

1 generated for the City by the third party companies in the City, as more fully described
2 herein.

3 2.5 The City, in consideration of the additional Local Sales and Use
4 Tax Revenues to be paid by CRC Services for the benefit of the City, which the City would
5 not otherwise realize, desires to provide City Payments (as defined herein) to CRC
6 Services as incentive for locating its buying company in the City.

7 2.6 City Payments for each Fiscal Year will be an amount paid from
8 any legally available source of funds and shall be calculated by a percentage of the Local
9 Sales and Use Tax Revenues (as defined herein) generated in the City by CRC Services
10 and received by the City.

11 2.7 The location of CRC Services in the City will provide significant
12 public benefits to the City, in that the Local Sales and Use Tax Revenues to be paid by
13 CRC Services represent a substantial and significant source of additional public revenue
14 for the City, which may be used by the City for the funding of necessary public services
15 and facilities, including, without implied limitation, public safety services and facilities.

16 2.8 CRC Services and City wish to enter into this Agreement for the
17 purposes described above.

18 3. DEFINITIONS.

19 3.1 Definitions. Unless the context otherwise requires, the terms
20 defined in this Article 3 shall for all purpose hereto, and of any amendment hereof, and of
21 any opinion or report or other document mentioned herein or therein have the meanings
22 defined herein, the following definitions to be equally applicable to both the singular and
23 plural forms of any of the terms defined herein.

24 3.1.1 "Affiliate" means an entity controlled by another entity,
25 by which it is controlled, or with which it is under common control. For purposes of this
26 Agreement, "Affiliate" includes California Resources Corporation, a Delaware corporation.
27 For purposes of the definition of "Affiliate", "control" shall mean the ability to direct the
28 operational control, management and policies of a person or entity through the beneficial

1 3.1.6 "First Fiscal Quarter" means the Fiscal Quarter
2 commencing October 1, 2015 during which CRC Services pays an amount of Local Sales
3 and Use Tax Revenues.

4 3.1.7 "Fiscal Quarter" means one calendar year quarter within
5 the Term and commencing on January 1, April 1, July 1, or October 1, and ending on, as
6 applicable, the immediately following March 31st, June 30th, September 30th, or
7 December 31st. As an example, the Fiscal Quarter commencing January 1st shall end on
8 the immediately following March 31st, the Fiscal Quarter commencing on April 1st shall
9 end on the immediately following June 30th, and so on.

10 3.1.8 "Fiscal Year" means October 1 through September 30.

11 3.1.9 "Local Sales and Use Tax Revenues" means that
12 portion of the Sales and Use Tax, if any, paid by CRC Services upon taxable sales and
13 uses attributable to the operations of CRC Services or its Affiliates and allocated and paid
14 to the City under the Uniform Local Sales and Use Tax Law (Part 1.5, Division 2 of the
15 California Revenue and Taxation Code). Local Sales and Use Tax Revenues shall not
16 include (i) Penalty Assessments, (ii) any Sales Tax levied by, collected for or allocated to
17 the State of California, the County of Los Angeles, a district or any entity (including an
18 allocation to a statewide or countywide pool) other than the City, (iii) any administrative fee
19 charged by the SBE, (iv) any Sales or Use Tax subject to any sharing, rebate, offset or
20 other charge imposed pursuant to any applicable provision of federal, state or local (except
21 the City's) law, rule or regulation, (v) any Sales Tax attributable to any transaction not
22 consummated within the Term, or (vi) any Sales Tax (or other funds measured by Sales
23 Tax) required by the State of California to be paid over to another public entity (including
24 the State) or set aside and/ or pledged to a specific use other than for deposit into or
25 payment from the City's general fund including retroactively.

26 Without limiting the generality of the foregoing, City and CRC
27 Services acknowledge that as of the Effective Date of this Agreement, the California
28 legislature has adopted certain legislation commonly known as the triple-flip which would

1 divert to the State of California up to one-quarter (1/4) of the Local Sales and Use Tax
2 Revenue which would otherwise be payable to the City pursuant to the Sales Tax and Use
3 Tax Law as it existed prior to enactment of the above-referenced legislation. City and CRC
4 Services acknowledge that such legislation will cause a reduction of up to approximately
5 twenty-five percent (25%) of the Local Sales and Use Tax Revenues which would
6 otherwise be attributable to Sales and that such reduction will cause a corresponding
7 effect. Furthermore, City acknowledges that it is possible that the legislation described
8 above, or some alternative legislation (whether or not similar to the "triple flip"), may be
9 enacted and effective during one or more subsequent years during the Term and may
10 materially and negatively impact the amount of Local Sales and Use Tax Revenues and,
11 accordingly, City Payments. City does not make any representation, warranty or
12 commitment concerning the future actions of the California legislature with respect to the
13 allocation of Sales Taxes to the City. CRC Services agrees that it is undertaking its
14 obligations under this Agreement after having considered, and is expressly assuming the
15 risk of, the possibility of such legislation and its resultant impact on City Payments.

16 The foregoing paragraph notwithstanding, the City
17 acknowledges that the California legislature may provide for the payment to the City of
18 other revenues for the purpose of offsetting any losses in Local Sales and Use Tax
19 Revenues resulting from the enactment of legislation of the type described in the
20 immediately preceding paragraph. The City agrees that, should the California legislature
21 provide for such offsetting revenues, then for purposes of this Agreement and the
22 computation of any City Payments which may become due to CRC Services hereunder,
23 any such offsetting revenues which are (i) intended to offset the loss of sales tax revenues
24 to the City, (ii) actually received by the City, and (iii) not subject to any restrictions on use
25 beyond those which are otherwise generally applicable to sales tax revenues received by
26 California municipalities, will be deemed to be "Local Sales and Use Tax Revenues" within
27 the meaning of this Agreement.

28 3.1.10 "Location Agreement" shall have the meaning set forth

1 in Section 1.1.

2 3.1.11 "Penalty Assessments" means penalties, assessments,
3 collection costs and other costs, fees or charges resulting from late or delinquent payment
4 of Sales or Use Tax and which are levied, assessed or otherwise collected from CRC
5 Services.

6 3.1.12 "Retail Sales" means all sales of tangible personal
7 property to any person or entity which is subject to the Sales and Use Tax Law and which
8 generates Local Sales and Use Tax Revenues.

9 3.1.13 "Retail Sales Office" means any form of business entity
10 of CRC Services, or a subsidiary or Affiliate of CRC Services, which maintains a retail sales
11 operation within the City at which Retail Sales transactions are consummated pursuant to
12 the Sales and Use Tax Law.

13 3.1.14 "SBE" means the California State Board of Equalization,
14 and any successor agency.

15 3.1.15 "Sales and Use Tax Law" means (i) Part 1 of Division 2
16 of the California Revenue and Taxation Code, commencing with Section 6001, and any
17 successor law thereto, (ii) any legislation allowing the City or other public agency with
18 jurisdiction in the City to levy any form of sales and use tax on the operations of CRC
19 Services, and (iii) regulations of the SBE and other binding rulings and interpretations
20 relating to (i) and (ii) hereof.

21 3.1.16 "Sales Tax" means all sales and use taxes levied under
22 the authority of the Sales and Use Tax Law.

23 3.1.17 "Term" shall mean that period commencing as of the
24 First Fiscal Quarter and ending as of the last date of the one hundred and twentieth (120th)
25 Fiscal Quarter thereafter, unless earlier terminated or extended as provided by this
26 Agreement.

27 4. GENERAL TERMS.

28 4.1 Location and Operation within City. CRC Services has agreed

1 to locate its its Retail Sales Office in the City and agrees to continue to operate in the City
2 for a period of not less than thirty (30) Fiscal Years, subject to the right to terminate as
3 provided in Section 4.8 hereof. CRC Services' Affiliates shall, within twelve months of the
4 Effective Date, use commercially reasonable efforts to purchase at least eighty percent
5 (80%) of their equipment, material, and supplies through the Retail Sales Office.

6 4.1.1 CRC Services has obtained, or will obtain and will
7 maintain, a retail sales tax permit from the SBE. Except as otherwise provided in Section
8 4.1.2, CRC Services agrees to use commercially reasonable efforts to conduct its business
9 so that the place of sale for at least eighty percent (80%) of Retail Sales made by CRC
10 Services during the term of this Agreement will be the City, pursuant to the Sales and Use
11 Tax Law. In all sales reports filed by CRC Services with the SBE, relating to such Retail
12 Sales, where such a designation is permitted or required under the Sales and Use Tax
13 Law, CRC Services shall specify the City as the place of sale for all such Retail Sales, with
14 the exception of Retail Sales from a location other than the City as permitted by Section
15 4.1.2.

16 4.1.2 Notwithstanding Section 4.1.1 of this Agreement, and
17 subject to Section 4.1.3 of this Agreement, the place of sale for Retail Sales made by the
18 Retail Sales Office during the term of this Agreement is not required to be the City if CRC
19 Services makes a business determination that certain sales activities will not be relocated
20 to the City, and as a result such sales activities continue to be conducted where they were
21 conducted prior to the Effective Date of this Agreement or be relocated elsewhere. Retail
22 Sales Office may make Retail Sales from a location that is not within the City, and/or move
23 and/or transfer sales operations from its Retail Sales Office in the City to an additional
24 location to the extent that any one or more of the following circumstances applies in whole
25 or in part:

26 (a) California Resources Corporation ("CRC") or its
27 Affiliate acquires another business with existing California operations, or acquires all or
28 substantially all of the assets of such a business, or CRC is acquired or involved in a

1 merger, consolidation or sale of all or substantially all of its assets;

2 (b) CRC or CRC Services changes its business
3 model;

4 (c) The building in the City in which Retail Sales
5 Office is located is damaged, destroyed, or condemned, or access to the property is lost
6 or materially interfered with, or Retail Sales Office is otherwise prevented from using and
7 occupying the property for any reason beyond the reasonable control of CRC Services;

8 (d) The lease for the property underlying the Retail
9 Sales Office terminates or expires by its terms or is terminated for a reason not at the fault
10 of CRC Services, and CRC Services is unable to obtain replacement space suitable for
11 CRC Service's needs (taking into account the quality, size and location of any such
12 replacement space, and other commercially reasonable criteria) within the City on
13 commercially reasonable terms;

14 (e) California changes its law as to how the Bradley-
15 Burns sales tax (or successor) is allocated;

16 (f) City is in default under this Agreement;

17 (g) City is no longer legally authorized or permitted to
18 pay the City Payment to CRC Services;

19 (h) CRC Services is not legally permitted to
20 designate City as the place of Retail Sales by the Retail Sales Office for the purposes of
21 allocating Sales Tax; or

22 (i) There is a bona fide business reason to make
23 certain sales from a different location than CRC Services' retail sales Office (e.g., as a
24 condition of sale required by the buyer or the vendor).

25 4.1.3 In the event of the occurrence of an event described in
26 Section 4.1.2(d), CRC Services will refrain from relocating its Retail Sales Office to a
27 location that is not within the City unless it first notifies City in writing of its difficulty in finding
28 suitable replacement space and gives City a reasonable opportunity to identify or provide

1 replacement space within the City suitable for CRC Services' needs (taking into account
2 the quality, size and location of any such replacement space, and other commercially
3 reasonable criteria) on commercially reasonable terms.

4 4.2 Payment of the City Payment. As consideration for CRC
5 Service's continued location and operation in the City, and the establishment of a Retail
6 Sales Office in the City, as described in Section 4.1 above, City shall pay CRC Services
7 the City Payment. In addition, in the event any companies affiliated with CRC Services
8 locate or relocate a Retail Sales Office in or to the City during the term of this Agreement,
9 the term "Local Sales and Use Tax Revenues" will be deemed to include Local Sales and
10 Use Tax Revenues derived from taxable sales and uses attributable to the operations of
11 such affiliated companies and City shall pay the City Payment attributable thereto to CRC
12 Services, or such affiliated companies, as directed by CRC Services. Such payment will
13 be made within sixty (60) days following the latter of: (i) the receipt by the City of the
14 quarterly final reconciliation reports from the SBE relating to the Fiscal Quarter occurring
15 within the Term, (ii) receipt by City of any and all Data and Documentation applicable to
16 such Fiscal Quarter, and (iii) receipt of the Local Sales and Use Tax Revenues by the City.

17 4.2.1 Conditions Precedent to City Payment. City's obligations
18 under Section 4.2 are contingent on a year-to-year basis and, for each Fiscal Quarter within
19 the Term, upon the satisfaction of the following conditions precedent in each Fiscal
20 Quarter:

21 (a) CRC Services having obtained a retail sales tax
22 permit from the SBE; and

23 (b) CRC Services having, for the entirety of such
24 Fiscal Quarter, fulfilled its material obligations under Section 4.1.1 of this Agreement.

25 (c) City receipt and reasonable approval of Data and
26 Documentation, as defined in Section 4.2.2, needed by City to verify payment calculations.

27 4.2.2 Data and Documentation. For the purposes of this
28 Agreement, the term "Data and Documentation" means CRC Services' sales and use tax

1 returns, amended sales and use tax returns (if any) and any other documents reasonably
2 required by City to evidence sales and use tax return adjustments (if any), in each case,
3 relating to the Local Sales and Use Tax Revenues paid by CRC Services to City.

4 4.2.3 Confidentiality. In the performance of or otherwise in
5 connection with this Agreement, one Party ("Discloser") may disclose to the other Party
6 ("Recipient") certain Confidential Information of Discloser. "Confidential Information" as
7 used in this Agreement shall mean all information obtained by Recipient from Discloser
8 that is not generally known to the public and that a reasonable business person would
9 deem confidential, including the terms and conditions of this Agreement and any related
10 agreement thereto. Recipient will treat such Confidential Information as confidential and
11 proprietary of Discloser, and during the Term and for a period of two (2) years thereafter
12 will: (a) use the Confidential Information of Discloser solely for the purposes set forth in this
13 Agreement; (b) take suitable precautions and measures to maintain the confidentiality of
14 the Confidential Information of Discloser; and (c) not disclose or otherwise furnish the
15 Confidential Information of Discloser to any third party other than employees, agents or
16 independent contractors of Recipient (collectively, "Representatives") who have a need to
17 know the Confidential Information to perform its obligations under this Agreement, provided
18 such Representatives are obligated to maintain the confidentiality of the Confidential
19 Information. Recipient will be responsible for any breach of this Agreement by any of its
20 Representatives.

21 (a) The obligations under this Section will not apply
22 to any: (i) approved use or approved disclosure of any information pursuant to the exercise
23 of Discloser's rights under this Agreement; (ii) information that is now or hereafter becomes
24 generally known or available to the public other than through a violation of this Agreement;
25 (iii) information that is obtained by Recipient from a third party (other than in connection
26 with this Agreement) who was not under any obligation of secrecy or confidentiality with
27 respect to such information; (iv) information that is independently developed by Recipient
28 without reference to any Confidential Information; (v) any disclosure required by applicable

1 law, subpoena or court order provided that Recipient will use reasonable efforts to give
2 advance notice to and cooperate with Discloser in connection with any such disclosure,
3 and provided further that Recipient shall limit such disclosure to only that information that
4 is required to be disclosed; and (vi) any disclosure made with the explicit written consent
5 of Discloser. Recipient shall promptly return to Discloser all copies of any Confidential
6 Information of Discloser in its possession or control upon request, or in any event, upon
7 any termination or expiration of the Term.

8 (b) Recipient acknowledges and agrees that a
9 breach of any of the covenants or agreements contained in this Section 4.2.3 may result in
10 irreparable and continuing damage to Discloser and/or its affiliates for which there may be
11 no adequate remedy at law. Accordingly, should there be a breach of this Section 4.2.3,
12 Recipient agrees that Discloser shall be entitled to seek injunctive relief and/or a decree
13 for specific performance in addition to all such other relief as may be proper (including
14 monetary damages if appropriate) at law or in equity.

15 (c) In the event that Recipient receives a subpoena,
16 order or request to disclose the Confidential Information, Recipient, except as prohibited
17 by law or if received pursuant to regulatory oversight, promptly notify Discloser of any such
18 subpoena, order or request so that Discloser may seek protective order or other
19 appropriate remedy. If, in the absence of a protective order or other remedy, Recipient is
20 compelled to disclose the Confidential Information, Recipient will, except as prohibited by
21 law or if pursuant to regulatory oversight, (a) consult with Discloser to disclose only that
22 portion of the Confidential Information that is legally required or deemed necessary by
23 counsel to be disclosed, and (b) cooperate with Discloser in any attempt that Discloser may
24 make to obtain an order or other reliable assurance that confidential treatment will be
25 accorded to designated portions of the Confidential Information. Recipient shall be entitled
26 to reimbursement for its reasonable expenses, including the fees and expenses of its
27 counsel, in connection with action taken pursuant to this paragraph.

28 4.2.4 Adequate Consideration. Each City Payment due and

1 payable shall constitute the total payment to CRC Services for the Fiscal Quarter to which
2 it relates, and shall be paid by City for and in consideration of the location and operation
3 by CRC Services of the Retail Sales Office in the City during such Fiscal Quarter. The
4 Parties have determined and agreed that the City Payment due and payable during each
5 Fiscal Quarter represents fair consideration to CRC Services for its covenants and
6 obligations hereunder. Other than the City Payments and except as expressly provided
7 herein, CRC Services expressly acknowledges and agrees that it shall not receive any
8 compensation from City under this Agreement. Other than the City Payments and except
9 as expressly provided herein, CRC Services shall not entitled to any reimbursement or
10 other compensation from the City for any costs it incurs in performing, preparing to perform
11 or continuing its obligations under this Agreement for the term of the Agreement.

12 4.2.5 City Business License and Permits. CRC Services
13 acknowledges that it is solely responsible for any and all City Business License Fees and
14 any applicable permits. City shall reasonably assist CRC Services (at CRC Services' cost
15 and expense) in obtaining any such applicable permits or licenses.

16 4.2.6 No Carry Forward or Back. City and CRC Services
17 acknowledge and agree that the calculation and determination of all financial components
18 of the Parties' rights and obligations under this Agreement shall be computed quarterly on
19 a Fiscal-Year-to-Fiscal-Year basis. Revenues generated in one Fiscal Year may not be
20 carried forward or back to any prior or future Fiscal Year, it being the express agreement
21 and understanding of the Parties that for each Fiscal Year the financial obligations of the
22 Parties and satisfaction of the conditions precedent to such obligations shall be determined
23 and made independently of any other Fiscal Year.

24 4.2.7 Indemnification and Defense of Third-Party and SBE
25 Actions; 80% / 20% Allocation of Such Indemnity Costs. The Parties shall mutually defend
26 and indemnify each other ("Indemnifying Parties" for the purposes of this Section 4.2), their
27 officers and employees from Claims or Liabilities arising from this Location Agreement
28 including, but not limited to, (i) those concerning the validity or enforceability of this

1 shall within ten (10) Business Days of its actual knowledge provide CRC Services with
2 written notice of the pendency of any third-party action initiated to challenge the rights and
3 obligations established under this Agreement. Depending on the nature of the proceeding
4 and if both City and CRC Services mutually agree, the Indemnifying Parties may utilize
5 City's City Attorney's office or may elect to retain separate legal counsel. If the
6 Indemnifying Parties agree to retain separate legal counsel, CRC Services shall determine
7 which separate legal counsel(s) shall be retained. The Indemnifying Parties shall mutually
8 agree on a budget and shall assign differing roles to legal counsel. Based on the budget,
9 the Indemnifying Parties may establish a defense fund and require the deposit of funds into
10 an interest bearing escrow account in accordance with their shares under Section 4.2.13
11 and 4.2.14 so that generally legal costs shall be covered for a period of at least 60 days in
12 advance of the need for expenditure. The Indemnifying Parties will continue to make
13 deposits as needed. If any party shall fail to make their deposit, the action may be
14 abandoned by the performing party without liability to the defaulting party. The obligation
15 to pay the cost of the action, including judgment, shall extend until judgment. After
16 judgment in a trial court, the Indemnifying Parties must mutually agree as to whether any
17 appeal will be taken or defended. Each Indemnifying Party shall have the right, within the
18 first 30 days of the service of the complaint, in its sole and absolute discretion, to determine
19 that it does not want to defend any litigation attacking this Location Agreement, in which
20 case the party not wishing to abandon the case shall be responsible for the full costs of the
21 action. In the event of an appeal, or a settlement offer, the Indemnifying Parties shall confer
22 in good faith as to how to proceed. In that event, CRC Services shall be liable for its portion
23 of the costs incurred by the City up to the date of settlement and shall have no further
24 obligation to the City beyond the payment of those costs. Notwithstanding CRC Services'
25 indemnity for Claims or Liabilities, the City retains the right to settle any claims or litigation
26 brought against it in its sole and absolute discretion and CRC Services shall remain liable
27 for its portion of the costs, except where CRC Services opposes the settlement. In the
28 event CRC Services opposes such settlement, the City may still settle; provided that (1)

1 the City is responsible for its own costs and expense (but shall bear no other liability to
2 CRC Services) and (2) CRC Services shall bear no liability to City arising from or related
3 to such settlement.

4 4.2.10 CRC Services' Share of Indemnity Costs. CRC
5 Services' share of Indemnity Costs under this Section 4.2 is 80% of the Indemnity Costs.

6 4.2.11 City's Share of Indemnity Costs. The City's share of
7 Indemnity Costs under this Section 4.2 is 20% of the Indemnity Costs.

8 4.2.12 Survival. All indemnity provisions set forth in this
9 Agreement shall survive termination of this Agreement for any reason other than the City's
10 default.

11 4.2.13 Escrow/Recapture of City Payments. If, at any time
12 during or after the Term of this Agreement, there is a challenge to all or any portion of the
13 Local Sales and Use Tax Revenues received by the City, then the City will stop making
14 the City Payment on the disputed amounts and put 100% of the disputed amounts (both
15 the City portion and the CRC Services portion) in an escrow account to be released
16 promptly after the challenge has been resolved (in no event shall such release occur more
17 than fifteen (15) Business Days after such challenge has been resolved). If the challenge
18 is resolved successfully the City Payments will be made from the escrow amount promptly
19 after such resolution (but in no event later than fifteen (15) Business Days after such
20 resolution) and the remainder (if any) will return to the City. If the challenge is not resolved
21 successfully and the SBE determines that all or any portion of the Local Sales and Use
22 Tax Revenues received by the City were improperly allocated and/or paid to the City (an
23 "improper allocation"), and if SBE requires repayment of, offsets against future Sales Tax
24 payments, or otherwise recaptures from the City those improperly allocated and/or paid
25 Local Sales and Use Tax Revenues, then the required repayment amounts shall come first
26 from the escrow account. If repayment amounts remain, then CRC Services shall, within
27 sixty (60) days after written demand from City, repay all City Payments (or applicable
28 portions thereof) theretofore paid to CRC Services which are attributable to such repaid,

1 requires the California local sales tax to be allocated to City.

2 4.3.2 CRC Services Review of City Records. In order to
3 further the goals of this Agreement, upon reasonable notice, City shall allow CRC Services
4 and its representatives to review records of the receipt of Local Sales and Use Tax
5 Revenues by the City, including information received from the SBE relating to CRC
6 Services' Retail Sales Office. In the event of an underpayment of Local Sales and Use
7 Tax Revenue by the SBE, the City will promptly use its reasonable good faith efforts to
8 pursue its available administrative remedies against the SBE. CRC Services shall have the
9 right to be present at and participate in all SBE administrative proceedings, at CRC
10 Services cost and expense.

11 4.4 Event of Default. Each of the following shall constitute an
12 "Event of Default":

13 4.4.1 Failure by a Party to comply with and observe any of the
14 conditions, terms, or covenants set forth in this Agreement, if such failure remains uncured
15 within thirty (30) days after written notice of such failure from the non-defaulting Party to
16 the defaulting Party in the manner provided herein or, with respect to a default that cannot
17 be cured within thirty (30) days, if the defaulting Party fails to commence such cure within
18 such thirty (30) day period or thereafter fails to diligently and continuously proceed with
19 such cure to completion. However, if a different period, notice requirement, or remedy is
20 specified under any other section of this Agreement, then the specific provision shall
21 control. A failure by CRC to comply with its obligations under Section 4.1.1 may be cured
22 by (1) CRC by paying to City an amount equal to the total of City Payments received by
23 CRC Services during the six months immediately preceding CRC Services' breach of
24 Section 4.1.1 or (2) CRC Services complying with its obligations under Section 4.1.1 within
25 thirty (30) days of being notified of its non-compliance thereunder (provided that, such thirty
26 (30) day period shall be extended to sixty (60) days if CRC Services is diligently pursuing
27 remedying such non-compliance). Notwithstanding the foregoing, in no event shall CRC
28 Services be liable to City for any incidental or consequential damages arising out of or

1 related to this Agreement, including, without limitation, lost profits or lost opportunity.

2 4.4.2 Any representation or warranty contained in this
3 Agreement or in any application, financial statement invoice, certificate, or report submitted
4 pursuant to this Agreement proves to have been incorrect in any material respect when
5 made.

6 4.4.3 City becomes bankrupt, or has a receiving order or an
7 administration order made against it, or presents its petition in bankruptcy, or makes
8 arrangement with or assignment in favor of its creditors, or agrees to carry out this
9 Agreement under a committee of inspection of its creditors, or has an execution order
10 levied on its goods.

11 4.5 Rights and Remedies; Rights and Remedies Not Exclusive.
12 Unless prohibited by law or otherwise provided by a specific term of this Agreement, the
13 rights and remedies of CRC Services and City under this Agreement are nonexclusive and
14 all remedies hereunder may be exercised individually or cumulatively. Upon the other
15 Party's Event of Default, in addition to those remedies expressly granted herein, the Parties
16 shall also have the right to seek all other available legal and equitable remedies not
17 otherwise expressly prohibited herein.

18 4.5.1 Rights not Granted under Agreement. This Agreement
19 is not, and shall not be construed to be, a statutory development agreement under
20 Government Code Section 65864 et seq. This Agreement is not, and shall not be
21 construed to be, an approval of or an agreement to issue permits or a granting of any right
22 or entitlement by the City concerning any project, development, or construction by CRC
23 Services in the City. This Agreement does not, and shall not be construed to, exempt CRC
24 Services in any way from the requirement to obtain permits and/or other approvals that, in
25 each case, are required by law for the development, maintenance and operation of any
26 project, development of construction of CRC Services within the City. This Agreement does
27 not, and shall not be construed to, exempt CRC Services from the application and/or
28 exercise of the City's power of eminent domain or its police power, including, but not limited

1 to, the regulation of land uses and the taking of any actions necessary to protect the health,
2 safety and welfare of its citizenry.

3 4.6 Sole Compensation. Both City and CRC Services expressly
4 acknowledge and agree that CRC Services will receive no compensation under this
5 Agreement from City other than the City Payments. CRC Services shall not be entitled to
6 any reimbursement from City for any costs pursuant to this Agreement. The City Payment
7 shall not be reduced or offset for any costs or expenses incurred by City in performing or
8 preparing to perform its duties under and pursuant to this Agreement.

9 4.7 Termination. City or CRC Services may terminate this
10 Agreement upon an Event of Default as described in Section 4.4 above. In the event of a
11 failure by CRC Services to comply with its obligations under Section 4.1.1, and a failure by
12 CRC Services to cure such default as described in Section 4.4.1, City shall have the right
13 by written notice to CRC to terminate this Agreement as of the date when CRC Services'
14 right to cure such default expires (the "Default Date"). In the event CRC Services
15 terminates this Agreement to relocate its Retail Sales Office to another locality to receive
16 Financial Assistance (provided that CRC Services is not exercising any of its rights under
17 Section 4.1.2), CRC Services shall pay to City an amount equal to the total of City
18 Payments received by CRC Services during the six months immediately preceding the date
19 it terminates this Agreement to relocate its Retail Sales Office. Such payment shall be
20 made to the City in full within sixty (60) days after the date this Agreement is terminated by
21 CRC Services. Except as otherwise provided herein, upon such termination all executory
22 obligations under this Agreement that accrue or arise subsequent to the date of termination
23 shall also terminate, but obligations that have accrued or arisen prior to such termination
24 shall remain in full force and effect. Without limiting the generality of the foregoing, no
25 termination of this Agreement shall operate to release or discharge CRC Services from any
26 obligation to refund to City any overpaid City Payment(s) in accordance with Section 4.2.

27 4.8 City's and CRC Services' Representations and Warranties. All
28 of the foregoing representations and warranties are made according to City's and CRC

1 Services actual current knowledge as of the Effective Date, without having undertaken any
2 independent inquiry or investigation for the purpose of making such representation or
3 warranty and without any duty of inquiry or investigation.

4 4.8.1 City Representations and Warranties.

5 (a) City is a California municipal corporation and
6 charter law city and has full legal right, power and authority to enter into this Agreement
7 and to carry out and consummate all transactions contemplated hereby and, thereby, and
8 by proper action, City has duly authorized the execution and delivery of this Agreement.

9 (b) The representatives of City executing this
10 Agreement are fully authorized to execute the same pursuant to official action taken by
11 City. The representatives of CRC Services executing this Agreement are fully authorized
12 to execute the same pursuant to official action taken by CRC Services.

13 (c) This Agreement has been duly authorized,
14 executed and delivered by City and, assuming due execution and delivery by CRC
15 Services, constitutes the legal, valid and binding agreement of City, enforceable against
16 City in accordance with its terms, except as the same may be limited by applicable
17 bankruptcy, insolvency, reorganization, moratorium or similar laws in effect from time to
18 time relating to or affecting the enforcement of creditor's rights generally and by general
19 principles of equity (regardless of whether enforcement is sought in a proceeding in equity
20 or at law). This Agreement has been duly authorized executed and delivered by CRC
21 Services and, assuming due execution and delivery by City, constitutes the legal, valid and
22 binding agreement of CRC Services, enforceable against CRC Services in accordance
23 with its terms, except as the same may be limited by applicable bankruptcy, insolvency,
24 reorganization, moratorium or similar laws in effect from time to time relating to or affecting
25 the enforcement of creditor's rights generally and by general principles of equity
26 (regardless of whether enforcement is sought in a proceeding in equity or at law).

27 (d) The execution and delivery of this Agreement, the
28 consummation of the transactions on the part of City contemplated and the fulfillment of or

1 compliance by City with the terms and conditions hereof, do not and will not conflict with or
2 constitute a violation or breach of or default (with due notice or the passage of time or both)
3 under any applicable law or administrative rule or regulation, or any applicable court or
4 administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract
5 or other agreement or instrument to which City is a party or by which it or its properties are
6 otherwise subject or bound, or result in the creation or imposition of any prohibited lien,
7 charge or encumbrance of any nature whatsoever upon any of the property or assets of
8 City, which conflict, violation, breach, default, lien, charge or encumbrance would have
9 consequences that would materially and adversely affect the consummation of the
10 transactions on the part of City contemplated by this Agreement or the financial condition,
11 assets, properties or operations of City.

12 (e) There is no action, suit, proceeding, inquiry or
13 investigation before or by any court or federal, state, municipal or other governmental
14 authority pending or, to the knowledge of City, threatened against or affecting City or the
15 assets, properties or operations of which, if determined adversely to City or its interests,
16 would have a material and adverse effect upon the consummation of the transactions
17 contemplated by or the validity of this Agreement, or upon the financial condition, assets,
18 properties operations of City, and City is not in default with respect to any order or decree
19 of any court or any order, regulation or demand of any federal, state, municipal or other
20 governmental authority, which default might have consequences that would materially and
21 adversely affect the consummation of the transactions contemplated by this Agreement or
22 the financial conditions, assets, properties or operations of City.

23 4.8.2 CRC Services Representations and Warranties.

24 (a) CRC Services is a Delaware limited liability
25 company, has full legal right, power and authority to enter into this Agreement and to carry
26 out and consummate all transactions contemplated hereby and, thereby, and by proper
27 action CRC Services has duly authorized the execution and delivery of this Agreement.

28 (b) The execution and delivery of this Agreement, the

1 consummation of the transactions on the part of CRC Services contemplated and the
2 fulfillment or compliance by CRC Services with the terms and conditions hereof, do not and
3 will not conflict with or constitute a violation or breach of or default (with due notice or the
4 passage of time or both) under any applicable law or administrative rule or regulations, or
5 any applicable court or administrative decree or order, or any indenture, mortgage, deed
6 of trust, lease to which CRC Services is a party or by which it or its properties are otherwise
7 subject or bound, or result in the creation or imposition of any prohibited lien, charge or
8 encumbrance of any nature whatsoever upon any of the property or assets of CRC
9 Services, which conflict, violation, breach, default, lien, charge or encumbrance would have
10 consequences that would materially and adversely affect the consummation of the
11 transactions on the part of CRC Services contemplated by this Agreement or the financial
12 condition, assets, properties or operations of CRC Services.

13 (c) There is no action, suit, proceeding, inquiry or
14 investigation before or by any court or federal, state, municipal or other governmental
15 authority pending or, to the knowledge of CRC Services, threatened against or affecting
16 CRC Services or its interests, which, if determined adversely to CRC Services or its
17 interests, would have a material and adverse effect upon the consummation of the
18 transactions contemplated by or the validity of this Agreement, or upon the financial
19 condition, assets, properties or operations of CRC Services, and CRC Services is not in
20 default with respect to any order or decree of any court or any order, regulation or demand
21 of any federal, state, municipal or other governmental authority, which default might have
22 consequences that would materially and adversely affect the consummation of the
23 transactions contemplated by this Agreement or the financial conditions, assets, properties
24 or operations of CRC Services.

25 4.9 Amendment of Agreement. At any time City and CRC Services
26 may determine that this Agreement should be amended for the mutual benefit of the
27 Parties, or for any other reason, including an amendment to induce CRC Services to
28 maintain its operations in the City when this Agreement could otherwise be terminated. Any

1 such amendment to this Agreement shall only be by written agreement between City and
2 CRC Services. City and CRC Services agree to consider reasonable requests for
3 amendments to this Agreement which may be made by any of the Parties hereto, lending
4 institutions, bond counsel or financial consultants. Any amendments to this Agreement
5 must be in writing and signed by the appropriate authorities of both City and CRC Services.

6 4.10 California Law. This Agreement shall be construed and
7 governed in accordance with the laws of the State of California.

8 4.11 Execution in Counterparts. This Agreement may be executed
9 in several counterparts, each of which shall be deemed an original, and all of which shall
10 constitute but one and the same instrument.

11 4.12 Business Days. Any act or thing required to be done or exist on
12 any date set forth herein which does not constitute a Business Day in any year shall be
13 deemed to be done or to exist on such date if such act or thing is done or exists on the
14 next date, which constitutes a Business Day.

15 4.13 Tax Consequences. CRC Services shall be responsible for its
16 federal, state and/or local income taxes resulting from its receipt of the City Payments.

17 4.14 Consent. Whenever consent or approval of any Party is
18 required under this Agreement, that Party shall not unreasonably withhold, delay or
19 condition such consent or approval unless a different standard is otherwise provided by a
20 specific provision of this Agreement.

21 4.15 Notices and Demands. All notices or other communications
22 required or permitted between City and CRC Services under this Agreement shall be in
23 writing, and may be (i) personally delivered, (ii) sent by United States registered or certified
24 mail, postage prepaid, return receipt requested, (iii) sent by telecopy, or (iv) sent by
25 nationally recognized overnight courier service (e.g., Federal Express), and addressed to
26 the Parties at the addresses provided in Article 1 subject to the right of either Party to
27 designate a different address for itself by notice similarly given. Any notice so given by
28 registered or certified United States mail shall be deemed to have been received on the

1 second business day after the same is deposited in the United States mail. Any notice not
2 so given by registered or certified mail, such as notices delivered by telecopy or courier
3 service (e.g., Federal Express), shall be deemed received upon actual receipt of the same
4 by the Party to whom the notice is given.

5 4.16 Non-liability of Officials and Employees. No board member,
6 official, contractor, consultant, attorney or employee of City shall be personally liable to
7 CRC Services, any voluntary or involuntary successors or assignees, or any lender or other
8 party holding an interest in CRC Services property, in the event of any default or breach
9 by City, or for any amount which may become due to CRC Services or to its successors or
10 assignees, or on any obligations arising under this Agreement.

11 4.17 Non-liability of CRC Services Officials and Employees. No
12 board member, official, contractor, consultant, attorney or employee of CRC, CRC Services
13 or its Affiliates shall be personally liable to City, any voluntary or involuntary successors or
14 assignees in the event of any default or breach by CRC Services, or for any amount that
15 may become due to City or to its successors or assignees, or on any obligations arising
16 under this Agreement.

17 4.18 Entire Agreement. This Agreement contains all of the terms and
18 conditions agreed upon by the Parties. No other understanding, oral or otherwise, in direct
19 conflict with this Agreement shall be deemed to exist or to bind any of the Parties hereto.
20 All prior written or oral offers, counteroffers, memoranda of understanding, proposals and
21 the like are superseded by this Agreement.

22 4.19 Extensions and Delays; No Excuse Due to Economic Changes.
23 Time is of the essence in the performance of the obligations of City and CRC Services
24 under this Agreement. In addition to specific provisions of this Agreement, providing for
25 extensions of time, times for performance hereunder shall be extended where delays in
26 performance are due to war, insurrection; any form of labor dispute; lockouts; riots; floods;
27 earthquakes; fires; acts of God or of third parties; third party litigation; acts of a public
28 enemy; acts of governmental authorities; epidemics; quarantine restrictions; and freight

1 embargoes (collectively, "Enforced Delays") provided, however, that the Party claiming the
2 extension notify the other Party of the nature of the matter causing the default; and,
3 provided further, that the extension of time shall be only for the period of the Enforced
4 Delays. However, deadlines for performance may not be extended as provided above due
5 to any inability of CRC Services to obtain or maintain financing for its operations or due to
6 City's inability to make City Payments due and payable to CRC Services. In no event shall
7 either Party be deemed in default of this Agreement because of an Enforced Delay event.

8 The Parties hereto expressly acknowledge and agree that changes in
9 either general economic conditions or changes in the economic assumptions of any of them
10 which may have provided a basis for entering into this Agreement, and which occur at any
11 time after the execution of this Agreement, are not Enforced Delays and do not provide any
12 Party with grounds for asserting the existence of a delay or excuse in the performance of
13 any covenant or undertaking which may arise under this Agreement. Each Party expressly
14 assumes the risk that changes in general economic conditions, or changes in such
15 economic assumptions relating to the terms and covenants of this Agreement could impose
16 an inconvenience or hardship on the continued performance of such Party under this
17 Agreement, but that such inconvenience or hardship is not an Enforced Delay and does
18 not excuse the performance by such Party of its obligations under this Agreement.

19 4.20 Jurisdiction and Venue. Any legal action or proceeding
20 concerning this Agreement shall be filed and prosecuted in the appropriate California state
21 court in Los Angeles County, California. Both Parties hereto irrevocably consent to the
22 personal jurisdiction of that court. City and CRC Services each hereby expressly waive the
23 benefit of any provision of federal or state law or judicial decision providing for the filing,
24 removal, or change of venue to any other court or jurisdiction.

25 4.21 Interpretation. City and CRC Services acknowledge that this
26 Agreement is the product of mutual arm's-length negotiation and drafting and that both
27 Parties have been represented by legal counsel in the negotiation and drafting of this
28 Agreement. Accordingly, the rule of construction which provides that ambiguities in a

1 document shall be construed against the drafter of that document shall have no application
2 to the interpretation and enforcement of this Agreement. In any action or proceeding to
3 interpret or enforce this Agreement, the finder of fact may refer to any extrinsic evidence
4 not in direct conflict with any specific provision of this Agreement to determine and give
5 effect to the intention of the Parties with respect to any ambiguities in this Agreement.

6 4.22 No Waiver. Failure to insist on any occasion upon strict
7 compliance with any of the terms, covenants or conditions hereof shall not be deemed a
8 waiver by any Party of such term, covenant or condition, nor shall any waiver or
9 relinquishment of any rights or powers hereunder at any one time or more times be deemed
10 a waiver or relinquishment by any Party of such other right or power at any other time or
11 times.

12 4.23 Successors and Assigns. The terms, covenants and conditions
13 of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and
14 their voluntary and involuntary successors and assigns.

15 4.24 No Third Party Beneficiaries. The performance of the
16 respective obligations of City and CRC Services under this Agreement are not intended to
17 benefit any party other than City or CRC Services, except as expressly provided otherwise
18 herein. No person or entity not a signatory to this Agreement shall have any rights or
19 causes of action against any Party to this Agreement as a result of that Party's performance
20 or nonperformance under this Agreement, except as expressly provided otherwise herein.

21 4.25 Warranty Against Payment of Consideration for Agreement.
22 CRC Services warrants that it has not paid or given, and will not pay or give, any third party
23 any money or other consideration for obtaining this Agreement. Third parties, for the
24 purposes of this Section 4.28, shall not include persons to whom fees are paid for
25 professional services if rendered by attorneys, financial consultants, accountants,
26 engineers, architects and the like when such fees are considered necessary by CRC
27 Services.

28 4.26 Severability. City and CRC Services declares that the

1 provisions of this Agreement are severable. If it is determined by a court of competent
2 jurisdiction that any term, condition or provision hereof is void, voidable, or unenforceable
3 for any reason whatsoever, then such term, condition or provision shall be severed from
4 this Agreement and the remainder of the Agreement enforced in accordance with its terms;
5 provided, if at any time the City fails to have the legal right to retain and control the
6 disposition of at least 80% of its portion of the Local Sales and Use Tax Revenues, or the
7 obligation of City to pay the City Payment is held to be void or unenforceable, CRC Services
8 will have the right, upon written notice to City, to terminate this Agreement without any
9 liability to City.

10 4.27 Further Acts and Releases. City and CRC Services each
11 agrees to take such additional acts and execute such other documents as may be
12 reasonable and necessary in the performance of their obligations hereunder.

13 4.28 Pledge or Hypothecation of This Agreement. CRC Services
14 may not assign, transfer, encumber or hypothecate its rights and/or obligations under this
15 Agreement without the express written consent of City, which shall not be unreasonably
16 withheld, delayed or conditioned (for example, City does not provide its consent or a bona
17 fide reason why it is not consenting to any such assignment, transfer, pledge or
18 hypothecation by CRC Services within thirty (30) days of CRC Services' request for such
19 consent). Any unpermitted assignment, transfer, pledge, encumbrance, or hypothecation,
20 or any attempt thereat, shall not confer any rights upon the purported assignee/transferee
21 and shall constitute CRC's curable default of this Agreement. CRC Services shall have
22 sixty (60) days from the date of such default to cure such default. Notwithstanding the
23 foregoing or any other term to the contrary contained in any other agreement between CRC
24 Services (or its Affiliates) and City (or its Affiliates), CRC Services may undertake any of
25 the following without the consent of, or providing any prior notice to, City or any Affiliate of
26 City: (i) issue or transfer member interests or other voting or ownership interests in CRC
27 Services (and/or assign this Agreement in connection with any such issuance or transfer),
28 (ii) incorporate, (iii) merge or consolidate with any other entity, and/or sell or transfer all or

1 substantially all of the assets of CRC Services (and/or assign this Agreement in connection
2 with any such merger, consolidation or sale), (iv) assign its interest in this Agreement to
3 any entity that controls, is controlled by or is under common control with CRC Services; for
4 purposes of the foregoing, "control" means the power, directly or indirectly, by voting rights,
5 contract or otherwise, to direct or cause the direction of the management or policies of a
6 person or entity or (v) enter into any contract or arrangement to procure or sell equipment,
7 material, supplies and services from any person or entity or make any other decision or
8 determination regarding its procurement or sale of equipment, material, supplies and
9 services.

10 4.29 Rights not Granted under Agreement. This Agreement is not,
11 and shall not be construed to be, a statutory development agreement under Government
12 Code Section 65864 et seq. This Agreement is not, and shall not be construed to be, an
13 approval of or an agreement to issue permits or a granting of any right or entitlement by
14 the City concerning any project, development, or construction by CRC or CRC Services in
15 the City. This Agreement does not, and shall not be construed to, exempt CRC Services'
16 Sales Office in any way from the requirement to obtain permits and/or other discretionary
17 or non-discretionary approvals as may be necessary for the development, maintenance
18 and operation of any project, development or construction of CRC Services' Retail Sales
19 Office within the City. This Agreement does not, and shall not be construed to, exempt
20 CRC Services' Retail Sales Office from the application and/or exercise of the City's power
21 of eminent domain or its police power, including, but not limited to, the regulation of land
22 uses and the taking of any actions necessary to protect the health, safety and welfare of
23 its citizenry.

24 4.30 No Financial Assistance To Be Accepted from Other Agencies
25 for Relocation. Unless (1) otherwise agreed by City, (2) an event described in Section
26 4.1.2 occurs, or (3) City is in default, CRC Services covenants and agrees for the period
27 beginning on the Effective Date and continuing until and including the termination of this
28 Agreement, CRC Services will not, directly or indirectly, solicit or accept any Financial

1 Assistance (as defined below) from any other public or private person or entity, to the extent
2 such Financial Assistance is given for the purpose of causing or would result in either Retail
3 Sales Center's relocation from the City or termination of this Agreement. For purposes of
4 this Section 4.30, the term "Financial Assistance" means any direct or indirect payment,
5 subsidy, rebate, or other similar or dissimilar monetary or non-monetary benefit, including,
6 without implied limitation, payment of land subsidies, relocation expenses, public
7 financings, property or sales tax relief or rebates, relief from public improvement
8 obligations, and payment from public improvement obligations, and payment for public
9 improvements to or for the benefit of CRC Services and its Affiliates

10 4.31 Relationship of Parties. The Parties shall not be deemed in a
11 relationship of partners or joint ventures by virtue of this Location Agreement, nor shall
12 either Party be an agent, representative, trustee or fiduciary of the other. Neither Party shall
13 have any authority to bind the other to any agreement.

14 4.32 No Consequential Damages. Notwithstanding any other
15 provision of this Agreement to the contrary, CRC Services and City hereby release the
16 other and their respective Affiliates from any incidental or consequential damages arising
17 out of or related to this Agreement, including, without limitation, lost profits or lost
18 opportunity.

19 4.33 Limitation on Liability; Limitation on Remedies. The liability of
20 CRC Services and its Affiliates under this Agreement shall be limited solely to the amount
21 of the City Payments actually received by CRC Services or its Affiliates under this
22 Agreement, and in no event shall any recourse against any of the other assets of CRC
23 Services be available to the City or any other person or entity. In the event CRC Services
24 incurs a payment liability hereunder that is not satisfied, City may reduce future City
25 Payments to satisfy such payment liability.

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28 ///

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Lona Beach, CA 90802-4664

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IN WITNESS WHEREOF, the parties have caused this document to be duly executed with all formalities required by law as of the date first stated above.

CRC SERVICES, LLC, a Delaware limited liability company

October 21, 2015

By Noelle M. Repetti
Name Noelle M. Repetti
Title VP Tax

NOVEMBER 4, 2015

By Roy Pineci
Name ROY PINECI
Title EVP - FINANCE

"CRC Services"

CITY OF LONG BEACH, a municipal corporation

11/23, 2015

By [Signature]
City Manager

"City"

This Agreement is approved as to form on November 6, 2015.

CHARLES PARKIN, City Attorney

By [Signature]
Deputy