indemnify, defend and hold the Grantor, its officers, principals, shareholders, members, employees, contractors and agents, harmless from any and all liability, loss, cost, damage or expense, including reasonable attorney's fees, relating to (i) claims of lien of laborers or materialmen, or others, for work performed or supplies furnished, in connection with the construction, reconstruction, repair, maintenance, operation or use of all or any part of the Phase II Site; (ii) claims for personal injury or property damage arising out of the construction, reconstruction, repair, maintenance, operation or use of all or any part of the Phase II Site; ; or (iii) claims connected with or attributed to the acts, omissions or operations of Grantee, its officers, agents, contractors, subcontractors, employees, licensees, or their use, misuse, or neglect of the Phase II Site.

4.2 Bodily Injury and Property Damage Insurance.

4.2.1 Grantee shall procure and maintain for all improvements within the Phase II Subterranean Area at Grantee's expense, for the duration of this Grant of Easements the following insurance coverages from

insurance carriers admitted to write insurance in California or legally authorized non-admitted carriers having a minimum rating of or equivalent to A:VIII by A.M. Best Company:

4.2.1.1 Commercial general liability insurance (equivalent in scope to CG 00 01 11 85 or 11 88) in an amount not less than Three Million Dollars ($3,000,000) per occurrence and in aggregate. Such coverage shall include but shall not be limited to independent contractors liability, broad form contractual liability, cross liability protection, and products and completed operations liability. Grantor and its directors, officials, employees and agents shall be named as additional insureds by endorsement with respect to liability arising out of activities by or on behalf of Grantee or in connection with the development, use or occupancy of the Phase II Subterranean Area and the Adjacent Public Areas. This insurance shall contain no special limitations on the scope of protection afforded to the Grantor and its directors, officials, employees, and agents.

4.2.1.2 All Risk property insurance in an amount sufficient to cover the full replacement value of Grantee's improvements constructed on or about the Garage.

4.2.1.3 Workers' compensation insurance as required by the Labor Code of the State of California and Employer's Liability insurance with minimum limits of One Million Dollars ($1,000,000).

4.2.2 With respect to damage to property, Grantee hereby waives all rights of subrogation against Grantor, but only to the extent that collectible commercial insurance is available for said damage.

4.2.3 Any self-insurance program, self-insured retention, or deductibles of Grantee shall protect the Grantor and its officials, employees, and agents in the same manner and to the same extent as they would have been protected had the policy or policies not contained retention provisions.

4.2.4 In addition to the endorsements specified herein, each insurance policy of Grantee required herein shall also be endorsed to provide as follows: (a) that coverage shall not be voided, canceled or changed by either party except after thirty (30) days prior written notice to Grantor, (b) that the insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to

the limits of the insurer's liability; and (c) that coverage shall be primary and not contributing to any other insurance or self-insurance maintained by Grantor.

4.2.5 The insurance required herein shall not be deemed to limit Grantee's liability relating to performance under this Grant of Easements. The procuring of insurance shall not be construed as a limitation on liability or as full performance of the indemnification and hold harmless provisions of this Grant of Easements. Grantee understands and agrees that, notwithstanding any insurance, Grantee is obligated to defend, indemnify, and hold Grantor and its officials, employees, and agents harmless to the extent provided in Section 4.1.

4.2.6 Grantee agrees to make available to Grantor all books, records and other information relating to the insurance coverage required by this Grant of Easements during normal business hours.

4.3 Damage or Destruction. If the Garage or if any part of the Phase II Project are damaged or destroyed, and if Grantee elects to rebuild a substantially identical structure, the easements in favor of Grantee and covenants provided for herein relating to same shall remain in force during the period of demolition and construction and thereafter following such reconstruction.

5. Effective Date. The terms and provisions of this Grant of Easements shall take effect upon the recordation hereof in the Official Records.

6. Duration of Easement. This Grant of Easements shall remain for the life of the Buildings constructed on the Phase II Site unless terminated by a writing signed by all parties and recorded in the Official Records. The parties hereto may terminate, upon a written, signed, and recorded notice of termination, one or more of the easements set forth herein without terminating some of the other easements set forth herein. Any termination of an easement shall be express.

7. Specific Performance. Due to the unique obligations of each party to be performed hereunder, which if a party (the "**Defaulting Party**") defaulted in the performance thereof would cause injury to the other party (the "**Injured Party**") which could not be reasonably and adequately compensated in damages, the Injured Party shall have the right at its option to bring an action for injunctive relief, specific performance, declaratory judgment or other equitable relief as appropriate, should the Defaulting Party default in its obligations hereunder and such default shall continue for more than thirty (30) days after written notice thereof from the Injured Party to the Defaulting Party; provided, however, in the event such default cannot reasonably be cured within thirty (30) days, the Defaulting Party shall have such additional time as is reasonably required to cure such default provided that the Defaulting Party has commenced the

cure within the initial thirty (30) day period and thereafter is diligently prosecuting such cure.

8. Mortgagee Protection. The provisions set forth in this Grant of Easements do not limit the right of any mortgagee or beneficiary under a deed of trust which secures construction or permanent financing to foreclose or otherwise enforce any Mortgage, or other encumbrance upon the Phase II Site or any portion thereof, or the right of any mortgagee or beneficiary under a deed of trust to exercise any of its remedies for the enforcement of any pledge or lien upon the Phase II Site, provided, however, that in the event of any foreclosure, under any such Mortgage or other lien or encumbrance, or a sale pursuant to any power of sale included in any such Mortgage, the purchaser or purchasers and their successors and assigns and the property subject to such foreclosure shall be, and shall continue to be, subject to this Grant of Easements.

8.1 The holder of any mortgage or deed of trust or other security interest authorized by the Agreement shall not be obligated by the provisions set forth in this Grant of Easements to construct or complete any improvements or to guarantee construction or completion; nor shall any covenant or any other provision in this Grant of Easements, or any other document or instrument recorded for the benefit of the Grantor be construed so to obligate the holder.

8.2 Whenever Grantor delivers any notice or demand to Grantee with respect to any breach or default by Grantee of the terms of this Grant of Easements, Grantor shall at the same time deliver to each holder of record of any mortgage, deed of trust or other security interest authorized by the Agreement a copy of such notice or demand. Each holder shall (insofar as the rights of Grantor are concerned) have the right at its option within ninety (90) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any default and to add the cost to the security interest debt and the lien on its security interest. Nothing contained in this Grant of Easements shall be deemed to permit or authorize the holder to undertake or continue the construction or completion of the improvements (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed Grantee's obligations to Grantor by written agreement satisfactory to the Grantor. The holder in that event must agree to complete, in the manner provided in the Agreement, the improvements to which the lien or title of such holder relates, and submit evidence satisfactory to the Grantor that it has the qualifications and financial responsibility necessary to perform the obligations. Grantor agrees, at the request of any such holder, at any time, to enter into a nondisturbance and estoppel agreement, intercreditor agreement, or other agreements which (a) authorizes the holder to assume Grantee's obligations under this Grant of Easements following the holder's acquisition of the applicable real property

through foreclosure or deed-in-lieu of foreclosure, (b) specifies the portions of this Grant of Easements which are binding upon such holder following its acquisition of the applicable real property through foreclosure or deed-in-lieu of foreclosure, (c) provides that the holder shall not be obligated to cure any default of Grantee which is not reasonably susceptible of being cured by the holder, (d) modifies certain terms of this Grant of Easements as they relate to the holder, (e) subordinates Grantee's or any other party's obligations to Grantor, including any deed of trust in favor of Grantor with respect to the applicable real property, on terms and conditions mutually acceptable to the holder and Grantor, and (f) contains such other provisions reasonably requested by the holder. It is understood that a holder shall be deemed to have satisfied the ninety (90) day time limit set forth above for commencing to cure or remedy a Grantee default which requires title and/or possession of the applicable real property (or portion thereof) if and to the extent any such holder has within such ninety (90) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default.

9. Estoppel Certificates. Grantor and Grantee hereby covenant that within thirty (30) days of written request received from the other, it will issue to such requesting party or any other person specified by such requesting party, an estoppel certificate stating to the best of its knowledge (a) whether the party or signatory to whom the request has been directed knows of any default under the Grant of Easements, and if there are known defaults, specifying the nature thereof; (b) whether the Grant of Easements has been assigned, modified or amended in any way (and if it has, then stating the nature thereof); and (c) that the Grant of Easements as of that date is in full force and effect. A party who fails to timely reply to a request made pursuant to this Section shall be deemed to have certified that (i) there is no default under the Grant of Easements by any party thereto; (ii) the Grant of Easements has not been assigned, modified or amended and (iii) the Grant of Easements is in full force and effect.

10. Notices. All notices under this Grant of Easements shall be in writing and shall be effective upon receipt whether delivered by personal delivery or recognized same-day or overnight delivery service, telecopy (provided the original is delivered within 24 hours thereafter by one of the methods authorized by this Section), or sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the respective parties as follows::

To the Grantor: Shoreline Gateway, LLC
6701 Center Drive West
Suite 710
Los Angeles, CA 90045
Attn: James R. Anderson
Fax No. (310) 689-2305

With copies to:	Rutan & Tucker, LLP 611 Anton Blvd., Suite 1400 Costa Mesa, CA 92626 Attn: Dan Slater Fax No.: (714) 546-9035
To the Grantee:	Director Department of Building Services The City of Long Beach, California 3rd Floor 333 West Ocean Boulevard Long Beach, California 90802 Fax No.: (562) 570-6215
With copies to:	Office of the City Attorney City of Long Beach 333 West Ocean Boulevard, 11th Floor Long Beach, California 90802 Fax No.: (562) 436-1579

Any party can notify the other party of their change of address by notifying the other party in writing of the new address.

11. General Provisions

11.1 No Public Dedication. Nothing in this Grant of Easements is intended or shall be construed to be a dedication to the public of any portion of the Grantor's or Grantee's property.

11.2 Breach Shall Not Permit Termination. It is expressly agreed that no breach of this Grant of Easements shall entitle Grantor or Grantee to cancel, rescind or otherwise terminate this Grant of Easements, but such limitation shall not affect, in any manner, any other right or remedies which the parties may have hereunder by reason of any breach of this Grant of Easements.

11.3 No Third Party Beneficiaries. Nothing in this Grant of Easements, express or implied, is intended to confer upon any person, other than the parties and their respective successors and assigns, any rights or remedies under or by reason of this Grant of Easements.

11.4 Amendments. This Grant of Easements may not be modified or amended except by a written instrument executed by all parties or their successors in interest, and recorded in the Official Records.

11.5 California Law. This Grant of Easements shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed within the State of California.

11.6 Force Majeure. In addition to specific provisions of this Grant of Easements, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war; terrorism, insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; acts or failure to act of the Grantor or any other public or governmental agency or entity (other than that acts or failure to act of the Grantor shall not excuse performance by the Grantor); significant changes in economic or market conditions including but not limit to a significant rise in interest rates; or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause.

11.7 Severability. If any term(s) or provision(s) of this Grant of Easements or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Grant of Easements or the application of such term(s) or provision(s) to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby. Each and every term of this Grant of Easements shall be valid and enforced to the fullest extent permitted by law.

11.8 Interpretation. This Grant of Easements is to be deemed to have been prepared jointly by the parties hereto and if any inconsistencies exist herein they shall not be interpreted or construed against any party as the drafter.

11.9 Attorneys Fees. In the event of a dispute between the parties hereto or their assigns relating to this Grant of Easements, the prevailing party shall be entitled to recover its expert witness fees and reasonable attorneys' fees and costs incurred in connection therewith.

11.10 No Partnership. The relationship of Grantor to Grantee is that of an independent contractor, and not of an employee or agent. Neither party shall hold itself out or act as an employee or agent of the other, nor shall either party have, nor represent to any person or entity that it has, any right or authority whatsoever to bind the other party to or incur any obligations or liability of any kind on behalf of the other party. Nothing herein contained

shall be construed to create a joint venture or partnership nor to create the relationship of principal and agent or of any association between the Grantee and Grantor.

11.11 Further Cooperation. Each party hereto agrees to execute any and all documents and writings which may be necessary or expedient and do such other acts as will further the purposes hereof.

11.12 Successors and Assigns. As used herein, "**Grantor**" means Shoreline Gateway, LLC, or any subsequent fee owner of all or a portion of the Phase I Site. As used herein, "**Grantee**" means the City of Long Beach as Successor Agency to the Redevelopment Agency of the City of Long Beach. This Grant of Easements shall inure to the benefit of and shall be binding upon the parties hereto and their assigns and successors.

11.12.1 The parties acknowledge that Grantee may elect, on receipt of the proper governmental approvals, to sell the residential and/or commercial units as condominium units to the public, and may convey various common areas, which will be defined in a condominium declaration of covenants, conditions and restrictions, to one or more condominium homeowners' association(s) ("**Homeowners' Association**") which may be established pursuant to California law with respect to the Phase II Project. Grantee may as part of the condominium sales transfer its rights, obligations and duties hereunder to a Homeowners' Association.

11.12.2 In the event that Grantee's successor is a Homeowners Association of the condominium unit purchasers with respect to units in the Phase II Project, any obligations of the Grantee shall be deemed to be an obligation of each unit, in proportion to each such unit's *pro rata* share of the common areas as set forth in the condominium documents approved by the California Department of Real Estate.

11.12.3 Nothing in this Grant of Easements shall preclude or prevent Grantee from transferring, assigning, conveying, or hypothecating the easements in favor of Grantee set forth herein subject to the terms and conditions governing transfers, assignments, conveyances, and hypothecations pertaining to the Phase II Site set forth in the Agreement.

11.13 Representations and Warranties

11.13.1 By Grantor. Grantor represents and warrants to Grantor that as of the Effective Date hereof: (i) Grantor is a limited liability

company, duly organized, validly existing and in good standing under the laws of the State of Delaware; (ii) Grantor has the requisite right, power and authority to enter into and carry out the terms of this Grant of Easements and the execution and delivery hereof and of all other instruments referred to herein; (iii) the person(s) executing this Grant of Easements on behalf of Grantor has been duly authorized to do so; (iv) the performance by Grantor of Grantor's obligations hereunder will not violate or constitute an event of default under the terms and provisions of any material agreement, document or instrument to which Grantor is a party or by which Grantor is bound; (v) all proceedings required to be taken by or on behalf of Grantor to authorize it to make, deliver and carry out the terms of this Grant of Easements have been duly and properly taken; (vi) no further consent of any person or entity is required in connection with the execution and delivery of, or performance by Grantor of its obligations under this Grant of Easements, including, without limitation, the consent or approval of any bankruptcy or other court having jurisdiction over Grantor; (vii) this Grant of Easements is a valid and binding obligation of Grantor, enforceable against Grantor in accordance with its terms, subject to the effect of applicable bankruptcy, insolvency, reorganization, or other similar laws affecting the rights of creditors generally and general equitable principles; and (viii) Grantor has not (A) made a general assignment for the benefit of creditors, (B) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by Grantor's, (C) suffered the appointment of a receiver to take possession of all or substantially all of Grantor's assets, or (D) suffered the attachment or other judicial seizure of all or substantially all of Grantor's assets.

11.13.2 By Grantee. Grantee represents and warrants to Grantor that as of the Effective Date hereof: (i) Grantee is the successor agency to the Redevelopment Agency of the City of Long Beach; (ii) Grantee is the owner of fee title to Parcel 1a and has the requisite right, power and authority to enter into and carry out the terms of this Grant of Easements and the execution and delivery hereof and of all other instruments referred to herein; (iii) the person(s) executing this Grant of Easements on behalf of Grantee has been duly authorized to do so; (iv) the performance by Grantee of Grantee's obligations hereunder will not violate or constitute an event of default under the terms and provisions of any material agreement, document or instrument to which Grantee is a party or by which Grantee is bound; (v) all proceedings required to be taken by or on behalf of Grantee to authorize it to make, deliver and carry out the terms of this Grant of Easements have been duly and properly taken; (vi) no further consent of any person or entity is required in connection with the execution

and delivery of, or performance by Grantee of its obligations under this Grant of Easements, including, without limitation, the consent or approval of any bankruptcy or other court having jurisdiction over Grantee; and (vii) this Grant of Easements is a valid and binding obligation of Grantee, enforceable against Grantee in accordance with its terms, subject to the effect of applicable law.

11.14 No Brokers. Grantor and Grantee each represent and warrant to the other that neither has engaged any broker, agent or finder in connection with the negotiation, approval, or execution of this Grant of Easements. In the event of any claims for brokers' or finders' fees or commissions in connection with the negotiation, approval or execution of this Grant of Easements, the party at fault shall indemnify, save harmless and defend the other from and against such claims.

IN WITNESS WHEREOF, the Grantee and Grantor have executed this Grant of Easements as of the date set forth opposite their respective signatures.

GRANTOR:

SHORELINE GATEWAY, LLC, a Delaware limited liability company

By: APL-SGL, LLC, a Delaware limited liability company, its Manager

By: AndersonPacific, LLC, a Delaware limited liability company
Its Manager

By: ____________________________
James R. Anderson
Managing Member

GRANTEE:

THE CITY OF LONG BEACH AS SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA, a public body corporate and politic

By: ____________________________
Its: ____________________________

Approved as to form this _____ day of __________________, 201__.

ROBERT E. SHANNON, City Attorney of the City of Long Beach, and general counsel to the City as successor agency

By: ____________________________
Assistant

ATTACHMENT NO. 12

State of California)
County of __________________)

On __________________________, before me, ___________________________,
(insert name and title of the officer)
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.

Signature_________________________ (Seal)

State of California)
County of ________________)

On ________________________, before me, ________________________,
(insert name and title of the officer)

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.

Signature ________________________ (Seal)

[NOTE: SUBJECT TO CONFIRMATION FROM TITLE COMPANY PRIOR TO CLOSE OF ESCROW]

Exhibit A to Grant of Parcel 1a Easements

(ATTACHMENT #12 TO AMENDED AND RESTATED
OWNER PARTICIPATION AGREEMENT)

LEGAL DESCRIPTION OF THE GRANTOR PROPERTY (PHASE I SITE)

PARCEL 1

7281-023-015 – 635 E OCEAN BLVD.

LOTS 37 AND 38 IN BLOCK 116 OF TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 19, PAGE 91 TO 96 INCLUSIVE OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL MINERALS, GAS, OILS, PETROLEUM NAPHTHA, HYDROCARBON SUBSTANCES AND OTHER MINERALS IN OR UNDER SAID LAND, LYING 500 FEET OR MORE BELOW THE SURFACE OF SAID LAND, AS EXEPTED AND RESERVED IN DEED RECORDED DECEMBER 23, 1971, AS INSTRUMENT NO. 3010.

PARCEL 2:

7281-023-014 – 619 E. Ocean Blvd.

LOTS 35 AND 36 IN BLOCK 116 OF TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 19, PAGE 91 TO 96 INCLUSIVE OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL3:

7281-023-016, 017 – 19 LIME AVENUE & ADJACENT VACANT LOT

THE NORTH 65 FEET OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

AND

THAT PORTION OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WEST LINE OF LIME AVENUE, DISTANT 65 FEET SOUTH OF THE NORTHEAST CORNER OF SAID LOT 40; THENCE SOUTH ALONG THE WEST LINE OF LIME AVENUE, 50 FEET; THENCE WEST 50 FEET TO THE WEST LINE OF SAID LOT 39; THENCE NORTH ALONG SAID WEST LINE 50 FEET; THENCE EAST 50 FEET TO THE POINT OF BEGINNING.

PARCEL 4

7281-023-018 – 645 E. OCEAN BLVD.

THAT PORTION OF LOTS 39 AND 40 IN BLOCK 116 OF THE LONG BEACH TOWNSITE, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

"BEGINNING AT THE SOUTHWEST CORNER, OF LOT 39; THENCE NORTH ALONG THE WEST LINE OF SAID LOT, 90 FEET; MORE OR LESS TO THE SOUTHWEST CORNER OF LAND CONVEYED BY ELIZA ADELAIDA COX AND HUSBAND TO CATHERINE H. STOUT, BY DEED RECORDED IN BOOK 1575 PAGE 213 OF DEEDS; THENCE EAST ALONG THE SOUTH LINE OF SAID LAST MENTIONED LAND TO ITS INTERSECTION WITH THE EAST LINE OF SAID LOT 40; THENCE SOUTH ALONG SAID EAST LINE 80 FEET, MORE OR LESS, TO ITS INTERSECTION WITH THE NORTHERLY LINE OF A 45 FOOT STRIP OF LAND CONVEYED BY SAID ELIZA ADELAIDA COX AND HUSBAND TO THE CITY OF LONG BEACH, BY DEED RECORDED IN BOOK 851 PAGE 314 OF DEEDS; THENCE SOUTHWESTERLY TO THE POINT OF BEGINNING.

Exhibit B to Grant of Parcel 1a Easements

(ATTACHMENT #12 TO AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT)

SITE MAP NO. 1

(Depicting the Phase I Site and the Phase II Site)

[To be added]

EXHIBIT "C" to Grant of Parcel 1a Easements

(ATTACHMENT #12 TO AMENDED AND RESTATED
OWNER PARTICIPATION AGREEMENT)

LEGAL DESCRIPTION OF LIME STREET VACATION AREA

[To be added]

[NOTE: SUBJECT TO CONFIRMATION FROM TITLE COMPANY PRIOR TO CLOSE OF ESCROW]

EXHIBIT "D" to Grant of Parcel 1a Easements

(ATTACHMENT #12 TO AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT)

LEGAL DESCRIPTION OF THE GRANTEE PROPERTY

LEGAL DESCRIPTION OF PARCEL 1a

7281-022-901

PARCEL 1

THAT PORTION OF BLOCK 120 IN THE TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 91 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING WESTERLY OF A LINE BEGINNING AT A POINT IN THE SOUTHERLY LINE OF SAID BLOCK 120, DISTANT WESTERLY THEREON 71.34 FEET FROM THE SOUTHEAST CORNER OF SAID BLOCK AND EXTENDING NORTHERLY TO A POINT IN THE NORTHERLY LINE OF SAID BLOCK, DISTANT WESTERLY THEREON 73.25 FEET FROM THE NORTHEAST CORNER OF SAID BLOCK.

EXCEPTING THEREFROM ALL MINERALS AND ALL MINERAL RIGHTS OF EVERY KIND AND CHARACTER NOW KNOWN TO EXIST OR THEREAFTER DISCOVERED: INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, OIL AND GAS AND RIGHTS THERETO, TOGETHER WITH THE SOLE, EXCLUSIVE AND PERPETUAL RIGHT TO EXPLORE FOR, REMOVE AND DISPOSE OF SAID MINERALS BY ANY MEANS OR METHODS, BUT WITHOUT ENTERING UPON OR USING THE SURFACE OF SAID LANDS, AND IN SUCH MANNER AS NOT TO DAMAGE THE SURFACE OF SAID LAND TO INTERFERE WITH THE USE THEREOF, AS EXCEPTED AND RESERVED BY LAS VEGAS LAND AND WATER COMPANY, A NEVADA CORPORATION, IN DEED RECORDED APRIL 15, 1957 IN BOOK 54211 PAGE 53 OF OFFICIAL RECORDS, AS INSTRUMENT NO. 256.

PARCEL 2

THOSE PORTIONS OF BLOCK 120 AND THE ALLEY EXTENDING THROUGH SAID BLOCK 120, OF THE TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED

IN BOOK 19, PAGE 91, ET SEQ., OF MISCELLANEOUS RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEASTERLY CORNER OF SAID BLOCK 120; THENCE WESTERLY ALONG THE SOUTHERLY LINE THEREOF, 71.34 FEET; THENCE NORTHERLY IN A DIRECT LINE TO A POINT IN THE NORTHERLY LINE OF SAID BLOCK 120, WHICH IS DISTANT WESTERLY THEREON, 73.25 FEET FROM THE NORTHEASTERLY CORNER OF SAID BLOCK 120; THENCE EASTERLY ALONG SAID NORTHERLY LINE, 73.25 FEET TO SAID NORTHEASTERLY CORNER; THENCE SOUTHERLY ALONG THE EASTERLY LINE OF SAID BLOCK 120, TO THE POINT OF BEGINNING.

EXCEPT ALL OIL, GAS AND OTHER HYDROCARBONS, GEOTHERMAL RESOURCES AS DEFINED IN SECTION 6903 OF THE CALIFORNIA PUBLIC RESOURCES CODE, AND ALL OTHER MINERALS, WHETHER SIMILAR TO THOSE HEREIN SPECIFIED OR NOT, WITHIN OR THAT MAY BE PRODUCED FROM SAID PROPERTY; PROVIDED HOWEVER, THAT THE SURFACE OF SAID PROPERTY SHALL NEVER BE USED FOR THE EXPLORATION, DEVELOPMENT, EXTRACTION, REMOVAL OR STORAGE OF ANY THEREOF, AS RESERVED BY STANDARD OIL COMPANY OF CALIFORNIA, A CORPORATION, BY DEED DATED SEPTEMBER 6, 1972, AND RECORDED SEPTEMBER 29, 1972, AS INSTRUMENT NO. 4526 OF OFFICIAL RECORDS.

EXHIBIT E to Grant of Parcel 1a Easements

(ATTACHMENT #12 TO AMENDED AND RESTATED
OWNER PARTICIPATION AGREEMENT)

DESCRIPTION OF THE PHASE II SUBTERRANEAN AREA

[To be added]

EXHIBIT F to Grant of Parcel 1a Easements

(ATTACHMENT #12 TO AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT)

SITE MAP NO 2

(Depicting the Temporary Construction Easements)

[To be added]

ATTACHMENT NO. 13

[RESERVED]

ATTACHMENT NO. 14

AGENCY PROMISSORY NOTE

ATTACHMENT NO. 14

AGENCY PROMISSORY NOTE

$6,008,824.66

Long Beach, California
______________, 201__

FOR VALUE RECEIVED, the undersigned ("Maker") promises to pay to the City of Long Beach as successor agency to the Redevelopment Agency of the City of Long Beach ("Agency" or "Lender" or "Holder"), at 333 West Ocean Boulevard, Third Floor, Long Beach, California 90802, Attention: Director, or at such other place as Agency may from time to time designate in writing, the principal amount of Six Million Eight Thousand Eight Hundred Twenty Four and 66/100 Dollars ($6,008,824.66), with interest on outstanding principal from the date set forth above to the date paid during the term of the loan at the rate of one and one-half percent (1.5%) per annum, simple interest, non-compounding, accrued annually (the "Interest Rate"). This Promissory Note may be referred to herein as the "Note", and the loan evidenced hereby may be referred to herein as the "Loan." All capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed thereto in that certain Amended and Restated Owner Participation Agreement between Agency and Maker dated ________________, 2012 (the "OPA").

This Note is delivered pursuant to the OPA and is secured by the Agency Deed of Trust (the "Instrument") dated as of even date herewith encumbering certain real property (the "Property") in the County of Los Angeles, State of California as more particularly described therein, and Lender is entitled to the benefits thereof.

All payments by Maker shall be made without deduction, defense, setoff or counterclaim and in immediately available funds. This Note is non-recourse as to Maker.

The date of maturity of this Note, the terms of repayment of this Note, subordination of the repayment of this Note to construction financing for the Phase I Project and, if required, the Phase II Project, reconveyance of the Instrument and recording of a new instrument encumbering the Phase II Site, possible conversion to an equity interest in Maker, and other terms are set forth at Section 8.5 of the OPA which is incorporated herein as though fully set forth. It is the intent of Agency and Maker that the terms of this Note be consistent with, and in conformity with, the terms of Section 8.5.

Each payment under this Note shall be credited first to accrued interest and then to principal.

The parties hereto intend to conform strictly to the applicable usury laws. In no event, whether by reason of demand for payment, prepayment, acceleration of the maturity hereof or otherwise, shall the interest contracted for, charged or received by Holder hereunder or otherwise exceed the maximum nonusurious amount permissible under applicable law. If from any circumstance whatsoever interest would otherwise be payable to Holder in excess of the maximum lawful amount, the interest payable to Holder shall be reduced automatically to the maximum amount permitted by applicable law (the "Highest Lawful Rate"). If Holder shall ever receive anything of value deemed interest under applicable law which would, apart from this provision, be in excess of the maximum lawful amount, an amount equal to any amount which would have been excessive interest shall be applied to the reduction of the principal amount owing hereunder in the inverse order of its maturity and not to the payment of interest, or if such amount which would have been excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to Maker. All interest paid or agreed to be paid to Holder shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term (including any renewal or extension) of such indebtedness so that the amount of interest on account of such indebtedness does not exceed the maximum permitted by applicable law. The provisions of this paragraph shall control all existing and future agreements between Maker and Holder.

After the occurrence of an Event of Default under Section 8.5 of the OPA that is not timely cured pursuant to the terms of the OPA ("Event of Default"), and for so long as such Event of Default continues, all obligations under this Note or the Instrument (collectively, the "Obligations") shall bear interest until paid in full at a rate per annum that is equal to the lesser of (i) the Highest Lawful Rate, or (ii) ten percent (10.0%) simple interest, non-compounding, accrued annually (calculated on the principal balance) in excess of the Interest Rate otherwise applicable under this Note (the "Default Rate").

At the option of Holder, the unpaid principal of and accrued interest on this Note shall become immediately due and payable upon the occurrence of an Event of Default, without any presentment, demand, protest or notice of any kind and Holder shall be entitled to exercise any and all remedies available to it under the OPA, or at law or in equity.

Maker hereby waives notice, demand, presentment and protest and notice of protest, dishonor or nonpayment of this Note, and to the full extent permitted by law, the right to plead any statute of limitations as a defense to any demand hereunder. No provision in the Note shall be construed as in any way excusing Maker from its obligation to make each payment under this Note promptly when due as provided in Section 8.5 of the OPA.

Maker shall pay to Lender on demand all costs and expenses, including reasonable attorneys' fees and expenses, incurred by Lender in collecting the indebtedness arising hereunder, or as a consequence of any Event of Default by Maker or otherwise as a consequence of any right evidenced by this Note or by the Instrument. Without limitation, such costs and expenses to be reimbursed by Maker shall include reasonable attorneys' fees and expenses incurred in any bankruptcy case or proceeding and in any appeal.

This Note shall be governed by and construed in accordance with the laws of the State of California and applicable federal law.

This Note is executed and delivered pursuant to the OPA and in the event of any conflict or inconsistency between the terms hereof and of the OPA, the terms of this Note shall be controlling.

IN WITNESS WHEREOF, Maker has caused this Note to be executed and delivered by its duly authorized officer, as of the date first set forth above.

MAKER

SHORELINE GATEWAY, LLC, a Delaware limited liability company

By: APL-SGL, LLC, a Delaware limited liability company
Its: Manager

By: AndersonPacific, LLC, a Delaware limited liability company
Its: Manager

By: ____________________
James R. Anderson
Managing Member

ATTACHMENT NO. 15

AGENCY DEED OF TRUST

ATTACHMENT NO. 15

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO

NAME: The City of Long Beach as Successor Agency to The Redevelopment Agency of the City of Long Beach

ADDRESS: 333 West Ocean Blvd., Third Floor

CITY & STATE: Long Beach, California
ZIP: 90802

Attn: Director

Title Order No. Escrow No.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST WITH ASSIGNMENTS OF RENTS

This Deed of Trust, made of this ______ day of _________________, 2012, by and among SHORELINE GATEWAY, LLC, a Delaware limited liability company, herein called TRUSTOR

whose address is 6701 Center Drive West, Suite 710, Los Angeles, CA 90045, Attn: James R. Anderson
(Number and Street) (City) (State) (Zip Code)

CHICAGO TITLE COMPANY, a California Corporation, herein called TRUSTEE,
and the City of Long Beach as Successor Agency to the Redevelopment Agency of the City of Long Beach, herein called BENEFICIARY.

Trustor irrevocably grants, transfers and assigns to Trustee in Trust, with Power of Sale that property in the City of Long Beach, County of Los Angeles, State of California,

described as:

See Exhibit A

Together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

For the Purpose of securing (1) Payment of the sum of **$ 6,008,824.66** with interest thereon according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of the Beneficiary, and extensions or renewals thereof; (2) the performance of each agreement of Trustor incorporated by reference or contained herein or reciting it is so secured; (3) Payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his or her successors or assigns, when evidence by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all the terms and provisions set forth in subdivision B of that certain Fictitious Deed of Trust recorded in the book and page of Official records in the office of the county recorder of the county where property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Placer	1028	379
Alpine	3	130-31	Plumas	166	1307
Amador	133	438	Riverside	3778	347
Butte	1330	513	Sacramento	71-10-26	615
Calveras	185	338	San Benito	300	405
Colusa	323	391	San Bernardino	6213	768
Contra Costa	4684	1	San Francisco	A-804	896
Del Norte	101	549	San Joaquin	2855	283
El Dorado	704	635	San Luis Obispo	1311	137
Fresno	5052	623	San Mateo	4778	175
Glenn	469	76	Santa Barbara	2065	881
Humboldt	801	83	Santa Clara	6626	664
Imperial	1189	701	Santa Cruz	1638	607
Inyo	165	672	Shasta	800	633
Kern	3756	690	San Diego	1964(Series 5)	149774
Kings	858	713	Sierra	38	187
Lake	437	110	Siskiyou	506	762
Lassen	192	367	Solano	1287	621
Los Angeles	T-3878	874	Sonoma	2067	427
Madera	911	136	Stanislaus	1970	56
Marin	1849	122	Sutter	655	585
Mariposa	90	453	Tehama	457	183
Mendocino	667	99	Trinity	108	595
Merced	1660	753	Tulare	2530	108
Modoc	191	93	Tuolumne	177	160
Mono	69	302	Ventura	2607	237
Monterey	357	239	Yolo	769	693
Napa	704	742	Yuba	398	693
Nevada	363	94			
Orange	7182	18			

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B, (Identical in all counties, and printed on the reverse side hereof) are by the within reference thereto, incorporate herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge thereof does not exceed the maximum allowed by laws.

The foregoing assignment of rents is absolute unless initialed here, in which case, the assignment serves as additional security.

The Rider to Deed of Trust with Assignment of Rents attached hereto is made a part hereof.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

Signature of Trustor

SHORELINE GATEWAY, LLC
By: APL-SGL, LLC, Manager
By: Anderson Pacific, LLC, Manager

By: ______________________
James R. Anderson
Managing Member

STATE OF CALIFORNIA ________________ }
COUNTY OF ________________________ } S.S.

On ____________________ before me,
____________________, 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

Signature ________________________________

DO NOT RECORD

The following is a copy of subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporate by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, and with respect to the property above described, Trustor agrees:

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor' to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide maintain and deliver to beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose the Deed of Trust.

(4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice or demand upon Trustor and without releasing Trustor from any obligation hereof, may; make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by the law in effect at the date hereof regarding the obligation secured hereby, any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

(1) That any award of damages in connection with any condemnation for public use or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him or her in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his or her right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(4) That upon written request of beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance maybe described as "the person or persons legally entitles thereto."

(5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his or her own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid and apply the same, less cost and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(6) That upon default by Trustor in payment of any indebtedness secured hereby or in any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for recorded. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or a separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money in the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed in any matters or facts shall be conclusive proof of the truthfulness thereof. In person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting the costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of the sale to payment of; all sums expended under the terms hereof, not then repaid, with accrued interest with the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee names herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledge and recorded in the office of the recorder of the county or counties were said property is situated, shall be conclusive proof or proper substitution of such successor Trustee or Trustee, who shall, without conveyance from the, Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the notes secured hereby, whether or not named Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and /or the neuter, and the singular number includes plural.

(9) The Trustee accepts the Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

REQUEST FOR FULL RECONVEYANCE

DO NOT RECORD

TO CHICAGO TITLE COMPANY

The undersigned is the legal owner and holder of the note or notes, and all other indebtedness secured by the foregoing Deed of Trust. Said note or notes, together with all other indebtedness secured by said Deed of Trust have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note or notes above mentioned, and all other evidence of indebtedness sacred by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated ________________________________

____

____

Please mail Deed of Trust,
Note and Reconveyance to ____

<u>Do not lose or destroy the Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made</u>

RIDER TO DEED OF TRUST WITH ASSIGNMENT OF RENTS
(Chicago Title Company Standard Form)
Dated ________________, 2012
By Shoreline Gateway, LLC as "Trustor" and
The City of Long Beach as Successor Agency to The Redevelopment Agency
of the City of Long Beach as "Beneficiary"

1. Defined Terms. Capitalized terms used but not defined in this Deed of Trust will have the meanings given in the Amended and Restated Owner Participation Agreement between Trustor and Beneficiary dated as of ___________, 2012 (the "OPA"); this Deed of Trust secures Participant's obligations under the Agency Promissory Note of even date herewith executed by Participant as "Maker" thereunder (the "Note").

2. Obligations. All terms and conditions of the Note are hereby incorporated herein by this reference. All persons who may have or acquire an interest in the Property or Improvements shall be deemed to have notice of the terms of the Note.

3. Subordination; Reconveyance. Pursuant to, and in accordance with, the OPA, the parties anticipate that this Deed of Trust will be amended concurrently or reconveyed and replaced with the conveyance of the Phase I Site to Participant to amend the real property encumbered hereby and to subordinate this Deed of Trust to Participant's construction financing. Upon sale of the Phase I Site and payment to Agency of amounts owing under the Note, if any, Agency will reconvey this Deed of Trust. Further, if Participant determines to exercise its option to purchase the Phase II Site and if the Note has not been paid in full, Agency will reconvey this Deed of Trust (if this Deed of Trust has not already been reconveyed) concurrently with the execution and recordation of a similar deed of trust to encumber the Phase II Site. The agreement of the parties with respect to subordination, reconveyance and later encumbering the Phase II Site is set forth in the OPA, and in the event of conflict between this summary and the OPA, the OPA shall control.

4. Disclaimer. Whether or not Beneficiary elects to employ any or all of the remedies available to it, Beneficiary shall not be liable for the failure to protect the Property or the Improvements or any portion thereof or for payment of any expenses incurred in connection with the exercise of any remedy available to Beneficiary or for the performance or nonperformance of any other obligation of Trustor.

5. Notices. All notices and demands expressly provided hereunder to be given by Beneficiary to Trustor and all notices, demands and other communications of any kind or nature whatever which Trustor may be required or may desire to give to or serve on Beneficiary shall be in writing, shall be addressed to the appropriate address set forth in this section, or at such other place as Trustor or Beneficiary may from time to time designate in writing by ten (10) days prior written notice, and shall be (a) hand-delivered, effective upon receipt, (b) sent by United States Express Mail or by private same-day or overnight courier, effective upon receipt, or (c) served by certified mail, return receipt

Initials of Trustor: __________

requested, deposited in the United States mail, with postage thereon fully prepaid and addressed to the party so to be served and shall be deemed effective on the day of actual delivery as shown by the addressee's return receipt or the expiration of three (3) business days after the date of mailing, whichever is the earlier in time. The addresses of the parties are as follows:

If to Trustor: Shoreline Gateway, LLC
6701 Center Drive West, Suite 710
Los Angeles, CA 90045
Attn: James R. Anderson.

With a copy to: Rutan & Tucker, LLP
611 Anton Boulevard, 14th Floor
Attn: Dan Slater, Esq.
Costa Mesa, California 92626

If to Beneficiary: The City of Long Beach as Successor Agency to the Redevelopment Agency of the City of Long Beach
333 West Ocean Boulevard, 3rd Floor
Long Beach, California 90802
Attn: Director

With a copy to: Office of the City Attorney
City of Long Beach
333 West Ocean Boulevard, 3rd Floor
Long Beach, California 90802
Attn: Assistant City Attorney

6. Inconsistency. In the event of any inconsistency between the terms of the Deed of Trust to which this Rider is attached, and this Rider, the terms of this Rider shall control.

[NOTE: SUBJECT TO CONFIRMATION FROM TITLE COMPANY PRIOR TO CLOSE OF ESCROW]

Exhibit A to Agency Deed of Trust

(ATTACHMENT #15 TO AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT)

Legal Description

7281-023-015 – 635 E OCEAN BLVD.

LOTS 37 AND 38 IN BLOCK 116 OF TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 19, PAGE 91 TO 96 INCLUSIVE OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL MINERALS, GAS, OILS, PETROLEUM NAPHTHA, HYDROCARBON SUBSTANCES AND OTHER MINERALS IN OR UNDER SAID LAND, LYING 500 FEET OR MORE BELOW THE SURFACE OF SAID LAND, AS EXEPTED AND RESERVED IN DEED RECORDED DECEMBER 23, 1971, AS INSTRUMENT NO. 3010.

ATTACHMENT NO. 16

SAMPLE CALCULATION OF IRR

(behind this page)

IRR CALCULATION EXAMPLE
SHORELINE GATEWAY
LONG BEACH, CALIFORNIA

Year	Income	Operating Expenses	Investment / NOI
Jan-13			($3,839,792)
Feb-13			($3,839,792)
Mar-13			($3,839,792)
Apr-13			($3,839,792)
May-13			($3,839,792)
Jun-13			($3,839,792)
Jul-13			($3,839,792)
Aug-13			($3,839,792)
Sep-13			($3,839,792)
Oct-13			($3,839,792)
Nov-13			($3,839,792)
Dec-13			($3,839,792)
Jan-14			($3,839,792)
Feb-14			($3,839,792)
Mar-14			($3,839,792)
Apr-14			($3,839,792)
May-14			($3,839,792)
Jun-14			($3,839,792)
Jul-14			($3,839,792)
Aug-14			($3,839,792)
Sep-14			($3,839,792)
Oct-14			($3,839,792)
Nov-14			($3,839,792)
Dec-14			($3,839,792)
Jan-15	$557,392	($145,225)	$412,167
Feb-15	$559,714	($145,830)	$413,884
Mar-15	$562,046	($146,438)	$415,609
Apr-15	$564,388	($147,048)	$417,340
May-15	$566,740	($147,661)	$419,079
Jun-15	$569,101	($148,276)	$420,825
Jul-15	$571,472	($148,894)	$422,579
Aug-15	$573,854	($149,514)	$424,340
Sep-15	$576,245	($150,137)	$426,108
Oct-15	$578,646	($150,763)	$427,883
Nov-15	$581,057	($151,391)	$429,666
Dec-15	$583,478	($152,022)	$431,456
Jan-16	$585,909	($152,655)	$433,254
Feb-16	$588,350	($153,291)	$435,059
Mar-16	$590,802	($153,930)	$436,872
Apr-16	$593,263	($154,571)	$438,692
May-16	$595,735	($155,215)	$440,520
Jun-16	$598,217	($155,862)	$442,356
Jul-16	$600,710	($156,511)	$444,199
Aug-16	$603,213	($157,163)	$446,050
Sep-16	$605,726	($157,818)	$447,908
Oct-16	$608,250	($158,476)	$449,774
Nov-16	$610,785	($159,136)	$451,648
Dec-16	$613,330	($159,799)	$453,530
Jan-17	$615,885	($160,465)	$455,420
Feb-17	$618,451	($161,134)	$457,318
Mar-17	$621,028	($161,805)	$459,223
Apr-17	$623,616	($162,479)	$461,136
May-17	$626,214	($163,156)	$463,058
Jun-17	$628,823	($163,836)	$464,987
Jul-17	$631,444	($164,519)	$466,925
Aug-17	$634,075	($165,204)	$468,870
Sep-17	$636,716	($165,893)	$470,824
Oct-17	$639,369	($166,584)	$472,786
Nov-17	$642,034	($167,278)	$474,756
Dec-17	$644,709	($167,975)	$476,734
Jan-18	$647,395	($168,675)	$478,720
Feb-18	$650,092	($169,378)	$480,715
Mar-18	$652,801	($170,083)	$482,718
Apr-18	$655,521	($170,792)	$484,729
May-18	$658,252	($171,504)	$486,749
Jun-18	$660,995	($172,218)	$488,777
Jul-18	$663,749	($172,936)	$490,814
Aug-18	$666,515	($173,656)	$492,859
Sep-18	$669,292	($174,380)	$494,912
Oct-18	$672,081	($175,107)	$496,974
Nov-18	$674,881	($175,836)	$499,045
Dec-18	$677,693	($176,569)	$501,124
Jan-19	$680,517	($177,305)	$503,212
Feb-19	$683,352	($178,043)	$505,309
Mar-19	$686,200	($178,785)	$507,415
Apr-19	$689,059	($179,530)	$509,529
May-19	$691,930	($180,278)	$511,652
Jun-19	$694,813	($181,029)	$513,784
Jul-19	$697,708	($181,784)	$515,924
Aug-19	$700,615	($182,541)	$518,074
Sep-19	$703,534	($183,302)	$520,233
Oct-19	$706,466	($184,065)	$522,400
Nov-19	$709,409	($184,832)	$524,577
Dec-19	$712,365	($185,602)	$526,763
Jan-20			$123,577,439
		IRR	9.4%

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