



City of Carson

Report to Successor Agency

July 15, 2014
New Business Consent

SUBJECT: CONSIDER APPROVING THE FIRST AMENDMENT TO THE PURCHASE AND SALE AGREEMENT BY AND BETWEEN THE CARSON SUCCESSOR AGENCY AND PANATTONI DEVELOPMENT COMPANY, INC. FOR THE SALE OF AGENCY-OWNED PROPERTY LOCATED AT 2254 E. 223RD STREET

Submitted by Jeff Westbrook
Acting Director of Community Development

Approved by Nelson Hernandez
City Manager

I. SUMMARY

The Carson Successor Agency (Agency) is being asked to approve the first amendment to the Purchase and Sale Agreement (Agreement) for sale of Agency-owned property located at 2254 E. 223rd Street (Property) (Exhibit No. 1) to Panattoni Development Company, Inc. (Developer). This first amendment (Amendment) (Exhibit No. 2) would extend the closing date 180 days from July 28, 2014 or upon receipt of entitlements, whichever is sooner.

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE the Amendment.
2. AUTHORIZE the Agency Chairman to execute the Amendment following approval as to form by Agency Counsel.

III. ALTERNATIVES

1. MODIFY and APPROVE the Amendment as the Agency Board may deem necessary.
2. TAKE another action the Agency Board deems appropriate.

IV. BACKGROUND

On June 25, 2014, the Developer made a written request to the Agency to extend the closing date of the Agreement, which was originally approved at the Agency's regular meeting on January 21, 2014 (Exhibit No. 3). Due to the environmental condition of the Property, the Developer is required to enter into a contract with the Department of Toxic Substances Control (DTSC) for project development oversight. The Developer, therefore, required additional time for its due diligence process and now requests an extension of the closing date. An oversight agreement between the Developer and DTSC has recently been finalized.

Because the Developer has submitted its application to the planning department, along with application fees, and because the Developer has demonstrated continued progress on the project, staff recommends approval of the Amendment.

July 15, 2014

The Amendment would extend the closing date for up to 180 days from July 28, 2014 or upon receiving entitlements, whichever is sooner. All other terms shall remain the same. For a summary of all other terms please refer to the staff report for the original Agreement approved on January 21, 2014 (Exhibit No. 4).

V. FISCAL IMPACT

The \$5,000,000.00 in sales proceeds will be disbursed in accordance with the DOF approved LRPMP.

VI. EXHIBITS

1. Site map. (pg. 3)
2. Amendment. (pgs. 4-6)
3. Minutes from January 21, 2014 Successor Agency Board Meeting Item #2. (pg. 7)
4. Staff report for original Agreement (pgs. 8-36)

Prepared by: Amelia Soto, Acting Redevelopment Project Manager

Document 1

TO: Rev05-13-2014

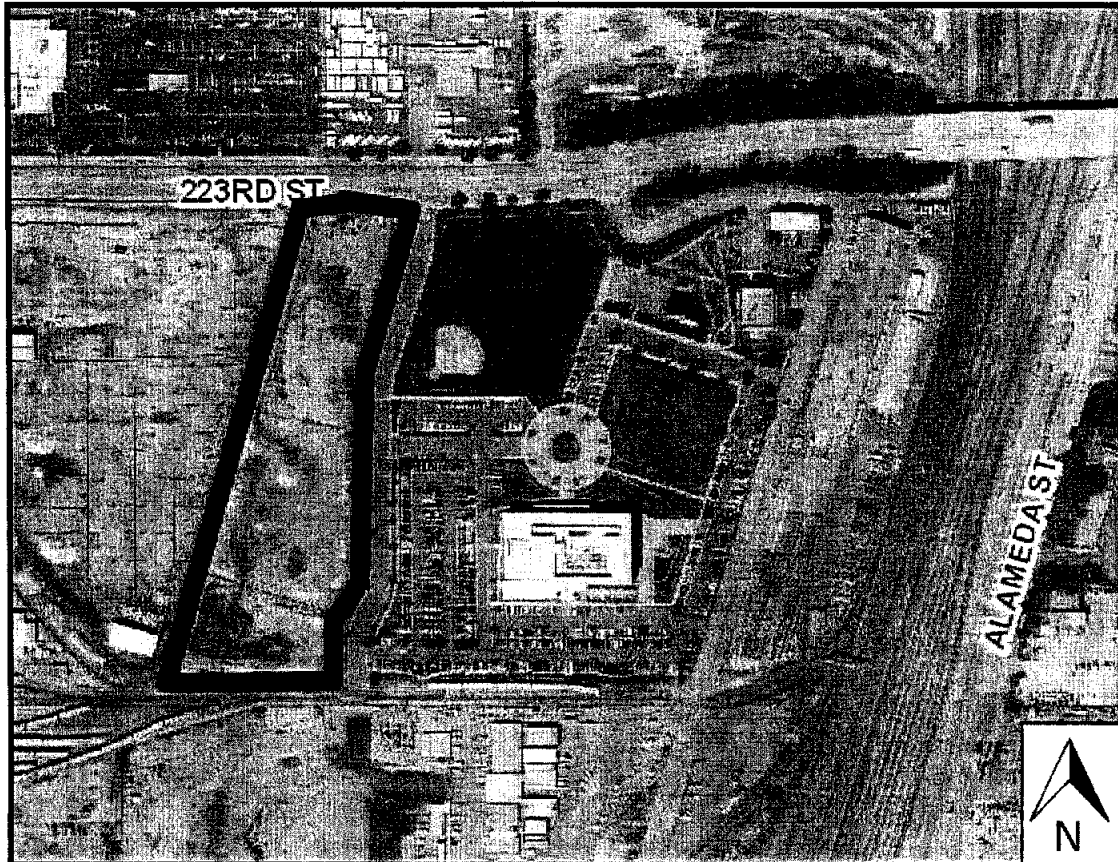
Reviewed by:

City Clerk	City Treasurer
Administrative Services	Public Works
Community Development	Community Services

Action taken by City Council

Date _____ Action _____

VICINITY MAP



2254 E. 223RD St.

EXHIBIT NO 01

3

**FIRST AMENDMENT TO AGREEMENT FOR PURCHASE AND SALE
OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS**

THIS FIRST AMENDMENT TO AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS (this "**Amendment**") is made as of _____, 2014, by and between Panattoni Development Company, Inc., a California Corporation ("**Buyer**"), and the Carson Successor Agency, a public body, corporate and politic, ("**Seller**"), with respect to the following:

RECITALS

A. Seller and Buyer have previously entered into that certain Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions dated as of January 21, 2014 (the "**Agreement**") wherein Seller has agreed to sell to Buyer and Buyer has agreed to purchase from Seller certain real property located at 2254 E. 223rd Street in the City of Carson, County of Los Angeles, State of California 90745 (the "**Property**"). Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.

B. Buyer and Seller desire to amend the Agreement in certain respects, all as hereinafter provided.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, the mutual covenants and agreements contained in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller hereby agree to amend the Agreement as follows:

1. Closing Date. The first sentence of Section 5.1 is hereby deleted in its entirety and replaced as provided below. The remainder of Section 5.1 shall remain unchanged.

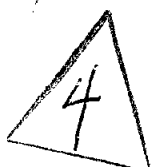
The closing date may occur sooner than, but shall occur no later than one hundred eighty (180) days from July 28, 2014 or upon receiving Entitlements, whichever is sooner ("Closing Date").

2. Time Extensions. Section 5.4 is hereby deleted in its entirety and replaced with the following:

No time extensions shall be granted unless approved by an action of the Successor Agency Board, which approval may be withheld in the Board's sole and absolute discretion. .

3. Approval of Due Diligence Matters. The first sentence of Section 7.3 is hereby deleted in its entirety and replaced with the following:

Buyer shall notify Seller in writing ("Buyer's Due Diligence Notice") no later than ten (10) calendar days after the date of this First Amendment to Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions is executed ("Due



Diligence Period”), of Buyer’s approval or disapproval of the title to the Property, the condition of the Property and Buyer’s investigations with respect thereto, which approval may be withheld in Buyer’s sole and absolute discretion. Buyer’s failure to deliver Buyer’s Due Diligence Notice on or before the expiration of the Due Diligence Period shall be conclusively deemed Buyer’s disapproval thereof. Buyer’s disapproval of said matters shall automatically terminate this Agreement, in which event, the Earnest Money shall be returned to Buyer.

4. Time for Obtaining Entitlements. Section 8.2 is hereby deleted in its entirety and replaced with the following:

The Buyer shall cause Entitlements to be processed in a timely manner by or before the Closing Date.

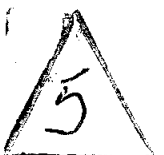
5. Miscellaneous.

(a) Effect of Amendment. Except to the extent the Agreement is modified by this Amendment, the remaining terms and conditions of the Agreement shall remain unmodified and in full force and effect. In the event of conflict between the terms and conditions of the Agreement and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail and control.

(b) Entire Agreement. The Agreement, together with this Amendment, embodies the entire understanding between Seller and Buyer with respect to its subject matter and can be changed only by an instrument in writing signed by Seller and Buyer.

(c) Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which, taken together, shall constitute one in the same Amendment.

[signatures on following page]



IN WITNESS WHEREOF, this Amendment has been executed as of the day and year first set forth above.

"SELLER"

CARSON SUCCESSOR AGENCY, a
public body

Dated: _____

By: _____
Chairman Jim Dear

ATTEST:

By: _____
Agency Secretary Donesia L. Gause, CMC

APPROVED AS TO FORM:
Aleshire & Wynder, LLP

Agency Counsel

"BUYER"

PANATTONI DEVELOPMENT
COMPANY, INC., a California
Corporation

By: _____
Mark Payne
Partner





**MINUTES
CARSON SUCCESSOR AGENCY
REGULAR MEETING
JANUARY 21, 2014**

NEW BUSINESS CONSENT

ITEM NO. (2) CONSIDER APPROVAL OF A PURCHASE AND SALE AGREEMENT BY AND BETWEEN THE CARSON SUCCESSOR AGENCY AND PANATTONI DEVELOPMENT COMPANY, INC. FOR THE SALE OF AGENCY-OWNED PROPERTY LOCATED AT 2254 E. 223RD STREET (COMMUNITY DEVELOPMENT)

RECOMMENDATION for the Successor Agency:

1. TAKE the following actions:
2. APPROVE the sale of the property located at 2254 E. 223rd Street to Panattoni Development Company, Inc.
3. AUTHORIZE the Agency Chairman to execute the Purchase and Sale Agreement following approval as to form by Agency Counsel.

ACTION: Item No. 2 was approved on the New Business Consent Calendar on motion of Dear, seconded by Gipson and unanimously carried by the following vote:

Ayes: Mayor/Agency Chairman/Authority Chairman Dear, Council Member/Agency Member/Authority Commissioner Davis-Holmes, Council Member/Agency Member/Authority Commissioner Gipson, and Council Member/Agency Member/Authority Commissioner Robles
Noes: None
Abstain: None
Absent: Mayor Pro Tem/Agency Vice Chairman/Authority Vice Chairman Santarina

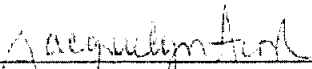


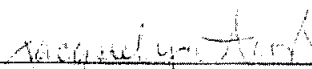


City of Carson Report to Successor Agency

January 21, 2014
New Business Consent

SUBJECT: CONSIDER APPROVAL OF A PURCHASE AND SALE AGREEMENT BY AND BETWEEN THE CARSON SUCCESSOR AGENCY AND PANATTONI DEVELOPMENT COMPANY, INC. FOR THE SALE OF AGENCY-OWNED PROPERTY LOCATED AT 2254 E. 223RD STREET


Submitted by Jacquelyn Acosta
Acting Executive Director


Approved by Jacquelyn Acosta
Acting Executive Director

I. SUMMARY

The Carson Successor Agency (Agency) is being asked to approve the sale of Agency-owned property located at 2254 E. 223rd Street (Property) (Exhibit No. 1) to Panattoni Development Company, Inc. (Developer). The Developer proposes to develop a business park on the Property in accordance with current zoning. The sale price for the property is \$5,000,000.00.

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE the sale of the property located at 2254 E. 223rd Street to Panattoni Development Company, Inc.
2. AUTHORIZE the Agency Chairman to execute the Purchase and Sale Agreement following approval as to form by Agency Counsel.

III. ALTERNATIVES

1. MODIFY and APPROVE the Purchase and Sale Agreement as the Agency Board may deem necessary.
2. TAKE another action the Agency Board deems appropriate.

IV. BACKGROUND

The Developer contacted the Agency with a written request to purchase the Property prior to the Agency's receipt of a finding of completion (FOC) from the California Department of Finance (DOF). The Agency and Developer entered into an Exclusive Negotiating Agreement to draft the terms of a purchase and sale agreement on August 8, 2013. Now that the Agency has obtained its FOC, the Agency and the Developer may enter into a purchase and sale agreement for acquisition of the Property and its development as a light industrial project.

The sale price of the Property is \$5,000,000.00. This price reflects a discount of \$300,000.00 off the highest and best use, fair-market appraised value of \$5,300,000.00 determined on April 28, 2013, by Goepfner and Associates. The amount of the discount is the cost estimated to remediate the Property to

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accommodate the project as proposed, in accordance with the Department of Toxic Substances Control's deed restrictions for the property. The remediation estimate, dated May 2, 2013, was provided by Eco & Associates.

The sale of the Property to Developer is contingent upon Developer acquiring its entitlements for its proposed project and approval from the DOF in accordance with the approved Long Range Property Management Plan (LRPMP) and HSC 34181 (f). The purchase and sale agreement (Exhibit No. 2) is for a term of 180 days.

Staff recommends approval of the sale of the Property to the Developer.

V. FISCAL IMPACT

The \$5,000,000.00 in sales proceeds will be disbursed in accordance with the DOF approved LRPMP.

VI. EXHIBITS

1. Site map. (pg. 3)
2. Purchase and Sale Agreement. (pgs. 4-29)

Prepared by: Amelia Soto, Acting Redevelopment Project Manager

TO: Rev'd-19-2013

Reviewed by:

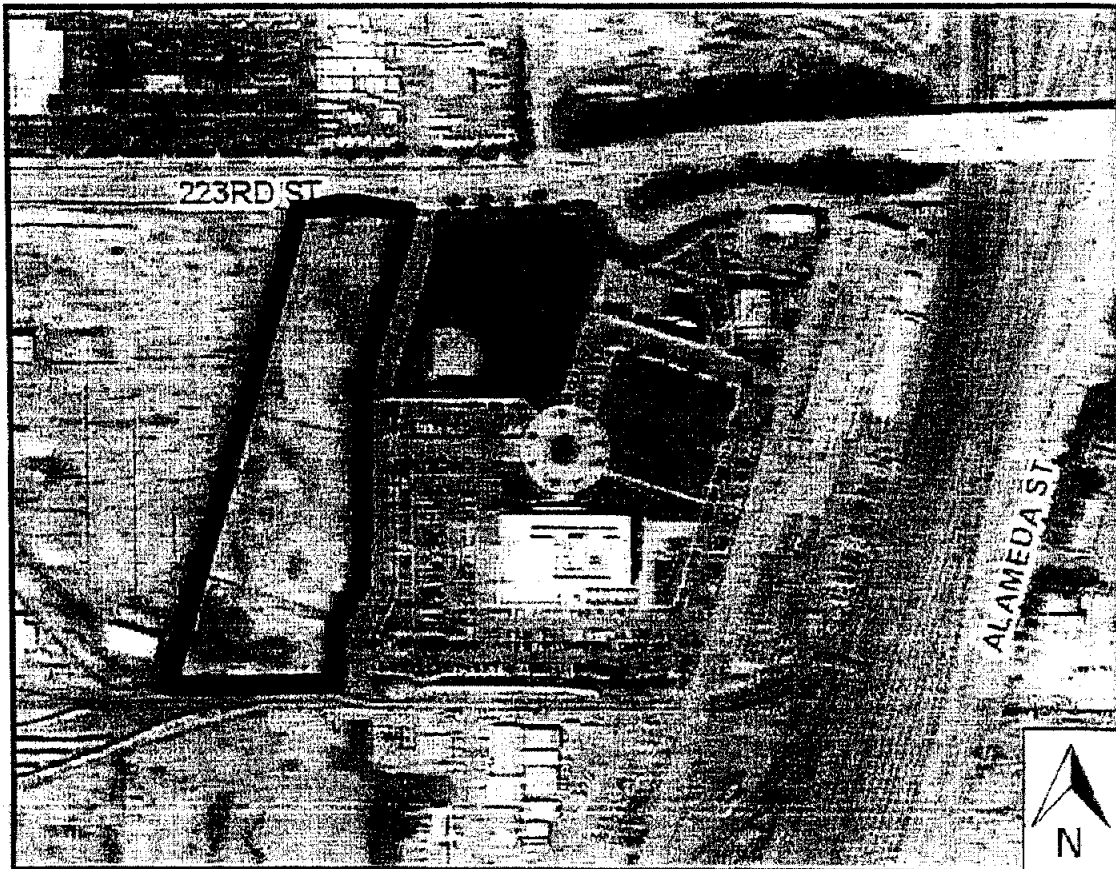
City Clerk	City Treasurer
Administrative Services	Public Works
Community Development	Community Services

Action taken by Successor Agency

Date _____ Action _____

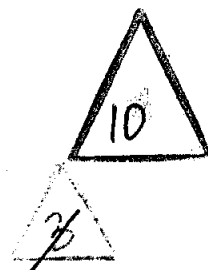


VICINITY MAP



2254 E. 223RD St.

EXHIBIT NO. 01



**AGREEMENT FOR PURCHASE AND SALE
OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS**

THIS AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS (this "Agreement") is made this ____ day of January, 2014 by and between the CARSON SUCCESSOR AGENCY, a public body ("Seller"), and PANATTONI DEVELOPMENT COMPANY, INC., a California Corporation ("Buyer").

TERMS AND CONDITIONS

1. PURCHASE AND SALE OF PROPERTY.

Seller is the owner of that certain real property located in the City of Carson, County of Los Angeles, State of California, located at 2254 E. 223rd Street, Carson, California (APN: 7315-007-903) as more particularly described in Exhibit "A", attached hereto and by this reference incorporated herein, together with all improvements thereon (the "Property").

Buyer and Seller executed an Exclusive Negotiating Agreement on June 4, 2013 (ENA). During the ENA Period Buyer has determined that it wishes to move forward with the purchase of the Property so that it may develop a business park on the Property ("Project").

Buyer hereby agrees to purchase from Seller, and Seller agrees to sell to Buyer the Property, upon the terms and conditions hereinafter set forth.

2. OPENING OF ESCROW.

2.1. Opening Escrow.

Within three (3) business days after the execution of this Agreement by both parties, the parties shall open an Escrow ("Escrow") with Ticor Title Company of California ("Escrow Holder") by causing a fully executed copy of this Agreement together with the Earnest Money, as described in Section 2.2 below, to be deposited with Escrow Holder. Escrow shall be deemed open on the date that a fully executed copy of this Agreement and the Earnest Money are delivered to Escrow Holder ("Opening of Escrow").

2.2. Earnest Money.

The earnest money shall be in the amount of Ten Thousand Dollars Even (\$10,000.00) ("Earnest Money") and shall be deposited into Escrow at Opening of Escrow in to a non-commingled fully FDIC-insured account with Escrow. After the end of the Due Diligence Period the Earnest Money will be deemed un-refundable except in the event of a mutual termination as described in Section 5.2 of this Agreement or in the event such failure to Close of Escrow is a result of Seller's default. Notwithstanding the foregoing, upon the Close of Escrow, the Earnest Money shall be applied to the Purchase Price of the Property.

EXHIBIT NO. 02



2.3. Department of Finance.

Following the Opening of Escrow, Seller will submit documentation to the California Department of Finance (the "DOF"), as described in Section 5.2 hereof, for processing an approval of the sale of the Property to Buyer.

3. PURCHASE PRICE.

3.1. Amount of Purchase Price.

The purchase price for the Property shall be Five Million Dollars Even (\$5,000,000.00) ("Purchase Price").

3.2. Payment of Purchase Price.

No later than one (1) business day preceding Close of Escrow, Buyer shall deposit the Purchase Price with Escrow Holder in "Good Funds." Good Funds shall mean a wire transfer of funds, cashier's or certified check drawn on or issued by the offices of a financial institution located in the State of California, or cash, net of all prorations and adjustments as provided herein. Upon confirmation of the recordation of the Deed (as hereinafter defined) in the Office of the County Recorder for Los Angeles County California at the Closing, Escrow Holder shall disburse to Seller the Purchase Price, less or plus the net debit or credit to Seller by reason of the prorations and allocation of Closing costs provided for herein.

4. ADDITIONAL FUNDS AND DOCUMENTS REQUIRED FROM BUYER AND SELLER.

4.1. Buyer.

Buyer agrees that on or before 12:00 noon (Los Angeles, California time) one (1) business day prior to the Closing Date, Buyer will deposit with Escrow Holder all additional funds and/or documents (executed and acknowledged, if appropriate) which are necessary to comply with the terms of this Agreement.

4.2. Seller.

Seller agrees that on or before 12:00 noon (Los Angeles, California time) one (1) business day prior to the Closing Date, Seller will deposit with Escrow Holder an executed and recordable grant deed ("Grant Deed"), substantially in the form attached hereto as Exhibit "B", conveying the Property to Buyer, together with such funds and other items and instruments as may be necessary for the Escrow Holder to comply with this Agreement. Escrow Holder will cause the Grant Deed to be recorded when (but in no event after the date specified in Section 5.1 below) Escrow Holder can issue the Title Policy, in the form described in Section 6 below, and holds for the account of Seller the items described above to be delivered to Seller through Escrow, less costs, expenses and disbursements chargeable to Seller pursuant to the terms hereof.

5. CLOSING ESCROW.



5.1. Closing Date.

Close of Escrow may occur sooner than, but shall occur no later than the earlier of: (i) within ten (10) days after any final appeal or challenge periods for the Entitlements, pursuant to Section 8.1, have expired, with no party appealing or challenging any of the Entitlements therewith; or (ii) at the end of the Entitlement Period, as described in Section 8 of this Agreement ("Closing Date"), unless otherwise extended pursuant to Section 5.3 of this Agreement. The terms "Close of Escrow" and/or "Closing" are used herein to mean the time Seller's Grant Deed is filed for recording by the Escrow Holder in the Office of the County Recorder of Los Angeles County, California.

If Buyer decides to terminate this Agreement prior to Close of Escrow, and the Due Diligence Period has expired, the Earnest Money Deposit will be paid to the Seller upon termination of Escrow pursuant to Section 12.5 of this Agreement, except as otherwise set forth herein.

5.2. Department of Finance Approval Prior to Closing.

Close of Escrow will also require the Seller obtaining written approval from the California Department of Finance ("DOF"), pursuant to HSC section 34181 (f). Notwithstanding that the Seller's Finding of Completion and Long Range Property Management Plan ("Plan") have been approved by the DOF, any subsequent actions addressing the Seller's implementation of the approved Plan must be submitted to the DOF for approval. Following the Opening of Escrow, Seller will submit documentation to the DOF for processing the approval of the sale of the Property to Buyer. Seller will exercise its best efforts to cause an approval to be granted by the DOF well before the Closing Date. In the event that DOF withholds its approval of this transaction Buyer and Seller may agree to terminate this Agreement and the Earnest Money will be returned to Buyer minus any administrative fees charged by Escrow Holder.

5.3. Time is of Essence.

Buyer and Seller specifically understand that time is of the essence and Buyer and Seller specifically agree to strictly comply and perform their obligations herein in the time and manner specified and waive any and all rights to claim such compliance by mere substantial compliance with the terms of this Agreement.

5.4. Time Extensions.

The Executive Director of the Seller, or his designee, shall have the authority on behalf of the Seller to approve written requests for extensions of time not to exceed a cumulative total of one hundred eighty (180) days with respect to the close of Escrow. Any request for an extension of time for whatever reason, other than as specified in Section 25 herein, beyond the one hundred eighty (180) days delineated within this Section 5.4 shall be approved by an action of the Successor Agency Board.

6. TITLE POLICY.

6.1. Approval of Title.

- a. Buyer acknowledges that effective October 7, 2013, it has had in its possession a preliminary title report issued through Ticor Title Company of California (the "Title Company"), describing the state of title to the Property, together with copies of all exceptions specified therein and a map plotting all easements specified therein (collectively, the "Preliminary Title Report"). Buyer shall notify Seller in writing ("Buyer's Title Notice") of Buyer's approval or objection of all matters contained in the Preliminary Title Report or of any objections Buyer may have to title exceptions or other matters ("Disapproved Exceptions") contained in the Preliminary Title Report within ten (10) days after Opening of Escrow.
- b. In the event Buyer delivers Buyer's Title Notice within said period, Seller shall have a period of ten (10) days after receipt of Buyer's Title Notice in which to notify Buyer of Seller's election to either (i) agree to attempt to remove the Disapproved Exceptions prior to the Close of Escrow; or (ii) decline to remove any such Disapproved Exceptions ("Seller's Notice"). If Seller notifies Buyer of its election to decline to remove the Disapproved Exceptions, or if Seller is unable to remove the Disapproved Exceptions, Buyer may elect either to terminate this Agreement and the Escrow or to accept title to the Property subject to the Disapproved Exception(s). Buyer shall exercise such election by delivery of written notice to Seller and Escrow Holder within five (5) days following the earlier of (i) the date of written advice from Seller that such Disapproved Exception(s) cannot be removed; or (ii) the date Seller declines to remove such Disapproved Exception(s).
- c. Upon the issuance of any amendment or supplement to the Preliminary Title Report which adds additional exceptions, the foregoing right of review and approval shall also apply to said amendment or supplement, provided, however, that Buyer's initial period of review and approval or disapproval of any such additional exceptions shall be limited to five (5) days following receipt of notice of such additional exceptions.
- d. Nothing to the contrary herein withstanding, Buyer shall be deemed to have automatically objected to all deeds of trust, mortgages, judgment liens, federal and state income tax liens, delinquent general and special real property taxes and assessments and similar monetary encumbrances affecting the Property, and Seller shall discharge any such non-permitted title matter of record prior to or concurrently with the Close of Escrow.
- e. Seller hereby warrants to Buyer that it has not and will not, from the time of Buyer's review of the Preliminary Title Report to Close of Escrow, transfer, sell, hypothecate, pledge, or otherwise encumber the Property without the express written permission of Buyer.



6.2. Title Policy.

At the Close of Escrow, the Escrow Holder shall furnish Buyer with an CLTA Policy of Title Insurance (the "Title Policy") for the Buyer's interest, wherein the Title Company shall insure that title to the Property shall be vested in Buyer, containing no exception to such title which has not been approved or waived by Buyer in accordance with this Section. The cost of the Title Policy to Seller shall be that of a CLTA policy with Buyer paying the additional cost for the preparation and issuance of an ALTA Owner's Extended form. The Title Policy shall include any available title insurance, extended coverage or endorsements that Buyer has reasonably requested at Buyer's sole expense.

6.3. Possession.

Possession and occupancy shall be delivered to Buyer no later than 5:00 p.m. on the Closing Date. Seller shall remove any personal property and all debris from the Property prior to relinquishing the Property to Buyer.

7. DUE DILIGENCE.

7.1. Scope of Due Diligence.

Commencing on the date of Opening of Escrow and continuing until 5:00 p.m. (California time) on the date thirty (30) days following such date (the "Due Diligence Period"), Buyer shall have the right to enter and access the Property to make an analysis of the Property consisting of such engineering, economic and/or any other type of feasibility studies, soils tests, environmental studies and other investigations as Buyer in its sole discretion may desire, to permit Buyer to determine the suitability of the Property for Buyer's contemplated uses and to conduct such other review and investigation which Buyer deems appropriate to satisfy itself to acquire the Property. Buyer shall further have the right to make an examination of all licenses, permits, authorizations, approvals and governmental regulations which affect the Property, including zoning and land use issues and conditions imposed upon the Property by governmental agencies. On and after the execution of this Agreement and continuing until the Closing or earlier termination of this Agreement, Seller shall promptly respond to all of Buyer's reasonable requests for documents and/or information regarding the Property to the extent the same actually known by Seller. Without limiting the generality of the foregoing, the documents that Seller shall make available to Buyer include, but are not limited to, true, correct and complete copies of:

- a. All leases, service contracts, and other agreements pertaining to the ownership, use or operation of the Property.
- b. Any tax bill, lien and encumbrance information that is in the Seller's actual possession and knowledge.
- c. All documents relating to or evidencing the environmental, soils or geotechnical conditions of the Property that are in the Seller's actual possession and knowledge. This item includes any documentation of the use of hazardous or otherwise dangerous materials on the Property.



- c. All surveys, plans, and engineering records or documents that are in the Seller's actual possession and knowledge.
- d. Any other information in Seller's possession or control reasonably requested by Buyer regarding the Property.

Seller shall make a diligent good faith effort to identify all such contracts, reports and other information ("Property Information"), inform Buyer of such information and then provide copies of said materials to Buyer on or before the date that is fifteen (15) days after the execution of this Agreement by both parties. To the extent the Property Information is not timely delivered in accordance with this Section, the Due Diligence Period shall be extended on a day-for-day basis.

7.2. Site Investigation; Natural Hazards Disclosures.

Buyer acknowledges that during the ENA Period it was able to enter the Property and conduct site investigations such as environmental studies, ALTA surveys, etc., and it has included such investigations in their Due Diligence review. Subsequent to Buyer providing Seller with the Buyer's Due Diligence Notice per Section 7.3 herein, Buyer may, in accordance with the terms of this document, continue to enter and access the Property until the close of Escrow.

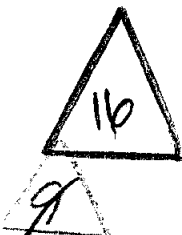
Seller and Buyer acknowledge that the Disclosure Statutes (as defined below) provide that a seller of real property must make certain disclosures regarding certain natural hazards potentially affecting the property, as more particularly provided therein. As used in this Agreement, "Disclosure Statutes" means, collectively, California Government Code Section 8589.3, 8589.4 and 51183.5, California Public Resources Code Section 2621.9, 2694 and 4136 and any other California statutes that require Seller to make disclosure concerning the Property. Within fourteen (14) days after the Opening of Escrow, Seller will, at Seller's sole cost and expense, deliver, or cause to be delivered to Buyer a Natural Hazard Disclosure Report for the Property (the "Natural Hazard Disclosure Report"). Buyer shall review and evaluate the Natural Hazard Disclosure Report as a part of Buyer's Due Diligence review.

7.3. Approval of Due Diligence Matters.

Buyer shall notify Seller in writing ("Buyer's Due Diligence Notice") on or before the expiration of the Due Diligence Period of Buyer's approval of the condition of the Property, which approval may be withheld in Buyer's sole and absolute discretion. Buyer's failure to deliver Buyer's Due Diligence Notice on or before the expiration of the Due Diligence Period shall be conclusively deemed Buyer's disapproval thereof. Buyer's disapproval of said matters shall automatically terminate this Agreement, in which event, the Earnest Money shall be returned to Buyer.

7.4. Waiver and Release.

The Purchase Price to be paid by Buyer to Seller is all-inclusive of Seller's interest in the Property and all damages of every kind and nature suffered, or to be suffered as a result of Buyer's acquisition of the Property. By execution of this Agreement, Seller and its successors



and assigns shall be deemed to have knowingly and voluntarily waived, released and discharged Buyer from liability and responsibility for or related to any right Seller has, has had or in the future may have to any claim for compensation or damages or liability of any kind, whether known, unknown, foreseen or unforeseen, relating in any way to or arising out of Buyer's acquisition of the Property. In that regard, Seller and its successors and assigns, knowingly and voluntarily waive and release Buyer, its officers, directors, shareholders, managers, members, partners, employees, agents, successors and assigns and their officers, directors, shareholders, managers, members, partners, employees, agents, successors and assigns from liability as to the following: any rights or obligations which exist or may arise out of the acquisition of the Property for public purposes including, without limitation, Seller's fee interest in the land, severance damages, relocation expenses or damages, loss of business goodwill and/or lost profits, loss or impairment of any "bonus value" attributable to any lease; damage to or loss of improvements pertaining to realty, costs, interest, attorneys' fees, and any claim whatsoever of Seller which might arise out of or relate to any respect to the acquisition of the Property by Buyer.

7.5. Utilities on the Property.

All gas, water, electricity, heat, fuel, sewer, and other utilities accounts under the name of Seller relating to the Property shall be terminated at the Close of Escrow. Seller shall be solely responsible for all payments related to, and its own reconciliation of utility accounts, including any accounts between Seller and any tenants.

8. ENTITLEMENT PERIOD.

8.1. Scope of Entitlements.

During Escrow Buyer, at its sole cost and expense, shall have obtained all necessary governmental entitlements and discretionary approvals (beyond the time for any appeal or challenge of any of the governmental entitlements and discretionary approvals therewith, excepting DOF approvals) necessary to obtain precise grading plans and building permits for development of the Project ("Entitlements"), but Buyer need not have obtained building and construction permits.

8.2. Time for Obtaining Entitlements.

The Buyer shall cause entitlements to be processed in a timely manner and as more specifically described below:

- a. The "Entitlement Period" shall be one hundred fifty (150) days commencing at the end of the Due Diligence Period, and shall terminate at approval of entitlements for the Project or the one hundred fifty (150) day period, whichever shall occur first.
- b. The Entitlement Period may be extended pursuant to the terms of Section 5.3 of this Agreement.
- c.



9. CONDITIONS PRECEDENT TO CLOSE OF ESCROW.

9.1. Buyer's Obligations.

The obligations of Buyer under this Agreement shall be subject to the satisfaction or written waiver, in whole or in part, by Buyer of each of the following conditions precedent:

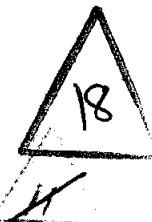
- a. Title Company will issue the Title Policy as required by Section 6 of this Agreement insuring title to the Property vested in Buyer.
- b. Buyer has approved in writing the condition to title of the Property on or before the date provided in Section 6.1 above.
- c. Buyer shall have timely delivered Buyer's Due Diligence Notice on or before the expiration of the Due Diligence Period.
- d. Buyer shall have obtained the Entitlements on or before the expiration of the Entitlement Period.
- e. Escrow Holder holds and will deliver to Buyer the instruments and funds, if any, accruing to Buyer pursuant to this Agreement.
- f. All of the representations and warranties of Seller shall be true and correct as of the Closing Date, and Seller, on or prior to the Closing Date, shall have complied with and/or performed all of the obligations, covenants and agreements required on the part of Seller to be complied with or performed pursuant to this Agreement.

9.2. Condition to Seller's Obligations.

The obligations of Seller under this Agreement shall be subject to the satisfaction or written waiver, in whole or in part, by Seller of the following condition precedent:

- a. Escrow Holder holds and will deliver to Seller the instruments and funds accruing to Seller pursuant to this Agreement.
- b. Seller has obtained approval of this transaction from DOF pursuant to Section 5.2 of this Agreement.
- c. All of the representations and warranties of Buyer shall be true and correct as of the Closing Date, and Buyer, on or prior to the Closing Date, shall have complied with and/or performed all of the obligations, covenants and agreements required on the part of Buyer to be complied with or performed pursuant to the terms of this Agreement.

10. CONDITION OF THE PROPERTY.



10.1. Disclaimer of Warranties.

Upon the Closing of Escrow, Buyer shall acquire the Property in its "AS-IS" condition and Buyer shall be responsible for any defects in the Property, whether patent or latent, including, without limitation, the physical, environmental and geotechnical condition of the Property, and the existence of any contamination, Hazardous Materials, vaults, debris, pipelines, or other structures located on, under or about the Property, and Seller makes no other representation or warranty concerning the physical, environmental, geotechnical or other condition of the Property, and subject to applicable California law and except for Seller's gross negligence or willful misconduct, Seller specifically disclaims all representations or warranties of any nature concerning the Property made by it. The foregoing disclaimer includes, without limitation, topography, climate, air, water rights, utilities, soil, subsoil, existence of Hazardous Materials or similar substances, the purpose for which the Property is suited, or drainage.

10.2. Hazardous Materials.

Buyer understands and agrees that, in the event Buyer incurs any loss or liability concerning Hazardous Materials (as hereinafter defined) and/or underground storage tanks whether attributable to events occurring prior to or following the Closing, then Buyer may look to current or prior owners of the Property, but in no event shall Buyer look to Seller for any liability or indemnification regarding Hazardous Materials and/or underground storage tanks. Buyer, from and after the Closing, hereby waives, releases, remises, acquits and forever discharges Seller, and each of the entities constituting Seller, if any, of and from any and all Environmental Claims, Environmental Cleanup Liability and Environmental Compliance Costs, as those terms are defined below, and from any and all actions, suits, legal or administrative orders or proceedings, demands, actual damages, punitive damages, loss, costs, liabilities and expenses, which concern or in any way relate to the physical or environmental conditions of the Property, the existence of any Hazardous Material thereon, or the release or threatened release of Hazardous Materials there from, whether existing prior to, at or after the Closing. It is the intention of the parties pursuant to this release that any and all responsibilities and obligations of Seller, and any and all rights, claims, rights of action, causes of action, demands or legal rights of any kind of Buyer, its successors, assigns or any affiliated entity of Buyer, against the Seller, arising by virtue of the physical or environmental condition of the Property, the existence of any Hazardous Materials thereon, or any release or threatened release of Hazardous Material therefrom whether existing prior to, at or after the Closing, are by this release provision declared null and void and of no present or future force and effect as to the parties; provided, however, that no parties other than the Indemnified Parties (defined below) shall be deemed third party beneficiaries of such release.

In connection therewith, Buyer and each of the entities constituting Buyer, expressly agree to waive any and all rights which said party may have with respect to such released claims under Section 1542 of the California Civil Code which provides as follows:

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



BUYER'S INITIALS: _____

SELLER'S INITIALS: _____

Buyer and each of the entities constituting Buyer, shall, from and after the Closing, defend, indemnify and hold harmless Seller and each of the entities constituting Seller (collectively, the "Indemnified Parties") from and against any and all Environmental Claims, Environmental Cleanup Liability, Environmental Compliance Costs, and any other claims, actions, suits, legal or administrative orders or proceedings, demands or other liabilities resulting from the physical and/or environmental conditions of the Property after the Closing or from the existence of any Hazardous Materials or the release or threatened release of any Hazardous Materials of any kind whatsoever, in, on or under the Property occurring after the Closing, including, but not limited to, all foreseeable and unforeseeable damages, fees, costs, losses and expenses, including any and all attorneys' fees and environmental consultant fees and investigation costs and expenses, directly or indirectly arising there from, and including fines and penalties of any nature whatsoever, assessed, levied or asserted against any Indemnified Parties to the extent that the fines and/or penalties are the result of a violation or an alleged violation of any Environmental Law. Buyer further agrees that in the event Buyer obtains, from former or present owners of the Property or any other persons or entities, releases from liability, indemnities, or other forms of hold harmless relating to the subject matter of this Section, Buyer shall use its commercially reasonable efforts (at no cost to Buyer and without obligation) to obtain for Seller the same releases, indemnities and other comparable provisions.

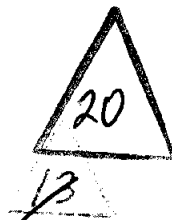
For purposes of this Section, the following terms shall have the following meanings:

"Environmental Claim" means any claim for personal injury, death and/or property damage made, asserted or prosecuted by or on behalf of any third party, including, without limitation, any governmental entity, relating to the Property or its operations and arising or alleged to arise under any Environmental Law.

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

"Environmental Compliance Cost" means any cost or expense of any nature whatsoever necessary to enable the Property to comply with all applicable Environmental Laws in effect. "Environmental Compliance Cost" shall include all costs necessary to demonstrate that the Property is capable of such compliance.

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

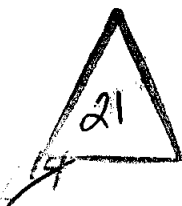


substances, (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities, or (iv) regulation of the manufacture, use or introduction into commerce of chemical substances, including, without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal.

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

Notwithstanding any other provision of this Agreement, Buyer's release and indemnification as set forth in the provisions of this Section, as well as all other provisions of this Section, shall survive the termination of this Agreement and shall continue in perpetuity as permitted by applicable California law.

Notwithstanding anything to the contrary in this Section, Buyer's release and indemnification of the Indemnified Parties from liability pursuant to this Section shall not extend to Hazardous Materials brought onto the Property by Seller or their respective contractors, agents or employees. Notwithstanding the foregoing or anything contained herein to the contrary, Buyer will not be deemed to have waived and released any other potentially responsible parties besides the Seller of and from any and all claims, causes of action, damages or losses that may be incurred by Buyer concerning the condition of the Property.

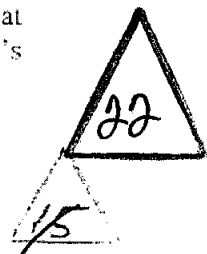


11. REPRESENTATIONS AND WARRANTIES.

11.1. Representations and Warranties.

Seller hereby makes the following representations and warranties to Buyer, each of which is true in all respects as of the date hereof and shall be true in all respects on the date of Close of Escrow on the Property:

- a. Except as disclosed in the Property Information provided to Buyer, Seller has received no notice and/or has no knowledge that any governmental authority or any employee or agent thereof considers the present or proposed operation, use or ownership of the Property to violate or have violated any ordinance, rule, law, regulation or order of any government or agency, body or subdivision thereof, or that any investigation has been commenced or is contemplated respecting such possible violations.
- b. There are no pending or threatened allegations, lawsuits or claims which would affect the Property. To the extent any become pending or threatened in writing prior to the Closing, Seller shall notify Buyer in writing of the same.
- c. There are no natural or environmental hazards located on the Property that would limit its marketability, merchantability, or suitability for development or impede its use in any way.
- d. Except as disclosed in the Property Information provided to Buyer, to the best of Seller's knowledge, the Property is not in violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to the environmental conditions on, under or about the Property including, but not limited to, soil and ground water conditions. Seller has received no written notice from any third parties, prior owners of the Property, or any federal, state or local governmental agency indicating that any hazardous waste remedial or clean-up work will be required on the Property. To the best of Seller's knowledge, there are no environmental, health or safety hazards on, under or about the Property, including but not limited to soil and groundwater conditions. Neither Seller, nor to the best of Seller's knowledge any third party (including but not limited to Seller's predecessors in title to the Property), has used or installed any underground tank, or used, generated, manufactured, treated, stored, placed, deposited or disposed of on, under or about the Property or transported to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related Hazardous Material.
- e. There are no contracts, leases, claims or rights affecting the development or use of Property and no agreements entered into by or under Seller that shall survive the Close of Escrow that would adversely affect Buyer's



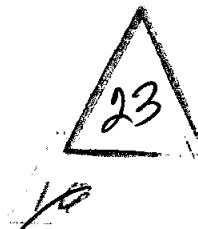
rights with respect to the Property except as heretofore disclosed in writing by Seller to Buyer.

- f. There are no easements or encroachments that may affect the development or use of the Property.
- g. Seller has received no written notice from any third parties, prior owners of the Property, or any federal, state or local governmental agency, indicating that any hazardous waste remedial or clean-up work will be required on the Property.
- h. Until the Closing, Seller shall not do anything which would impair Seller's title to any of the Property.
- i. Seller is not a foreign person as defined in Internal Revenue Code Section 1445(f)(3).
- j. Until the Closing, if Seller learns of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of the Closing, Seller shall immediately give written notice of such fact or condition to Buyer.
- k. Seller has the unimpeded power and authority to execute, deliver and perform Seller's obligations under this Agreement and the documents executed and delivered by Seller pursuant hereto.
- l. In addition to any other indemnification obligations set forth herein, Seller agrees to indemnify, defend with counsel selected by Buyer, protect and hold harmless Buyer, its officers, employees and agents from and against all claims, damages, costs, liabilities and expenses of any kind whatsoever paid, incurred or suffered by or asserted against the Property or any indemnified party directly or indirectly arising from or attributable to any breach by Seller of any of its agreement warranties or representations set forth in this Agreement. Seller's indemnification shall survive the Closing.

12. ESCROW PROVISIONS.

12.1. Escrow Instructions.

This Agreement, when signed by Buyer and Seller, shall also constitute Escrow instructions to Escrow Holder. If required by Escrow Holder, Buyer and Seller agree to execute Escrow Holder's standard Escrow instructions, provided that the same are consistent with and do not conflict with the provisions of this Agreement, and are in form and substance reasonably acceptable to Buyer and Seller. In the event of any such conflict, the provisions of this Agreement shall prevail.



12.2. General Escrow Provisions.

Escrow Holder shall deliver the Title Policy to the Buyer and instruct the Los Angeles County Recorder to mail the Grant Deed to Buyer at the address set forth in Section 17 after recordation. All funds received in this Escrow shall be deposited in one or more non-commingled, federally-insured general Escrow accounts of the Escrow Holder with any bank doing business in Los Angeles County, California, and may be disbursed to any other non-commingled, federally-insured Escrow account or accounts. All disbursements shall be according to the parties' mutually-agreed upon instructions or amendments thereto deposited to Escrow. This Agreement and any modifications, amendments, or supplements thereto may be executed in counterparts and shall be valid and binding as if all of the parties' signatures were on one document.

12.3. Proration of Real Property Taxes.

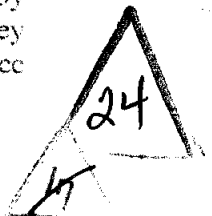
All non-delinquent general and special real property taxes shall be prorated to the Close of Escrow on the basis of a thirty (30) day month and a three hundred sixty (360) day year. In the event that property taxes are assessed on a parcel of real property which includes land other than the Property, such proration shall include only taxes attributable to the Property, calculated in terms of total gross square feet of land assessed pursuant to the tax statement versus total gross square footage of the Property.

12.4. Payment of Costs.

- a. Buyer shall pay documentary transfer taxes.
- b. Seller shall pay any premium charges for the CLTA premium portion of the Title Policy, the charges for drawing and recording the Grant Deed, and one-half of the Escrow fee.
- c. Buyer shall pay the portion of premium for the Title Policy attributable to the differential from CLTA to ALTA Extended Coverage, non-title curative endorsements requested by Buyer, and one-half of the Escrow fee.
- d. All other costs of Escrow not otherwise specifically allocated by this Agreement shall be apportioned between the parties in a manner consistent with the custom and usage of Escrow Holder.

12.5. Termination and Cancellation of Escrow.

If Escrow fails to close as provided above, Escrow shall terminate automatically without further action by Escrow Holder or any party, and Escrow Holder is instructed to return all funds and documents then in Escrow to the respective depositor of the same with Escrow Holder. Cancellation of Escrow, as provided herein, shall be without prejudice to whatever legal rights Buyer or Seller may have against each other arising from the Escrow or this Agreement. Notwithstanding the foregoing, Seller's sole remedy in the event of Cancellation of Escrow by Buyer after the expiration of the Due Diligence Period, shall be to retain the Earnest Money Deposit as Seller shall have no other claim against Buyer (including for specific performance



and/or damages (consequential or otherwise)) for Buyer's Cancellation of Escrow after expiration of the Due Diligence Period, except for any obligations of the Buyer that specifically survive termination of this Agreement.

12.6. Information Report.

Escrow Holder shall file and Buyer and Seller agree to cooperate with Escrow Holder and with each other in completing any report ("Information Report") and/or other information required to be delivered to the Internal Revenue Service pursuant to Internal Revenue Code Section 6045(e) regarding the real estate sales transaction contemplated by this Agreement, including without limitation, Internal Revenue Service Form 1099-B as such may be hereinafter modified or amended by the Internal Revenue Service, or as may be required pursuant to any regulation now or hereinafter promulgated by the Treasury Department with respect thereto. Buyer and Seller also agree that Buyer and Seller, their respective employees and attorneys, and Escrow Holder and its employees, may disclose to the Internal Revenue Service, whether pursuant to such Information Report or otherwise, any information regarding this Agreement or the transactions contemplated herein as such party reasonably deems to be required to be disclosed to the Internal Revenue Service by such party pursuant to Internal Revenue Code Section 6045(e), and further agree that neither Buyer nor Seller shall seek to hold any such party liable for the disclosure to the Internal Revenue Service of any such information.

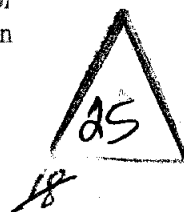
12.7. Brokerage Commissions.

Buyer and Seller each represent and warrant to the other that no third party is entitled to a broker's commission and/or finder's fee with respect to the transaction contemplated by this Agreement. Buyer and Seller each agree to indemnify and hold the other parties harmless from and against all liabilities, costs, damages and expenses, including, without limitation, attorneys' fees, resulting from any claims or fees or commissions, based upon agreements by it, if any, to pay a broker's commission and/or finder's fee.

13. RISK OF PHYSICAL LOSS; CONDEMNATION.

Risk of physical loss to the Property shall be borne by Seller prior to the Close of Escrow and by Buyer thereafter. In the event that the Property shall be damaged by fire, flood, earthquake or other casualty Buyer shall have the option to terminate this Agreement, provided notice of such termination is delivered to Seller within twenty (20) days following the date Buyer learns of the occurrence of such casualty. If Buyer fails to terminate this Agreement pursuant to the foregoing sentence within said twenty (20) day period, Buyer shall complete the acquisition of the Property, in which case Seller shall assign to Buyer the interest of Seller in all insurance proceeds relating to such damage (subject to the rights of tenants under leases of the Property). Seller shall consult with Buyer regarding any proposed settlement with the insurer and Buyer shall have the reasonable right of approval thereof. Seller shall hold such proceeds until the Close of Escrow. In the event this Agreement is terminated for any reason, Buyer shall have no right to any insurance proceeds.

If, prior to the Closing Date, all or any portion of the Property is taken by condemnation or eminent domain (or is the subject of a pending or contemplated taking which has not been



consummated), Seller shall promptly notify Buyer of such fact. In such event, Buyer shall have the option to terminate this Agreement by delivering written notice to Seller not later than thirty (30) days after delivery of such notice from Seller. Upon such termination, Escrow Holder shall immediately return the Earnest Money to Buyer, the parties shall equally share any title or escrow cancellation charges, any funds or documents deposited in Escrow shall be returned to the party depositing the same, and neither party shall have any further rights or obligations hereunder. If Buyer does not elect to terminate this Agreement, Seller and Buyer shall negotiate in good faith any needed adjustment to the Property's purchase price (Earnest Money) or condemnation award made.

14. NON COLLUSION

No official, officer, or employee of Seller has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of Seller participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of "financial interest" shall be consistent with State law and shall not include interest found to be "remote" or "non interest" pursuant to California Government Code Sections 1091 and 1091.5. Buyer warrants and represents that Buyer has not paid or given, and will not pay or give, to any third party including, but not limited to, and Seller's official, officer, or employee, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded this Agreement. Buyer further warrants and represents that Buyer has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any Seller official, officer, or employee, as a result or consequence of obtaining or being awarded any agreement. Buyer is aware of and understands that any such act(s), omission(s) or other conduct resulting in the payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

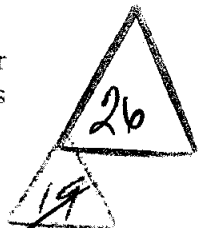
Buyer Initials _____

Seller Initials _____

15. ASSIGNMENT

Neither party shall have the right to assign this Agreement or any interest or right hereunder or under the Escrow without the prior written consent of the other party. The foregoing prohibition shall not apply to any of the following:

- (a) Any mortgage, deed of trust, or other form of conveyance for financing, but Buyer shall notify Agency in advance of any such mortgage, deed of trust, or other form of conveyance for financing pertaining to the Property.
- (b) Any mortgage, deed of trust, or other form of conveyance for restructuring or refinancing of any amount of indebtedness



described in subsection (a) above, provided that the amount of indebtedness incurred in the restructuring or refinancing does not exceed the outstanding balance on the debt incurred to finance the improvements on the Property, including any additional costs of construction, whether direct or indirect.

- (c) The conveyance or dedication of any portion of the Property to the City or other appropriate governmental agency, or the granting of easements or permits to facilitate the development of the Property.
- (d) A sale or transfer resulting from or in connection with a reorganization as contemplated by the provisions of the Internal Revenue Code of 1986, as amended or otherwise, in which the ownership interests of a corporation are assigned directly or by operation of law to a person or persons, firm or corporation which acquires the control of the voting capital stock of such corporation or all or substantially all of the assets of such corporation.
- (e) A sale or transfer of ownership or control interests between members of the same family, or transfers to a trust, testamentary or otherwise, in which the beneficiaries consist solely of members of the trustor's family, and transfers to a corporation or partnership or other legal entity in which the Buyer has a controlling majority interest of 51% or more.
- (f) A sale or transfer to an affiliate and/or related entity of Seller and/or to a future tenant of the Property and/or to a future owner of the Property and/or to a capital partner of Seller, so long as Seller or its affiliate remains a developer of the Property in the manner prescribed in the Entitlements.

Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of Buyer and Seller and their respective heirs, personal representatives, successors and assigns.

16. ATTORNEYS' FEES.

In any action between the parties hereto seeking enforcement of any of the terms and provisions of this Agreement or the Escrow, or otherwise in connection with the Property, the prevailing party in such action shall be entitled, to have and to recover from the other party its reasonable attorneys' fees and other reasonable expenses in connection with such action or proceeding, in addition to its recoverable court costs.

17. NOTICES.

Any notice which either party may desire to give to the other party or to the Escrow Holder must be in writing and may be given by personal delivery or (including express or courier service), by electronic communication, whether by telex,



email or telecopy, or by mailing the same by registered or certified mail, return receipt requested, to the party to whom the notice is directed at the address of such party hereinafter set forth, or such other address and to such other persons as the parties may hereafter designate:

To Seller: Carson Successor Agency
701 E. Carson Street
Carson, California 90745
Attention: Executive Director

Copy To: Aieshire & Wynder, LLP
2361 Rosecrans Avenue, Suite 475
El Segundo, California 90245-4916
Attention: William Wynder, Esq.

To Buyer: Panattoni Development Company, Inc.
20411 SW Birch Street, Ste. 200
Newport Beach, CA 92660
Attn: Mark D. Payne
Phone: (949) 296-2945
Facsimile: (916) 669-4841
Email: mpayne@panattoni.com

Copy To: CVM Law Group, LLP
20411 SW Birch Street, Suite 200
Newport Beach, CA 92660
Attention: Fredric I. Albert
Telephone: (949) 296-2992
Facsimile: (916) 669-4860
Email: falbert@cvmllaw.com

To Escrow Holder: Ticor Title Company of California
18302 Irvine Blvd., Suite 100
Tustin, CA 92780
Attention: Arwen Estelles
Telephone: (714) 289-3341
Facsimile: (949) 809-0612
Email: aestelle@ticortitle.com

To Title Company: Ticor Title Company of California
18302 Irvine Blvd., Suite 100
Tustin, CA 92780
Attention: Adam Cleary
Telephone: (714) 289-3300



Facsimile: (949) 809-0612
Email: adam.cleary@ticortitle.com

Any party may change its address for notice by written notice given to the other in the manner provided in this Section. Any such communication, notice or demand shall be deemed to have been duly given or served on the date personally served, if by personal service, on the date of confirmed dispatch, if by electronic communication, or three (3) days after being placed in the U.S. Mail, if mailed.

18. INTERPRETATION; GOVERNING LAW; VENUE.

This Agreement shall be construed according to its fair meaning and as if prepared by both parties hereto. This Agreement shall be construed in accordance with the laws of the State of California in effect at the time of the execution of this Agreement. Titles and captions are for convenience only and shall not constitute a portion of this Agreement. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others wherever and whenever the context so dictates. Any lawsuit arising in connection with this Agreement shall be filed in the County of Los Angeles, California.

19. NO WAIVER.

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

20. MODIFICATIONS.

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

21. SEVERABILITY.

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

22. MERGER OF PRIOR AGREEMENTS AND UNDERSTANDINGS.

This Agreement and other documents incorporated herein by reference contain the entire understanding between the parties relating to the transaction contemplated hereby and all prior to

contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein and shall be of no further force or effect.

23. NO WITHHOLDING BECAUSE NON-FOREIGN SELLER.

Seller represents and warrants to Buyer that Seller is not, and as of the Close of Escrow will not be, a foreign person within the meaning of Internal Revenue Code Section 1445 or an out-of-state seller under California Revenue and Tax Code Section 18805 and that it will deliver to Buyer on or before the Close of Escrow a non-foreign affidavit on Escrow Holder's standard form pursuant to Internal Revenue Code Section 1445(b)(2) and the Regulations promulgated thereunder and a California Form 593-C.

24. EXECUTION IN COUNTERPARTS.

This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart.

25. FORCE MAJEURE.

If either Party is delayed or prevented from performing any act required in this Agreement by reason of any event beyond the reasonable control of either Party, including without limitation, any act, delay or neglect of such Party or its agents, employees, contractors or other parties on such Party's behalf, by labor disputes, fire, unusual delay in deliveries, weather or acts of God, terrorism, delay in the issuance of permits or approvals, acts of governmental entities, unavoidable casualties or any other such causes beyond such Party's control, then the time herein fixed for completion of such obligation(s) shall be extended by the number of days that such Party has been delayed.

26. DEFAULT: TIME FOR CURE.

Failure or delay by either Party to timely perform any covenant of this Agreement constitutes a default under this Agreement, but only if the Party who so fails or delays does not commence to cure, correct or remedy such failure or delay within twenty (20) days after receipt of a written notice specifying such failure or delay, and does not thereafter prosecute such cure, correction or remedy with diligence to completion. The injured party shall give written notice of default to the Party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until twenty (20) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

[END - SIGNATURE PAGE FOLLOWS]



IN WITNESS WHEREOF, the parties hereto have executed this Agreement for Purchase and Sale of Real Property and Escrow Instructions as of the date set forth above.

"SELLER"

CARSON SUCCESSOR AGENCY, a public body

Dated: _____

By: _____
Chairman James L. Dear

ATTEST:

By: _____
Agency Secretary Donesia L. Gause, CMC

APPROVED AS TO FORM:
Aleshire & Wynder, LLP

Agency Counsel

"BUYER"

PANATTONI DEVELOPMENT
COMPANY, INC. a California Corporation

By: _____

Name: Mark D. Payne

Title: Partner



EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

PARCEL A:

PARCEL 2 OF PARCEL MAP NO. 61063, IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP IN BOOK 355, PAGES 81 THROUGH 83, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B

A NON-EXCLUSIVE RECIPROCAL EASEMENT FOR INGRESS AND EGRESS PURPOSES AS MORE PARTICULARLY SET FORTH IN THE DOCUMENT ENTITLED "ACCESS EASEMENT AGREEMENT" RECORDED MARCH 2, 2009 AS INSTRUMENT NO. 20090286249 OF OFFICIAL RECORDS OF SAID COUNTY.

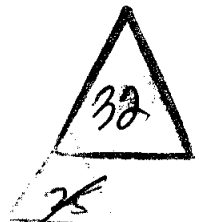


EXHIBIT "B"

GRANT DEED

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CVM Law Group, LLP
20411 SW Birch Street, Suite 200
Newport Beach, CA 92660

Attention: Fredric I. Albert

(Space Above Line for Recorder's Use Only)
Exempt from filing Fees per Govt. Code § 6103

GRANT DEED

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the CARSON SUCCESSOR AGENCY, a public body, corporate and politic ("Grantor") hereby grants to PANATTONI DEVELOPMENT COMPANY, a California corporation ("Grantee") the real property referred to as the "Site APN: 7315-007-903" in the City of Carson, County of Los Angeles, State of California, more particularly described in Attachment No. 1 attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed on its behalf by its officers or agents hereunto as of the _____ day of _____, 201__.

"GRANTOR"

CARSON SUCCESSOR AGENCY, a
public body, corporate and politic

By: _____
Chairman James L. Dear

ATTEST:

By: _____
Agency Secretary Donesia L. Gause, CMC



CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the grant deed dated on or about _____, 201__ from the CARSON SUCCESSOR AGENCY, a public body, corporate and politic, is hereby accepted by the undersigned officer on behalf of the Grantee pursuant to authority conferred by, and the Grantee consents to recordation thereof by its duly authorized officer.

Dated: _____, 201__

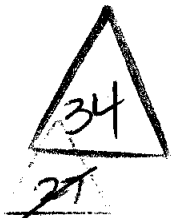
GRANTEE:

PANATTONI DEVELOPMENT
COMPANY, INC. a California Corporation

By: _____

Name: _____

Title: _____



STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____, 20__, before me, _____, a
Notary Public, personally appeared _____, who
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted executed the instrument.

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

WITNESS my hand and official seal.

Signature _____
(Seal)

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____, 20__, before me, _____, a
Notary Public, personally appeared _____, who
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted executed the instrument.

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

WITNESS my hand and official seal.

Signature _____
(Seal)



Attachment 1

Legal Description

PARCEL A:

PARCEL 2 OF PARCEL MAP NO. 61063, IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP IN BOOK 355, PAGES 81 THROUGH 83, INCLUSIVE, OF MAPS. IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B

A NON-EXCLUSIVE RECIPROCAL EASEMENT FOR INGRESS AND EGRESS PURPOSES AS MORE PARTICULARLY SET FORTH IN THE DOCUMENT ENTITLED "ACCESS EASEMENT AGREEMENT" RECORDED MARCH 2, 2009 AS INSTRUMENT NO. 20090286249 OF OFFICIAL RECORDS OF SAID COUNTY.

