



CITY OF LONG BEACH

DEPARTMENT OF DEVELOPMENT SERVICES

H-1

333 W. Ocean Blvd. - Long Beach, CA 90802 - 562/570-6615 - FAX 562/570-6215

April 15, 2008

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive the supporting documentation into the record, conclude the public hearing, and adopt a resolution making certain findings; and approve and authorize the City Manager to execute a Disposition and Development Agreement with Cal-Can Holdings, LLC for the development of 2110 West Cowles Street. (District 1)

DISCUSSION

Redevelopment Agency (Agency) staff has concluded the negotiation of a Disposition and Development Agreement (Agreement) with Cal-Can Holdings, LLC, dba Redbarn Premium Pet Products (Developer) for the sale and development of Agency-owned property located at 2110 West Cowles Street (Site), commonly known as Assessor Parcel Number 7429-018-900, -903, -905, -908 and -909 (Exhibit A). The Site is located in the West Long Beach Industrial Redevelopment Project Area (Project Area).

The Developer currently operates Redbarn Premium Pet Products and has been in business in Long Beach since 1996. The company started with two employees in a 1,500-square-foot building on Gaylord Street and generated \$450,000 worth of sales the first year. The company has grown and now employs 125 people, of whom 85 percent reside in the City of Long Beach, and the budgeted sales for 2008 are estimated at \$32 million.

The Developer currently occupies seven properties in the Project Area for their business operations; three of which are owned and four are leased. The opportunity to purchase one large site will allow the Developer to vacate their leased sites, thus consolidating their multiple business locations, which will help decrease traffic related to their operations, eliminate the use of limited on-street parking by their employees, and allow their business operations to expand. This development project will also allow for the creation of 10 to 15 additional jobs. The opportunity to purchase the Agency-owned site will help retain the Developer as one of the largest owner-operated employers in the Project Area.

The Developer intends to construct two buildings: a one-story, 14,248-square-foot building and a two-story, 32,213-square-foot building for use as a warehouse, manufacturing, shipping and office space facility. The development will have the required landscaping and on-site parking.

The Agreement includes the following major provisions:

- Under the terms of the Agreement, the Developer will pay the Agency \$18.25 per square foot, or \$1,515,000, as compensation for the approximately 83,015-square-foot Site.
- The Developer will utilize the Site in accordance with the West Long Beach Industrial Redevelopment Plan and all applicable City codes and regulations including providing appropriate landscaping and screening.
- An agreement containing covenants will be recorded at closing. This document will prohibit certain uses, describe maintenance responsibilities and levels of maintenance, and require that any future improvements be subject to the design guidelines for the Project Area.
- If the Developer does not close escrow within 12 months from the date of the Agreement, the purchase price for the Site will increase by 15 percent. The Developer has provided evidence of financing for the development of the Site.

The City's Environmental Planning Officer has determined that the project contemplated by the Agreement qualifies for a Categorical Exemption under the California Environmental Quality Act (Exhibit B).

Since the property was purchased by the Agency with tax increment monies, California law requires that this sale must also be approved by the City Council by resolution (attached) after a public hearing.

Pursuant to California Redevelopment Law, the Agency has made available for public inspection and reproduction a Summary Report (Exhibit C) that contains the following:

- The estimated value of the interest to be conveyed, determined at the highest and best use permitted under the Redevelopment Plan;
- The estimated value of the interest to be conveyed and with the conditions, covenants and development costs required by the Agreement;
- The purchase price;
- The cost of the Agreement to the Agency;
- The net cost/benefit to the Agency;
- An explanation of why the sale of the Site will assist in the elimination of blight; and
- An explanation of why the sale of the Site is consistent with the Agency's AB 1290 Implementation Plan.

HONORABLE MAYOR AND CITY COUNCIL

April 15, 2008

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This letter was reviewed by Chief Assistant City Attorney Heather Mahood on March 19, 2008, and Budget Management Officer Victoria Bell on April 4, 2008.

TIMING CONSIDERATIONS

City Council action is requested on April 15, 2008, as the Agency and Developer wish to proceed with an escrow closing in July 2008.

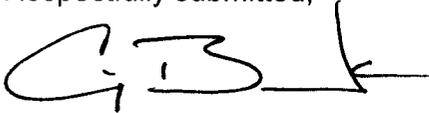
FISCAL IMPACT

The proceeds of \$1,515,000 from the proposed sale will be deposited into the Redevelopment Agency Fund (RD). The Developer will purchase the property with private funds.

SUGGESTED ACTION:

Approve recommendation.

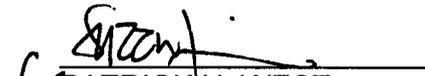
Respectfully submitted,



CRAIG BECK
DIRECTOR OF DEVELOPMENT SERVICES

CB:DSW:AES:pku

APPROVED:


for PATRICK H. WEST
CITY MANAGER

Attachments: Exhibit A – Site Map
Exhibit B - Categorical Exemption
Exhibit C - Section 33433 Summary Report
City Council Resolution

Exhibit A - Site Map
APN 7429-018-900 through -903, -905, -908 and -909
Site E - 2110 West Cowles Street





CITY OF LONG BEACH NOTICE OF EXEMPTION

Department of Planning & Building
333 W. Ocean Blvd., 5th Floor, Long Beach, CA 90802
Information: (562) 570-6194 Fax: (562) 570-6068
www.longbeach.gov/plan

TO: Office of Planning & Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

FROM: Department of Planning & Building
333 W. Ocean Blvd, 5th Floor
Long Beach, CA 90802

xx L.A. County Clerk
Environmental Fillings
12400 E. Imperial Hwy. 2nd Floor, Room 2001
Norwalk, CA 90650

Project Location/Address: 2110 W. COLLES / 2111 W. 14th ST.

Project/Activity Description: TWO NEW CONCRETE - TILT-UP BUILDINGS
TOTALING 49,750 S.F.

Public Agency Approving Project: City of Long Beach, Los Angeles County, California

Applicant Name: BILL RESEKON

Mailing Address: 221 MAIN ST. #1 HUNTINGTON BEACH, CA 92648

Phone Number: 714-536-2009

Date: 2/20/08

Applicant Signature: [Signature]

(TO BE COMPLETED BY CITY STAFF ONLY)

Case Number: 0711-06

Planner's Initials: LF

Required Permits: SPR, LM, SV

THE ABOVE PROJECT HAD BEEN FOUND TO BE EXEMPT FROM CEQA IN ACCORDANCE WITH STATE GUIDELINES SECTION 15332. In-Fill Development Projects

Statement of support for this finding: The proposed project meets the criteria set forth in Class 32. The Standards Variances pertain to industrial circulation and do not affect the existing or proposed land use.

Contact Person: Jill Griffiths

Contact Phone: 562-570-6191

Signature: [Signature]

Date: March 13, 2008

EXHIBIT C

**SUMMARY REPORT PURSUANT TO
SECTION 33433 OF THE
CALIFORNIA HEALTH AND SAFETY CODE
REGARDING A DISPOSITION AND DEVELOPMENT AGREEMENT
BY AND BETWEEN THE
REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH
AND
CAL-CAN HOLDINGS, LLC**

I. INTRODUCTION

The California Health and Safety Code, Section 33433, provides that if a redevelopment agency wishes to sell or lease any property to which it holds title and if that property was acquired in whole or in part, directly or indirectly, with tax increment funds, the agency must first secure approval of the proposed sale or lease from its local legislative body (the City Council) by resolution after a public hearing. The following Summary Report (the "Report") documents the Disposition and Development Agreement (the "Agreement") by and between the Redevelopment Agency of the City of Long Beach (the "Agency") and Cal-Can Holdings, LLC (the "Developer") for Agency-owned property in the West Long Beach Industrial Project Area (the "Project Area").

As contained in the Health and Safety Code, the following information shall be included in the Report:

1. The cost of the proposed agreement to the agency, including land acquisition costs, site clearance costs, relocation costs, the costs of any improvements to be provided by the agency, plus the expected interest on any loans or bonds to finance the agreement;
2. The estimated value of the interest to be conveyed or leased, determined at the highest and best use permitted under the redevelopment plan;

3. The estimated value of the interest to be conveyed or leased determined at the use and with the conditions, covenants and development costs required by the sale or lease; and the purchase price or present value of the lease payments, which the lessor will be required to make during the term of the lease. If the sale price or total rental amount is less than the fair market value of the interest to be conveyed or leased, determined at the highest and best use consistent with the redevelopment plan, then the agency shall provide as part of the summary an explanation or the reasons for the difference; and
4. An explanation of why the sale or lease of the property will assist in the elimination of blight, with reference to all supporting facts and materials relied upon in making this explanation.

Section 33433 also requires a finding to be included in the resolution approving the sale or lease that the transaction is consistent with the implementation plan adopted pursuant to Section 33490 (the "AB 1290 Implementation Plan"). The basis for this finding with regard to the subject agreement is discussed at the close of this Report.

The Report outlines the salient parts of the Agreement which provides for the disposition and development of certain real property as depicted on the Site Map and as described in the Legal Description, attached hereto as Attachments "1" and "2." The Report is organized into the following seven sections:

1. Salient Points of the Agreement – This section includes a description of the property, the proposed utilization of the property, and a summary of the major responsibilities of the Agency and the Developer under the Agreement.
2. Cost of the Agreement to the Agency – This section outlines the cost of the proposed Agreement to the Agency.
3. Estimated Value of the Interest to be Conveyed – This section summarizes the value of the property to be conveyed to the Developer at the highest and best use permitted under the Redevelopment Plan.
4. Estimated Reuse Value of the Interest to be Conveyed – This section identifies the estimated reuse value of the interest to be conveyed, determined at the use and with the conditions, covenants and development costs required by the Agreement.
5. Purchase Price and Comparison with Fair Reuse Value – This section contains a comparison of the purchase price and the fair reuse value of the interest to be conveyed.

6. Blight Elimination – This section provides an explanation of how the implementation of the Agreement will assist in the elimination of blight within the Project Area.
7. Consistency with the Implementation Plan – This section describes how the Agreement is in conformance with the Agency’s adopted AB 1290 Implementation Plan for the Project Area.

II. SALIENT POINTS OF THE AGREEMENT

A. Property Description

The property to be acquired by the Developer (the “Site”) is that portion of the Project Area located at 2110 West Cowles Street. The Site is currently owned by the Agency.

B. The Proposed Utilization of the Property

The Developer proposes to construct two buildings, a one-story 14,248 square foot building and a two-story 32,213 square foot building, for use as a warehouse, manufacturing, shipping and office space facility. The Developer currently utilizes five properties on the Westside for their business operations, thus this new facility will consolidate multiple business locations into one location and help decrease traffic related to their operations and eliminate the use of limited on street parking. The development will have the required landscaping and on-site parking.

C. Major Responsibilities of the Developer

Under the Agreement, the Developer agrees to accept all of the following responsibilities:

1. The Developer will pay the Agency \$18.25 per square foot for the 83,015 square feet of land, for a total purchase price of \$1,515,000 for the Site;
2. The Developer will pay one-half of the escrow fee;
3. The Developer will pay for the Developer’s share of the premium for the title insurance policy and recording fees as appropriate;
4. The Developer will comply with the Agency’s Percent for Public Art requirements;

5. The Developer will secure necessary permits for all site work;
6. The Developer will utilize the Site in accordance with the Redevelopment Plan and all applicable City codes and regulations, including providing appropriate landscaping, screening, and parking;
7. The Developer agrees that the Site shall be maintained in a clean and attractive condition at all times and in accordance with Project Area guidelines and the Redevelopment Plan;
8. The Developer agrees that from tax years 2008 – 2009 through 2025 – 2026, the taxable assessed value to be used by the Los Angeles County Tax Assessor shall be the greater of (a) the existing taxable assessed value of the Acquisition Parcel as determined by the Assessor or (b) the sum of (i) the Purchase Price plus (ii) the value of the building(s) 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 “Stipulated Value”); and
9. The Developer agrees to relocate sewers, drains, water and gas distribution lines, electric, telephone and telegraph lines, and all other public utility lines, installations, and facilities as are necessary to be installed or relocated outside the Site by reason of any development of the Site.

D. Major Responsibilities of the Agency

Under the Agreement, the Agency agrees to accept all of the following responsibilities:

1. The Agency will transfer the Site to the Developer in return for a payment of \$1,515,000;
2. The Agency will pay one-half of the escrow fee;
3. The Agency will pay the Agency’s share of the premium for the title insurance policy and recording fees as appropriate; and
4. The Agency will provide all proper assistance to the Developer in securing necessary permits for all site work.

III. COST OF THE AGREEMENT TO THE AGENCY

The Site is currently owned by the Agency. The Agency has undertaken activities required to prepare the Site for sale. Thus, the majority of the costs shown below have previously been incurred by the Agency. The only remaining out-of-pocket expenditures resulting from the Agreement are minor amounts of escrow fees, recording fees, and staff time.

The list of incurred and anticipated costs is outlined below. The total estimated cost of the Agreement to the Agency is \$404,400. When land sale proceeds and the present value of tax increment are taken into account, the revenue exceeds the cost by \$1,460,600, as follows:

Property Acquisition Costs	\$241,700
Landscaping and Maintenance	10,500
Environmental Report (Site Characterization)	42,900
Escrow & Title Costs	
Legal/Appraisal/Consulting Fees	800
Relocation Costs	
Site Clearance and Remediation	<u>\$108,500</u>
Estimated Total Agency Costs	<u>\$404,400</u>
Less: Land Sale Proceeds	<u>(\$1,515,000)</u>
Less: Present Value of Tax Increment Revenue ¹	<u>(\$350,000)</u>
Net Cost (Benefit) to Agency	<u><u>(\$1,460,600)</u></u>

¹ Based on an estimated project cost of \$5,480,700 at a 6% discount rate over 18 years. The tax increment revenue is net of all mandatory pass throughs and housing set-aside funds.

IV. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED AT THE HIGHEST AND BEST USE PERMITTED UNDER THE REDEVELOPMENT PLAN

The Redevelopment Plan for the Project Area and the City of Long Beach General Plan specify that the Site be zoned for general industrial use. Therefore, the Site may only be used for general industrial use.

The Agency periodically updates land sale comparables within the Project Area. A review of these comparables and discussions with the Agency's appraiser indicates that, based on current valuation trends within the Project Area and the current condition of the Southern California economy, the fair market value of the Site is \$18.25 per square foot for land, or \$1,515,000.

V. ESTIMATED REUSE VALUE OF THE INTEREST TO BE CONVEYED DETERMINED BASED ON THE USE AND WITH THE CONDITIONS, COVENANTS AND DEVELOPMENT COSTS REQUIRED BY THE AGREEMENT

Because the conditions, covenants and development costs required by the Agreement do not add any unique restrictions on the reuse of the Site, the future reuse alternatives are not limited by the Agreement. Based upon the Agency's determination as summarized above, the reuse value of the Acquisition Parcel is determined to be \$18.25 per square foot for land, or \$1,515,000.

VI. PURCHASE PRICE TO BE PAID BY THE DEVELOPER AND COMPARISON WITH FAIR REUSE MARKET VALUE

The Site will be sold to the Developer for \$1,515,000. This selling price reflects the Site's fair market value as determined by the Agency's appraiser. This amount is equal to both the established fair reuse value and the highest use allowed by the Redevelopment Plan.

VI. BLIGHT ELIMINATION

Section 33030 of Article 3 of California Health and Safety Code states that a blighted area is one in which the combination of blighting conditions identified in Article 3 are so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise, or governmental action, or both, without redevelopment.

Physical blighting conditions, as defined in Section 33031 of Article 3 include, but are not limited to, factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. Furthermore, economic blighting conditions as identified in Section 33031 of Article 3 include, but are not limited to, depreciated or stagnant property values and impaired investments, including properties containing hazardous wastes.

Prior to acquisition by the Agency, the Site exemplified the primary physical and economic blighting conditions found throughout the Project Area. The proposed sale of the Site will eliminate blighting conditions in the Project Area by effectuating the purpose of the Redevelopment Plan.

VIII. CONFORMITY TO AB 1290 IMPLEMENTATION PLAN

The AB 1290 Implementation Plan adopted by the Agency contains the following operational goals and objectives:

- The development of vacant parcels into modern industrial uses appropriate to the goals of the Redevelopment Plan;
- The creation of a healthy industrial environment and a significant increase in job opportunities in the Project Area;
- The promotion of maximum retention of existing industries and employment in the Project Area;
- The generation of new private investments and increased land values, resulting in increased tax increment revenues;
- The installation and upgrading of street improvements throughout the Project Area to correct drainage, reconfigure street patterns, extend utilities, and provide key amenity features;
- The selective widening and improvement of some streets to relieve congestion and parking problems, supplemented by off-street parking requirements or parking districts; and
- The assessment of opportunities for assemblage of parcels for small and medium sized industrial buildings.

The Agreement will assist the Agency in meeting the objectives and goals of the AB 1290 Implementation Plan in the following manner:

- The Agreement provides for promotion of maximum retention of existing industries and employment in the Project Area by allowing the existing business to expand and enhance its business operations;
- The Agreement will place a publicly owned property into private ownership, will generate additional property tax revenue for reinvestment, and will transfer site maintenance costs to a private property owner;
- The Agreement will generate new private investment and increased land values within the Project Area;
- The Agreement will help relieve traffic and parking congestion by supplementing off-street parking;
- The Agreement provides installation and upgrading to street improvements; and
- The Agreement provides opportunities for expanded economic activity.

Based on the preceding factors, the Agreement is consistent with the adopted AB 1290 Implementation Plan.

ATTACHMENT 2

LEGAL DESCRIPTION OF THE SITE

APN: 7429-018-900 through -903, -905, -908, and -909

2110 West Cowles Street

The land referred to herein is situated in the State of California, County of Los Angeles, described as follows:

PARCEL 1:

THE EAST 25 FEET OF LOT 6, OF TRACT NO. 8120, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 113 PAGES 94 AND 95 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961, AS CONVEYED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, BY DEED RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 834, OF OFFICIAL RECORDS.

PARCEL 2:

LOT 1, IN BLOCK "A", OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES LYING BELOW A DEPTH OF 100 FEET OF THE SURFACE OF THE LAND, AS RESERVED BY M. D. HIATT AND MARJORIE R. HIATT, IN DEED RECORDED JULY 2, 1953 IN BOOK 42115 PAGE 336, OF OFFICIAL RECORDS, AND AS SUBSEQUENTLY GRANTED TO PETROLEUM MIDWAY COMPANY IN A DEED RECORDED JULY 17, 1953 AS INSTRUMENT NO. 3154. THE SURFACE LYING ABOVE 100 FEET BELOW THE MEAN HIGH TIDE OF THE PACIFIC OCEAN, TOGETHER WITH ANY RIGHT OF ENTRY, WAS QUITCLAIMED BY PETROLEUM MIDWAY COMPANY BY A DEED RECORDED JULY 2, 1953 AS INSTRUMENT NO. 1849.

ALSO EXCEPTING THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961 AS CONVEYED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, BY DEED RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 834, OF OFFICIAL RECORDS.

PARCEL 3:

LOTS 3 AND 4, IN BLOCK "A", OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION THEREOF WHICH LIES BELOW A DEPTH OF 75 FEET BELOW THE MEAN HIGH TIDE OF THE PACIFIC OCEAN, AS CONVEYED TO PETROLEUM MIDWAY COMPANY, WITHOUT THE RIGHT OF SURFACE ENTRY, BY AGREEMENT RECORDED APRIL 18, 1952 IN BOOK 38737 PAGE 20, OF OFFICIAL RECORDS.

ALSO EXCEPTING THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961, AS CONVEYED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, BY DEED RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 834, OF OFFICIAL RECORDS.

PARCEL 4:

LOT 2, IN BLOCK "A", OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961 AS CONVEYED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, BY DEED RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 834, OF OFFICIAL RECORDS.

PARCEL 5:

LOTS 5, 6 AND 7, IN BLOCK "A", OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OTHER SUBSURFACE OF SAID LAND LYING BELOW A DEPTH OF 100 FEET, BELOW THE EXISTING AVERAGE SURFACE LEVEL OF SAID LAND, INCLUDING ALL OIL, GAS, ETC. THEREIN, AS QUITCLAIMED TO PETROLEUM MIDWAY COMPANY, A CORPORATION, BY DEED DATED OCTOBER 20, 1953 RECORDED MAY 7, 1954 AS INSTRUMENT NO. 438 IN BOOK 44518 PAGE 42, OF OFFICIAL RECORDS.

ALSO EXCEPTING THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND, AS OF JUNE 22, 1961 AS CONVEYED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, BY DEED RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 834, OF OFFICIAL RECORDS.

PARCEL 6:

THE WEST 25 FEET OF LOT 6, OF TRACT NO. 8120, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 113 PAGES 94 AND 95 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 7:

LOT 1 OF TRACT 9138, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 121 PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OF THAT PORTION OF SAID LAND LYING BELOW THE DEPTH OF 100 FEET WITHOUT, HOWEVER, ANY RIGHTS OF ENTRY OR ANY OTHER RIGHTS OR INTERESTS IN AND TO THE SURFACE OR THE SUBSURFACE OF THE LAND DOWN TO THE LEVEL OF 100 FEET BELOW THE PRESENT AVERAGE SURFACE OF SAID LAND, AS PROVIDED IN THE DEED TO HOWARD H. KUPFER, A MARRIED MAN, BY DEED RECORDED DECEMBER 16, 1963 IN BOOK D-2291 PAGE 234, OFFICIAL RECORDS.

PARCEL 8:

THE EAST 25 FEET OF LOT 2 OF TRACT 9138, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 121 PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OF THE SUBSURFACE OF SAID LAND LYING BELOW THE DEPTH OF 100 FEET AS PROVIDED IN THE DEED TO PETROLEUM MIDWAY COMPANY, A CORPORATION, RECORDED FEBRUARY 16, 1961 IN BOOK D-1125 PAGE 458, OFFICIAL RECORDS.

PARCEL 9:

THE WEST 25 FEET OF LOT 2 OF TRACT 9138, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 121 PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OF THE SUBSURFACE OF SAID LAND LYING BELOW THE DEPTH OF 100 FEET AS PROVIDED IN THE DEED TO PETROLEUM MIDWAY COMPANY, A CORPORATION, RECORDED JUNE 26, 1953 IN BOOK 42065 PAGE 264, OFFICIAL RECORDS.

PARCEL 10:

THE EAST 25 FEET OF LOT 3 OF TRACT 9138, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 121 PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF SAID LAND LYING BELOW THE DEPTH OF 100 FEET WITHOUT, HOWEVER, ANY RIGHTS OF ENTRY OR ANY OTHER RIGHTS OR INTERESTS IN AND TO THE SURFACE OR THE SUBSURFACE OF THE LAND DOWN TO THE LEVEL OF 100 FEET BELOW THE PRESENT AVERAGE SURFACE OF SAID LAND, AS PROVIDED IN THE DEED TO HOWARD H. KUPFER, A MARRIED MAN, RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 831, OFFICIAL RECORDS.

PARCEL 11:

THE WEST 25 FEET OF LOT 3 OF TRACT 9138, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 121 PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961 AS CONVEYED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, BY DEED RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 834, OF OFFICIAL RECORDS.

PARCEL 12:

THE EAST 25 FEET OF LOT 4 OF TRACT 9138, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 121 PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES IN AND UNDER OR RECOVERABLE FROM THE PROPERTY

HEREBY CONVEYED WITHOUT, HOWEVER, ANY RIGHT TO ENTER UPON THE SURFACE OF SAID PROPERTY, BUT WITH FULL RIGHT TO EXPLORE FOR, DEVELOP AND REMOVE THE SAME BY MEANS OF WELLS AND EQUIPMENT HAVING SURFACE LOCATIONS OUTSIDE THE OUTER BOUNDARIES OF SAID PROPERTY AS RESERVED BY IDAHO FIDELITY CORPORATION, AN IDAHO CORPORATION, IN DEED RECORDED DECEMBER 20, 1961 AS INSTRUMENT NO. 236 IN BOOK D-1455 PAGE 709, OFFICIAL RECORDS.

ALSO EXCEPTING ALL OIL, HYDROCARBON SUBSTANCES AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID LAND WITHOUT THE RIGHT TO USE EITHER THE SURFACE OF SAID LAND OR ANY PORTION OF SAID LAND WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSE OR PURPOSES WHATSOEVER, AS PROVIDED IN THE DEED RECORDED FEBRUARY 24, 1989 AS INSTRUMENT NO. 89-301704.

PARCEL 13:

THE WESTERLY 25 FEET OF LOT 4 OF TRACT 9138, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 121 PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, HYDROCARBON SUBSTANCES AND MINERAL RIGHTS OF ANY NATURE, IN OR UNDER SAID LAND, BUT WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY ESTHER B. ORR, A WIDOW, BY DEED RECORDED JULY 7, 1960 IN BOOK D-902 PAGE 157, OFFICIAL RECORDS.

ALSO EXCEPTING THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961 AS PROVIDED IN THE DEED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 831, OF OFFICIAL RECORDS.

PARCEL 14:

LOT 17 IN BLOCK "A" OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES IN AND UNDER OR RECOVERABLE FROM THE PROPERTY HEREBY CONVEYED WITHOUT, HOWEVER, ANY RIGHT TO ENTER UPON THE SURFACE OF SAID PROPERTY, BUT WITH FULL RIGHT TO EXPLORE FOR, DEVELOP AND

REMOVE THE SAME BY MEANS OF WELLS AND EQUIPMENT HAVING SURFACE LOCATIONS OUTSIDE THE OUTER BOUNDARIES OF SAID PROPERTY AS RESERVED BY IDAHO FIDELITY CORPORATION, AN IDAHO CORPORATION, IN DEED RECORDED DECEMBER 20, 1961 AS INSTRUMENT NO. 236 IN BOOK D-1455 PAGE 709, OFFICIAL RECORDS.

ALSO EXCEPTING ALL OIL, OIL RIGHTS, NATURAL GAS RIGHTS, MINERAL RIGHTS, ALL OTHER HYDROCARBON SUBSTANCES BY WHATSOEVER NAME KNOWN, AND ALL WATER, CLAIMS OR RIGHTS TO WATER, TOGETHER WITH APPURTENANT RIGHTS TOGETHER THERETO, WITHOUT, HOWEVER, ANY RIGHT TO ENTER UPON THE SURFACE OF SAID LAND NOR ANY PORTION OF THE SUBSURFACE LYING ABOVE A DEPTH OF 500 FEET, AS PROVIDED IN THE DEED RECORDED FEBRUARY 24, 1989 AS INSTRUMENT NO. 89-301704, OFFICIAL RECORDS.

PARCEL 15:

LOTS 18, 19, 20 AND 21 IN BLOCK "A" OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES, BELOW A DEPTH OF 100 FEET FROM THE SURFACE OF SAID LAND BUT WITHOUT THE RIGHT OF ENTRY OVER, BY, ON OR THROUGH THE SURFACE, AS RESERVED BY PETROLEUM MIDWAY COMPANY IN THE DEED RECORDED DECEMBER 17, 1952 IN BOOK 40540 PAGE 179, OFFICIAL RECORDS.

PARCEL 16:

LOT 22 IN BLOCK "A" OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961 AS CONVEYED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, BY DEED RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 834, OF OFFICIAL RECORDS.

PARCEL 17:

LOT 23 IN BLOCK "A" OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961 AS PROVIDED IN THE DEED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 834, OF OFFICIAL RECORDS.

PARCEL 18:

LOTS 24 AND 25 IN BLOCK "A" OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961 AS PROVIDED IN THE DEED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 831, OF OFFICIAL RECORDS.

PARCEL 19:

LOT 26 IN BLOCK "A" OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961 AS PROVIDED IN THE DEED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 831, OF OFFICIAL RECORDS.

End of Legal Description.

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING THE PROPOSED DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA, AND CAL-CAN HOLDINGS, LLC; FINDING THAT THE CONSIDERATION FOR THE SALE OF CERTAIN REAL PROPERTY IN THE WEST LONG BEACH INDUSTRIAL REDEVELOPMENT PROJECT AREA IS NOT LESS THAN FAIR MARKET VALUE IN ACCORDANCE WITH COVENANTS AND CONDITIONS GOVERNING SUCH SALE; AND APPROVING THE SALE OF THE PROPERTY AND THE DISPOSITION AND DEVELOPMENT AGREEMENT

WHEREAS, the Redevelopment Agency of the City of Long Beach, California (the "Agency"), is engaged in activities necessary to execute and implement the Redevelopment Plan for the West Long Beach Industrial Redevelopment Project Area (the "Project"); and

WHEREAS, in order to implement the Redevelopment Plan, the Agency proposes to sell certain real property (the "Property") in the Project pursuant to the terms and provisions of the Disposition and Development Agreement and which Property is described in Exhibit "A" which is attached and incorporated by reference; and

WHEREAS, Cal-Can Holdings, LLC (the "Developer") has submitted to the Agency a written offer in the form of a Disposition and Development Agreement to purchase the Property for not less than fair market value for uses in accordance with the Redevelopment Plan and the covenants and conditions of the Disposition and

1 Development Agreement; and

2 WHEREAS, the proposed Disposition and Development Agreement
3 contains all the provisions, terms and conditions and obligations required by Federal,
4 State and local law; and

5 WHEREAS, Developer possesses the qualifications and financial resources
6 necessary to acquire and insure development of the Property in accordance with the
7 purposes and objectives of the Redevelopment Plan; and

8 WHEREAS, the Agency has prepared a summary setting forth the cost of
9 the Disposition and Development Agreement to the Agency, the estimated value of the
10 interest to be conveyed, determined at the highest uses permitted under the
11 Redevelopment Plan and the purchase price and has made the summary available for
12 public inspection in accordance with the California Redevelopment Law; and

13 WHEREAS, the Agency has determined that the development of the
14 Property is categorically exempt under the California Environmental Quality Act; and

15 WHEREAS, pursuant to the provisions of the California Community
16 Redevelopment Law, the City Council of the City of Long Beach held a public hearing on
17 the proposed sale of the Property and the proposed Disposition and Development
18 Agreement after publication of notice as required by law; and

19 WHEREAS, the City Council has duly considered all terms and conditions
20 of the proposed sale and believes that the redevelopment of the Property pursuant to the
21 proposed Disposition and Development Agreement is in the best interests of the City and
22 the health, safety, morals and welfare of its residents and in accord with the public
23 purposes and provisions of applicable Federal, State and local law;

24 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
25 follows:

26 Section 1. The City Council finds and determines that the consideration
27 for sale of the Property pursuant to the Disposition and Development Agreement is not
28 less than fair market value in accordance with covenants and conditions governing the

1 sale, and the Council further finds and determines that the consideration for the sale of
2 the Property, determined at the highest and best use under the Redevelopment Plan, is
3 necessary to effectuate the purposes of the Redevelopment Plan for the Project.

4 Section 2. The sale of the Property by the Agency to Developer and the
5 Disposition and Development Agreement which establish the terms and conditions for the
6 sale and development of the Property are approved.

7 Section 3. The sale and development of the Property shall eliminate
8 blight within the Project Area and is consistent with the implementation plan for the
9 Project adopted pursuant to Health and Safety Code Section 33490.

10 Section 4. This resolution shall take effect immediately upon its adoption
11 by the City Council, and the City Clerk shall certify to the vote adopting this resolution.

12 I hereby certify that the foregoing resolution was adopted by the City
13 Council of the City of Long Beach at its meeting of _____, 2008 by the
14 following vote:

15
16 Ayes: Councilmembers: _____

17 _____

18 _____

19 _____

20 Noes: Councilmembers: _____

21 _____

22 Absent: Councilmembers: _____

23 _____

24
25
26 _____
City Clerk

27 HAM:fl
3/19/2008
#A08-00851

EXHIBIT A

LEGAL DESCRIPTION OF THE SITE

APN: 7429-018-900 through -903, -905, -908, and -909

2110 West Cowles Street

The land referred to herein is situated in the State of California, County of Los Angeles, described as follows:

PARCEL 1:

THE EAST 25 FEET OF LOT 6, OF TRACT NO. 8120, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 113 PAGES 94 AND 95 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961, AS CONVEYED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, BY DEED RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 834, OF OFFICIAL RECORDS.

PARCEL 2:

LOT 1, IN BLOCK "A", OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES LYING BELOW A DEPTH OF 100 FEET OF THE SURFACE OF THE LAND, AS RESERVED BY M. D. HIATT AND MARJORIE R. HIATT, IN DEED RECORDED JULY 2, 1953 IN BOOK 42115 PAGE 336, OF OFFICIAL RECORDS, AND AS SUBSEQUENTLY GRANTED TO PETROLEUM MIDWAY COMPANY IN A DEED RECORDED JULY 17, 1953 AS INSTRUMENT NO. 3154. THE SURFACE LYING ABOVE 100 FEET BELOW THE MEAN HIGH TIDE OF THE PACIFIC OCEAN, TOGETHER WITH ANY RIGHT OF ENTRY, WAS QUITCLAIMED BY PETROLEUM MIDWAY COMPANY BY A DEED RECORDED JULY 2, 1953 AS INSTRUMENT NO. 1849.

ALSO EXCEPTING THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961 AS CONVEYED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, BY DEED RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 834, OF OFFICIAL RECORDS.

PARCEL 3:

LOTS 3 AND 4, IN BLOCK "A", OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION THEREOF WHICH LIES BELOW A DEPTH OF 75 FEET BELOW THE MEAN HIGH TIDE OF THE PACIFIC OCEAN, AS CONVEYED TO PETROLEUM MIDWAY COMPANY, WITHOUT THE RIGHT OF SURFACE ENTRY, BY AGREEMENT RECORDED APRIL 18, 1952 IN BOOK 38737 PAGE 20, OF OFFICIAL RECORDS.

ALSO EXCEPTING THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961, AS CONVEYED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, BY DEED RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 834, OF OFFICIAL RECORDS.

PARCEL 4:

LOT 2, IN BLOCK "A", OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961 AS CONVEYED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, BY DEED RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 834, OF OFFICIAL RECORDS.

PARCEL 5:

LOTS 5, 6 AND 7, IN BLOCK "A", OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OTHER SUBSURFACE OF SAID LAND LYING BELOW A DEPTH OF 100 FEET, BELOW THE EXISTING AVERAGE SURFACE LEVEL OF SAID LAND, INCLUDING ALL OIL, GAS, ETC. THEREIN, AS QUITCLAIMED TO PETROLEUM MIDWAY COMPANY, A CORPORATION, BY DEED DATED OCTOBER 20, 1953 RECORDED MAY 7, 1954 AS INSTRUMENT NO. 438 IN BOOK 44518 PAGE 42, OF OFFICIAL RECORDS.

ALSO EXCEPTING THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND, AS OF JUNE 22, 1961 AS CONVEYED TO HOWARD M. KUPFER, A

MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, BY DEED RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 834, OF OFFICIAL RECORDS.

PARCEL 6:

THE WEST 25 FEET OF LOT 6, OF TRACT NO. 8120, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 113 PAGES 94 AND 95 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 7:

LOT 1 OF TRACT 9138, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 121 PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OF THAT PORTION OF SAID LAND LYING BELOW THE DEPTH OF 100 FEET WITHOUT, HOWEVER, ANY RIGHTS OF ENTRY OR ANY OTHER RIGHTS OR INTERESTS IN AND TO THE SURFACE OR THE SUBSURFACE OF THE LAND DOWN TO THE LEVEL OF 100 FEET BELOW THE PRESENT AVERAGE SURFACE OF SAID LAND, AS PROVIDED IN THE DEED TO HOWARD H. KUPFER, A MARRIED MAN, BY DEED RECORDED DECEMBER 16, 1963 IN BOOK D-2291 PAGE 234, OFFICIAL RECORDS.

PARCEL 8:

THE EAST 25 FEET OF LOT 2 OF TRACT 9138, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 121 PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OF THE SUBSURFACE OF SAID LAND LYING BELOW THE DEPTH OF 100 FEET AS PROVIDED IN THE DEED TO PETROLEUM MIDWAY COMPANY, A CORPORATION, RECORDED FEBRUARY 16, 1961 IN BOOK D-1125 PAGE 458, OFFICIAL RECORDS.

PARCEL 9:

THE WEST 25 FEET OF LOT 2 OF TRACT 9138, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 121 PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OF THE SUBSURFACE OF SAID LAND LYING BELOW THE DEPTH OF 100 FEET AS PROVIDED IN THE DEED TO PETROLEUM MIDWAY COMPANY, A CORPORATION, RECORDED JUNE 26, 1953 IN BOOK 42065 PAGE 264, OFFICIAL RECORDS.

PARCEL 10:

THE EAST 25 FEET OF LOT 3 OF TRACT 9138, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 121 PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF SAID LAND LYING BELOW THE DEPTH OF 100 FEET WITHOUT, HOWEVER, ANY RIGHTS OF ENTRY OR ANY OTHER RIGHTS OR INTERESTS IN AND TO THE SURFACE OR THE SUBSURFACE OF THE LAND DOWN TO THE LEVEL OF 100 FEET BELOW THE PRESENT AVERAGE SURFACE OF SAID LAND, AS PROVIDED IN THE DEED TO HOWARD H. KUPFER, A MARRIED MAN, RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 831, OFFICIAL RECORDS.

PARCEL 11:

THE WEST 25 FEET OF LOT 3 OF TRACT 9138, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 121 PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961 AS CONVEYED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, BY DEED RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 834, OF OFFICIAL RECORDS.

PARCEL 12:

THE EAST 25 FEET OF LOT 4 OF TRACT 9138, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 121 PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES IN AND UNDER OR RECOVERABLE FROM THE PROPERTY HEREBY CONVEYED WITHOUT, HOWEVER, ANY RIGHT TO ENTER UPON THE SURFACE OF SAID PROPERTY, BUT WITH FULL RIGHT TO EXPLORE FOR, DEVELOP AND REMOVE THE SAME BY MEANS OF WELLS AND EQUIPMENT HAVING SURFACE LOCATIONS OUTSIDE THE OUTER BOUNDARIES OF SAID PROPERTY AS RESERVED BY IDAHO FIDELITY CORPORATION, AN IDAHO CORPORATION, IN DEED RECORDED DECEMBER 20, 1961 AS INSTRUMENT NO. 236 IN BOOK D-1455 PAGE 709, OFFICIAL RECORDS.

ALSO EXCEPTING ALL OIL, HYDROCARBON SUBSTANCES AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID LAND WITHOUT THE RIGHT TO USE EITHER THE SURFACE OF SAID LAND OR ANY PORTION OF SAID LAND WITHIN 500 FEET OF THE

SURFACE FOR ANY PURPOSE OR PURPOSES WHATSOEVER, AS PROVIDED IN THE DEED RECORDED FEBRUARY 24, 1989 AS INSTRUMENT NO. 89-301704.

PARCEL 13:

THE WESTERLY 25 FEET OF LOT 4 OF TRACT 9138, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 121 PAGES 24 AND 25 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, HYDROCARBON SUBSTANCES AND MINERAL RIGHTS OF ANY NATURE, IN OR UNDER SAID LAND, BUT WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY ESTHER B. ORR, A WIDOW, BY DEED RECORDED JULY 7, 1960 IN BOOK D-902 PAGE 157, OFFICIAL RECORDS.

ALSO EXCEPTING THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961 AS PROVIDED IN THE DEED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 831, OF OFFICIAL RECORDS.

PARCEL 14:

LOT 17 IN BLOCK "A" OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES IN AND UNDER OR RECOVERABLE FROM THE PROPERTY HEREBY CONVEYED WITHOUT, HOWEVER, ANY RIGHT TO ENTER UPON THE SURFACE OF SAID PROPERTY, BUT WITH FULL RIGHT TO EXPLORE FOR, DEVELOP AND REMOVE THE SAME BY MEANS OF WELLS AND EQUIPMENT HAVING SURFACE LOCATIONS OUTSIDE THE OUTER BOUNDARIES OF SAID PROPERTY AS RESERVED BY IDAHO FIDELITY CORPORATION, AN IDAHO CORPORATION, IN DEED RECORDED DECEMBER 20, 1961 AS INSTRUMENT NO. 236 IN BOOK D-1455 PAGE 709, OFFICIAL RECORDS.

ALSO EXCEPTING ALL OIL, OIL RIGHTS, NATURAL GAS RIGHTS, MINERAL RIGHTS, ALL OTHER HYDROCARBON SUBSTANCES BY WHATSOEVER NAME KNOWN, AND ALL WATER, CLAIMS OR RIGHTS TO WATER, TOGETHER WITH APPURTENANT RIGHTS TOGETHER THERETO, WITHOUT, HOWEVER, ANY

RIGHT TO ENTER UPON THE SURFACE OF SAID LAND NOR ANY PORTION OF THE SUBSURFACE LYING ABOVE A DEPTH OF 500 FEET, AS PROVIDED IN THE DEED RECORDED FEBRUARY 24, 1989 AS INSTRUMENT NO. 89-301704, OFFICIAL RECORDS.

PARCEL 15:

LOTS 18, 19, 20 AND 21 IN BLOCK "A" OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES, BELOW A DEPTH OF 100 FEET FROM THE SURFACE OF SAID LAND BUT WITHOUT THE RIGHT OF ENTRY OVER, BY, ON OR THROUGH THE SURFACE, AS RESERVED BY PETROLEUM MIDWAY COMPANY IN THE DEED RECORDED DECEMBER 17, 1952 IN BOOK 40540 PAGE 179, OFFICIAL RECORDS.

PARCEL 16:

LOT 22 IN BLOCK "A" OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

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PARCEL 18:

LOTS 24 AND 25 IN BLOCK "A" OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961 AS PROVIDED IN THE DEED TO HOWARD M.

KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 831, OF OFFICIAL RECORDS.

PARCEL 19:

LOT 26 IN BLOCK "A" OF TRACT NO. 7347, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 77 PAGE 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF SAID PARCEL WHICH LIES BELOW A DEPTH OF 100 FEET, MEASURED FROM THE AVERAGE SURFACE LEVEL OF SAID LAND AS OF JUNE 22, 1961 AS PROVIDED IN THE DEED TO HOWARD M. KUPFER, A MARRIED MAN, WITHOUT RIGHT OF SURFACE ENTRY, RECORDED SEPTEMBER 11, 1961 IN BOOK D-1350 PAGE 831, OF OFFICIAL RECORDS.

End of Legal Description.