CITY OF SANTA CLARITA
OVERSIGHT BOARD TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA
REGULAR MEETING

Monday, February 22, 2016
2:00 PM

Century Room

23920 Valencia Blvd.
Santa Clarita, CA 91355

AGENDA

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office, (661) 255-4391. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28CFR 35.102-35.104 ADA Title II)

Complete packets are available for public inspection at the City Clerk's Office. Any writings or documents distributed to a majority of the members of the Oversight Board regarding any open session item on this agenda will be made available for public inspection in the City Hall located at 23920 Valencia Boulevard, Suite 120, during normal business hours. These writings or documents will also be available for review at the meeting.

CALL TO ORDER

FLAG SALUTE

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF MINUTES – The Minutes of the previous Oversight Board to the Former Redevelopment Agency of the City of Santa Clarita are submitted for approval.

RECOMMENDED ACTION:
Oversight Board to the Former Redevelopment Agency of the City of Santa Clarita approve the minutes of the January 28, 2016 Regular Meeting.

NEW BUSINESS

1. **HOUSING SUCCESSOR REPORT FOR 2014-2015 -** The Housing Successor is required to report annually to the Oversight Board on the activities undertaken in the previous fiscal year and report annually to the State of California Department of Housing and Community Development on the status of the Low and Moderate Income Housing Asset Fund.

   RECOMMENDED ACTION:

   Receive the Housing Successor Annual Report regarding the Low and Moderate Income Housing Asset Fund.

2. **LONG RANGE PROPERTY MANAGEMENT PLAN IMPLEMENTATION - 24158 NEWHALL AVENUE -** Transfer of the property located at 24158 Newhall Avenue from the Successor Agency of the former Redevelopment Agency of the City of Santa Clarita to the City of Santa Clarita, pursuant to the approved Long Range Property Management Plan.

   RECOMMENDED ACTION:

   Oversight Board adopt Resolution No. 16-03 approving the transfer of the property located at 24158 Newhall Avenue (APN 2831-019-901) from the Successor Agency of the Redevelopment Agency of the City of Santa Clarita to the City of Santa Clarita to implement the First Amendment to the Long Range Property Management Plan.

3. **LONG RANGE PROPERTY MANAGEMENT PLAN IMPLEMENTATION - REDEVELOPMENT BLOCK -** Per the Long Range Property Management Plan, the Successor Agency is required to sell the block of property known as the Redevelopment Block. The City Council and Successor Agency Board approved three projects, which now need the Oversight Board's concurrence.

   RECOMMENDED ACTION:

   Oversight Board:

   1. Adopt Resolution No. 16-04 approving the Purchase and Sale Agreement with Old Town-Main, LLC, for the proposed Mixed-Use Project;

   2. Adopt Resolution No. 16-05 approving the Purchase, Sale and Grant Agreement with Laemmle Newhall, LLC, and the City of Santa Clarita, for the proposed Laemmle Theatre Project; and

3. Adopt Resolution No. 16-06 approving the transfer of the public parking property from the Successor Agency to City of Santa Clarita at no cost pursuant to the Department of Finance approved Long Range Property Management Plan Amendment.

PUBLIC PARTICIPATION

This time has been set aside for the public to address the Oversight Board to the Former Redevelopment Agency of the City of Santa Clarita on items NOT listed on the agenda. The Board will not act upon these items at this meeting other than to review and/or provide direction to staff. All speakers must submit a speaker's card to the Meeting Clerk PRIOR to the beginning of this portion of the meeting, and prepare a presentation not to exceed three (3) minutes.

STAFF COMMENTS

ADJOURNMENT

CERTIFICATION

I, Jason Crawford, do hereby certify that I am the duly appointed and qualified Marketing, Economic Development and Planning Manager for the Successor Agency to the Former Redevelopment Agency of the City of Santa Clarita and that on February 18, 2016, the foregoing agenda was posted at City Hall.

Jason Crawford
Marketing, Economic Development & Planning Manager
Santa Clarita, California

CITY OF SANTA CLARITA
Oversight Board to the
Former Redevelopment Agency
of the City of Santa Clarita

Regular Meeting
~ Minutes ~

Thursday, January 28, 2016 **2:00 PM** **Orchard Room**

CALL TO ORDER
Chair Striplin called the meeting to order at 2:02 p.m.

FLAG SALUTE
Board Member Hernandez led the flag salute.

ROLL CALL
Chair Striplin and Board Members Dortch, Hernandez, Koegle and Swartz were all present. Vice Chair Coleal and Board Member Engbrecht were absent.

APPROVAL OF AGENDA
A motion was made by Board Member Dortch and seconded by Board Member Swartz to approve the agenda.

Hearing no objections, it was so ordered.

APPROVAL OF MINUTES
Minutes - 9-15-2015
A motion was made by Board Member Hernandez and seconded by Board Member Swartz to approve the minutes of the Oversight Board Meeting of September 15, 2015.

Hearing no objections, with Board Members Dortch and Koegle abstaining, it was so ordered.

Minutes - 12-9-15
A motion was made by Board Member Swartz and seconded by Board Member Dortch to approve the minutes of the Oversight Board Meeting of December 9, 2015.

Hearing no objections, it was so ordered.

NEW BUSINESS

Item 1 - ROPS
Economic Development Associate, Denise Covert gave a presentation on the Recognized Obligation Payment Schedule (ROPS 16-17).

A motion was made by Board Member Koegle and seconded by Board Member Hernandez to adopt Resolution No. 16-01 approving the ROPS for the period of July 1, 2016 - June 30, 2017; and direct Successor Agency staff to transmit the approved ROPS documents to the Los Angeles County Auditor-Controller (County A-C), the State Controller, and the State Department of Finance (DOF).

Hearing no objections, it was so ordered.

Item 2 - Loan Agreement
Senior Financial Analyst, Susan Cromsigt gave a presentation.

A motion was made by Board Member Dortch and seconded by Board Member Koegle to adopt Resolution No. 16-02 approving an amendment to the loan agreement for City loans made to the former Redevelopment Agency and direct Successor Agency staff to transmit the resolution to the Department of Finance.

Hearing no objections, it was so ordered.

PUBLIC PARTICIPATION
There were no public comments.

STAFF COMMENTS
Marketing & Economic Development Manager, Jason Crawford told the Board that a meeting may be held on February 22, 2016, in order to bring an action regarding the Redevelopment Block. He explained that a meeting confirmation would be sent depending on the decision of the City Council and Successor Agency at a meeting on February 9, 2016.

ADJOURNMENT
The meeting was adjourned by Chair Striplin at 2:14 p.m.

_____
Kenneth W. Striplin, Chair
Oversight Board

_____
Jason Crawford, Marketing, Economic Development & Planning Manager
Successor Agency Staff

Agenda Item: 1

CITY OF SANTA CLARITA
OVERSIGHT BOARD TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA
AGENDA REPORT

NEW BUSINESS

APPROVAL:

DATE: February 22, 2016

SUBJECT: HOUSING SUCCESSOR REPORT FOR 2014-2015

DEPARTMENT: Community Development

PRESENTER: Erin Lay

RECOMMENDED ACTION

Receive the Housing Successor Annual Report regarding the Low and Moderate Income Housing Asset Fund.

BACKGROUND

In 2011, the Governor signed AB1X26, dissolving Redevelopment Agencies in the State of California. Since that time, a variety of subsequent legislation has been adopted governing the wind-down process for former Redevelopment Agencies. The City of Santa Clarita opted to become the Housing Successor to the former Redevelopment Agency, with responsibility for the existing housing bond proceeds and housing assets (known collectively as the Low and Moderate Income Housing Asset Fund or LMIHAF), and for carrying out housing activities. The City Council is the governing entity for the LMIHAF and Housing Successor activities.

Senate Bill 341 and Assembly Bill 1793 set forth, among other things, requirements for the Housing Successor to report to the State of California on the status of the LMIHAF annually. In addition, per Section 3 of the Agreement Regarding the Expenditure of Housing Bond Proceeds, which was adopted by the Oversight Board on September 6, 2013, the Housing Successor will report to the Oversight Board annually on the use of the LMIHAF. Per these requirements, the Housing Successor Annual Report (Report) for Fiscal Year 2014-2015 is attached for your review. The Report will be provided to the City Council, submitted to the State of California, and posted on the City's website.

ALTERNATIVE ACTION

Other action as directed by the Oversight Board.

FISCAL IMPACT

This item has no fiscal impact beyond reporting what activities have been accomplished.

ATTACHMENTS

2014-2015 Housing Successor Report

HOUSING SUCCESSOR ANNUAL REPORT
REGARDING THE
LOW AND MODERATE INCOME HOUSING ASSET FUND
FOR FISCAL YEAR 2014-2015
PURSUANT TO
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)
FOR THE
CITY OF SANTA CLARITA HOUSING SUCCESSOR

This Housing Successor Annual Report (Report) regarding the Low and Moderate Income Housing Asset Fund (LMIHAF) has been prepared pursuant to California Health and Safety Code Section 34176.1(f) and is dated as of April 15, 2015. This Report sets forth certain details of the City of Santa Clarita (Housing Successor) activities during Fiscal Year 2014-2015 (Fiscal Year). The purpose of this Report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (Dissolution Law).

The following Report is based upon information prepared by Housing Successor staff and information regarding the Low and Moderate Income Housing Asset Fund contained within the City of Santa Clarita's independent annual financial audit for Fiscal Year 2014-2015 as prepared by RSM US LLP (Audit), which Audit is separate from this annual summary Report; further, this Report conforms with and is organized into sections I. through XI., inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

I. **Amount Deposited into LMIHAF:** This section provides the total amount of funds deposited into the LMIHAF during the Fiscal Year. Any amounts deposited for items listed on the Recognized Obligation Payment Schedule (ROPS) must be distinguished from the other amounts deposited.

II. **Ending Balance of LMIHAF:** This section provides a statement of the balance in the LMIHAF as of the close of the Fiscal Year. Any amounts deposited for items listed on the ROPS must be distinguished from the other amounts deposited.

III. **Description of Expenditures from LMIHAF:** This section provides a description of the expenditures made from the LMIHAF during the Fiscal Year. The expenditures are to be categorized.

IV. **Statutory Value of Assets Owned by Housing Successor:** This section provides the statutory value of real property owned by the Housing Successor, the value of loans and grants receivables, and the sum of these two amounts.

V. Description of Transfers: This section describes transfers, if any, to another housing successor agency made in previous Fiscal Year(s), including whether the funds are unencumbered and the status of projects, if any, for which the transferred LMIHAF will be used. The sole purpose of the transfers must be for the development of transit priority projects, permanent supportive housing, housing for agricultural employees or special needs housing.

VI. Project Descriptions: This section describes any project for which the Housing Successor receives or holds property tax revenue pursuant to the ROPS and the status of that project.

VII. Status of Compliance with Section 33334.16: This section provides a status update on compliance with Section 33334.16 for interests in real property acquired by the former redevelopment agency prior to February 1, 2012. For interests in real property acquired on or after February 1, 2012, provide a status update on the project.

VIII. Description of Outstanding Obligations under Section 33413: This section describes the outstanding inclusionary and replacement housing obligations, if any, under Section 33413 that remained outstanding prior to dissolution of the former redevelopment agency as of February 1, 2012 along with the Housing Successor's progress in meeting those prior obligations, if any, of the former redevelopment agency and how the Housing Successor's plans to meet unmet obligations, if any.

IX. Income Test: This section provides the information required by Section 34176.1(a)(3)(B), or a description of expenditures by income restriction for five year period, with the time period beginning January 1, 2014 and whether the statutory thresholds have been met. However, reporting of the Income Test is not required until 2019.

X. Senior Housing Test: This section provides the percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Housing Successor, its former redevelopment Agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Housing Successor, its former Redevelopment Agency and its host jurisdiction within the same time period. For this Report the ten-year period reviewed is July 1, 2007 to June 30, 2017.

XI. Excess Surplus Test: This section provides the amount of excess surplus in the LMIHAF, if any, and the length of time that the Housing Successor has had excess surplus, and the Housing Successor's plan for eliminating the excess surplus.

This Report is to be provided to the Housing Successor's governing body. In addition, this Report and the former redevelopment agency's pre-dissolution Implementation Plans are to be made available to the public on the City's website at www.santa-clarita.com.

I. AMOUNT DEPOSITED INTO LMIHAF

A total of $241,791 was in housing bond proceeds were deposited into the LMIHAF as of January 1, 2014. No other deposits were made during the fiscal year.

II. ENDING BALANCE OF LMIHAF

At the close of the Fiscal Year, the ending balance in the LMIHAF was $4,082,096

III. DESCRIPTION OF EXPENDITURES FROM LMIHAF

The "Redevelopment Block" identified in Section VII of this report (identified at the "City Block" in previous reports) was acquired in part using funds from the LMIHF. In 2014-2015, $66,000 from the LMIHAF was used for demolition costs on the Redevelopment Block. Also in 2014-2015, $100,000 was paid to Newhall Avenue Housing Partners as the first payment on predevelopment costs as required by the Disposition and Development Agreement (DDA) for the Newhall Avenue Apartments, a 30-unit multi-family affordable housing development. The following is a description of expenditures from the LMIHAF by category:

	Fiscal Year
Monitoring & Administration Expenditures	$0
Homeless Prevention and Rapid Rehousing Services Expenditures	$0
Housing Development Expenditures ➢ **Expenditures on Low Income Units** ➢ **Expenditures on Very-Low Income Units** ➢ **Expenditures on Extremely-Low Income Units** ➢ **Total Housing Development Expenditures**	$166,000
Total LMIHAF Expenditures in Fiscal Year	**$166,000**

IV. STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR IN LMIHAF

Under the Dissolution Law and for purposes of this Report, the "statutory value of real property" means the value of properties formerly held by the former redevelopment agency as listed on the housing asset transfer schedule approved by the Department of Finance as listed in such schedule under Section 34176(a)(2), the value of the properties transferred to the Housing Successor pursuant to Section 34181(f), and the purchase price of property(ies) purchased by the Housing Successor. Further, the value of loans and grants receivable is included in these reported assets held in the LMIHAF.

The following provides the statutory value of assets owned by the Housing Successor.

	As of End of Fiscal Year
Statutory Value of Real Property Owned by Housing Successor	$4,136,635
Value of Loans and Grants Receivable	$0
Total Value of Housing Successor Assets	$4,136,635

V. DESCRIPTION OF TRANSFERS

The Housing Successor did not make any LMIHAF transfers to other Housing Successor(s) under Section 34176.1(c)(2) during the Fiscal Year.

VI. PROJECT DESCRIPTIONS

The Housing Successor does not receive or hold property tax revenue pursuant to the ROPS.

VII. STATUS OF COMPLIANCE WITH SECTION 33334.16

Section 34176.1 provides that Section 33334.16 does not apply to interests in real property acquired by the Housing Successor on or after February 1, 2012; however, this Report presents a status update on the project related to such real property.

With respect to interests in real property acquired by the former redevelopment agency *prior* to February 1, 2012, the time periods described in Section 33334.16 shall be deemed to have commenced on the date that the Department of Finance approved the property as a housing asset in the LMIHAF; thus, as to real property acquired by the former redevelopment agency now held by the Housing Successor in the LMIHAF, the Housing Successor must initiate activities consistent with the development of the real property for the purpose for which it was acquired within five years of the date the DOF approved such property as a housing asset.

The following provides a status update on the real property or properties housing asset(s) that were acquired prior to February 1, 2012 and compliance with five-year period:

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
23652 Newhall Avenue, Santa Clarita, CA 91321 (Jang Parcel) APN 2833-016-901	**8/31/2012**	**8/31/2017**	**As of 6/30/2014 the Housing Successor is investigating options for development of this parcel for a use allowed in H&S Code 34176.1.**

Block of vacant land bounded by Main St. and Railroad Ave., and by 9th St. and Lyons Ave. (Redevelopment Block) APN's 2831-007-900, -901, -902, -903, -904, -905, -906, -907, -908.	**8/31/2012**	**8/31/2017**	**In 2014-2015, a Request for Qualifications was released for development of this property. Proposals were reviewed and further negotiations were in progress as of June 30, 2015.**

The following provides a status update on the project(s) for property or properties that have been acquired by the Housing Successor using LMIHAF on or after February 1, 2012:

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
23610 Newhall Avenue, Santa Clarita, CA 91321 (Caltrans Parcel) APN 2833-016-900	**1/31/2014**	**1/31/2019**	**As of 6/30/2014 the Housing Successor had finalized a DDA for the development of this of this parcel for a 30-unit multi-family affordable housing development.**

VIII. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing: According to the 2007 Implementation Plan for the former redevelopment agency, no Section 33413(a) replacement housing obligations were transferred to the Housing Successor. The former redevelopment agency's Implementation Plans are posted on the City's website at http://www.santa-clarita.com/index.aspx?page=328.

Inclusionary/Production Housing. According to the 2007 Implementation Plan for the former redevelopment agency, no Section 33413(b) inclusionary/production housing obligations were transferred to the Housing Successor. The former redevelopment agency's Implementation Plans are posted on the City's website at http://www.santa-clarita.com/index.aspx?page=328.

IX. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF to be expended for development of rental housing affordable to and occupied by households earning 30% or less of the AMI. If the Housing Successor fails to comply with the Extremely-Low Income requirement in any five-year report, then the Housing Successor must ensure that at least 50% of the funds remaining in the LMIHAF be expended in each fiscal year following the latest fiscal year following the report on households earning 30% or less of the AMI

until the Housing Successor demonstrates compliance with the Extremely-Low Income requirement. This information is not required to be reported until 2019 for the 2014 – 2019 period.

X. SENIOR HOUSING TEST

The Housing Successor is to calculate the percentage of units of deed-restricted rental housing restricted to seniors and assisted by the Housing Successor, the former redevelopment agency and/or the City within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted by the Housing Successor, the former redevelopment agency and/or City within the same time period. If this percentage exceeds 50%, then the Housing Successor cannot expend future funds in the LMIHAF to assist additional senior housing units until the Housing Successor or City assists and construction has commenced on a number of restricted rental units that is equal to 50% of the total amount of deed-restricted rental units.

The following provides the Housing Successor's Senior Housing Test for the 10 year period of July 1, 2007 to June 30, 2017:

Senior Housing Test	
# of Assisted Senior Rental Units	0
# of Total Assisted Rental Units	0
Senior Housing Percentage	N/A

XI. EXCESS SURPLUS TEST

Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the account that exceeds the greater of one million dollars ($1,000,000) or the aggregate amount deposited into the account during the Housing Successor's preceding four Fiscal Years, whichever is greater.

The following provides the Excess Surplus test for the preceding four Fiscal Years:

	FY 2011/12	FY 2011/12	FY 2013/14	FY 2014/15
Beginning Balance	0	0	0	$4,006,386
Add: Deposits	0	0	$5,056,509	$241,710
(Less) Expenditures	0	0	$1,050,123	$166,000
Ending Balance	0	0	$4,006,386	$4,082,096

The LMIHAF has a $4,082,096 excess surplus. The Housing Successor has three fiscal years to encumber, or transfer, the excess surplus, if any. The Housing Successor has had this

excess surplus since June 30, 2015, and the following summarizes the Housing Successor's plan for encumbering (or transferring) this excess surplus:

The City Council, acting in its capacity as the Housing Successor, approved a Disposition and Development Agreement (DDA) with an affordable housing developer to construct a 30-unit 100% affordable family housing complex on one of the parcels listed in section VII above (Caltrans parcel). As part of the DDA, the Housing Successor will contribute a grant of $3.8 million dollars from the LMIHAF and will sell the parcel to the developer for $1. The transfer of the initial $100,000 was completed in 2014-2015 and is reflected in this report. The balance of $3.7 million is expected to be completed in 2015-2016. This timeline will meet the three fiscal year limit to encumber or transfer the excess surplus.

Agenda Item: 2

CITY OF SANTA CLARITA
OVERSIGHT BOARD TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA
AGENDA REPORT

NEW BUSINESS

APPROVAL:

DATE: February 22, 2016

SUBJECT: LONG RANGE PROPERTY MANAGEMENT PLAN IMPLEMENTATION - 24158 NEWHALL AVENUE

DEPARTMENT: Community Development

PRESENTER: Denise Covert

RECOMMENDED ACTION

Oversight Board adopt Resolution No. 16-03 approving the transfer of the property located at 24158 Newhall Avenue (APN 2831-019-901) from the Successor Agency of the Redevelopment Agency of the City of Santa Clarita to the City of Santa Clarita to implement the First Amendment to the Long Range Property Management Plan.

BACKGROUND

In 2005, the property located at 24158 Newhall Avenue (APN 2831-019-901) was purchased with the intent to eliminate blighting conditions in the area. This property is currently a public parking lot, maintained by the City and open to the public at no cost.

At the Oversight Board meeting of December 9, 2015, the Oversight Board approved the First Amendment to the Long Range Property Management Plan, which allows for this property to be transferred from the Successor Agency to the City of Santa Clarita at no cost, pursuant to SB 107 to continue to provide public parking in Old Town Newhall. On January 29, 2016, the Department of Finance approved the Oversight Board's action.

The attached resolution will implement the Long Range Property Management Plan related to this property and allow Successor Agency staff to quitclaim the property from the Successor Agency to the City of Santa Clarita.

Health and Safety Code Section 34181(f) requires that any action taken by the Oversight Board related to the transfer of property must be public noticed 10-days prior to the proposed action. A copy of the public notice is attached.

ALTERNATIVE ACTION

Other actions as determined by the Oversight Board

FISCAL IMPACT

There is no fiscal impact as a result of this item.

ATTACHMENTS

Public Notice
Resolution
Exhibit A

OVERSIGHT BOARD OF THE
FORMER REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA

NOTICE OF A HEARING REGARDING THE TRANSFER OF SUCCESSOR AGENCY PROPERTY LOCATED AT 24158 NEWHALL AVENUE IN SANTA CLARITA, CALIFORNIA, PURSUANT TO A DEPARTMENT OF FINANCE APPROVED LONG RANGE PROPERTY MANAGEMENT PLAN AND AMENDMENT THERETO

PUBLIC NOTICE IS HEREBY GIVEN:

A public hearing will be held before the Oversight Board of the former Redevelopment Agency of the City of Santa Clarita regarding the sale of property located at 24158 Newhall Avenue (APN 2831-019-901), Santa Clarita, California, governed by Redevelopment Agency dissolution statutes. The Successor Agency is required by Health and Safety Code Section 34181 (f) to provide notice such potential action in accordance with the Long Range Property Management Plan, as amended.

The public hearing will be held at the February 22, 2016, Oversight Board meeting, in the City Hall Century Room located at 23920 Valencia Boulevard and will commence at or after 2:00 p.m. Proponents, opponents, and any interested persons may appear and be heard on this matter at that time. Further information may be obtained by calling Denise Covert, Economic Development Associate, at (661) 284-1411, or via mail at Santa Clarita City Hall, 23920 Valencia Boulevard, Suite 100, Santa Clarita, California, 91355.

If you wish to challenge this action in court, you may be limited to raising only those issues raised at the public hearing described in this notice, or in written correspondence delivered to the Oversight Board at or prior to the public hearing.

Dated: February 10, 2016

Kevin Tonoian
Successor Agency Secretary

Publish Date: February 12, 2016

OVERSIGHT BOARD RESOLUTION NO. 16-03

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE SANTA CLARITA REDEVELOPMENT AGENCY APPROVING THE TRANSFER OF 24158 NEWHALL AVENUE (APN 2831-019-901) TO THE CITY OF SANTA CLARITA PURSUANT TO THE FIRST AMENDMENT OF THE LONG RANGE PROPERTY MANAGEMENT PLAN

WHEREAS, the Oversight Board to the Successor Agency of the Santa Clarita Redevelopment Agency ("Oversight Board") was established to direct the Successor Agency to the former Santa Clarita Redevelopment Agency ("Successor Agency") pursuant to Assembly Bill x1 26, chaptered and effective on June 27, 2011, Assembly Bill 1484 chaptered and effective on June 27, 2012, and Senate Bill 107 chaptered and effective on September 22, 2015 (together, the "Dissolution Act");

WHEREAS, among the duties of successor agencies under the Dissolution Act is the preparation of a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency for consideration by a local oversight board and California Department of Finance ("DOF") for purposes of administering the wind-down of financial obligations of the former Redevelopment Agency;

WHEREAS, Health and Safety Code ("HSC") Sections 34191.4 and 34191.5 provide that within six (6) months of the Successor Agency receiving a Finding of Completion from the DOF pursuant to Section 34179.7, the Oversight Board is to review and approve the Successor Agency's Long Range Property Management Plan ("LRPMP") that addresses the disposition and use of the former redevelopment agency's real property, which LRPMP then is submitted to the DOF for review and approval;

WHEREAS, the Successor Agency received its Finding of Completion from the DOF on June 20, 2013;

WHEREAS, the Successor Agency prepared an LRPMP consistent with the provisions of the Dissolution Act, HSC Section 34191.5, and the guidelines made available by DOF;

WHEREAS, the Oversight Board approved the LRPMP on December 17, 2013;

WHEREAS, the Department of Finance approved the LRPMP on June 27, 2014;

WHEREAS, the Dissolution Act was modified to provide the ability for cities to receive parking related properties at no cost, subject to an amendment to the LRPMP;

WHEREAS, the Successor Agency prepared a First Amendment to the LRPMP specific to 24158 Newhall Avenue (APN 2831-019-901) depicted in Exhibit A attached hereto, to provide for the transfer of the Parking Parcel to the City of Santa Clarita at no cost for governmental use as a parking facility dedicated to public parking;

WHEREAS, the Oversight Board approved the First Amendment to the LRPMP on December 9, 2015;

WHEREAS, the Department of Finance approved the First Amendment to the LRPMP on January 28, 2016;

WHEREAS, public notice of this meeting of the Oversight Board was provided pursuant to Health and Safety Code Section 34181(f);

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE SANTA CLARITA REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Recitals set forth above are true and correct and incorporated herein by reference.

Section 2. The Oversight Board finds that the Successor Agency complied with the Dissolution Act.

Section 3. The Oversight Board to the Successor Agency hereby approves the transfer of 24158 Newhall Avenue (APN 2831-019-901), as depicted in Exhibit A attached hereto and incorporated herein, to the City of Santa Clarita at no cost and does hereby authorize and direct the Executive Director of the Successor Agency or his designee to take all actions and execute and enter into all documents necessary to transfer the property to the City of Santa Clarita.

PASSED, APPROVED, AND ADOPTED this 22nd day of February 2016.

_____
Kenneth W. Striplin
Oversight Board Chair

ATTEST:

_____
Marilyn Sourgose
Oversight Board Meeting Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF SANTA CLARITA)

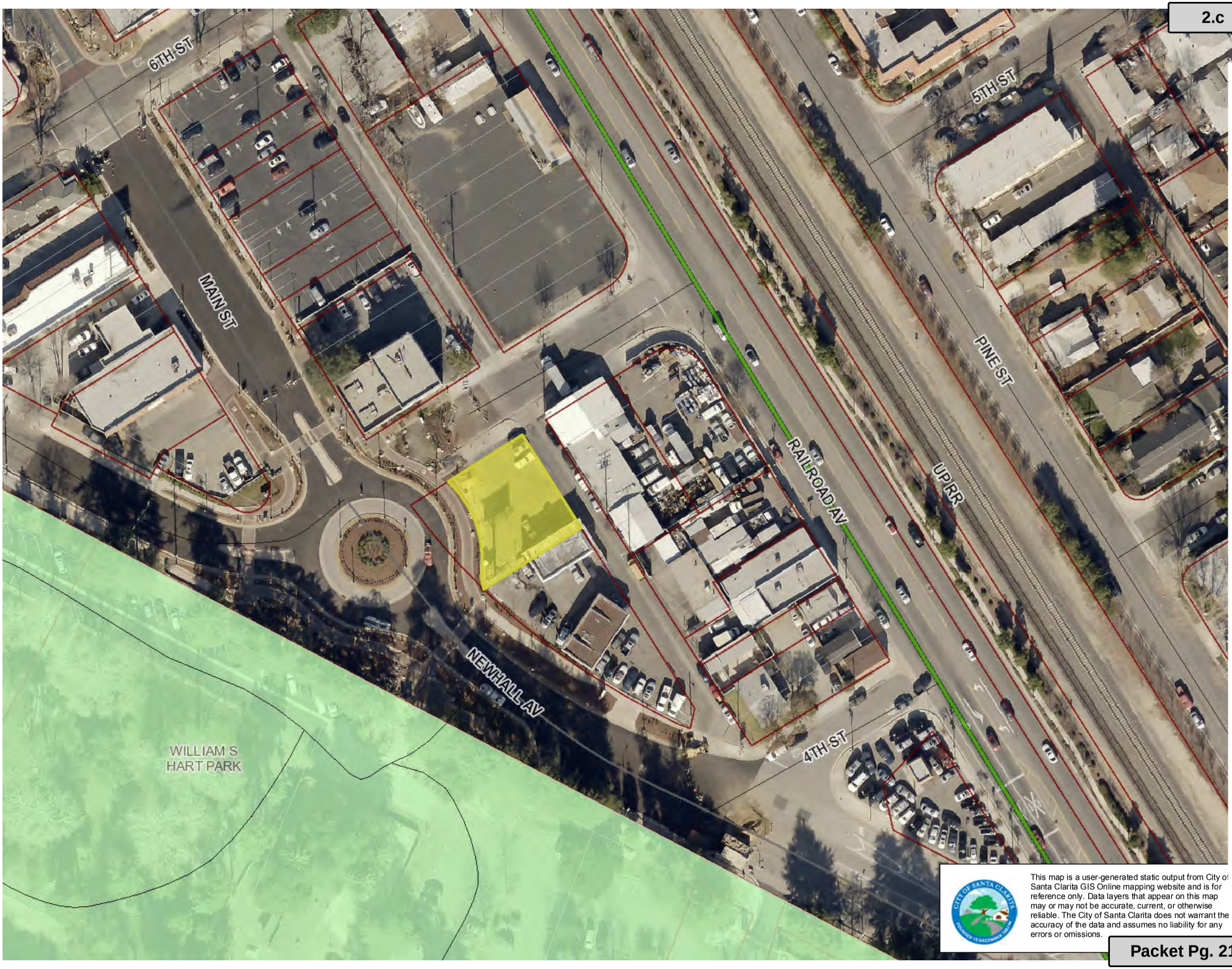
I, Marilyn Sourgose, Oversight Board Meeting Clerk, do hereby certify that the foregoing Resolution was duly adopted by the Oversight Board of the Successor Agency to the Former Redevelopment Agency of the City of Santa Clarita at a regular meeting thereof, held on the 22nd day of February 2016, by the following vote:

AYES:

NOES:

ABSENT:

_____
Marilyn Sourgose
Oversight Board Meeting Clerk



Attachment: Exhibit A (1527 : 24158 Newhall Avenue)

Agenda Item: 3

CITY OF SANTA CLARITA
OVERSIGHT BOARD TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA
AGENDA REPORT

NEW BUSINESS

APPROVAL:

DATE: February 22, 2016

SUBJECT: LONG RANGE PROPERTY MANAGEMENT PLAN IMPLEMENTATION - REDEVELOPMENT BLOCK

DEPARTMENT: Community Development

PRESENTER: Jason Crawford

RECOMMENDED ACTION

Oversight Board:

1. Adopt Resolution No. 16-04 approving the Purchase and Sale Agreement with Old Town-Main, LLC, for the proposed Mixed-Use Project;

2. Adopt Resolution No. 16-05 approving the Purchase, Sale and Grant Agreement with Laemmle Newhall, LLC, and the City of Santa Clarita, for the proposed Laemmle Theatre Project; and

3. Adopt Resolution No. 16-06 approving the transfer of the public parking property from the Successor Agency to City of Santa Clarita at no cost pursuant to the Department of Finance approved Long Range Property Management Plan Amendment.

BACKGROUND

The Redevelopment Agency of the City of Santa Clarita (Redevelopment Agency), in partnership with the City of Santa Clarita (City), acquired a block of property in Old Town Newhall in November 2008. The site encompasses one full City block, directly across the street from the Old Town Newhall Library, bounded by Lyons Avenue to the north, Railroad Avenue to the east, 9th Street to the south, and Main Street to the west (the Redevelopment Block). The Redevelopment Block was purchased with the intent of a public-private development partnership in the future that was in line with the vision of the Old Town Newhall Specific Plan (Specific Plan), which was adopted by City Council in 2005. The Specific Plan envisioned, among other

things, that at the north end of Main Street, a six-screen theater would serve as an "anchor" to a project that, combined with retail space, residential units, and a public parking structure, would create consumer activity, and further the Arts and Entertainment District vision in the area.

As a result of the dissolution of the Redevelopment Agency, the Redevelopment Block now has multiple beneficial ownership interests due to the type of funds used to purchase the property, and includes: the City; the City as the Housing Successor Agency to the former Redevelopment Agency (Housing Successor); and the Successor Agency to the former Redevelopment Agency (Successor Agency). Pursuant to the actions of the City Council and the Successor Agency Board on July 14, 2015, and subsequently confirmed by the Oversight Board and the California Department of Finance (DOF), fee title to the entire property is currently held with the Successor Agency.

The Redevelopment Dissolution Bills require that any property that was owned either wholly or in part by the former Redevelopment Agency, with the exception of those determined to be housing assets of the Housing Successor or those constructed and used as a governmental purpose and transferred to the City in accordance with Health and Safety Code Section 34181 (a)(1), are subject to a Long Range Property Management Plan (LRPMP), which governs the disposition and use of Redevelopment Agency properties. The LRPMP, which was approved by the Oversight Board on December 17, 2013, and approved by the DOF on June 27, 2014, indicated that the Redevelopment Block should be listed for sale in order to find a developer to maximize the long term value of the property.

As part of the LRPMP submittal, the Oversight Board and the DOF also approved a set of property disposition procedures to guide the process that must be undertaken to sell the property. These procedures included a requirement that potential purchasers submit a proposal for the development of the property that is consistent with the Specific Plan and the General Plan. The purpose of this requirement, and the other requirements in the procedures, was to drive the sale of the property to a buyer that will develop the property in a timely manner, meet the ultimate goals for the revitalization of the Old Town Newhall area, and provide the best benefit for the taxing entities over the long term, not just at the time of the property sale.

RFQ Process

Based on the property disposition procedures, a Request for Qualifications (RFQ) to find one or more development partners was released in November 2014. The RFQ was delivered to over 98 development firms, as well as being posted on the City's website. The RFQ asked potential development partners to submit proposals that would provide for a high quality, mixed-use project on the Redevelopment Block that combines three priorities as outlined in the Specific Plan: a theater component, retail and residential uses, and public parking.

The RFQ process included a two-round submittal and evaluation approach, with the following elements:

- Round One: Respondents were required to provide a letter of introduction, identify key team development members, share relevant project experience, outline details related to how they intend to approach the projects, provide financial data to ensure they have the capital necessary to build this project, and references.

- Round Two: Selected developers were requested to submit a Letter of Intent that identifies the development proposal, including land uses, massing, financing structure, estimated property value, and any other considerations for the Successor Agency to evaluate as part of their proposal.

First round responses were due on January 30, 2015, and five responses were received and evaluated by staff and Kosmont Companies, the consultant retained by the Successor Agency to assist with the RFQ process. Kosmont Companies is a nationally recognized expert in economic development and real estate projects involving government and private sector partnerships. Their scope of services includes assisting public agencies related to economic development, planning, funding and financing, and public/private partnerships, among others.

Based on the review completed by staff and Kosmont Companies, three proposals were eliminated as they did not include all three components requested, and two were moved forward to the second round. Both developers provided a response to the second round of the RFQ process, and staff, along with Kosmont Companies, evaluated those responses based on development timelines, the proposed development profile, proposed acquisition structure, public amenities to be provided, public parking availability, a financing mechanism to support the development, and the financial impact for the City, the Successor Agency, and the taxing entities as a result of the ultimate development of the site.

On July 14, 2015, the City Council and the Successor Agency Board authorized staff to enter into Exclusive Negotiation Agreements (ENA) with Laemmle Theatres for the development of the theatre component and Serrano Development Group and Pacific Coast Housing Development for the development of the Mixed-Use Project. The term of these agreements was 90 days (July 14, 2015 - October 11, 2015). Pursuant to the terms of these agreements, the Executive Director/City Manager authorized a 90-day extension to the ENA period (October 12, 2015 - January 9, 2016). During this ENA period, staff worked closely with the chosen developers, various consultants, and legal counsel to review, analyze, and produce a project for the City Council and Successor Agency Board to consider that will ultimately provide the greatest benefit to the community.

Redevelopment Block Projects

Keeping in mind the vision of the Specific Plan and the three components that were requested, including a theatre, a mixed-use project, and public parking, the City Council and Successor Agency Board approved the division of the property into three separate developments: the Mixed-Use Project; the Laemmle Theatre Project; and the Parking Structure based on the attached proposed site plan.

As part of the preparation of the LRPMP, staff hired Lea and Associates in 2013 to complete an appraisal that valued the land at $2.2 million. In mid-November, staff reengaged Lea and Associates to update that appraisal based on current market conditions, as well as known site development constraints.

During the developer's due diligence period in the ENA, it was determined there were environmental concerns on the Redevelopment Block, which appear to be primarily impacting the property proposed for the Mixed-Use Project, including three Underground Storage Tanks

(USTs), one concrete filled clarifier, one vehicle hoist, one vehicle wash sump, one vehicle frame straightener, and asbestos floor tiles associated with prior uses on the Redevelopment Block. The developer of the Mixed-Use Project facilitated an update to the Phase II environmental assessment and received an estimated cost to remediate the concerns. Those documents were provided to the appraiser in order to obtain a fair price for the property with known environmental constraints.

The total fair market value of the property was determined to be $2.1 million. This included an overall land value of $2.6 million less $500,000 for the known and potential for unknown environmental constraints on the Redevelopment Block.

Mixed-Use Project

Old Town-Main, LLC, (OTM) will purchase ~34,325 square feet of the Redevelopment Block at fair market value to develop a mixed-use project oriented towards Main Street and Lyons Avenue. Because the environmental constraints on the Redevelopment Block appear to be primarily located on the parcel proposed for this project, and OTM will undertake the work to remedy these known environmental conditions prior to the close of escrow, the adjustment to the property's value was applied to the Mixed-Use Project transaction. The Successor Agency will need to finalize the terms of a right of entry agreement to allow Old Town-Main, LLC, to have access to the Redevelopment Block and undertake and complete the environmental remediation work prior to the close of escrow. The total purchase price based on the appraisal dated December 16, 2015, is $692,509.

The proposed Mixed-Use Project will provide an estimated 20,240 square feet of retail space, 46 multi-family units ranging from one bedroom to three bedrooms, and public plaza space. The project will also provide 85 parking spaces reserved only for the residential units in an onsite subterranean parking garage. The Old Town Newhall Specific Plan requires that 1.5 parking spaces be provided for every unit of multi-family residential. The developers are proposing to exceed that requirement and provide 1.85 parking spaces for every unit. This equates to each two- and three-bedroom units having two parking spaces and approximately half of the one-bedroom units having two parking spaces. The remainder of the one-bedroom units will have one parking space. No visitor parking for the residential component or parking for the retail component of the project is required to be provided in conformance with the Specific Plan. These needs were accounted for in the parking study, discussed later in this agenda report.

To maximize the overall development of the Redevelopment Block, OTM is seeking to purchase a parking access easement through the proposed public parking structure property for the purpose of accessing the residential subterranean parking. The parking structure as proposed will include one level of subterranean parking and five levels of at-grade and above parking. This easement will allow OTM to access their residential parking by placing a gate at the property line between the City's parking structure and the OTM parking area on the subterranean level. Residents of the residential component of the Mixed-Use Project will then access their parking area by entering the City's parking structure, following the demarcations to go to the subterranean level, and then accessing their assigned parking area.

OTM is not requesting any financial assistance from the City or the Successor Agency to complete the project. OTM will purchase the property for fair market value, purchase the

required parking access easement at fair market value, pay all required project entitlement and permit processing fees and development impact fees. Pursuant to the Purchase and Sale Agreement, escrow fees will be shared between the developer and the Successor Agency, which is typical for real estate transactions.

The property disposition procedures directed Successor Agency staff to evaluate the qualifications of the proposed development partners including their financial capacity to undertake the project, and the probability of successful implementation of the proposal. Kosmont Companies was retained to review the proforma provided by the developer and complete an analysis of this type of project in the market place. Staff wanted assurance that the developers had a sound financial understanding of the market place and that the project would be viable to be built as proposed. Kosmont Companies concluded that the developer's assumptions for constructions costs, operating revenue, operating expenditures, and risk-adjusted return are reasonable given the current local market and economic conditions. The report completed by Kosmont Companies is attached.

Laemmle Theatres

Laemmle Theatres is proposing to purchase ~12,680 square feet of the Redevelopment Block to develop a two-story, 17,688 square-foot art house theatre and 2,293 square feet of retail space. The theatre is proposed to include seven screens and between 475-525 seats, in addition to public art space. The final seat count will be determined as they proceed through the entitlement process. Pursuant to the Old Town Newhall Specific Plan, no parking is required to be provided by this project.

As part of their initial proposal in June 2015, Laemmle Theatres requested $4,596,880 in financial assistance from the City with an operating covenant that would ensure they remained a theater for a period of at least 5 years. Through the negotiation process, staff was able to reduce this amount to $3,420,525, which is broken down into the following components:

Property Purchase Price	$440,525
Development Fees	$400,000
Site Preparation	$600,000
Operating Covenant	$1,980,000
Total City Assistance	**$3,420,525**

As part of the overall economic development package for Laemmle, the City will pay the cost of the property, which was appraised at $440,525. The City will deposit those funds into escrow at the time of close of escrow.

Additionally, the City will pay the development fees for the project on Laemmle's behalf at the time they are required to be paid, up to a maximum amount of $400,000. These fees include costs such as Planning and Building & Safety fees associated with the entitlement process and building permit issuance. Under the terms of the Purchase and Sale Agreement, Laemmle is also eligible to be reimbursed up to a maximum amount of $600,000 for site preparation costs. Site preparation costs include site clearance, grading, relocating utilities, and required off-site improvements. In the event that development fees are below the allocated amount of $400,000, up to a maximum of 20% of those funds may be reallocated towards site preparation costs.

The City will also provide a one-time payment of $1,980,000 to Laemmle Theatres in exchange for an Operating Covenant that guarantees that the theatre will operate as a Laemmle Theatre for a period of at least 15 years with a minimum of six screens. After year seven, the Operating Covenant allows Laemmle to convert some of their screens into either retail or office space. If they exercise that option, Laemmle is still required to maintain a minimum of four theatre screens. The City would provide this one-time payment into escrow and it would be provided to Laemmle at the time the project has finished construction and is deemed complete. In the event of default by Laemmle related to the Operating Covenant, the City is entitled to be repaid a portion of the City Assistance that will vary depending on how long Laemmle has been operating at the time of default. Thus, if Laemmle were to default during the first year of the 15 year operating period, the amount to be repaid would nearly equate the total amount of the City Assistance, whereas if the default occurred in the 14th year, the amount due would be a smaller fraction of the City Assistance in recognition of the many years of operation in compliance with the Operating Covenant.

The Operating Covenant will be recorded against the property and will appear as an encumbrance on the property. Therefore, if there was a default and Laemmle did not repay that portion of the City Assistance due under the Operating Covenant and tried to sell the property, the Operating Covenant would still appear as an encumbrance to title and Laemmle would not be able to sell the property without obtaining a release of the Operating Covenant from the City; a release that the City would only provide on the condition of paying that amount of the City Assistance due as a result of the breach of the covenant. Thus, Laemmle would be forced to repay the City the amortized amount remaining on the City Assistance in order to obtain a release of the Operating Covenant as an encumbrance. Alternatively, if the amount of City Assistance due was not paid, the City could consider bringing an action for breach of contract and it is worth noting the Operating Covenant does contain a provision for an award of attorney fees to the prevailing party. However, it should be noted that in the event Laemmle were to default on its financing that is secured by the property, the Operating Covenant and its obligations could be eliminated through foreclosure. Further, if Laemmle were to default under the Operating Covenant by not operating the property as a theatre and thereafter filed for bankruptcy protection, it is likely that the obligation to repay the amount of City Assistance due could be discharged. Additionally, even if Laemmle was not in default under the Operating Covenant but filed for bankruptcy protection, it is unclear whether the obligation to operate the property asset as a theatre in accordance with the Operating Covenant could be impacted.

As part of the implementation of the property disposition procedures, similar to the Mixed Use Project mentioned above, Kosmont Companies was hired to complete an analysis of the project, specifically the proforma for the project, as well as how the requested subsidy compares in the marketplace. Kosmont Companies determined that the subsidy being contemplated is in line with other public subsidies provided to Laemmle Theatres in Southern California. In addition, Kosmont Companies estimates that the projects collectively will generate direct and indirect sales and property tax to pay for the proposed subsidy by 2032, or year 15 of operation, which is in line with the 15 year operating covenant proposed. The report completed by Kosmont Companies is attached.

Additionally, the property disposition procedures state that the Successor Agency should

evaluate the estimated cost of the City's financial involvement and ensure the availability of sufficient City funds to pay such costs. As part of the City Council's action on this project at the February 9, 2016 City Council meeting, City funds in the amount of $3,420,525 was appropriated and is available to be contributed to this project.

Parking Structure

The final development of the Redevelopment Block is the Parking Structure, to be completed by the City of Santa Clarita. The Specific Plan calls for two public parking structures with approximately 400 spaces each to be built in the Main Street area as a public infrastructure investment to serve the entire business district.

The parking structure envisioned on this site is proposed to be one level subterranean and five stories above grade, with a maximum height of 55 feet. This achieves a 400 parking stall count, while ensuring the structure is consistent with the height of the Old Town Newhall Library. The estimated investment of the City related to the parking structure is approximately $15.2 million.

As per the City Council's direction at the February 9, 2016 City Council meeting, the City has embarked on a design-build process for the structure. An RFP is currently out soliciting bridging architect and construction support services. The selected firm will begin the design of the parking structure so an RFP for a design/build team can be solicited. It is the City's hope that a design/build entity is selected in Fall 2016.

On December 9, 2015, the Oversight Board approved an amendment to the LRPMP which would provide for transfer of the parking portion of the Redevelopment Block property to the City at no cost. On January 28, 2016, the DOF approved this action. The action provided for the Oversight Board's consideration is to implement the Long Range Property Management Plan and approve the transfer of property.

Long Term Benefits to the Taxing Entities

The property disposition procedures indicated that the Successor Agency should look at the economic impact of the proposed project and the long term benefits to the taxing entities. The estimated economic impact of the projects was evaluated in two ways:

1. Project Site Specific
2. Surrounding Businesses and Properties

Project Site Specific

During the proposal evaluation phase, Kosmont Companies estimated that if the Redevelopment Block was developed as proposed by the Serrano Development Group and Laemmle Theatres, the assessed property value once constructed would be an estimated $26.2 million. Currently, as a governmentally owned property, no property tax is paid on this property.

Additionally, Kosmont companies estimated that the retail and theatre components of the project would generate $8,170,000 in new taxable sales on the site.

Surrounding Businesses and Properties

Applied Economics LLC was retained by staff to conduct an in-depth analysis on the impact of the project to the surrounding businesses and properties. The final report is attached. Applied Economics is a consulting firm based in Phoenix, Arizona, that specializes in economic and demographic issues. Its major services include economic and fiscal impact assessments, socioeconomic modeling, and urban planning for clients nationwide, including local governments, school districts, councils of government, and economic development organizations.

The study projects that property values in the area will increase by $10 million: $6.6 million as a result of the project; and $3.4 million as a result of potential redevelopment sparked by this project.

Additionally, it is anticipated that the development of the proposed project will generate approximately $6.4 million in new taxable sales annually in Santa Clarita by businesses not on the project site. Of that amount, $5.8 million is expected to be generated specifically in the Old Town Newhall area, with the remaining $600,000 accounting for goods not available in the area, including apparel, new automobiles sales, and home furnishings.

Summary

Taking into account the projections from Kosmont Companies and the analysis completed by Applied Economics, the project overall (both on the Redevelopment Block and the neighboring businesses and properties) has an estimated property value increase of $36,200,000 and an estimated $14,570,000 in new taxable sales in Santa Clarita annually.

ALTERNATIVE ACTION

Other actions as determined by the Oversight Board.

FISCAL IMPACT

The total fair market value of the property was determined to be $2.1 million. This included an overall land value of $2.6 million less $500,000 for the known and potential for unknown environmental constraints on the Redevelopment Block.

The Oversight Board's approval of the First Amendment to the LRPMP provides for transfer of the parking portion of the Redevelopment Block property to the City at no cost. Based on the appraisal, the value of the property for the parking portion of the Redevelopment Block is $966,966.

Fee title to the Redevelopment Block is vested in the Successor Agency, however the City's Developer Fee Fund and Low-Moderate Income Housing Fund, now known as the Housing Successor Asset Fund, possess a beneficial interest in the Redevelopment Block.

The proceeds from the sale of those portions of the Redevelopment Block to Old Town-Main, LLC, for the proposed Mixed Use Project is $692,509, and to Laemmle Newhall, LLC, for the proposed Laemmle Theatre Project is $440,525, or collectively approximately $1,133,034 subject to a reduction for the Successor Agency's share of escrow fees.

The City Developer Fee Funds were paid to the City by private third party developers to assist in the creation of affordable housing. Accordingly, since no affordable housing units are being created on the Redevelopment Block, to avoid any claim of misappropriation of these funds, the City Developer Fee Fund must be repaid, dollar for dollar, in the amount of its initial contribution of $681,560.

Accordingly, after repayment of the City Developer Fee Fund as noted above, approximately $451,474 will remain from the approximate $1,133,034 in sales proceeds for distribution to the City as Housing Successor Agency and the Successor Agency to the Former Redevelopment Agency. The City as Housing Successor Agency's contribution represents 48% of the combined contribution, and the Successor Agency to the Former Redevelopment Agency's contribution represents 52% of the combined contribution. Therefore, the City as Housing Successor Agency will receive 48% of the $451,474 in remaining sales proceeds, up to $216,708 subject to a reduction based on escrow fees incurred, and the Successor Agency to the Former Redevelopment Agency will receive 52% of the $451,474 in remaining sales proceeds, up to $234,766 subject to a reduction based on escrow fees incurred.

The City's as Housing Successor share of the proceeds will be used to further affordable housing in our community. The Successor Agency's proceeds will be provided to Los Angeles County Auditor-Controller to be distributed to the taxing entities as required by the Redevelopment Dissolution Bills. Accordingly, at close of escrow, in addition to the recording of the grant deed transferring property from the Successor Agency to Old Town Main, LLC, for the proposed Mixed-Use Project, and Laemmle Newhall, LLC, for the proposed Laemmle Theatre Project, the City will need to quitclaim and release any interest it has in the property as a result of its beneficial interest pursuant to the Developer Fee Fund and as the Housing Successor.

ATTACHMENTS

Public Notice
Site Map
Resolution - Mixed Use Project
Mixed Use Project Purchase and Sale Agreement
Resolution - Laemmle Theatres

Laemmle Theatres - Purchase Sale and Grant Agreement
Kosmont Companies Analysis
Resolution - Parking Parcel
Parking Parcel Exhibit A
Applied Economics Study

OVERSIGHT BOARD OF THE
FORMER REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA

NOTICE OF A HEARING REGARDING THE SALE AND TRANSFER OF SUCCESSOR AGENCY PROPERTY BOUND BY LYONS AVENUE, RAILROAD AVENUE, 9TH STREET AND MAIN STREET, SANTA CLARITA, CALIFORNIA, PURSUANT TO A DEPARTMENT OF FINANCE APPROVED LONG RANGE PROPERTY MANAGEMENT PLAN AND AMENDMENT THERETO

PUBLIC NOTICE IS HEREBY GIVEN:

A public hearing will be held before the Oversight Board of the former Redevelopment Agency of the City of Santa Clarita regarding the sale and transfer of property bound by Lyons Avenue, Railroad Avenue, 9th Street and Main Street, Santa Clarita, California, governed by Redevelopment Agency dissolution statutes. The Successor Agency is required by Health and Safety Code Section 34181 (f) to provide notice of the following potential actions prior to consideration by the Oversight Board:

Approving and Authorizing the Successor Agency to enter into, execute and implement the terms of that certain Purchase and Sale Agreement between the Successor Agency and Old Town-Main, LLC, for the proposed Mixed Use Project along Lyons Avenue and Main Street, in accordance with the Long Range Property Management Plan;

Approving and Authorizing the Successor Agency to enter into, execute and implement the terms of that certain Purchase, Sale and Grant Agreement between the Successor Agency, the City of Santa Clarita, and Laemmle Newhall, LLC, for the proposed Laemmle Theatre Project at the south-west corner of Lyons Avenue and Railroad Avenue, in accordance with the Long Range Property Management Plan;

Approving and Authorizing the Successor Agency to enter into, execute and implement all necessary documents to effectuate the transfer of property at the north-west corner of Railroad Avenue and 9th Street to the City of Santa Clarita for the public parking structure, in accordance with the Long Range Property Management Plan Amendment

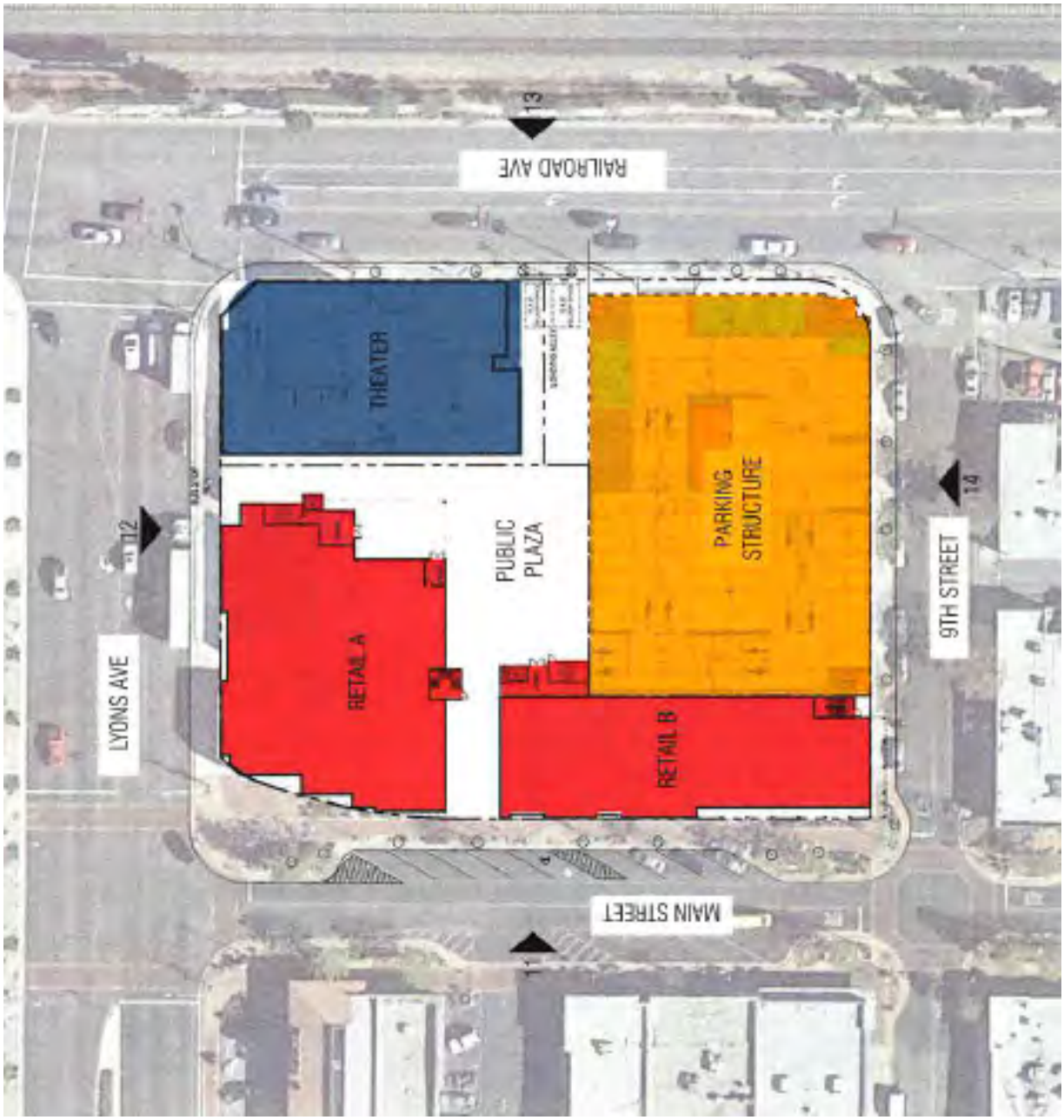
The public hearing will be held at the February 22, 2016, Oversight Board meeting, in the City Hall Century Room located at 23920 Valencia Boulevard and will commence at or after 2:00 p.m. Proponents, opponents, and any interested persons may appear and be heard on this matter at that time. Further information may be obtained by calling Denise Covert, Economic Development Associate, at (661) 284-1411, or via mail at Santa Clarita City Hall, 23920 Valencia Boulevard, Suite 100, Santa Clarita, California, 91355.

If you wish to challenge this action in court, you may be limited to raising only those issues raised at the public hearing described in this notice, or in written correspondence delivered to the Oversight Board at or prior to the public hearing.

Dated: February 10, 2016

Kevin Tonoian
Successor Agency Secretary

Publish Date: February 12, 2016



Attachment: Site Map (1528 : Redevelopment Block)

OVERSIGHT BOARD RESOLUTION NO. 16-04

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE SANTA CLARITA REDEVELOPMENT AGENCY APPROVING THE PURCHASE AND SALE AGREEMENT WITH OLD TOWN-MAIN, LLC FOR THE PROPOSED MIXED USE PROJECT

WHEREAS, the Oversight Board to the Successor Agency of the Santa Clarita Redevelopment Agency ("Oversight Board") was established to direct the Successor Agency to the former Santa Clarita Redevelopment Agency ("Successor Agency") pursuant to Assembly Bill x1 26, chaptered and effective on June 27, 2011, Assembly Bill 1484 chaptered and effective on June 27, 2012, and Senate Bill 107 chaptered and effective on September 22, 2015 (together, the "Dissolution Act");

WHEREAS, among the duties of successor agencies under the Dissolution Act is the preparation of a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency for consideration by a local oversight board and California Department of Finance ("DOF") for purposes of administering the wind-down of financial obligations of the former Redevelopment Agency;

WHEREAS, Health and Safety Code ("HSC") Sections 34191.4 and 34191.5 provide that within six (6) months of the Successor Agency receiving a Finding of Completion from the DOF pursuant to Section 34179.7, the Oversight Board is to review and approve the Successor Agency's Long Range Property Management Plan ("LRPMP") that addresses the disposition and use of the former redevelopment agency's real property, which LRPMP then is submitted to the DOF for review and approval;

WHEREAS, the Successor Agency received its Finding of Completion from the DOF on June 20, 2013;

WHEREAS, the Successor Agency prepared an LRPMP consistent with the provisions of the Dissolution Act, HSC Section 34191.5, and the guidelines made available by DOF;

WHEREAS, the Oversight Board approved the LRPMP on December 17, 2013;

WHEREAS, the Department of Finance approved the LRPMP on June 27, 2014;

WHEREAS, in addition to the LRPMP as required by law, the Oversight Board and Department of Finance also adopted Property Disposition Procedures to ensure that the long term value to the taxing entities was considered when disposing of properties outlined in the LRPMP; and

WHEREAS, in order to implement the LRPMP specific to the property known as the "Redevelopment Block," more specifically the property bound by Lyons Avenue, Railroad Avenue, 9th Street and Main Street, the Successor Agency administered a Request for Qualifications (RFQ) process;

WHEREAS, as a part of that process, the Successor Agency entered into Exclusive Negotiations with Serrano Development Group and Pacific Coast Housing Development;

WHEREAS, those negotiations resulted in a proposal to divide the property into three developments: the Mixed Use Project, the Laemmle Theatre Project and the Public Parking Project;

WHEREAS, Serrano Development Group and Pacific Coast Housing Development created a single-purpose entity, Old Town-Main, LLC for the purposes of the Mixed Use Project;

WHEREAS, Old Town-Main proposed to purchase approximately 34,325 square feet of the Redevelopment Block in order to develop the Mixed Use Project, for its appraised fair market value purchase price of $692,509;

WHEREAS, the Successor Agency Board approved the Purchase and Sale Agreement with Old Town-Main, LLC, for the proposed Mixed-Use Project on February 9, 2016

WHEREAS, public notice of this meeting before the Oversight Board was provided pursuant to Health and Safety Code Section 34181(f);

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE SANTA CLARITA REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Recitals set forth above are true and correct and incorporated herein by reference.

Section 2. The Oversight Board finds that the Successor Agency complied with the Dissolution Act.

Section 3. The Oversight Board finds that the Successor Agency's implementation of the Long Range Property Management Plan was consistent with the Property Disposition Procedures.

Section 4. The Oversight Board hereby approves the Purchase and Sale Agreement ("Agreement") with Old Town-Main, LLC, for the proposed Mixed-Use Project, and does hereby authorize and direct the Executive Director to the Successor Agency, or his designee, to execute, enter into and take all actions necessary to implement the Agreement, sign all legal documents to process the Agreement, subject to Agency Counsel approval, including the Grant Deed and Assignment and Assumption Agreement with the City of Santa Clarita ("City"), and negotiation of a right of entry agreement with Old Town-Main, LLC, to undertake and complete the Underground Storage Tank removal work prior to close of escrow.

Section 5. The Oversight Board hereby acknowledges and agrees that the City's Developer Fee Fund contributed $681,560 to the acquisition of the Redevelopment Block and must be repaid, dollar for dollar, the amount of its contribution as a proportionate share of the purchase price. The combined purchase price of the real property for the Mixed Use Project

($692,509), Laemmle Theatre Project ($440,525) and the Public Parking Project ($0.00) is $1,133,034. The amount due the City's Developer Fee Fund of $681,560 represents approximately 60% of the combined purchase price of $1,133,034. Accordingly, of the $692,509 purchase price for the Mixed Use Project, $416,530 shall be distributed to the City's Developer Fee Fund at Close of Escrow, and after deduction of Successor Agency's share of closing costs, the balance shall be distributed 48% to the City as Housing Successor Agency for deposit to its Low and Moderate Income Housing Asset Fund created pursuant to §34176(d) of the Dissolution Act, and 52% to the Successor Agency for distribution by the Los Angeles County Auditor-Controller as property tax to the taxing entities in accordance with §34188 of the Dissolution Act.

PASSED, APPROVED, AND ADOPTED this 22nd day of February 2016.

_____
Kenneth W. Striplin
Oversight Board Chair

ATTEST:

_____
Marilyn Sourgose
Oversight Board Meeting Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF SANTA CLARITA)

I, Marilyn Sourgose, Oversight Board Meeting Clerk, do hereby certify that the foregoing Resolution was duly adopted by the Oversight Board of the Successor Agency to the Former Redevelopment Agency of the City of Santa Clarita at a regular meeting thereof, held on the 22nd day of February 2016, by the following vote:

AYES:

NOES:

ABSENT:

_____
Marilyn Sourgose
Oversight Board Meeting Clerk

PURCHASE AND SALE AGREEMENT

by and between the

SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA,

a public entity

and

OLD TOWN-MAIN, LLC,

a California limited liability company

regarding the

Old Town Newhall Mixed Use Project

Dated: _____, 2016

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Exhibit D	Schedule of Performance
Exhibit E	Assignment and Assumption Agreement
Exhibit F-1	Form of Quitclaim Deed-Final Completion
Exhibit F-2	Form of Quitclaim Deed-Close of Escrow
Exhibit G	UST Removal Work

PURCHASE AND SALE AGREEMENT

Old Town Newhall Mixed Use Project

THIS PURCHASE AND SALE AGREEMENT ("**Agreement**") dated as of this ___ day of _____, 2016 ("**Date of Agreement**"), is entered into by and between the SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA, a public entity ("**Successor Agency**"), OLD TOWN-MAIN, LLC, a California limited liability company ("**Developer**"). Successor Agency and Developer are sometimes referred to herein individually as a "**Party**" or collectively as the "**Parties**".

RECITALS

The following Recitals are a substantive part of this Agreement; capitalized terms used herein and not otherwise defined are defined in Section 1.1 of this Agreement:

A. Fee title to certain real property bounded by Lyons Avenue, Railroad Avenue, 9th Street and Main Street located in Santa Clarita, California, approximating 1.6 acres, designated as Assessor Parcel Numbers 2831-007-900, -901, -902, -903, -904, -905, -906, -907, and -908 and more particularly described in the legal description attached hereto as Exhibit A ("**Old Town Newhall Property**"), is vested in the Successor Agency.

B. As recognized in the Long Range Property Management Plan ("**LRPMP**") prepared by the Successor Agency dated December 17, 2013, and approved by the Oversight Board to the Successor Agency of the Redevelopment Agency of the City of Santa Clarita ("**Oversight Board**"), on December 17, 2013, pursuant to Resolution No. 13-06, and the State of California, Department of Finance ("**Department**"), by letter dated June 27, 2014, the Successor Agency owns forty-six percent (46%) of the beneficial interest in the Old Town Newhall Property, the City of Santa Clarita, a California municipal corporation ("**City**"), owns eleven percent (11%) of the beneficial interest in the Old Town Newhall Property, and the City as housing successor to the former Redevelopment Agency of the City of Santa Clarita ("**Housing Successor**"), owns forty-three percent (43%) of the beneficial interest in the Old Town Newhall Property.

C. In accordance with the LRPMP, on November 13, 2014 the Successor Agency solicited qualifications for the sale and development of the Old Town Newhall Property ("**Request for Qualifications**").

D. On July 14, 2015, Successor Agency and SERRANO DEVELOPMENT GROUP, INC., a California corporation ("**Serrano**") and PACIFIC COAST HOUSING DEVELOPMENT, LLC, a California limited liability company ("**Pacific**") entered into that certain Exclusive Negotiation Agreement ("**ENA**") regarding the potential sale of fee title to a portion of the Old Town Newhall Property by Successor Agency to Serrano and Pacific and their development of a mixed use project of approximately 19,300 square

feet of ground floor retail and restaurant use with three to four stories of 46 ownership or rental residential units above, and subterranean parking, all to be further refined during the term of the ENA.

E. The ENA provided that Serrano and Pacific have the ability to assign their interest under the ENA to one or more single purpose entities controlled by Serrano and Pacific that is formed to own, develop and operate the Project on the Mixed Use Property. In accordance with the ENA, Serrano and Pacific have formed and assigned its rights under the ENA to Developer, and Successor Agency hereby approves of Developer and assignment of the interest under the ENA to Developer.

F. Developer prepared, at its sole cost and expense, a proposed mixed use development concept encompassing three to four stories of residential units above approximately 20,000 square feet of ground floor retail and restaurant use, with approximately 85 subterranean residential parking spaces beneath the ground floor retail/restaurant space ("**Project**") for a portion of the Old Town Newhall Property ("**Mixed Use Property**") in response to and as a part of the Successor Agency's Request for Qualifications process. Since the execution of the ENA, the Project on the Mixed Use Property has been further refined by Developer, at its sole cost and expense, into a conceptual design that is attached to this Agreement as Exhibit B ("**Conceptual Project Plans**").

G. Successor Agency and Developer have negotiated in good faith in accordance with the ENA and now desire to enter into this Agreement to provide for (i) Developer's preparation and Successor Agency's approval of a plat map and legal description of the Mixed Use Property, and Successor Agency securing from City approval of a Certificate of Compliance for the creation of the Mixed Use Property as a separate legal parcel in accordance with the California Subdivision Map Act and Chapter 16.35 of the Municipal Code ("**Certificate of Compliance**"), (ii) Developer's right to negotiate with and secure a binding agreement with City prior to Closing regarding the preparation and approval of a plat map and legal description of an easement ("**Ramp Easement**") for the design, construction, maintenance, repair, replacement and use of a drive ramp between the subterranean garage on the Mixed Use Property to the ground floor of a public parking garage ("**Parking Project**") to be developed by or on behalf of City on the property adjacent to the Mixed Use Property ("**Public Parking Garage Property**"), as well as rights of ingress and egress over and across the Public Parking Garage Property, from the drive ramp to entry and exit points on Railroad Avenue and 9th Street ("**Ramp Easement Agreement**"), (iii) Successor Agency's disposition of the Mixed Use Property to Developer at fair market value, and (iv) Developer's development of the Mixed Use Property as provided herein.

H. Developer shall purchase and develop the Mixed Use Property consistent with the Old Town Newhall Specific Plan ("**Specific Plan**"), with the Project as generally depicted in the Conceptual Project Plans, subject to such revisions, modifications and refinements to the Project as Developer may present as it deems fiscally responsible for an economically viable project, and ultimately as required by the Project Approvals.

I. The Old Town Newhall Property is located within the Urban Center zone ("**UC**") of the Specific Plan, and is designated UC in the City's General Plan land use element and Zoning Ordinance set forth in Title 17 of the Municipal Code. The development assumptions for the Old Town Newhall Property as set forth in the Specific Plan provides for a public parking garage producing approximately 400 parking spaces, along with 'liner' retail up to 34,000 square feet and housing or office above. The Project on the Mixed Use Property is consistent with the Specific Plan, and the environmental impacts of approving the Specific Plan and the implementation thereof was analyzed under the California Environmental Quality Act ("**CEQA**") (set forth in Public Resources Code, section 21000 *et seq.*), pursuant to the Draft Master Environmental Impact Report for the Old Town Newhall Specific Plan, as modified by the Final Master Environmental Impact Report for the Old Town Newhall Specific Plan (SCH #2005021012), (together, "**FEIR**") certified by the City Council on November 8, 2005 by Resolution No. 05-133.

J. The Project contemplated by this Agreement will require (i) application by Developer to City for a Design Review Permit ("**Development Permit**") in accordance with the Specific Plan and analysis under CEQA, (ii) application by Successor Agency to City for a Certificate of Compliance for the Mixed Use Property, (iii) approval by City of the Ramp Easement Agreement and (iv) application by Developer to City for subdivision of residential and commercial condominium units ("**Subdivision**"). Collectively, the FEIR, Specific Plan, CEQA analysis of the Project, Subdivision and Development Permit, Certificate of Compliance and Ramp Easement Agreement are the "**Project Approvals**." Notwithstanding the approval and execution of this Agreement by the Successor Agency, the Developer hereby acknowledges that it understands that the City is a separate and distinct legal entity from the Successor Agency, the City is not a signatory to this Agreement and thus is not committing or agreeing to undertake any acts or activities requiring the subsequent independent exercise of discretion by the City, specifically including (i) the adoption or certification of an environmental assessment as required by CEQA, (ii) the adoption of a statement of overriding considerations in accordance with Public Resources Code Section 21081(b) if significant effects on the environment cannot be mitigated, or (iii) approval of the Project Approvals or other land use entitlements needed for the Project. Furthermore, Developer hereby acknowledges and agrees that the City retains its discretion to deny, disapprove or condition any and all such environmental assessments, land use applications, Project Approvals and any other discretionary approvals necessary for the implementation of the Project.

K. Developer has not sought, has not received, and will not accept any public funds, stipends, subsidies or the transfer of non-monetary public resources for the Project.

L. Developer acknowledges that notwithstanding the approval of this Agreement by Successor Agency, this Agreement remains subject to review and approval by the Oversight Board.

M. Successor Agency asserts that the Project will further the Specific Plan's vision to transform Old Town Newhall into a pedestrian-oriented district with a mix of office, retail, restaurant, entertainment and service commercial businesses and housing.

N. Successor Agency asserts that the execution and performance of this Agreement is in the vital and best interests of the Successor Agency and the Affected Taxing Entities, and the health, safety and welfare of the City's residents, and is in accord with the provisions of applicable federal, state and local law.

A G R E E M E N T

NOW, THEREFORE, Successor Agency and Developer hereby agree as follows:

1. DEFINITIONS; REPRESENTATIONS AND WARRANTIES; CHANGE IN OWNERSHIP, MANAGEMENT AND CONTROL.

1.1 Definitions.

"**Affiliate of Developer**" means an entity or entities in which Developer or Developer's Principal retains more than fifty percent (50%) in the aggregate, directly or indirectly, of the ownership or beneficial interest therein and in which Developer or Developer's Principal retains control of such entity or entities. For the purposes of this definition, "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity or a person, whether through the ownership of voting securities, by contract, or otherwise, and the terms "controlling" and "controlled" have the meanings correlative to the foregoing.

"**Affected Taxing Entities**" means taxing entities that benefit from distribution of property tax and other revenue pursuant to Health and Safety Code § 34188.

"**Agreed Extension of Performance**" is defined in Section 6.2.

"**Agreement**" means this Purchase and Sale Agreement between Successor Agency and Developer.

"**Applicable Laws**" means, collectively: (i) all State and Federal laws and regulations applicable to the Mixed Use Property and the Project as enacted, adopted and amended from time to time, including Environmental Laws; (ii) all City policies, standards and specifications set forth in this Agreement and the Project Approvals, including the specific conditions of approval adopted with respect to the Project Approvals; (iii) with respect to matters not addressed by this Agreement or the Project Approvals but governing permitted uses of the Mixed Use Property, building locations, sizes, densities, intensities, design and heights, site design, setbacks, lot coverage and open space, and parking, those City ordinances, rules, regulations, official policies, standards and specifications in force and effect on the Date of Agreement; and (iv) with respect to all other matters, including building, plumbing, mechanical and electrical codes, those City ordinances, rules, regulations, official policies, standards and specifications in force and effect as may be enacted, adopted and amended from time to time, including ordinances, resolutions, orders, rules, official policies, standards, specifications, guidelines or other regulations, which are promulgated or adopted by the City (including but not limited to any City agency, body, department, officer or employee) or its electorate (through the power of initiative or otherwise) after the Date of Agreement,

except those in conflict with this Agreement.

"**As-Is Condition**" is defined in Section 2.13.

"**Assignment and Assumption Agreement**" means the Assignment and Assumption Agreement described in Section 6.3 and to be executed and recorded at Closing substantially in the form attached hereto as Exhibit E and incorporated herein.

"**CEQA**" or California Environmental Quality Act is defined in Recital I.

"**Certificate of Compliance**" is defined in Recital G.

"**City**" is defined in Recital B and means the City of Santa Clarita, a California municipal corporation.

"**City Council**" means the City Council of the City of Santa Clarita.

"**Claims**" means liabilities, obligations, orders, claims, damages, governmental fines or penalties, and expenses of defense with respect thereto, including reasonable attorneys' fees and costs.

"**Close of Escrow**" is defined in Section 2.7.

"**Closing**" is defined in Section 2.7.

"**Closing Default**" is defined in Section 5.2.3.

"**Commence Construction**", "**Commenced Construction**", or "**Commencement of Construction**" or similar phrases shall be deemed to have occurred when the Developer has commenced the demolition of existing improvements located on, and grading of, the Mixed Use Property preparatory to the development of the Project in accordance with the Project Approvals, and installation of perimeter construction fencing on the Mixed Use Property, and such date shall be memorialized in writing by the parties.

"**Conceptual Project Plans**" is defined in Recital F and depicted in Exhibit B.

"**Condition of Title**" is defined in Section 2.9.

"**Control**" is defined in Section 1.3.2.

"**Date of Agreement**" means the date first set forth above.

"**Day-to-Day Management**" means active, day-to day-management responsibilities for the activities of Developer.

"**Default**" is defined in Section 5.1.

"**Department**" is defined in Recital B.

"**Developer**" means Old Town-Main, LLC, a California limited liability company.

"**Developer Deposit**" means the $25,000 good faith deposit to be provided by Developer pursuant to Section 2.2, to be credited against the Purchase Price at the Closing defined in Section 2.7.

"**Developer Conditions Precedent**" is defined in Section 2.5.

"**Developer Indemnitees**" is defined in Section 6.20.

"**Developer Liabilities**" is defined in Section 6.19.

"**Developer's Principal**" or "**Principal**" is Jeffrey W. Paul.

"**Development Permit**" is defined in Recital J.

"**Documents**" is defined in Section 2.12.

"**ENA**" is defined in Recital D.

"**Environmental Force Majeure Delay**" 'is defined in Section 6.2.

"**Environmental Laws**" means, collectively: (i) the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. § 9601, *et seq.,* (ii) the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, *et seq.,* (iii) the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, *et seq.,* (iv) the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, *et seq.,* (v) the Clean Air Act, as amended, 42 U.S.C. § 7401, *et seq.,* (vi) the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601, *et seq.,* (vii) the Clean Water Act, as amended, 33 U.S. Code § 1251, *et seq.,* (viii) the Oil Pollution Act, as amended, 33 U.S.C. § 2701, *et seq.,* (ix) California Health & Safety Code § 25100, *et seq.* (Hazardous Waste Control), (x) the Hazardous Substance Account Act, as amended, Health & Safety Code § 25300, *et seq.,* (xi) the Unified Hazardous Waste and Hazardous Materials Management Regulatory Program, as amended, Health & Safety Code § 25404, *et seq.,* (xii) Health & Safety Code § 25531, *et seq.* (Hazardous Materials Management), (xiii) the California Safe Drinking Water and Toxic Enforcement Act, as amended, Health & Safety Code § 25249.5, *et seq.,* (xiv) Health & Safety Code § 25280, *et seq.* (Underground Storage of Hazardous Substances), (xv) the California Hazardous Waste Management Act, as amended, Health & Safety Code § 25170.1, *et seq.,* (xvi) Health & Safety Code § 25501, *et seq.,* (Hazardous Materials Response Plans and Inventory), (xvii) Health & Safety Code § 18901, *et seq.* (California Building Standards), (xviii) the Porter-Cologne Water Quality Control Act, as amended, California Water Code § 13000, *et seq.,* (xix) California Fish and Game Code §§ 5650-5656, (xx) the Polanco Redevelopment Act, as amended, Health & Safety Code § 33459, *et seq.*, (xxi) Health & Safety Code § 25403, *et seq.* (Hazardous Materials Release Cleanup), and (xxii) any other federal, state or local laws, ordinances, rules, regulations, court orders or common law related in any way to the protection of the environment, health or safety.

"**Escrow**" is defined in Section 2.6.

"**Escrow Agent**" means First American Title Insurance Company.

"**Exceptions**" is defined in Section 2.9.

"**Executive Director**" means the Executive Director of the Successor Agency.

"**Final Completion**" or "**Finally Complete**" shall be deemed to have occurred when a temporary certificate of occupancy has been issued for the Project by City.

"**Final Master Environmental Impact Report for the Old Town Newhall Specific Plan**" or "**FEIR**" is defined in Recital I.

"**FIRPTA**" is defined in Section 1.2.1(f).

"**Force Majeure Delay**" is defined in Section 6.2.

"**Grant Deed**" means the grant deed for the conveyance of the Mixed Use Property from Successor Agency to Developer to be executed and recorded at Closing substantially in the form attached hereto as Exhibit C and incorporated herein by this reference.

"**Hazardous Materials**" means any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government under any Environmental Laws, including any material or substance which is defined as "hazardous," "extremely hazardous," "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "hazardous substance" or "hazardous material" under any Environmental Laws, including petroleum, or any fraction thereof, friable asbestos, and polychlorinated biphenyls.

"**Housing Successor**" is referred to in Recital B and means the City of Santa Clarita, successor to the housing assets and functions previously performed by the Redevelopment Agency of the City of Santa Clarita, pursuant to Health and Safety Code §34176.

"**Initial Litigation Challenge**" is defined in Section 6.21.

"**Joint Condition Precedent**" is defined in Section 2.3.

"**Long Range Property Management Plan**" or "**LRPMP**" is defined in Recital B.

"**Mixed Use Property**" is defined in Recital F and described in Section 3.2.

"**Municipal Code**" means the Santa Clarita Municipal Code.

"**NFA**" is defined in Section 2.14.

"**Notice**" means a written notice in the form prescribed by Section 6.1.

"**Old Town Newhall Property**" is defined in Recital A and legally described in Exhibit A.

"**Organizational Documents**" is defined in Section 1.2.2.

"**Outside Date**" is March 31, 2018.

"**Oversight Board**" is defined in Recital B.

"**Pacific**" means Pacific Coast Housing Development, LLC, a California limited liability company.

"**Parking Project**" is defined in Recital G.

"**Parties**" means the Successor Agency and Developer.

"**Party**" means the Successor Agency or Developer.

"**Permitted Transfer**" is defined in Section 1.3.3.

"**Project**" is defined in Recital F.

"**Project Agreements**" means this Agreement, the Grant Deed (Exhibit C), the Assignment and Assumption Agreement (Exhibit E), the Quitclaim Deed-Final Completion (Exhibit F-1), and the Quitclaim Deed-Close of Escrow (Exhibit F-2).

"**Project Approvals**" is defined in Recital J.

"**Public Parking Garage Property**" is defined in Recital G.

"**Purchase Price**" is defined in Section 2.2.

"**Quitclaim Deed-Close of Escrow**" is described in Section 2.5.2, to be executed and recorded upon Close of Escrow, and substantially in the form attached hereto as Exhibit F-2 and incorporated herein.

"**Quitclaim Deed-Final Completion**" is described in Section 5.4.3, to be executed and recorded upon Final Completion, and substantially in the form attached hereto as Exhibit F-1 and incorporated herein.

"**Ramp Easement**" is defined in Recital G.

"**Ramp Easement Agreement**" is referred to in Recital G and means the agreement for the conveyance of the Ramp Easement from City to Developer.

"**Reports**" is defined in Section 2.12.

"**Request for Qualifications**" is defined in Recital C.

"**Request to Resolve Dispute**" is defined in Section 5.2.1.

"**Schedule of Performance**" means the Schedule of Performance attached hereto as Exhibit D and incorporated herein by this reference, setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be accomplished.

"**Serrano**" means Serrano Development Group, Inc., a California corporation.

"**Site Condition**" is defined in Section 2.14.

"**Sources and Uses**" is defined in Section 3.7.

"**Specific Plan**" is defined in Recital H.

"**Subdivision**" is defined in Recital J.

"**Substantial Completion**" or "**Substantially Complete**" shall be deemed to have occurred when (i) Developer has provided adequate evidence to the Executive Director that eighty five percent (85%) of the contract price for the construction of the Project (including all change orders) has been expended and (ii) the life safety systems within the Project have been installed and are fully functional.

"**Successor Agency**" means the Successor Agency to the former Redevelopment Agency of the City of Santa Clarita, a public entity.

"**Successor Agency Conditions Precedent**" is defined in Section 2.4.

"**Successor Agency Indemnitees**" is defined in Section 6.19.

"**Successor Agency Liabilities**" is defined in Section 6.20.

"**Successor Agency Party**" is defined in Section 2.13.

"**Successor Agency's Actual Knowledge**" or words to such effect shall mean the present, actual knowledge of Thomas Cole, the Director of Community Development, Jason Crawford, Manager of Economic Development and Marketing, and Denise Covert, Economic Development Associate, excluding constructive knowledge or duty of inquiry, existing as of the Date of Agreement.

"**Title Company**" means First American Title Company.

"**Title Policy**" is defined in Section 2.10.

"**Title Reports**" is defined in Section 2.9.

"**Transfer**" means any assignment or transfer of this Agreement or the Mixed Use Property or any portion thereof or any interest therein and as further defined in Section 1.3.2.

"**UC**" is defined in Recital I.

"**Unrecorded Agreements**" is defined in Section 2.12.

"**UST**" is defined in Section 2.14.

"**UST Removal Construction**" is defined in Section 2.14.

"**UST Removal Regulatory Approval**" is defined in Section 2.14.

"**UST Removal Work**" is defined in Section 2.14 and more particularly described in the proposal attached hereto as Exhibit G.

1.2 Representations and Warranties.

1.2.1 Successor Agency Representations and Warranties. Successor Agency represents and warrants to Developer as follows:

(a) Authority. Successor Agency is a public entity with full right, power and lawful authority to perform its obligations hereunder, and the execution, delivery, and performance of this Agreement by Successor Agency has been fully authorized by all requisite actions on the part of the Successor Agency.

(b) No Conflict. Successor Agency's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Successor Agency is a party or by which Successor Agency is bound.

(c) No Litigation or Other Proceeding. Except as provided in Recital J, to Successor Agency's Actual Knowledge, no litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent, hinder or delay the ability of Successor Agency to perform its obligations under this Agreement, or that would adversely affect the Mixed Use Property or the ability of Developer to develop the same as contemplated by this Agreement.

(d) Right to Possession. No person or entity other than Successor Agency has the right to use, occupy, or possess the Mixed Use Property, or any portion thereof. Excepting the use prior to Closing of all or a portion of the Mixed Use Property for public parking and occasional use as a farmer's market and other City sponsored events or activities, Successor Agency shall not enter into any lease or other agreement respecting use, occupancy, or possession of the Mixed Use Property or any portion thereof without the written consent of Developer. The foregoing notwithstanding, on no less than 48 hours prior notice from Developer, Successor Agency shall provide the Mixed Use Property to Developer free of any use, occupancy or possession by any person or entity in order for Developer to undertake activities contemplated by this Agreement, including but not limited to the UST Removal Work. Furthermore, Successor Agency shall deliver the Mixed Use Property to Developer free of any use, occupancy or possession by any person or entity prior to Closing and neither Successor Agency nor

City shall have any right thereafter to use any portion of the Mixed Use Property for public parking, farmer's markets, or any other use.

(e) Condition of Mixed Use Property. Successor Agency has no notice of any pending or threatened action or proceeding arising out of the condition of the Mixed Use Property or any alleged violation of any Environmental Laws. Except as otherwise disclosed by Documents provided by Successor Agency to Developer and the results of Developer's independent investigation of the Mixed Use Property pursuant to Section 2.14, to Successor Agency's Actual Knowledge, the Mixed Use Property is in compliance with all Environmental Laws.

(f) FIRPTA. The Successor Agency is not a "foreign person" within the parameters of the Foreign Investment In Real Property Tax Act of 1980 ("**FIRPTA**") or any similar state statute, or is otherwise exempt from the provisions of FIRPTA or any similar state statute, or has otherwise complied with and will comply with all the requirements of FIRPTA or any similar state statute.

(g) Compliance With Laws. Other than as disclosed by the Documents, the Successor Agency has received no notice and has no Actual Knowledge of any violation of Applicable Laws of any governmental agency, body or subdivision affecting or relating to the Mixed Use Property that would materially, adversely affect the Successor Agency's ability to convey the Mixed Use Property or Developer's ability to construct or operate the Project, or any portion thereof.

(h) Condemnation. The Successor Agency has no Actual Knowledge of any pending or threatened proceedings in eminent domain or otherwise with respect to the Mixed Use Property that would materially, adversely affect the Successor Agency's ability to convey the Mixed Use Property or Developer's ability to construct or operate the Project, or any portion thereof.

Until the recording of the Quitclaim Deed-Final Completion pursuant to Section 5.4.3 or earlier termination of this Agreement, Successor Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 1.2.1 not to be true, immediately give written Notice of such fact or condition to Developer. The foregoing representations and warranties shall survive Closing and continue until recording of the Quitclaim Deed-Final Completion pursuant to Section 5.4.3.

1.2.2 Developer's Representations and Warranties. Developer represents and warrants to Successor Agency as follows:

(a) Authority. Developer is a California limited liability company duly organized in the State of California and qualified to do business and in good standing under the laws of the State of California. Prior to execution of this Agreement, Developer has provided to Successor Agency its Articles of Incorporation, By-Laws, and Operating Agreement ("**Organizational Documents**"). The Organizational Documents provided by Developer to Successor Agency are true and complete copies of the originals, as may be

amended from time to time. Developer has full right, power and lawful authority to undertake all of its obligations hereunder and the execution, performance and delivery of this Agreement by Developer has been fully authorized by all requisite company actions on the part of Developer.

(b) No Conflict. Developer's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Developer or any Principal is a party or by which Developer or any Principal is bound.

(c) No Litigation or Other Proceeding. To Developer's current actual knowledge, no litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent, hinder or delay the ability of Developer to perform its obligations under this Agreement.

(d) No Developer Bankruptcy. Developer is not the subject of any bankruptcy proceeding, and no general assignment or general arrangement for the benefit of creditors or the appointment of a trustee or receiver to take possession of all or substantially all of Developer's assets has been made.

Until the recording of the Quitclaim Deed-Final Completion pursuant to Section 5.4.3 or earlier termination of this Agreement, Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 1.2.2 not to be true, immediately give written Notice of such fact or condition to Successor Agency. The foregoing representations and warranties shall survive Closing and continue until recording of the Quitclaim Deed-Final Completion pursuant to Section 5.4.3.

1.3 Change in Ownership, Management and Control of Developer. The qualifications and identity of Developer are of particular concern to Successor Agency. It is because of those unique qualifications and identity that Successor Agency has entered into this Agreement with Developer.

1.3.1 Until Final Completion of Project. Until Final Completion of the Project, Developer shall not Transfer the Mixed Use Property or any portion of this Agreement. After Final Completion of the Project, Developer may Transfer the Mixed Use Property, subject to the terms of the Grant Deed, without the consent or approval of the Successor Agency.

1.3.2 Additional Matters. Except for Permitted Transfers as provided in Section 1.3.3, the term "**Transfer**" for the purposes of this Section 1.3.2 shall include any significant change in the Control of Developer by any method or means. The term "**Control**" as used in the immediately preceding sentence and Sections 1.3.3 and 1.3.4 below, shall mean the power to direct the Day-to-Day Management of Developer, and it shall be a presumption that control with respect to a corporation or limited liability company is the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to

any individual, partnership, trust, other entity or association, control is the possession, indirectly or directly, of the power to direct or cause the direction of the Day-to-Day Management of the controlled entity.

1.3.3 Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, each of following Transfers are permitted and shall not require Successor Agency consent under this Section 1.3 (each, a "**Permitted Transfer**"):

(a) Any lien or encumbrance on the Mixed Use Property to secure the funds necessary for acquisition of the Mixed Use Property and construction and/or permanent financing of the Project;

(b) An assignment of this Agreement to an Affiliate of Developer, provided that Developer's Principal retains Control, directly or indirectly, in such Affiliate;

(c) Permanent financing of the Project following its Substantial Completion as provided in Section 3.14.1;

(d) Dedications and grants of easements and rights of way required in accordance with the Project Approvals; or

(e) The leasing of the Mixed Use Property or portion thereof to an Affiliate of Developer or third-party tenants, for uses permitted by this Agreement, the Project Approvals, and Applicable Laws; or

(f) Admission of new or additional equity partners provided that Developer's Principal retains Control, directly or indirectly, in Developer.

1.3.4 Subsequent Equity Transfers. Until Final Completion of the Project, any proposed admission of new equity partner(s) resulting in a change in Control of Developer shall be subject to the prior review and approval by the Executive Director, which approval may be granted, withheld, conditioned or delayed, in the Executive Director's sole discretion.

2. PURCHASE AND SALE.

2.1 Purchase and Sale. Subject to the terms, covenants and conditions of this Agreement, Developer shall purchase from Successor Agency and Successor Agency shall sell to Developer the Mixed Use Property.

2.2 Purchase Price; Developer Deposit. The total purchase price for the Mixed Use Property shall be equal to the sum of Six Hundred Ninety Two Thousand Five Hundred Nine and 00/100 Dollars ($692,509.00) ("**Purchase Price**").

Concurrent with the opening of Escrow in accordance with Section 2.6, Developer shall deposit Twenty-Five Thousand and 00/100 Dollars ($25,000) into Escrow with the Escrow Agent ("**Developer Deposit**"). At Closing Developer shall be entitled to a credit in the amount of the Developer Deposit as against the Purchase Price. In the event that this

Agreement is terminated prior to Closing and Developer is not in Default as provided in this Agreement, Developer shall be entitled to a refund of the Developer Deposit.

2.3 Joint Condition Precedent. Successor Agency's obligation to proceed with the disposition of the Mixed Use Property to Developer, and Developer's obligation to proceed with the acquisition of the Mixed Use Property from Successor Agency, pursuant to the terms of this Agreement and the Project Agreements, is subject to the approval of this Agreement by the Oversight Board prior to Closing, which neither Successor Agency or Developer may waive ("**Joint Condition Precedent**").

2.4 Successor Agency Conditions Precedent. Successor Agency's obligation to proceed with the disposition of the Mixed Use Property to Developer pursuant to the terms of this Agreement is subject to the fulfillment or waiver by Successor Agency of each and all of the conditions precedent described below ("**Successor Agency Conditions Precedent**"). The Successor Agency Conditions Precedent are solely for the benefit of Successor Agency and shall be fulfilled or waived within the time periods provided for herein, and in any event, no later than the Outside Date.

2.4.1 No Default. Developer shall not be in Default under this Agreement, and no event shall have occurred, which with the passage of time or giving of Notice, or both, would constitute a Default by Developer hereunder.

2.4.2 Execution and Delivery of Documents by Developer. Developer shall have executed and acknowledged the Grant Deed and Assignment and Assumption Agreement, and Developer shall have executed (and, where appropriate, acknowledged), and delivered into escrow all other documents that Developer is required to deliver into escrow pursuant to Section 2.8.1.

2.4.3 Delivery of Funds. In connection with the Closing, Developer shall have delivered through escrow the Purchase Price, less the Developer Deposit, and such other funds, including escrow costs, recording fees and other closing costs as are necessary to comply with Developer's obligations under this Agreement.

2.4.4 Sources and Uses. Successor Agency shall have approved the Developer's Sources and Uses pursuant to Section 3.7.

2.4.5 Evidence of Available Funds.

(a) Closing. Successor Agency shall have received from Developer reasonable evidence that Developer has, or subject to Closing, will have, 100% of Mixed Use Property acquisition and Project development and construction costs, as identified in the Sources and Uses, in ready and available funds (which may be Developer's own funds and/or third party equity or debt financing proceeds).

(b) Developer expressly acknowledges that Closing will not occur unless and until the condition above has been satisfied.

2.4.6 Equity Funding/Construction Loan. Developer shall have delivered to Successor Agency evidence that the equity commitments or acquisition and/or construction loan, if any, for Closing, described in the Sources and Uses, shall have closed or (if not from the Developer's Principal or an Affiliate of Developer) shall be ready to close concurrently with the Closing.

2.4.7 Project Construction Permits. Developer shall have submitted complete applications to City for demolition, grading and building permits necessary for Developer to develop and construct the Project, and such permit applications shall have been reviewed and approved by City and shall be ready to be issued by the City subject only to payment of applicable fees.

2.4.8 Project Approvals. The Project Approvals, excluding the Subdivision, shall be final and non-appealable, and if any appeals, legal challenges, requests for rehearing, or referenda have been filed or instituted, such appeals, legal challenges, requests for rehearing, or referenda shall have been fully and finally resolved in a manner acceptable to Successor Agency in its sole and absolute discretion, and such that no further appeals, legal challenges, requests for rehearing, or referenda are possible.

2.4.9 Insurance Policies. Developer shall have submitted to Successor Agency evidence that the insurance policies required by Section 3.8 have either been issued or will be ready to issue prior to Commencement of Construction.

2.4.10 Site Condition. Developer shall have completed the UST Removal Work and accepted or waived in accordance with Section 2.14 the Site Condition.

2.4.11 Execution and Delivery of Ramp Easement Agreement Documents. The Ramp Easement Agreement shall have been approved and executed by the City and Developer, and City shall have executed, acknowledged and delivered to Escrow a document in form and substance acceptable to Developer conveying the Ramp Easement.

2.5 Developer Conditions Precedent. Developer's obligation to proceed with the acquisition of Mixed Use Property from Successor Agency pursuant to the terms of this Agreement is subject to the fulfillment or waiver by Developer of each and all of the conditions precedent described below ("**Developer Conditions Precedent**"). The Developer Conditions Precedent are solely for the benefit of Developer and shall be fulfilled or waived, if applicable, within the time periods provided for herein, and in any event, no later than the Outside Date.

2.5.1 No Default by Successor Agency. Successor Agency shall not be in Default under this Agreement, and no event shall have occurred, which with the passage of time or giving of Notice, or both, would constitute a default by Successor Agency hereunder.

2.5.2 Execution and Delivery of Documents by Successor Agency and City. Successor Agency shall have executed and acknowledged the Grant Deed, and

Assignment and Assumption Agreement, and Successor Agency shall have executed (and, where appropriate, acknowledged) and delivered into escrow all other documents that Successor Agency is required to deliver into escrow pursuant to Section 2.8.2. Successor Agency shall have caused City to execute, acknowledge and deposit into Escrow the Assignment and Assumption Agreement, and to release its beneficial interest in the Mixed Use Property, as described in Recital B, and thus execute, acknowledge and deposit into Escrow the Quitclaim Deed-Close of Escrow, as set forth in the form attached hereto as Exhibit F-2 and incorporated herein.

2.5.3 Execution and Delivery of Ramp Easement Agreement Documents. City shall have approved and executed the Ramp Easement Agreement negotiated between City and Developer, and City shall have executed, acknowledged and delivered to Escrow a document in form and substance acceptable to Developer conveying the Ramp Easement.

2.5.4 Project Approvals. The Project Approvals, excluding the Subdivision, shall be (a) final and non-appealable, and if any appeals, legal challenges, requests for rehearing, or referenda have been filed or instituted, such appeals, legal challenges, requests for rehearing, or referenda shall have been fully and finally resolved in a manner acceptable to Developer in its sole and absolute discretion, and such that no further appeals, legal challenges, requests for rehearing, or referenda are possible, and (b) approved (including without limitation, all conditions associated therewith) by Developer in its sole and absolute discretion.

2.5.5 Project Construction Permits. City shall have reviewed and approved the demolition, grading and building permits necessary for Developer to develop and construct the Project, and City shall be ready to issue said permits subject to payment of applicable fees.

2.5.6 Title Policy. Developer shall have accepted or waived in accordance with Section 2.9 all disapproved Exceptions. The Title Company shall, upon payment of Title Company's regularly scheduled premium, be irrevocably committed to issue the Title Policy upon recordation of the Grant Deed subject only to the Condition of Title.

2.5.7 Equity Funding/Construction Loan. Developer shall have secured all necessary equity commitments and acquisition and construction loans, if any, for 100% of Mixed Use Property acquisition and Project development and construction costs as identified in the Sources and Uses, and shall have closed or shall be ready to close concurrently with Closing.

2.5.8 Absence of Proceedings. There shall be an absence of any condemnation, environmental or any other pending governmental, administrative or legal proceeding with respect to the Mixed Use Property which would materially and adversely affect Developer's intended uses of the Mixed Use Property, the development of the Project, or value of the Mixed Use Property.

2.5.9 No Material Adverse Change. There shall not have occurred between the Date of Agreement and the Closing a material adverse change to the physical, environmental or title condition of the Mixed Use Property.

2.5.10 No Leases or Parties in Possession. Successor Agency shall have demonstrated to Developer the ability to deliver fee title to the Mixed Use Property to Developer free and clear of any tenants, lessees, licensees or any third party occupants or parties in possession, and executed the Title Company's standard form Commercial Owner's Affidavit as required by Section 2.8.2(f) below.

2.5.11 Site Condition. Developer shall have accepted or waived in accordance with Section 2.14 the Site Condition.

2.6 Escrow. Within three (3) calendar days of the Date of Agreement, the parties shall open an escrow with Escrow Agent for the conveyance of the Mixed Use Property to Developer ("**Escrow**").

2.6.1 Costs of Escrow. Escrow Agent shall charge: (i) Developer for the following: the recording cost of the Grant Deed and other closing documents, the incremental excess cost of the premium for the ALTA extended coverage title policy, the cost of Endorsements (as hereinafter defined), if any, and one half of the escrow fees charged by the Escrow Agent; and (ii) Successor Agency for one half of escrow fees charged by Escrow Agent, Successor Agency's share of proration's and the cost of the CLTA title policy. Successor Agency shall take all actions and pay all charges and costs (if any) required by Section 2.9 and 2.10.

2.6.2 Escrow Instructions. This Agreement constitutes the joint escrow instructions of Developer and Successor Agency with respect to the conveyance of the Mixed Use Property to Developer, and the Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. Insurance policies for fire or casualty are not to be transferred. All funds received in the escrow shall be deposited in interest-bearing accounts for the benefit of the depositing party in any state or national bank doing business in the State of California. All disbursements shall be made by check or wire transfer from such accounts. If, in the opinion of either party, it is necessary or convenient in order to accomplish the Closing, such party may provide supplemental escrow instructions; provided that if there is any inconsistency between this Agreement and the supplemental escrow instructions, then the provisions of this Agreement shall control. The Closing shall take place as set forth in Section 2.7 below. Escrow Agent is instructed to release Successor Agency's and Developer's escrow closing statements to the respective parties.

2.6.3 Authority of Escrow Agent. Escrow Agent is authorized to, and shall:

(a) Pay and charge Developer for the excess premium for the ALTA Title Policy, including any endorsements requested by Developer.

(b) Pay and charge Developer and Successor Agency for escrow fees, charges, and costs as provided in Section 2.6.1.

(c) Disburse funds as provided in Section 2.6.3(g) below and record the Grant Deed, Quitclaim Deed-Close of Escrow, and Assignment and Assumption Agreement when the Joint Condition Precedent, Developer Conditions Precedent and Successor Agency Conditions Precedent have been fulfilled or waived in writing by Developer and Successor Agency, as applicable. Immediately following recordation of the Grant Deed Escrow Agent shall first record the Quitclaim Deed-Close of Escrow, then the Assignment and Assumption Agreement, and thereafter any other recordable documents delivered into escrow for the Closing.

(d) Do such other actions as necessary, including obtaining and issuing the Title Policy, to fulfill its obligations under this Agreement.

(e) Direct Successor Agency and Developer to execute and deliver any instrument, affidavit, and statement, and to perform any act, reasonably necessary to comply with the provisions of FIRPTA, if applicable, and any similar state act and regulations promulgated thereunder.

(f) Prepare and file with all appropriate governmental or taxing authorities uniform settlement statements, closing statements, tax withholding forms including IRS 1099-S forms, and be responsible for withholding taxes, if any such forms are provided for or required by law.

(g) Disburse the Purchase Price less Successor Agency's share of costs of Escrow in accordance with instructions to be provided by City and Successor Agency.

2.7 Closing. The escrow for conveyance of the Mixed Use Property shall close ("**Close of Escrow**") within 30 days after the satisfaction, or waiver by the appropriate party, of the Joint Condition Precedent, all of the Successor Agency Conditions Precedent, and all of the Developer Conditions Precedent, which shall occur in no event later than the Outside Date. If Closing does not occur on or before the Outside Date, then this Agreement shall automatically terminate; provided, however, that the Outside Date may be extended in accordance with an Environmental Force Majeure Delay or by mutual agreement of the parties, each in its sole discretion in accordance with Section 6.2 below. For purposes of this Agreement, "**Closing**" shall mean the time and day the Grant Deed is recorded with the Los Angeles County Recorder.

2.8 Delivery of Documents and Closing Funds.

2.8.1 At or before Closing, Developer shall deposit into escrow the following items with respect to the Mixed Use Property:

(a) Funds in an amount necessary to consummate the Closing, including the Purchase Price and escrow costs set forth in Sections 2.2 and 2.6.1, respectively;

(b) one original executed and acknowledged Grant Deed;

(c) one original executed and acknowledged Assignment and Assumption Agreement; and

(d) one original executed Preliminary Change of Ownership Report for the Mixed Use Property.

2.8.2 At or before Closing, Successor Agency shall deposit, or cause City to deposit, into escrow the following items with respect to the Mixed Use Property:

(a) one original executed and acknowledged Grant Deed;

(b) one original executed and acknowledged Quitclaim Deed-Close of Escrow by City;

(c) one original executed and acknowledged Assignment and Assumption Agreement by Successor Agency and City;

(d) one duly executed non-foreign certification for the Mixed Use Property in accordance with the requirements of Section 1445 of the Internal Revenue Code of 1986, as amended;

(e) one duly executed California Form 593-W Certificate for the Mixed Use Property or comparable non-foreign person affidavit;

(f) one Commercial Owner's Affidavit in the standard form of the Title Company;

(g) any documents to be recorded as part of Developer's financing of the Project which Successor Agency has approved in writing pursuant to Section 3.7, along with a Request for Notice of Default executed by Successor Agency; and

(h) all additional items, if any, not identified herein but nevertheless required for the Closing.

2.8.3 At Closing, Successor Agency and Developer shall each deposit such other instruments as are reasonably required by the Title Company or otherwise required to close the escrow and consummate the conveyance of the Mixed Use Property in accordance with the terms hereof.

2.9 Review of Title. The Successor Agency shall cause the Title Company to deliver to Developer a standard CLTA preliminary title report or reports (the "**Title Report(s)**") with respect to the title to the Mixed Use Property, together with legible copies of the documents underlying the exceptions ("**Exceptions**") set forth in the Title Reports, within thirty (30) days from the date of approval of the Certificate of Compliance for the Mixed Use Property. The Developer shall have the right to reasonably approve or disapprove the Exceptions; provided, however, that the Developer hereby approves the following Exceptions:

a) The Redevelopment Plan;

b) The lien of any non-delinquent property taxes and assessments (to be prorated at Close of Escrow),

Developer shall have thirty (30) days from the date of its receipt of the Title Report and all Exceptions to give written notice to Successor Agency and Escrow Agent of Developer's approval or disapproval of any of such Exceptions set forth in the Title Report, in its reasonable discretion. Developer's failure to give written approval or disapproval of the Title Report within such time limit shall be deemed Developer's disapproval of the Title Report. If Developer notifies Successor Agency of its disapproval of any Exceptions in the Title Report, Successor Agency shall have the right, but not the obligation, to remove any disapproved Exceptions within thirty (30) days after receiving written notice of Developer's disapproval or provide assurances satisfactory to Developer that such Exception(s) will be removed on or before the Closing. If Successor Agency cannot or does not elect to remove any of the disapproved Exceptions within that period, Developer shall have fifteen (15) days after the expiration of such thirty (30) day period to either give the Successor Agency written notice that Developer elects to proceed with the purchase of the Mixed Use Property subject to the disapproved Exceptions not removed by the Successor Agency or to give the Successor Agency written notice that the Developer elects to terminate this Agreement. The Exceptions to title to the Mixed Use Property approved by Developer as provided herein shall hereinafter be referred to as the "**Condition of Title**" of the Mixed Use Property. The Developer shall have the right to approve or disapprove any further Exceptions reported by the Title Company after the Developer has approved the Condition of Title for the Mixed Use Property (which are not created by Developer) including without limitation, any and all new exceptions disclosed by a survey of the Mixed Use Property. The Successor Agency shall not voluntarily create any new exceptions to title following the date of this Agreement.

2.10 Title Insurance. Concurrently with the recordation of the Grant Deed conveying the fee interest in the Mixed Use Property to Developer, there shall be issued to Developer, an ALTA owner's policy of title insurance ("**Title Policy**"), together with such endorsements as are requested by the Developer, issued by the Title Company insuring that the Condition of Title is as approved by Developer pursuant to Section 2.9 of this Agreement. The Title Company shall provide the Successor Agency with a copy of the Title Policy. The Successor Agency shall pay that portion of the premium for the Title Policy equal to the cost of a CLTA standard coverage Title Policy in the amount of the Coverage Amount. Any additional costs, including the additional incremental cost of an ALTA policy or any endorsements requested by the Developer, shall be borne by the Developer. Nothing herein shall be deemed to obligate the Successor Agency to pay for any additional premium or other charge necessary for the issuance of said Title Policy.

2.11 Property Taxes and Assessments. Ad valorem taxes and assessments levied, assessed or imposed on the Mixed Use Property for any period prior to the Closing, if any, shall be paid by Successor Agency. Ad valorem taxes and assessments

levied, assessed or imposed on the Mixed Use Property acquired by Developer or any other improvements thereon, for the period after the Closing shall be paid by Developer.

2.12 Documents. Successor Agency represents and warrants that, to the best of the Successor Agency' Actual Knowledge, as of the Date of Agreement, Successor Agency has furnished Developer with copies or provided Developer with access to any and all material existing surveys, inspection reports, environmental and/or hazardous material reports, and any other data, reports, studies, agreements, correspondence and other writings, including that certain Preliminary Report issued by Title Company, Effective Date December 18, 2015, Order No. NHSC-5061853, as may be subsequently amended and supplemented; Phase II Environmental Assessment dated February 28, 2008, prepared by Atkins Environmental H.E.L.P., Inc.; Geotechnical Engineering Investigation Report, dated November 14, 2007, prepared by Rybak Geotechnical, Inc.; Asbestos Report, dated July 24, 2006, prepared by Atkins Environmental H.E.L.P., Inc.; Lead Based Paint Survey Report, dated May 5, 2011, prepared by Atkins Environmental H.E.L.P., Inc.; ALTA/ACSM Land Title Survey, dated October 5, 2015, prepared by Sitetech, Inc.; Phase II Environmental Site Assessment & Limited Subsurface Investigation Report, dated November 5, 2015, prepared by Atkins Environmental H.E.L.P., Inc.; Geotechnical Investigations, dated November 10, 2015, prepared by Geocon West, Inc.; and Due Diligence / Initial Site Investigation, dated December 21, 2015, prepared by Sitetech Inc. (collectively, "**Reports**"), pertaining to the physical, environmental and/or title condition of the Mixed Use Property, and the use and development of the Mixed Use Property, which are in Successor Agency's possession or control. Successor Agency also represents and warrants that, to the best of the Successor Agency' Actual Knowledge, as of the Date of Agreement, Successor Agency has furnished Developer with copies of any and all unrecorded leases, service contracts, easements, licenses and/or other unrecorded agreements ("**Unrecorded Agreements**") (collectively, the Unrecorded Agreements and Reports are referred to herein as the "**Documents**") affecting the Mixed Use Property, or portion thereof. Successor Agency shall notify Developer in writing of any material changes to any Documents of which Successor Agency becomes aware of before Closing. Some of the Reports were provided to Successor Agency by Serrano pursuant to access provided to the Old Town Newhall Property in accordance with the ENA. Successor Agency acknowledges that these Reports were provided to it by Serrano with no representation or warranty as to their completeness or accuracy. Accordingly, Successor Agency makes no representation or warranty regarding the completeness or accuracy of any Documents provided to Developer. Successor Agency shall terminate any and all Unrecorded Agreements prior to Closing.

2.13 AS-IS CONVEYANCE. SUBJECT TO SATISFACTION OF THE DEVELOPER CONDITIONS PRECEDENT, DEVELOPER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SUCCESSOR AGENCY IS SELLING AND DEVELOPER IS PURCHASING AS OF THE CLOSING THE MIXED USE PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS, CONDITION AND STATE OF REPAIR INCLUSIVE OF ANY AND ALL FAULTS AND DEFECTS, LEGAL, PHYSICAL, OR ECONOMIC, WHETHER KNOWN OR UNKNOWN, AS MAY EXIST AS OF THE CLOSING ("**AS-IS CONDITION**") AND, EXCEPT AS PROVIDED IN SECTIONS 1.2.1

AND 2.12, DEVELOPER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES FROM SUCCESSOR AGENCY OR ANY OF SUCCESSOR AGENCY'S ELECTED OFFICIALS, OFFICERS, AGENTS, EMPLOYEES, REPRESENTATIVES OR ATTORNEYS (EACH, A "**SUCCESSOR AGENCY PARTY**" AND COLLECTIVELY, "**SUCCESSOR AGENCY PARTIES**") AS TO ANY MATTERS CONCERNING THE MIXED USE PROPERTY.

2.14 Independent Investigation; UST Removal Work. Prior to the Closing, Successor Agency has provided Developer a right of access to the Old Town Newhall Property pursuant to the terms of the ENA for purposes of physical investigation, including but not limited to, soil and groundwater testing, environmental audits, storm water retention analysis, and adequacy of utilities including water, sewer, gas and electricity. Developer acknowledges, agrees, represents, and warrants that, prior to Closing, Developer has been given a full opportunity to obtain, review, inspect and investigate each and every aspect of the Mixed Use Property, either independently or through agents of the Developer's choosing, including the following (herein collectively referred to as the "**Site Condition**") :

(a) The size and dimensions of the Mixed Use Property.

(b) The availability and adequacy of water, sewage, fire protection, and any utilities serving the Mixed Use Property.

(c) All matters relating to title including extent and conditions of title to the Mixed Use Property, taxes, assessments, and liens.

(d) All legal and governmental laws, statutes, rules, regulations, ordinances, limitations on title, restrictions or requirements concerning the Mixed Use Property including zoning, use permit requirements and building codes.

(e) Natural hazards, including flood plain issues, currently or potentially concerning or affecting the Mixed Use Property.

(f) The physical, legal, economic and environmental condition and aspects of the Mixed Use Property, and all other matters concerning the conditions, use or sale of the Mixed Use Property, including any permits, licenses, agreements, and liens, zoning reports, engineers' reports and studies and similar information relating to the Mixed Use Property. Such examination of the condition of the Mixed Use Property has included examinations of the soil, geology, groundwater, the presence of known or unknown faults, and for the release, presence or absence of known or unknown Hazardous Materials in, on, or under the Mixed Use Property as Developer deemed necessary or desirable.

(g) Any easements and/or access rights affecting the Mixed Use Property.

(h) Any contracts and other documents or agreements affecting the Mixed Use Property.

As a result of Developer's investigation of the Mixed Use Property, Developer has uncovered the presence of three (3) underground storage tanks ("**USTs**") and other underground structures and associated piping, as well as asbestos floor tile. Developer has secured a proposal dated December 2, 2015, from Atkin Environmental Help, Inc., to remove the USTs, underground structures, associated piping and asbestos floor tiles, as well as the removal and disposal of soil impacted by releases from the USTs, and backfill of clean material in the areas of excavation ("**UST Removal Construction**"), and preparation and approval of closure reports for the USTs, and securing a no further action ("**NFA**") letter from the appropriate regulatory agencies for the Old Town Newhall Property, if appropriate ("**UST Removal Regulatory Approval**")(collectively the UST Removal Construction and UST Removal Regulatory Approval is referred to herein as the "**UST Removal Work**").

Within two hundred seventy (270) days of the Date of Agreement, Developer and Successor Agency shall execute and enter into a right of entry agreement, in a form to be agreed to by Successor Agency, acting through its Executive Director and General Counsel, and Developer providing Developer access to the Old Town Newhall Property to commence, undertake and complete the UST Removal Work. Neither Developer nor Successor Agency shall be in default of this Agreement if a right of entry agreement is not timely approved and executed by either Party. Should a right of entry agreement not be timely approved and executed by Developer and Successor Agency, then this Agreement shall terminate and neither Party shall have any liability, Claim or obligation to the other; provided, however, that the Parties may extend the date for performance by mutual agreement, each in its sole discretion, in accordance with Section 6.2 below. If the Parties timely approve and execute a right of entry agreement, then Developer shall, within ninety (90) days following approval of the Development Permit and expiration of all applicable appeal periods, commence or cause to be commenced the UST Removal Work on the Old Town Newhall Property and complete, or cause to be completed, the UST Removal Construction within one hundred twenty (120) days thereafter. The UST Removal Regulatory Approval shall be completed no later than sixty (60) days prior to the Outside Date for Closing the Mixed Use Property, subject to such extension as shall be provided due to an Environmental Force Majeure Delay in accordance with Section 6.2 below.

Developer shall, within fifteen (15) days from the date of completion of the UST Removal Work, give written notice to Successor Agency of Developer's approval or disapproval of any Site Condition, in its reasonable discretion. Developer's failure to give written approval or disapproval of the Site Condition within such time limit shall be deemed Developer's disapproval of the Site Condition. If Developer notifies Successor Agency of its disapproval of the Site Condition or is deemed to have disapproved the Site Condition, Successor Agency shall have the right, but not the obligation, to remedy any disapproved Site Condition within thirty (30) days thereafter or provide assurances satisfactory to Developer that such Site Condition will be remedied on or before the Closing. If Successor Agency cannot or does not elect to remedy any disapproved Site Condition within that period, Developer shall have fifteen (15) days after the expiration of such thirty (30) day period to either give the Successor Agency written notice that Developer elects to proceed with the purchase of the Mixed Use Property subject to the

disapproved Site Condition not remedied by the Successor Agency or to give the Successor Agency written notice that the Developer elects to terminate this Agreement.

As shall be provided in the right of entry agreement, Developer shall have the right to cancel all or any portion of the UST Removal Work to be undertaken on the Old Town Newhall Property prior to its completion. Upon a determination by Developer to cancel all or any portion of the UST Removal Work, Developer shall deliver to Successor Agency (i) written notice of said cancellation concurrently with the notice provided to the party Developer contracted with to undertake the UST Removal Work, (ii) a detailed description of the UST Removal Work completed and that which has been cancelled, and (iii) evidence that said contractor, materialmen and suppliers have been paid for all sums due for work, materials and supplies provided through the date of cancellation and any sum due as a result of the cancellation of said contract. This Agreement shall then terminate as of the date of the notice of cancellation delivered by Developer to Successor Agency.

Upon termination of this Agreement pursuant to this Section 2.14, as shall be provided in a right of entry agreement, if timely approved and executed, any costs, fees or expenses incurred by Developer with respect to the UST Removal Work shall be the sole responsibility of Developer; Successor Agency shall have no obligation or liability to Developer or any party undertaking work directly or indirectly related to the UST Removal Work; and Developer shall defend, indemnify and hold Successor Agency free and harmless from Claims related to the UST Removal Work on the Old Town Newhall Property.

2.15 Disclaimers. Developer acknowledges and agrees that except as expressly set forth in Section 1.2.1 of this Agreement: (i) neither Successor Agency, nor any Successor Agency Party, has made any representations, warranties, or promises to Developer, or to anyone acting for or on behalf of Developer, concerning the condition of the Mixed Use Property or any other aspect of the Mixed Use Property; (ii) the condition of the Mixed Use Property has been independently evaluated by Developer prior to the Closing; and (iii) any information, including any engineering reports, architectural reports, feasibility reports, marketing reports, title reports, soils reports, environmental reports, analyses, data or other similar reports or information of whatever type or kind, if any, which Developer has received or may hereafter receive from Successor Agency or any Successor Agency Party were and are furnished without warranty of any kind, excluding the Successor Agency's Actual Knowledge of the untruthfulness of such reports or information, and on the express condition that Developer has made its own independent verification of the accuracy, reliability and completeness of such information and that Developer may rely on the foregoing at its own peril and knowingly assumes such risk.

2.16 Waivers and Releases. Developer hereby waives, releases and discharges forever the Successor Agency and Successor Agency Parties from all present or future claims, demands, suits, legal and administrative proceedings and from all liabilities, obligations, losses, damages, deficiencies, fines, penalties, costs and other expenses, including reasonable attorneys' fees and court costs, arising out of or in any way connected with the Site Condition, whether discovered before or after the Closing, and whether existing or created on the Mixed Use Property before or after the Closing, except

that arising out of (i) the Successor Agency's failure to disclose any information regarding the Site Condition within the Successor Agency's Actual Knowledge, or (ii) the gross negligence or willful misconduct of the Successor Agency or Successor Agency Parties, or any of them.

Developer acknowledges that it is aware of and familiar with the provisions of California Civil Code Section 1542, which provides as follows:

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

As related to this Section 2.16, Developer hereby waives and relinquishes all rights and benefits which it may have under California Civil Code Section 1542.

INITIALS: DEVELOPER _____

3. ENTITLEMENT AND DEVELOPMENT OF THE PROJECT.

3.1 Schedule of Performance. Within the times set forth in the Schedule of Performance, attached hereto as Exhibit D, Developer shall use its best efforts to apply for and secure all required permits, entitlements and governmental approvals as set forth herein, and thereafter Developer shall commence and complete construction of the Project, and satisfy all of Developer's obligations under this Agreement within the times established therefor in the Schedule of Performance, as the same shall be extended by Force Majeure Delays or Agreed Extensions of Performance pursuant to Section 6.2. The Schedule of Performance is subject to revision in writing from time to time as may be agreed to in the sole discretion of Developer and the Executive Director, or his or her designee. However, as provided in Section 6.2, in no event may Force Majeure Delays or Agreed Extension of Performance extend the Outside Date for Closing by more than one hundred eighty (180) calendar days; however, notwithstanding the foregoing, an Environmental Force Majeure Delay may extend the Outside Date for Closing by more than one hundred eighty (180) calendar days.

3.2 Certificate of Compliance for Mixed Use Property. Within the times set forth in the Schedule of Performance, the Developer shall prepare and Successor Agency shall approve, a plat map and legal description of the area comprising the Mixed Use Property, and Successor Agency shall thereafter process and obtain City approval of a certificate of compliance for the Mixed Use Property as a separate legal parcel in accordance with the California Subdivision Map Act and Chapter 16.35 of the Municipal Code.

3.3 Entitlement of the Project. Within the times set forth in the Schedule of Performance, the Developer shall submit all applications for and secure all required

Project Approvals, including the Development Permit, necessary for the development and construction of the Project.

3.4 Permits. Within the times set forth in the Schedule of Performance, Developer, at its expense, shall use its best efforts to apply for and secure or cause to be applied for and secured any and all permits and approvals which may be required by City and any other governmental agency having jurisdiction over the Project, including permits for the demolition and removal of any structures or improvements, if any, on the Mixed Use Property, and (if applicable) encroachment or right of entry permits for performance of the off-site utility improvements required by the Project Approvals.

Within the times set forth in the Schedule of Performance, Developer shall: (a) submit to City and any other governmental agency having jurisdiction over the Project, plans necessary for issuance of all demolition, grading and building permits required to undertake, develop and construct the Project; and (b) secure from City and any other governmental agency having jurisdiction over the Project all demolition, grading and building permits required to undertake, develop and construct the Project.

3.5 Development of Project Improvements. Within the times set forth in the Schedule of Performance, the Developer shall construct and develop the Project in accordance with the Project Approvals, and Project Agreements. All such work related to the Project shall be performed by licensed contractors.

3.6 Cost of Development. All the costs of site preparation (including demolition and removal of all structures or improvements on the Mixed Use Property), planning, designing, constructing and developing the Project, incurred by Developer shall be borne solely by Developer.

3.7 Sources and Uses. Within the times set forth in the Schedule of Performance, Developer shall submit to Successor Agency for review and approval a pro-forma budget (a) identifying reasonably anticipated and estimated costs of purchasing the Mixed Use Property and developing and constructing the Project, and (b) identification of the anticipated sources of such funds ("**Sources and Uses**"). The Sources and Uses shall be submitted no later than (i) thirty (30) calendar days following the Date of Agreement, (ii) thirty (30) calendar days following approval of the Project Approvals, excluding the Subdivision, (iii) thirty (30) calendar days following Developer's receipt of a commitment letter from its construction lender for the Project, and (iv) no less than five (5) calendar days following Developer's receipt of final loan documents evidencing construction financing for the Project and, in any event, prior to Closing. The Sources and Uses shall be updated from time to time before the Closing as provided herein and to the extent such information is available, shall be accompanied by evidence reasonably satisfactory to Successor Agency that upon implementation of the Sources and Uses, Developer shall have sufficient funds to meet all budget requirements.

Successor Agency shall conduct its review and approval of the Sources and Uses submitted in a timely manner so as not to delay Closing. Successor Agency's approval of the Sources and Uses shall not be unreasonably withheld, conditioned or delayed.

3.8 Insurance Requirements. Prior to Commencement of Construction and until the completion of construction of the Project, as evidenced by recording of the Quitclaim Deed-Final Completion pursuant to Section 5.4.3, Developer shall take out and maintain or shall cause its contractor to take out and maintain, a commercial general liability policy with a minimum limit of Two Million Dollars ($2,000,000) per occurrence for bodily injury, personal injury and property damage, or such other higher policy limits as may be required by Developer's lenders or other institutions providing financing to Developer for the Project. Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence Form CG 0001). If commercial general liability insurance or other form with a general aggregate is used, the general aggregate limit shall be at least Five Million Dollars ($5,000,000), inclusive of any umbrella policy. Developer and each of its contractors shall also take out and maintain a comprehensive automobile liability policy in an amount not less than One Million Dollars ($1,000,000). Developer shall also take out and maintain, or shall cause its contractor to take out and maintain, contractor's pollution liability insurance policy in an amount not less than One Million Dollars ($1,000,000) per occurrence and annual aggregate.

Starting at the commencement of framing the Project and until Final Completion of the Project, Developer shall also obtain and maintain builder's all-risk insurance in an amount not less than the full insurable cost of the improvements to be constructed, or caused to be constructed, on a replacement cost basis, or such other greater policy limits as may be required by Developer's lenders or other institutions providing financing for the Project. Further, Developer shall furnish or cause to be furnished to Successor Agency evidence reasonably satisfactory to Successor Agency that Developer and any contractor with whom it has contracted for the performance of work on the Mixed Use Property or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law.

Companies writing the insurance required hereunder shall be licensed to do business in the State of California. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII or otherwise reasonably acceptable to Successor Agency. The commercial general liability, comprehensive automobile, and contractor's pollution liability insurance policies hereunder shall name Successor Agency and Successor Agency Parties as additional insureds with respect to liability arising out of work or operations performed by or on behalf of the Developer on or about the Mixed Use Property, including materials, parts or equipment furnished in connection with such work or operations.

Developer shall furnish Successor Agency with a certificate of insurance evidencing the required insurance coverage and a duly executed endorsement evidencing such additional insured status. To the extent provided by the insurance carrier, the insurance policies shall be endorsed to notify Successor Agency of any material change, cancellation or termination of the coverage at least 30 days in advance of the effective date of any such material change, cancellation or termination. Coverage provided hereunder by Developer shall be primary insurance and shall not be contributing with any insurance, self-insurance or joint self-insurance maintained by Successor Agency or any Successor Agency Party, and the policy shall so provide. Any insurance,

self-insurance or joint self-insurance maintained by Successor Agency or any Successor Agency Party shall be excess of and shall not contribute with the insurance required to be maintained by Developer. The insurance policies shall contain a waiver of subrogation for the benefit of Successor Agency and any Successor Agency Party. The required certificate and endorsement for the Project shall be furnished by the Developer to Successor Agency prior to the commencement of construction of the Project.

Any deductibles or self-insured retentions must be declared to and approved by Successor Agency (which shall not be unreasonably withheld, conditioned or delayed), which may require Developer to provide proof of its ability to pay losses and costs of related investigation, claim administration, and defense expenses within the retention.

3.9 Rights of Access. Prior to recording of the Quitclaim Deed-Final Completion pursuant to Section 5.4.3, Successor Agency representatives shall have the right of access to the Mixed Use Property, without charges or fees, at reasonable times and after prior arrangement with Developer, so long as such representatives comply with all safety rules of Developer and its contractors and insurers and do not unreasonably interfere with the progress of construction of the Project. Nothing herein shall be deemed to limit the ability of City to conduct code enforcement and other administrative inspections of any portion of the Mixed Use Property or Project at any time in accordance with applicable law. Successor Agency shall indemnify, defend, protect and hold Developer harmless from any Claims to the extent caused by the negligence or willful misconduct of Successor Agency representatives in the course of accessing the Mixed Use Property.

3.10 Compliance With Applicable Laws. Developer shall carry out, and shall ensure that its contractors and subcontractors carry out the UST Removal Work and Project work in conformity with all Applicable Laws, including all applicable state labor laws and standards; the City zoning and development standards; building, plumbing, mechanical and electrical codes; all other provisions of the Municipal Code; and all applicable disabled and handicapped access requirements, including the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.,* Government Code Section 4450, *et seq.,* Government Code Section 11135, *et seq.,* and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*

3.11 Final Completion of Project. Following Final Completion of the Project, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Mixed Use Property shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement with respect to such Project. Except as otherwise provided herein, after Final Completion of the Project, neither Successor Agency nor any other person shall have any rights, remedies or controls with respect to the Mixed Use Property that it would otherwise have or be entitled to exercise under this Agreement as a result of a default in or breach of any provision of this Agreement, and the respective rights and obligations of the parties with reference to the Mixed Use Property shall be as set forth in the Grant Deed.

3.12 Liens and Stop Notices. Developer shall not allow to be placed on the Mixed Use Property or any part thereof or any adjacent property (including without limitation any portion of the Old Town Newhall Property then owned by Successor Agency) any lien or stop notice arising from any work or materials performed or provided or alleged to have been performed or provided by Developer's contractors, subcontractors, agents or representatives, including but not limited to the UST Removal Work. If a claim of a lien or stop notice is given or recorded affecting the Mixed Use Property or any adjacent property, Developer shall within 60 days of Developer becoming aware of such recording or service: (i) pay and discharge the same; or (ii) effect the release thereof by recording and delivering to the City Manager a surety bond in sufficient form and amount.

3.13 Right of Successor Agency to Satisfy Other Liens After any Closing. After Closing, and provided the requirements set forth in Section 3.12 have not been met by Developer, Successor Agency shall have the right, but not the obligation, upon not less than ten (10) days prior written notice to Developer, to satisfy any such liens or stop notices. In such event, Developer shall be liable for and Successor Agency shall be entitled to reimbursement by Developer for the amount reasonably paid by the Successor Agency to discharge such lien or satisfy such stop notice.

3.14 Mortgage, Deed of Trust, Sale and Lease-Back Financing.

3.14.1 No Encumbrances Except Mortgages, Deeds of Trust for Development. Prior to Final Completion of the Project, mortgages and deeds of trust will be permitted on the Mixed Use Property only to the extent otherwise provided in this Agreement, and only for the purpose of financing the acquisition and/or construction and development of the Project improvements (including but not limited to, design, planning, permitting, remediation, site preparation and horizontal and vertical construction) on the Mixed Use Property owned by Developer. Following Final Completion of the Project, mortgages and deeds of trust shall be permitted for any purpose, and Successor Agency shall have no approval or disapproval rights with respect thereto. The preceding to the contrary notwithstanding, following the Substantial Completion of improvements for the Project, Developer shall be permitted to obtain, without the consent or approval of the Successor Agency, permanent financing to be secured by the Mixed Use Property upon which such improvements were Substantially Completed. The words "mortgage" and "deed of trust" as used herein shall include other appropriate modes of financing real estate acquisition, construction, and land development.

3.14.2 Holder Not Obligated to Construct Improvements. Neither the holder of any mortgage or deed of trust on the Mixed Use Property nor any person or entity, including any deed of trust beneficiary or mortgagee, who acquires title or possession to the Mixed Use Property, by foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise, shall be obligated by the provisions of this Agreement to construct or complete the Project improvements or to guarantee such construction or completion. Nothing in this Agreement shall be deemed to or be construed to permit or authorize any such holder, person or entity to devote the Mixed Use Property or portion thereof to any uses or to construct any improvements thereon other than those uses and Project improvements

provided for or authorized by this Agreement, the Project Approvals, or as otherwise agreed to by the Successor Agency.

3.14.3 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. With respect to any mortgage or deed of trust granted by Developer on the Mixed Use Property, whenever Successor Agency shall deliver any Notice or demand to Developer with respect to any breach or Default by Developer hereunder, Successor Agency shall at the same time deliver to each holder of record of any mortgage or deed of trust on the Mixed Use Property a copy of such Notice or demand. No Notice of Default shall be effective as to the holder unless such Notice is given. Each such holder shall (insofar as the rights of Successor Agency are concerned) have the right, at its option, within sixty (60) days after the receipt of the Notice, to cure or remedy or commence to cure or remedy any such Default and to add the cost thereof to the mortgage debt and the lien of its mortgage. If such breach or Default cannot reasonably be cured within such sixty (60) day period, then such holder shall have a reasonable period of time following the expiration of such sixty (60) day period to cure or remedy such breach or Default so long as such holder commences such cure or remedy within the initial sixty (60) day period and diligently prosecutes such cure or remedy to completion. In the event possession of the Mixed Use Property is required to effectuate such cure or remedy, the holder shall be deemed to have timely cured or remedied if it commences the proceedings necessary to obtain possession thereof within sixty (60) days, diligently pursues such proceedings to completion, and, after obtaining possession, diligently completes such cure or remedy (the foregoing time periods being subject to extension during the period that such holder is precluded from taking or pursuing any such action as a consequence of any bankruptcy stay or other court order). Nothing in this Agreement shall preclude or prevent any holder of record of any mortgage or deed of trust on the Mixed Use Property from curing or remedying any breach or Default by Developer hereunder, and Successor Agency agrees to accept any such cure or remedy undertaken by any such holder of record of any mortgage or deed of trust on the Mixed Use Property.

3.15 Covenants Regarding Operation, Management and Maintenance Prior to Closing. From the Date of Agreement until the Closing or earlier termination of this Agreement, Successor Agency shall operate, manage and maintain the Mixed Use Property in a manner generally consistent with the manner in which Successor Agency has operated, managed and maintained the Mixed Use Property prior to the date hereof. Notwithstanding the foregoing, from and after the Date of Agreement, excepting the continued use of all or a portion of the Mixed Use Property for public parking and occasional use as a farmer's market and other City sponsored events or activities, Successor Agency shall not: (a) cause nor voluntarily permit, any new lien, encumbrance or any other matter to cause the condition of title to be changed, without Developer's prior written consent, other than liens or other assessments, bonds, or special district liens including without limitation, Community Facility Districts, that arise by reason of any local, City, Municipal or County Project or Special District; (b) enter into any agreements with any governmental agency, utility company or any person or entity regarding the Mixed Use Property, which would remain in effect after the Closing (other than to implement any matter described in (a) above), without obtaining Developer's prior written consent; or (c) amend any existing licenses, agreements or leases, or enter into any new licenses,

agreements or leases, that would give any person or entity any right of possession to any portion of the Mixed Use Property, or which would remain in effect after the Closing.

4. COVENANTS, RESTRICTIONS AND AGREEMENTS.

4.1 Uses. Developer shall use the Mixed Use Property, in accordance with the Project Approvals, as a mixed use development of retail and restaurant uses on the ground floor, with three to four floors of residential uses above the ground floor, and approximately 85 subterranean parking spaces serving the residential complex beneath the ground floor retail and restaurant uses. Notwithstanding anything to the contrary herein, including but not limited to the "Recitals", it is Developer's design and intention to construct the Project consistent with the Conceptual Project Plans and the governing Specific Plan, subject to changes mandated by permitting and regulatory agencies. Developer retains the right, however, to continue to develop and refine the design for the Project and to make changes thereto as it deems fiscally responsible for an economically viable project within the constraints described above.

4.2 Taxes and Assessments. After the Closing, it shall be Developer's responsibility to pay prior to delinquency all ad valorem real estate taxes and assessments on the Mixed Use Property and the Project, subject to Developer's right to contest in good faith any such taxes.

4.3 Effect and Duration of Covenants. The covenants established in this Agreement and the Grant Deed shall, without regard to technical classification and designation, be binding upon and inure for the benefit and in favor of the Parties hereto and their successors and assigns. The Parties are deemed the beneficiary of the terms and provisions of this Agreement and the Grant Deed and of the covenants running with the land for and in their own right and for the purposes of protecting the interests of the Parties, in whose favor and for whose benefit this Agreement and the Grant Deed and the covenants running with the land have been provided. This Agreement and the Grant Deed and the covenants therein shall run in favor of the Successor Agency and City without regard to whether the Successor Agency or City has been, remains, or is an owner of any land or interest in the Mixed Use Property. Subject to the limitations on remedies set forth in Section 5 hereto, the Parties shall have the right, if this Agreement, the Grant Deed or the covenants therein are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it may be entitled under the terms of this Agreement or the Grant Deed.

4.4 No Successor Agency Approval of Tenants Required. Developer shall not be required to obtain the Successor Agency's consent or approval as to the tenants to whom Developer may lease portions of the Project and the Successor Agency shall not impose any restrictions or limitations on the nature of the tenants to whom Developer may lease portions of the Project; except that the use of the Mixed Use Property acquired by Developer shall be subject to the use restrictions and limitations created by the Project Approvals and applicable zoning affecting the Project.

4.5 Obligation to Refrain From Discrimination; Form of Non-Discrimination and Non-Segregation Clauses. Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of section 12955, and section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Mixed Use Property, any improvements thereon, or any part thereof, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Mixed Use Property herein conveyed. The foregoing covenants and all other provisions of this Section 4.5 shall run with the land and shall be contained in each subsequent grant deed conveying title to the Mixed Use Property, any improvements thereon, or any part thereof, to any subsequent owner, and the provisions of this Section 4.5 shall survive expiration or other termination of this Agreement.

Developer shall refrain from restricting the rental, sale or lease of the Mixed Use Property or any improvements thereon, or any part thereof, on account of any basis listed in subdivision (a) or (d) of section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of section 12955, and section 12955.2 of the Government Code. All such deeds, leases or contracts for the rental, sale or lease of the Mixed Use Property or any improvements thereon, or any part thereof, shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

(a) In deeds the following language shall appear: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there will be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of section 12955 of the Government Code, as those bases are defined in sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of section 12955, and section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

(b) In leases the following language shall appear: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of section 12955 of the Government Code, as

those bases are defined in sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of section 12955, and section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

(c) In contracts, the following language shall appear: "There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of section 12955 of the Government Code, as those bases are defined in sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of section 12955, and section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises."

4.6 Effect and Duration of Covenants. The covenants against discrimination, as set forth in Section 4.5 shall remain in effect in perpetuity.

4.7 Sales Tax Point of Sale Designation. Developer shall use commercially reasonable efforts to the extent allowed by law to require all persons and entities providing bulk lumber, concrete, structural steel and pre-fabricated building components, such as roof trusses, to be used in connection with the construction and development of, or incorporated into, the Project, to (a) obtain a use tax direct payment permit; (b) elect to obtain a subcontractor permit for the job site of a contract valued at Five Million Dollars ($5,000,000) or more; or (c) otherwise designate the Mixed Use Property as the place of use of material used in the construction of the Project in order to have the local portion of the sales and use tax distributed directly to City instead of through the county-wide pool. Developer shall instruct its general contractor(s) for the Project to, and cause such general contractor(s) to instruct its/their subcontractors to, cooperate with City to ensure the local sales/use tax derived from construction of the Project is allocated to City to the fullest extent possible. To assist City in its efforts to ensure that such local sales/use tax is so allocated to City, Developer shall provide City with such information as shall be reasonably requested by City regarding subcontractors working on the Project with contracts in excess of the amount set forth above, including a description of all applicable work and the dollar value of such subcontracts. City may use such information to contact each subcontractor who may qualify for local allocation of use taxes to City. Notwithstanding the foregoing, other than the cost of incidental paperwork and record keeping, any such efforts to have the local sales/use tax derived from construction of the Project allocated to City to the fullest extent possible shall be at no increased costs or expense to Developer or any general contractor or subcontractor working on the Project, and neither Developer nor any such general contractor or subcontractor shall be required to take any action pursuant to this section that would result, directly or indirectly, (i) in any increase in the cost of the Project, or (ii) in any such general contractor or subcontractor

being characterized as a "reseller" (as opposed to a "consumer"), whether for purposes of the taxation of 'freight-in' charges, any fabrication activities or otherwise.

5. DEFAULTS AND REMEDIES.

5.1 Default Remedies - General. Subject to the extensions of time set forth in Section 6.2 of this Agreement (except as to the Outside Date for Closing), failure by the Developer or Successor Agency to perform any action or covenant required by this Agreement within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a "**Default**" under this Agreement. The failure by a party to satisfy one or more of the Conditions Precedent as set forth in Sections 2.4 and 2.5 hereof shall not be a "Default" hereunder, but the failure to act in good faith and exercise reasonable efforts to satisfy any such Condition Precedent shall constitute a "Default" following Notice and an opportunity to cure. A party claiming a Default shall provide a written notice of default to the other party specifying the default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other party and the other party shall not be in default if such party within thirty (30) days from receipt of such notice of default, commences to cure, correct or remedy such failure or delay and completes such cure, correction or remedy with diligence and within a reasonable period of time considering the nature of the default.

5.2 Default Resolution and Legal Actions.

5.2.1 Informal Default Resolution. If, following notice and an opportunity to cure pursuant to Section 5.1 a Default remains outstanding, before institution of legal action, the Parties shall attempt to resolve the Default in accordance with this Section 5.2.1 as a condition precedent to the filing of any action at law or equity. It is the express intent of the Parties to attempt to resolve all Defaults arising out of or relating to this Agreement or a breach thereof by reasonable, business-like negotiations between the Parties without resorting to litigation. However, unless the Parties agree otherwise, and regardless of the size or nature of the Default, the Parties shall not cease or delay performance of their obligations under this Agreement while the Default remains outstanding.

Successor Agency or Developer may call a meeting for resolution of any outstanding Default. The meeting shall be held on a date within three (3) working days of the date of a written request by any Party, which written request shall specify the nature of and extent of the Default to be resolved and any proposed resolution thereof ("**Request to Resolve Dispute**"). Unless otherwise agreed to amongst the Parties, the meeting shall be held at the administrative offices of the Successor Agency. The foregoing notwithstanding, the meeting shall be held at the Mixed Use Property if the ability to view the Mixed Use Property or the Project will serve to resolve the Default.

The meeting shall be attended by representatives of the Successor Agency and Developer and their respective consultants, contractors, subcontractors or other parties with information relevant to the nature, extent and resolution of the Default. The Parties' representatives attending the meeting shall have all requisite authority to resolve and

settle the Default. The Parties shall consider retaining the services of a mediator to help resolve and settle the Default; however, each Party reserves its discretion whether to engage the services of a mediator. Failure of either Party to agree to the use of a mediator shall not excuse the other Party from its obligation to attend the meeting in an attempt to resolve and settle the Default. The meeting shall be subject to California Evidence Code Section 1152 and the parties hereby agree that any and all information or communications shared or disclosed during said meeting shall be subject to said provision.

If the Default remains outstanding sixty (60) calendar days after the date of the Request to Resolve Dispute, then either Party may, in addition to any other rights or remedies, institute any action at law or in equity to cure, correct, prevent or remedy the Default. The Parties agree that any applicable statute of limitation period that has not otherwise expired shall be tolled during the sixty (60) calendar day period.

5.2.2 Institution of Legal Actions. Except as otherwise specifically provided herein, upon the occurrence of a Default, the non-defaulting party shall have the right, in addition to any other rights or remedies, to institute any action at law or in equity to cure, correct, prevent or remedy any Default, or to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, or in the Federal District Court for the Central District of the State of California. Notwithstanding anything herein to the contrary, neither party shall have the right to recover any consequential or special damages in the event of a Default by the other party.

5.2.3 Liquidated Damages in the Event of Developer Failure to Close Escrow on the Mixed Use Property. SUBJECT TO NOTICE AND EXPIRATION OF APPLICABLE CURE PERIODS AND ANY PERMITTED EXTENSIONS OF TIME AS PROVIDED IN THIS AGREEMENT, IF DEVELOPER FAILS TO CLOSE ESCROW AS REQUIRED UNDER THIS AGREEMENT (A "**CLOSING DEFAULT**"), THE SUCCESSOR AGENCY MAY SUFFER DAMAGES AND THAT IT IS IMPRACTICABLE AND INFEASIBLE TO FIX THE ACTUAL AMOUNT OF SUCH DAMAGES. THEREFORE, CONSIDERING ALL THE CIRCUMSTANCES EXISTING ON THE DATE OF THIS AGREEMENT, IN THE EVENT OF A CLOSING DEFAULT, SUCCESSOR AGENCY SHALL BE ENTITLED TO RETAIN DEVELOPER'S DEPOSIT. THE DEVELOPER'S DEPOSIT SHALL SERVE AS LIQUIDATED DAMAGES TO THE SUCCESSOR AGENCY FOR A CLOSING DEFAULT. THE VALUE OF THE DEVELOPER'S DEPOSIT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES THAT THE SUCCESSOR AGENCY WOULD INCUR IN THE EVENT OF A CLOSING DEFAULT. RETENTION OF THE DEVELOPER'S DEPOSIT SHALL BE THE SUCCESSOR AGENCY'S SOLE AND EXCLUSIVE REMEDY AGAINST DEVELOPER IN THE EVENT OF A CLOSING DEFAULT, AND THE SUCCESSOR AGENCY WAIVES ANY AND ALL RIGHT TO SEEK OTHER RIGHTS OR REMEDIES AGAINST DEVELOPER ON ACCOUNT OF A CLOSING DEFAULT, INCLUDING WITHOUT LIMITATION, SPECIFIC PERFORMANCE AND MONETARY DAMAGES. THE LIQUIDATED DAMAGES PROVIDED FOR HEREIN IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF SECTIONS 3275 OR 3369 OF

THE CALIFORNIA CIVIL CODE, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO THE SUCCESSOR AGENCY PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. SUCCESSOR AGENCY WAIVES THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 3389. BY PLACING ITS INITIALS BELOW, DEVELOPER AND SUCCESSOR AGENCY SPECIFICALLY CONFIRM THE ACCURACY OF THE STATEMENTS MADE ABOVE, THE REASONABLENESS OF THE AMOUNT OF LIQUIDATED DAMAGES AGREED UPON, AND THE FACT THAT EACH PARTY WAS REPRESENTED BY COUNSEL WHO EXPLAINED, AT THE TIME THIS AGREEMENT WAS MADE, THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION.

INITIALS: _____ _____
SUCCESSOR AGENCY DEVELOPER

5.2.4 Acceptance of Service of Process. In the event that any legal action is commenced by Developer against Successor Agency, service of process on Successor Agency shall be made by personal service upon the City Clerk of City or in such other manner as may be provided by law. In the event that any legal action is commenced by Successor Agency against Developer, service of process on Developer shall be made in any manner as may be provided by law.

5.3 Termination. In addition to the termination of this Agreement provided for under Sections 2.7, 2.9 and 2.14 above, this Agreement may be terminated: (i) if there is an uncured Default, after Notice from the party not in default and expiration of all cure periods, (ii) if there is a failure of the Joint Condition Precedent, or (iii) if there is a failure of an express Developer Condition Precedent or Successor Agency Condition Precedent (which is not waived by the party whom the condition benefits) by timely Notice from the party whom the condition benefits. If requested by Successor Agency, upon termination of this Agreement, Developer shall promptly execute and deliver to Successor Agency a quitclaim deed, in recordable form, as to the Mixed Use Property.

Upon termination of this Agreement due to failure of the Joint Condition Precedent or by Successor Agency or Developer pursuant to Sections 2.9 or 2.14, Developer shall be entitled to a refund of the Developer Deposit and neither Party shall have any further liability, claim or obligation to the other. Accordingly, by initialing in the space provided below, as of the Date of Agreement, the Parties expressly waive and release each other from any and all manner of Claims or other compensation whatsoever, in law or equity, of whatever kind or nature, whether known or unknown, direct or indirect, foreseeable or unforeseeable, absolute or contingent, now existing or which may in the future arise, including but not limited to claims for specific performance, equitable estoppel, lost business opportunities or economic advantage, and any and all form of damages such as compensatory, special, consequential or punitive, as a result of failure of the Joint Condition Precedent or Successor Agency or Developer terminating this Agreement as provided by Sections 2.7, 2.9 or 2.14, specifically including any and all rights under California Civil Code Section 1542, which provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR

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

INITIALS:

DEVELOPER_____ SUCCESSOR AGENCY_____

5.4 Successor Agency Option to Repurchase, Reenter and Repossess.

5.4.1 As to Mixed Use Property. Following the Closing and subject to notice and opportunity to cure under Section 5.1 and applicable Force Majeure Delay under Section 6.2, Successor Agency shall have the additional right, at its option, to repurchase, reenter and take possession of the Mixed Use Property if after conveyance of title to the Mixed Use Property, Developer shall:

(a) Fail to Commence Construction of the Project within the time set forth on the Schedule of Performance, as extended by Force Majeure Delay(s); or

(b) Abandon or substantially suspend construction of the Project for a period of 180 consecutive days after Commencement of Construction, as extended by Force Majeure Delay(s).

5.4.2 Such rights to repurchase, reenter and repossess, to the extent provided in this Agreement and Grant Deed, shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit:

(a) Any mortgage, deed of trust or other security instrument permitted by this Agreement (including, without limitation, any assignment of rents and leases); or

(b) Any rights or interests provided in this Agreement for the protection of the holder of such mortgages, deeds of trust or other security instruments.

5.4.3 To exercise its right to repurchase, reenter and take possession with respect to the Mixed Use Property, Successor Agency shall pay to Developer in cash an amount equal to:

(a) The Purchase Price paid by Developer for the Mixed Use Property; plus

(b) The actual hard costs incurred by Developer and paid to third parties for labor and materials for the construction of the improvements existing on the Mixed Use Property at the time of the repurchase, reentry and repossession; plus

(c) The actual soft costs incurred by Developer and paid to third parties in connection with the design and permitting of the improvements existing on the

Mixed Use Property at the time of the repurchase, reentry and repossession and/or contemplated to be developed on the Mixed Use Property; plus

(d) All other costs and expenses incurred by Developer and paid to third parties in connection with this Agreement and/or the design, permitting, construction, leasing and/or financing of the improvements existing on the Mixed Use Property at the time of the repurchase, reentry and repossession and/or contemplated to be developed on the Mixed Use Property; less

(e) Any actual income withdrawn or made by Developer from the Mixed Use Property or the improvements thereon; less

(f) The total outstanding amount of any mortgages, deeds of trust or other liens encumbering the Mixed Use Property that are superior to City's repurchase option at the time of the repurchase, reentry and repossession.

In order to exercise such purchase option, Successor Agency shall, subject to the instruments and provisions described above, give Developer Notice of such exercise and Developer shall, within 60 days after Developer's receipt of such Notice, provide Successor Agency with a detailed accounting of all of Developer's costs incurred as provided above. Successor Agency, within 30 days thereafter, shall pay to Developer in cash all sums owing pursuant to this Section 5.4.3, if any, and Developer shall thereupon execute and deliver to Successor Agency a grant deed transferring to Successor Agency all of Developer's interest in the Mixed Use Property for which Successor Agency's repurchase option applies. If Developer conveys any portion of the Mixed Use Property to Successor Agency pursuant to the terms of this Section 5.4.3, then Successor Agency shall be charged with all knowledge it had regarding the Mixed Use Property before execution of this Agreement and any information provided to it by the Developer up to and including the time of conveyance pursuant to this Section 5.4.3.

Successor Agency acknowledges that it shall use its independent judgment and make its own determination as to the scope and breadth of the due diligence investigation which it shall make relative to the Mixed Use Property, or applicable portion thereof, to be reacquired by the Successor Agency pursuant to Successor Agency's exercise of its repurchase option.

Successor Agency's rights under this Section 5.4.3, and as set forth in the Grant Deed, are assignable by Successor Agency to City in accordance with Section 6.3, and shall terminate upon Final Completion. Upon Final Completion, Successor Agency shall cause City, as successor by assignment to the Successor Agency in accordance with Section 6.3, to execute, acknowledge and record a Quitclaim Deed-Final Completion evidencing the termination of the repurchase option under this Section 5.4.3, as set forth in the form attached hereto as Exhibit F and incorporated herein.

5.5 Rights and Remedies Are Cumulative. Except as specified otherwise in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it,

at the same or different times, of any other rights or remedies for the same default or any other default by the other party, except as otherwise expressly provided herein.

5.6 Inaction Not a Waiver of Default. Except as specified otherwise in the Agreement, any failures or delays by either party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

6. GENERAL PROVISIONS.

6.1 Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("**Notice**") which either party may desire to give to the other party under this Agreement must be in writing and shall be given by certified mail, return receipt requested and postage prepaid, personal delivery, or reputable overnight courier (but not by facsimile or email), to the party to whom the Notice is directed at the address of the party as set forth below, or at any other address as that party may later designate by Notice.

To Successor Agency:
Successor Agency to Redevelopment
Agency of the City of Santa Clarita
Office of the Executive Director
23920 Valencia Boulevard, Suite 300
Santa Clarita, CA 91355
Attention: Kenneth W. Striplin, Executive Director

With a copy to:
Successor Agency to Redevelopment
Agency of the City of Santa Clarita
23920 Valencia Boulevard, Suite 300
Santa Clarita, CA 91355
Attention: Thomas Cole, Director of Community Development

and:
Successor Agency to Redevelopment
Agency of the City of Santa Clarita
Office of the General Counsel
23920 Valencia Boulevard, Suite 300
Santa Clarita, CA 91355
Attention: Joseph Montes, General Counsel

To Developer:
Serrano Development Group
500 North Brand Boulevard, Suite 2120
Glendale, CA 91203
Attention: Jason Tolleson, Principal

With a copy to: Pacific Coast Housing Development, LLC
24233 Creekside Road
Santa Clarita, CA 91355
Attention: Jeffrey W. Paul

Any Notice shall be deemed received on the date of delivery if delivered by personal service, on the date of delivery or refused delivery as shown by the return receipt if sent by certified mail, and on the date of delivery or refused delivery as shown by the records of the overnight courier if sent via nationally recognized overnight courier. Notices sent by a party's attorney on behalf of such party shall be deemed delivered by such party.

6.2 Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by either Party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays or Defaults are due to causes beyond the control or without the fault of the party claiming an extension of time to perform, which may include the following: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; environmental conditions, pre-existing or discovered, delaying the construction or development of the Mixed Use Property, or any portion thereof following Closing; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; acts or omissions of the other party; acts or failures to act of the Successor Agency or any other public or governmental agency or entity when the delay is not primarily caused by the actions of Developer and/or its agents or consultants through the submission of patently substandard plans, specifications or other documents (other than the acts or failures to act of the Successor Agency which shall not excuse performance by the Successor Agency) (each a "**Force Majeure Delay**"); or environmental conditions, pre-existing or discovered, delaying the completion of the UST Removal Construction or UST Removal Regulatory Approval ("**Environmental Force Majeure Delay**").

An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if Notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. For purposes of an Environmental Force Majeure Delay, commencement of the cause shall be deemed to be date the UST Removal Construction or UST Removal Regulatory Approval was to have been completed as provided in Section 2.14.

If Notice is sent after such 30 day period, then the extension shall commence to run no sooner than 30 days prior to the giving of such Notice. Any notice claiming an extension of time for an alleged Force Majeure Delay or Environmental Force Majeure Delay shall be supported by reliable information and documentation provided as part of the Notice; further, the Party claiming the extension of time shall regularly update the other Party, no less frequently than once every thirty (30) days, as to the continued

justification of the alleged Force Majeure Delay or Environmental Force Majeure Delay, supported by reliable information and documentation. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Successor Agency and Developer. Notwithstanding any provision of this Agreement to the contrary, the lack of funding to commence and/or complete the Project shall not constitute grounds of enforced delay pursuant to this Section 6.2.

Times of performance under this Agreement may also be extended in writing by the Successor Agency and Developer as agreed to in the sole discretion of each party ("**Agreed Extension of Performance**"). The Executive Director may agree to no more than a cumulative total of one hundred eighty (180) calendar days extension of time for performance under this Agreement as an Agreed Extension of Performance. In no event shall a Force Majeure Delay, Force Majeure Delays or Agreed Extension of Performance extend the Outside Date for Closing by more than one hundred eighty (180) calendar days; however, notwithstanding the foregoing, the Outside Date for Closing shall be extended by more than one hundred eighty (180) calendar days, if necessary, due to an Environmental Force Majeure Delay.

6.3 Successors and Assigns; Assignment to City. Subject to the restrictions on Developer transfers set forth in Section 1.3 above, all of the terms, covenants and conditions of this Agreement shall be binding upon Developer and Successor Agency and their respective successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any permitted successors and assigns as herein provided.

Successor Agency's rights and obligations as set forth in Section 5.4 of this Agreement, and as reflected in the Grant Deed, with respect to the option to repurchase, reenter and repossess the Mixed Use Property in the event of a violation thereof, shall be assigned to City in accordance with the terms of the Assignment and Assumption Agreement in the form attached hereto as Exhibit E and incorporated herein. Developer shall consent to said Assignment and Assumption Agreement, which shall be recorded concurrently with the Grant Deed at the Closing.

6.4 Relationship Between Successor Agency and Developer. It is hereby acknowledged that the relationship between Successor Agency and Developer is not that of a partnership or joint venture and that Successor Agency and Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the exhibits hereto, Successor Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Project.

6.5 Successor Agency Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by Successor Agency, the Executive Director or his or her designee is authorized to act on behalf of Successor Agency, unless specifically provided otherwise or the context requires otherwise.

6.6 Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed to be an original.

6.7 Integration. This Agreement, including the exhibits hereto, and the other Project Agreements contain the entire understanding between the parties relating to the transactions contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, other than the other Project Agreements, are merged in this Agreement and shall be of no further force or effect. Each party is entering this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

6.8 Brokerage Commissions. Successor Agency and Developer each represents to the other that it has not engaged the services of any finder or broker and that it is not liable for any real estate commissions, broker's fees, or finder's fees which may accrue by means of the conveyance of the Mixed Use Property as described in this Agreement, or the negotiation and execution of this Agreement. Each party shall indemnify, defend, protect and hold the other party harmless from any and all Claims based upon any assertion that such commissions or fees are allegedly due from the party making such representations.

6.9 Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. References to section numbers are to sections in this Agreement, unless expressly stated otherwise. References to specific section numbers shall include all subsections which follow the referenced section.

6.10 Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The words "include" and "including" shall be construed as if followed by the words "without limitation." The parties acknowledge that each party and his, her or its counsel have reviewed and revised this Agreement and that the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any document executed and delivered by either party in connection with this Agreement.

6.11 Modifications. Any alteration, change or modification of or to this Agreement or the Project Agreements in order to become effective, shall be made in writing and in each instance signed on behalf of each party. Successor Agency, acting by and though its Executive Director upon the approval of the General Counsel, may approve alterations, changes or modifications to this Agreement and the Project Agreements without further approval of the board of the Successor Agency or Oversight Board as may be requested by Developer's construction lender or lenders, or as otherwise agreed to by the Parties, provided such alterations, changes or modifications do not materially increase or decrease the legal, equitable or financial obligations or rights of the Successor Agency hereunder, or decrease the amount of the Purchase Price.

6.12 Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, 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, and shall be valid and enforceable to the fullest extent permitted by law.

6.13 Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day, and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Sections 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

6.14 Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

6.15 Time of Essence. Time is expressly made of the essence with respect to the performance by Successor Agency and Developer of each and every obligation and condition of this Agreement.

6.16 Cooperation. Each party agrees to cooperate with the other in this transaction and, in that regard, shall execute any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement.

6.17 Conflicts of Interest. No Successor Agency member, official or employee of Successor Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

6.18 Time for Acceptance of Agreement by Successor Agency. This Agreement, when executed by Developer and delivered to Successor Agency, must be authorized, executed and delivered by Successor Agency on or before ninety (90) days after signing and delivery of this Agreement by Developer or this Agreement shall be void, except to the extent that Developer shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement. Developer hereby acknowledges that the authorization, execution and delivery of this Agreement by Successor Agency, requires the approval of the Successor Agency and Oversight Board.

6.19 Developer's Indemnity. Except for the gross negligence or willful misconduct of the Successor Agency or Successor Agency Parties (collectively "**Successor Agency Indemnitees**"), Developer shall indemnify (with one (1) counsel reasonably acceptable to the Successor Agency, unless there is a conflict of interest by, among or between any of the Indemnitees, whether individuals or entities in which case separate counsel shall be provided by Developer for each such Indemnitee to the extent such separate counsel is authorized, approved and funded by Developer's insurance carrier) the Indemnities from and against any and all liabilities, obligations, losses, damages, deficiencies, fines, penalties, costs and other expenses, including reasonable attorneys' fees and court costs, excluding criminal liabilities and workers compensation claims attributable to the Indemnitees (collectively, "**Developer Liabilities**") which result from the performance of this Agreement by Developer or Developer's ownership, development, use, or operation of the Mixed Use Property or any portion thereof, excepting those liabilities which are caused by (i) Indemnitees' (or any of them) gross negligence or willful misconduct, (ii) any litigation related to the validity of this Agreement or Project Approvals, or (iii) Developer's performance of the UST Removal Work which shall be governed by the terms of a right of entry agreement to be negotiated between Successor Agency and Developer. Successor Agency agrees to work with Developer to discuss and effectuate settlement of any litigation hereunder where it is in the parties' best interests to do so. Indemnitees and Developer shall each have the right to request that any case be handled through an alternative dispute resolution process. The Successor Agency and Developer agree to fully cooperate with one another in any case where no conflict of interest between the parties is apparent. Without limiting the generality of the foregoing, Developer specifically agrees to indemnify, defend and hold harmless the Indemnitees from any Liabilities resulting from Developer's failure to comply with Applicable Laws.

The duty to defend is a separate and distinct obligation from the Developer's duty to indemnify. The Developer shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, with one (1) counsel reasonably acceptable to the Successor Agency, unless there is a conflict of interest by, among or between any of the Indemnitees, whether individuals or entities in which case separate counsel shall be provided by Developer for each such Indemnitee, the Indemnitees immediately upon tender to Developer of the claim in any form or at any stage of an action or proceeding, whether or not liability is established to the extent such separate counsel is authorized, approved and funded by Developer's insurance carrier. An allegation or determination of comparative negligence or willful misconduct by an Indemnitee does not relieve the Developer from its separate and distinct obligation to defend the Indemnitees. The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes an obligation to provide independent defense counsel if Developer asserts that liability is caused in whole or in part by the gross negligence or willful misconduct of the Indemnitees or any of them to the extent such separate counsel is authorized, approved and funded by Developer's insurance carrier. If it is finally adjudicated that liability was caused by the active negligence or willful misconduct of an Indemnitee, Developer may submit a claim to the Successor Agency for reimbursement of reasonable attorneys' fees and defense costs. The review, acceptance or approval of the Project by any Indemnitee shall not affect, relieve or reduce the Developer'

indemnification or defense obligations. This Section survives completion or the termination of this Agreement. The provisions of this Section are not limited by and do not affect the provisions of this Agreement relating to insurance.

6.20 Successor Agency's Indemnity. Except for the gross negligence or willful misconduct of the Developer or Developer's officers, agents, employees, principals, owners, managers, representatives, contractors, subcontractors, consultants or attorneys (collectively "**Developer Indemnitees**"), Successor Agency shall indemnify (with one (1) counsel reasonably acceptable to the Developer, unless there is a conflict of interest by, among or between any of the Developer Indemnitees, whether individuals or entities in which case separate counsel shall be provided by Successor Agency for each such Developer Indemnitee to the extent such separate counsel is authorized, approved and funded by Successor Agency's insurance carrier) the Developer Indemnities from and against any and all liabilities, obligations, losses, damages, deficiencies, fines, penalties, costs and other expenses, including reasonable attorneys' fees and court costs, excluding criminal liabilities and workers compensation claims attributable to the Developer Indemnitees (collectively, "**Successor Agency Liabilities**"), which result from the use of all or a portion of the Mixed Use Property for public parking, farmer's market or other City sponsored events or activities arising prior to Closing. Developer agrees to work with Successor Agency to discuss and effectuate settlement of any litigation hereunder where it is in the parties' best interests to do so. The Successor Agency and Developer agree to fully cooperate with one another in any case where no conflict of interest between the parties is apparent.

The duty to defend is a separate and distinct obligation from the Successor Agency's duty to indemnify. The Successor Agency shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, with one (1) counsel reasonably acceptable to the Developer, unless there is a conflict of interest by, among or between any of the Developer Indemnitees, whether individuals or entities in which case separate counsel shall be provided by Successor Agency for each such Developer Indemnitee, immediately upon tender to Successor Agency of the claim in any form or at any stage of an action or proceeding, whether or not liability is established to the extent such separate counsel is authorized, approved and funded by Successor Agency's insurance carrier. An allegation or determination of comparative negligence or willful misconduct by an Developer Indemnitee does not relieve the Successor Agency from its separate and distinct obligation to defend the Developer Indemnitees. The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes an obligation to provide independent defense counsel if Successor Agency asserts that liability is caused in whole or in part by the gross negligence or willful misconduct of the Developer Indemnitees or any of them to the extent such separate counsel is authorized, approved and funded by Successor Agency's insurance carrier. If it is finally adjudicated that liability was caused by the active negligence or willful misconduct of a Developer Indemnitee, Successor Agency may submit a claim to the Developer for reimbursement of reasonable attorneys' fees and defense costs. The review, acceptance or approval of the Project by any Indemnitee shall not affect, relieve or reduce the Successor Agency's indemnification or defense obligations. This Section survives completion or the termination of this Agreement.

6.21 Cooperation in the Event of Legal Challenge to Project Approvals. The Parties may cooperate in the defense of any court action or proceeding instituted by a third party or other governmental entity or official challenging the validity of any provision of this Agreement or the Successor Agency's initial approval of this Agreement or any of the Project Approvals ("**Initial Litigation Challenge**"), and the Parties shall keep each other informed of all developments relating to such defense, subject only to confidentiality requirements that may prevent the communication of such information. The foregoing notwithstanding, the Successor Agency may choose not to defend any such proceeding challenging the validity of any provision of this Agreement or the Successor Agency's initial approval of this Agreement or any of the Project Approvals.

6.21.1 Meet and Confer. If an Initial Litigation Challenge is filed, upon receipt of the complaint, the Parties will have 20 days to meet and confer regarding the merits of such Initial Litigation Challenge and to determine whether to defend against the Initial Litigation Challenge, which period may be extended by the Parties' mutual agreement so long as it does not impact any litigation deadlines. The Successor Agency and Developer mutually commit to meet all required litigation timelines and deadlines. The Parties may enter a joint defense agreement, which will include among other things, provisions regarding confidentiality. The Executive Director is authorized to negotiate and enter such joint defense agreement in a form acceptable to the General Counsel. Such joint defense agreement shall also provide that any proposed settlement of an Initial Litigation Challenge shall be subject to Successor Agency's and Developer's approval, each in its reasonable discretion. If the terms of the proposed settlement would constitute an amendment or modification of this Agreement, the settlement shall not become effective unless such amendment or modification is approved by Developer, and by Successor Agency in accordance with Applicable Laws, and Successor Agency reserves its full legislative discretion with respect thereto.

6.22 Non-liability of Officials and Employees of Successor Agency. No member, official or employee of Successor Agency shall be personally liable to Developer, or any successor in interest, in the event of any Default or breach by Successor Agency or for any amount which may become due to Developer or its successors, or on any obligations under the terms of this Agreement. Developer hereby waives and releases any claim it may have against the members, officials or employees of Successor Agency with respect to any Default or breach by Successor Agency or for any amount which may become due to Developer or its successors under the terms of this Agreement.

6.23 Legal Fees. If any Party to this Agreement brings any action or suit against another Party regarding any matter relating to or arising out of this Agreement, then all Parties shall bear their own fees, costs and expenses incurred therein, including any and all attorneys' fees.

6.24 Applicable Law; Venue. The laws of the State of California, without regard to conflict of laws principles, shall govern the interpretation and enforcement of this Agreement. The exclusive venue for any disputes or legal actions shall be the Superior Court of California in and for the County of Los Angeles or the United States District Court, Central District of California.

6.25 Survival. The Parties' indemnification obligations under Sections 3.9, 6.8, 6.19 and 6.20 shall survive termination of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

SUCCESSOR AGENCY:

SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA, a public entity

By:

_____
Kenneth W. Striplin, Executive Director

APPROVED AS TO FORM:

By:

_____
Joseph Montes, General Counsel

ATTEST:

By:

_____
_____, Secretary

DEVELOPER:

OLD TOWN-MAIN,LLC, a California limited liability company

By:

_____
Jeffrey W. Paul, Its Manager

EXHIBIT A

LEGAL DESCRIPTION – OLD TOWN NEWHALL PROPERTY

Real property in the City of Santa Clarita, County of Los Angeles, State of California, described as follows:

PARCEL A: APN 2831-007-901 THROUGH 2831-007-907

PARCEL 1:

LOTS 3 TO 12 INCLUSIVE, BLOCK 16, TOWN OF NEWHALL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53 PAGES 21 AND 22 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTHWESTERLY 10 FEET OF SAID LOT 3.

ALSO EXCEPT A PORTION OF LOTS 11 AND 12, DESCRIBED AS FOLLOWS:

A SPANDREL SHAPED PARCEL OF LAND BOUNDED NORTHEASTERLY BY THE NORTHEASTERLY LINE OF SAID BLOCK, BOUNDED SOUTHEASTERLY BY THE SOUTHEASTERLY LINE OF SAID BLOCK, AND BOUNDED WESTERLY BY THE ARC OF A CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 29.00 FEET, BEING TANGENT TO SAID NORTHEASTERLY AND SOUTHEASTERLY LINES OF BLOCK 16, AS GRANTED TO THE CITY OF SANTA CLARITA, A MUNICIPAL CORPORATION IN DEED RECORDED OCTOBER 17, 1997 AS INSTRUMENT NO. 97-1636116, OFFICIAL RECORDS.

PARCEL 2:

LOTS 15 TO 22 INCLUSIVE, BLOCK 16, TOWN OF NEWHALL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53 PAGES 21 AND 22 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THE NORTHWESTERLY 10 FEET OF LOT 22.

ALSO EXCEPT THEREFROM THE PORTIONS OF SAID LOTS DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF SAID LOT 24; THENCE SOUTH 32° 30' 15" EAST ALONG THE SOUTHWESTERLY LINE OF SAID LOTS, A DISTANCE OF 250 FEET TO THE MOST SOUTHERLY CORNER OF SAID LOT 15; THENCE NORTH 57° 30' 15" EAST ALONG THE SOUTHEASTERLY LINE OF SAID LOT 15, A DISTANCE OF 20.00 FEET; THENCE NORTH 32° 30' 15" WEST, PARALLEL WITH SAID SOUTHWESTERLY LINE OF SAID LOTS, A DISTANCE OF 125.08 FEET; THENCE NORTHWESTERLY ALONG A TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 360 FEET, THROUGH AN ANGLE OF 20° 18' 17" A DISTANCE OF 127.58 FEET TO A POINT IN THE NORTHWESTERLY LINE OF SAID LOT 24; THENCE SOUTH 57° 29' WEST THEREON, A DISTANCE OF 42.37 FEET TO THE POINT OF BEGINNING.

PARCEL 3:

THAT CERTAIN ALLEY IN BLOCK 16, IN THE TOWN OF NEWHALL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53 PAGES 21 AND 22 OF MISCELLANEOUS RECORDS, ADJOINING SAID PARCEL 1 HEREOF ON THE SOUTHWEST AND ADJOINING SAID PARCEL 2 HEREOF ON THE NORTHEAST AS VACATED BY ORDER OF BOARD

OF SUPERVISORS MAY 14, 1946. A CERTIFIED COPY OF SAID ORDER WAS RECORDED MAY 20, 1946 IN BOOK 23158 PAGE 382, OFFICIAL RECORDS.

EXCEPTING THEREFROM THAT PORTION OF SAID ALLEY ADJOINING LOTS 11 AND 12 ON THE SOUTHWEST.

EXCEPT FROM PARCEL 1, PARCEL 2 AND PARCEL 3 HEREOF, ALL MINERALS, OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER OR THAT MAY BE PRODUCED FROM A DEPTH BELOW 500 FEET FROM THE SURFACE OR THE ABOVE DESCRIBED LAND, WITHOUT RIGHT OF ENTRY UPON THE SURFACE OF THE ABOVE DESCRIBED REAL PROPERTY FOR THE PURPOSE OF MINING, DRILLING OR EXTRACTING SUCH MINERALS, OIL, GAS AND OTHER HYDROCARBON SUBSTANCES OF SAID LAND TO A DEPTH OF 500 FEET BELOW THE SURFACE HEREOF, AS GRANTED TO HAMMOND-CALIFORNIA REDWOOD CO, A CORPORATION RECORDED APRIL 18, 1958 IN BOOK D-76 PAGE 749, OFFICIAL RECORDS.

PARCEL B: APN 2831-007-900 AND 2831-007-908

PARCEL 1:

LOTS 13 AND 14 IN BLOCK 16, TOWN OF NEWHALL, IN THE CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53 PAGES 21 AND 22 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

ALL THAT PORTION OF THE 20 FOOT ALLEY, AS VACATED IN SAID BLOCK 16, TOWN OF NEWHALL, IN THE CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA ADJOINING ABOVE PARCEL 1 ON THE NORTHEAST.

PARCEL 3:

LOTS 23 AND 24 AND THE NORTHWESTERLY 10 FEET OF LOT 22 IN BLOCK 16, TOWN OF NEWHALL, IN THE CITY OF SANTA CLARITA COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53 PAGES 21 AND 22 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAD COUNTY.

ALSO THE SOUTHWEST 10 FEET OF THE ALLEY VACATED ADJOINING SAID LOTS ON THE NORTHEAST.

EXCEPT THEREFROM THAT PORTION OF SAID PROPERTY INCLUDED WITHIN THE STATE HIGHWAY AS DESCRIBED IN DEED TO THE STATE OF CALIFORNIA, RECORDED IN BOOK 13340 PAGE 180, OFFICIAL RECORDS OF SAID COUNTY.

ALSO EXCEPT THEREFROM THAT PORTION OF SAID LOT 24, WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

BEGINNING AT THE MOST NORTHERLY CORNER OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN DEED TO THE STATE OF CALIFORNIA FOR A PUBLIC HIGHWAY, RECORDED ON APRIL 27, 1935 IN BOOK 13340 PAGE 180, OFFICIAL RECORDS, IN THE OFFICE OF SAID RECORDER; THENCE NORTHEASTERLY ALONG THE NORTHEASTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF SAID CERTAIN PARCEL OF LAND, A DISTANCE OF 6.50 FEET; THENCE SOUTHERLY IN A DIRECT LINE 13.63 FEET TO A POINT IN THE EASTERLY BOUNDARY

OF SAID CERTAIN PARCEL OF LAND DISTANT SOUTHERLY THEREON 10 FEET FROM THE POINT OF BEGINNING; THENCE NORTHERLY ALONG SAID EASTERLY BOUNDARY 10 FEET TO SAID POINT OF BEGINNING.

PARCEL 4:

LOTS 1, 2 AND THE NORTHWESTERLY 10 FEET OF LOT 3 IN BLOCK 16, TOWN OF NEWHALL, IN THE CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53 PAGES 21 AND 22 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

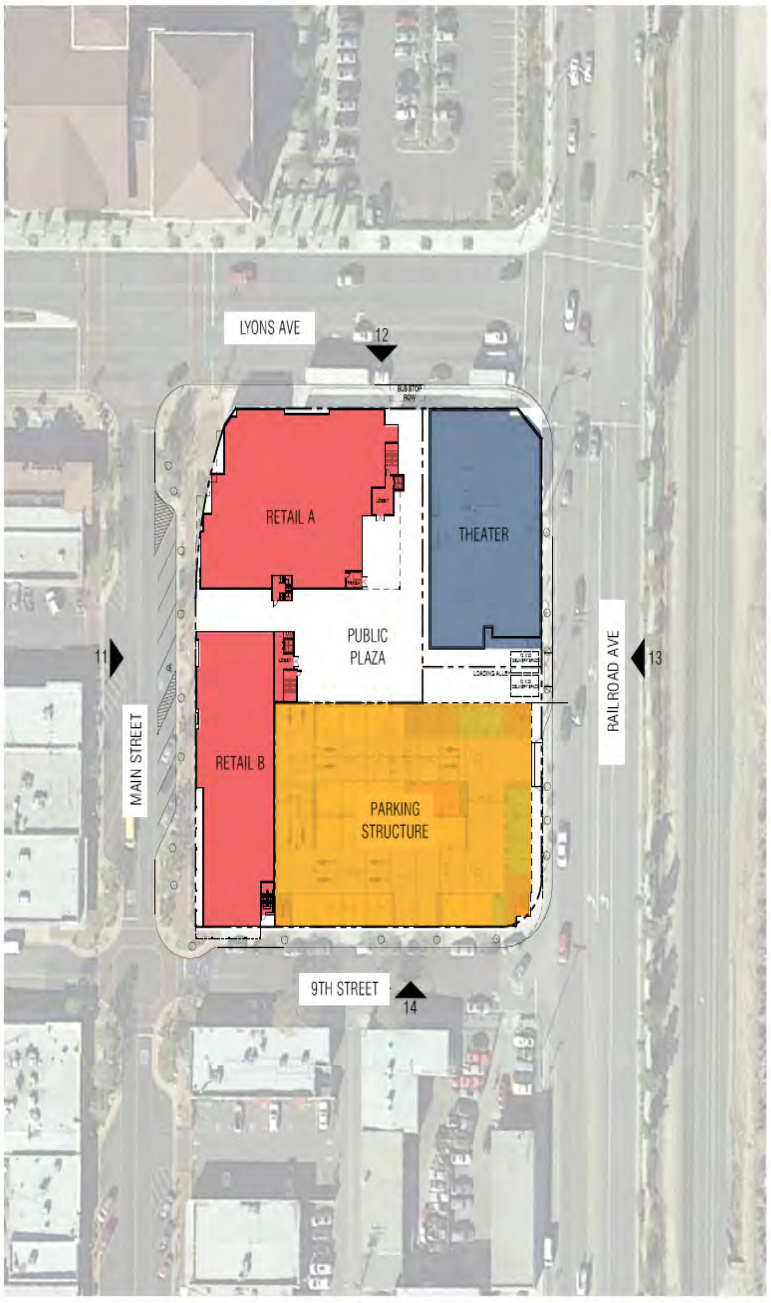
ALSO THE NORTHEAST 10 FEET OF THE ALLEY VACATED ADJOINING SAID LOTS ON THE SOUTHWEST.

EXCEPT THEREFROM THAT PORTION OF SAID LOT 1, WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

BEGINNING AT THE MOST NORTHERLY CORNER OF SAID LOT; THENCE SOUTHEASTERLY ALONG THE NORTHEASTERLY LINE OF SAID LOT, A DISTANCE OF 17 FEET; THENCE WESTERLY IN A DIRECT LINE 24.04 FEET TO A POINT IN THE NORTHWESTERLY LINE OF SAID LOT, DISTANT SOUTHWESTERLY THEREON 17 FEET FROM THE POINT OF BEGINNING; THENCE NORTHEASTERLY ALONG SAID NORTHWESTERLY LINE 17 FEET TO SAID POINT OF BEGINNING.

EXHIBIT B

CONCEPTUAL PROJECT PLANS



SITE PLAN

ZONING INFORMATION

URBAN CENTER (UC) ZONE + 'COMMERCIAL BLOCK' BUILDING TYPE

HEIGHT LIMITS - OLD TOWN NEWHALL SPECIFIC PLAN (ONSP)
- 35' - MAX. HEIGHT IN UC ZONE
- 55' - MAX. ALLOWED BY MIXED USE ORDINANCE
- > 55' AND EXCESS OF 300% GROUND FLOOR FOOTPRINT CONDITIONAL USE PERMIT REQUIRED

SETBACKS AS REQUIRED BY UNIFIED DEVELOPMENT CODE
- 5' MAXIMUM - FRONT SETBACK
- 5' MAXIMUM - SIDE STREET SETBACK
- 0' REQUIRED - REAR SETBACK

OPEN SPACE REQUIREMENT FOR MULTIFAMILY IN MIXED USE DEVELOPMENT:
- 200 SF/UNIT REQUIRED (200 SF PER UNIT X 46 UNITS)
- 9,200 SF OPEN SPACE REQUIRED

COURTYARD
- 40' WIDE FOR EAST/WEST ORIENTATION PER ONSP
- 30' WIDE FOR NORTH/SOUTH ORIENTATION PER ONSP
- AT LEAST 1:1 BETWEEN ITS WIDTH AND HEIGHT
- COURTYARD PROVIDED (EAST/WEST ORIENTATION): 97'-7" E/W X 65'-9" N/S

PARK ONCE - CITY PARKING STRUCTURE
- 348 SPACES PROVIDED

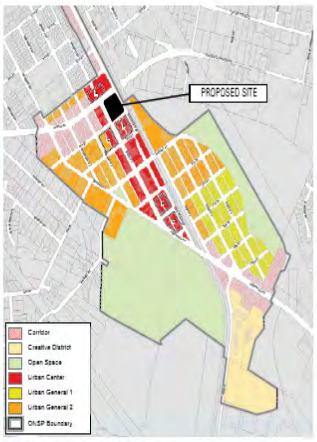
RESIDENTIAL PARKING
- 1.5 SPACES PER UNIT REQUIRED FOR RESIDENTIAL

TRASH ENCLOSURE
- LOCATED FOR EASY ACCESSIBILITY FOR USERS AND TRASH TRUCKS

EMPLOYEE BREAK AREA
- INCLUDE FACILITIES FOR SHADE, SEATING, EATING, TRASH DISPOSAL

DELIVERY SPACE REQUIREMENT
- SPACE FOR 2 DELIVERY VAN SPACES - 12' X 20'

BUS STOP REQUIREMENT
- ON EASTBOUND LYONS AVE, APPROX. 170' FROM MAIN STREET



OLD TOWN NEWHALL SPECIFIC PLAN

SERRANO DEVELOPMENT GROUP

NEWHALL
OLD TOWN MIXED-USE
SANTA CLARITA, CA

Conceptual Design

WHA | urban studio
WILLIAM HEZMALHALCH ARCHITECTS
949.622.5754 | RICK@WHAINC.COM

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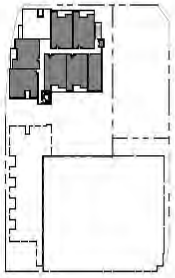
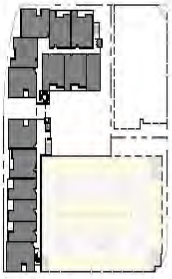
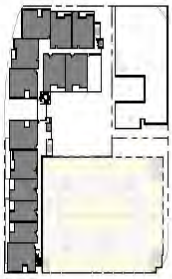


LEVEL 5

LEVEL 4



LEVEL 3



LEVEL 2

BUILDING INFORMATION

- **46 RESIDENTIAL UNITS + 20,613 SF RETAIL + 19,583 SF THEATER**

1 STORY RETAIL + 3 STORIES RESIDENTIAL 2 STORIES THEATER
4 STORIES RESIDENTIAL

- **RESIDENTIAL SUMMARY**

UNIT SUMMARY

TYPE		SQ. FT	#
UNIT A	1 BD/1 BA	800 SF	3
UNIT B	1 BD/1 BA	895 SF	8
UNIT C	2 BD + DEN/2BA	1302 SF	23
UNIT E	3 BD/2 BA	1311 SF	12
			46

UNIT COUNT

	1 BD	2BD + DEN	3BD	TOTAL
LEVEL 2	3	6	4	13
LEVEL 3	4	6	4	14
LEVEL 4	3	6	3	12
LEVEL 5	1	5	1	7
TOTAL	11	23	12	**46**

RESIDENTIAL PARKING

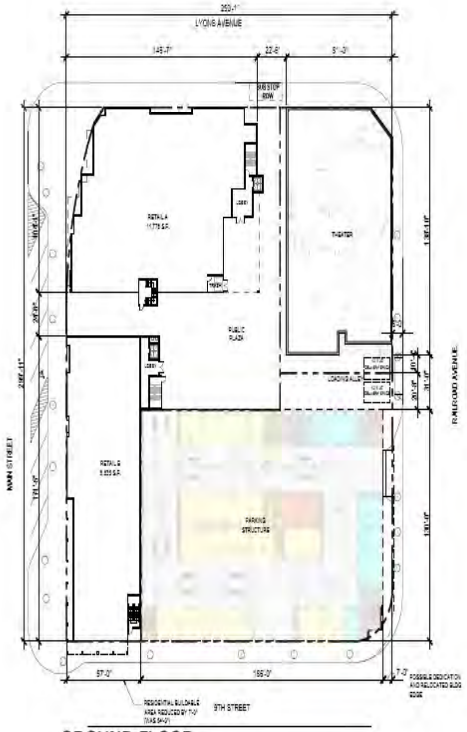
- **85** PARKING SPACES PROVIDED FOR 46 UNITS (1.84 PER UNIT)
- 1.5 SPACES/UNIT REQUIRED

- **RETAIL SUMMARY**

RETAIL SPACE A	11,778 SF
RETAIL SPACE B	8,835 SF
	20,613 SF TOTAL

- **THEATER SUMMARY**

THEATER LEVEL 1	10,378 SF
THEATER LEVEL 2	9,205 SF
	19,583 SF TOTAL



GROUND FLOOR

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SANTA CLARITA, CA

Conceptual Design

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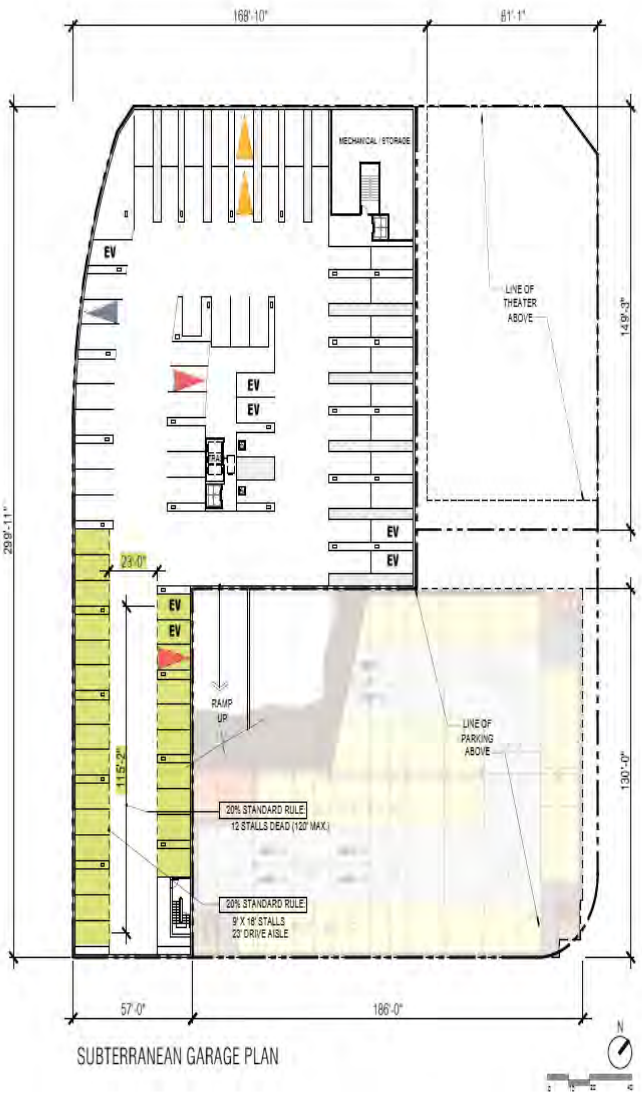
OAK #4839-0050-9992 v8

EXHIBIT B-2



SUBTERRANEAN GARAGE PLAN

PARKING INFORMATION

UC ZONE REQUIREMENTS:
- 85 STALLS PROVIDED (1.85 SPACES / UNIT - 46 UNITS)
- 69 STALLS REQUIRED (1.5 SPACES / UNIT REQUIRED)

PARKING STALLS PROVIDED
- 85 STALLS TOTAL
  - 67 HEAD IN STALLS
  - 2 HANDICAPPED STALLS

SANTA CLARITA MUNICIPAL CODE 17.51.060
PARKING STANDARDS

	PER CODE	20% RULE	PROVIDED
STANDARD STALL SIZE:	9' X 18'	7.2' X 14.4'	9' X 16'
TANDEM STALL SIZE:	12' X 40'	9.6' X 32'	12' X 40'
DRIVE AISLE WIDTH:	26'-0"	20'-10"	23'-0"
RAMP WIDTH:	26'-0"	20'-10"	26'-0"
DEAD END AISLE:	100' MAX	120' MAX	115'-2" MAX
	10 STALLS	12 STALLS	12 STALLS

PARKING ASSIGNMENT KEY

ONE BEDROOM UNITS:	1 STANDARD HEAD-IN
TWO BEDROOM UNITS:	2 TANDEM STALLS or 2 HEAD-IN STALLS
THREE BEDROOM UNITS:	2 HEAD-IN STALLS (1 SUV STALL + 1 SEDAN STALL)

ENCLOSED STORAGE SPACE
- 250 CUBIC FEET PER UNIT REQUIRED
- 11,500 CUBIC FEET REQUIRED

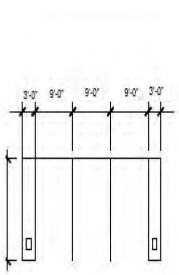
BICYCLE PARKING REQUIREMENT
- 10 BICYCLE SPACES REQUIRED (1 PER EVERY 5 RESIDENCES)

FUEL EFFICIENT VEHICLE PARKING REQUIREMENT
- PER UDC SECTION 17.51.060.K, OVERALL PROJECT SHALL INCLUDE 30 (AT LEAST 8%) FOR FUEL EFFICIENT, LOW-EMITTING, AND CARPOOL/VAN POOL VEHICLES
- **8% OF 85 STALLS = 7 STALLS**
- PROJECT SHALL INCLUDE AT LEAST (4) "LEVEL 2" ELECTRIC VEHICLE CHARGERS (PER UDC SECTION 17.53.020.C) AND MARKED ACCORDINGLY

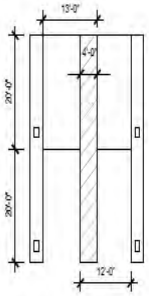
- **EV - FUEL EFFICIENT STALL**

CLEARANCE
- 8'-2" MIN. FOR ACCESSIBLE STALLS

DEAD-END DRIVE AISLE
- DEAD END AISLES NO LONGER THAN 10 PARKING SPACES IN LENGTH (100')



TYPICAL PARKING STALL BAY



TYPICAL TANDEM PARKING STALL BAY

SERRANO DEVELOPMENT GROUP

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LYONS AVENUE

MAIN STREET

9TH STREET

RAILROAD AVENUE

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WILLIAM HEZMALHALCH ARCHITECTS
949.622.9754 | RICK@WHAINC.COM

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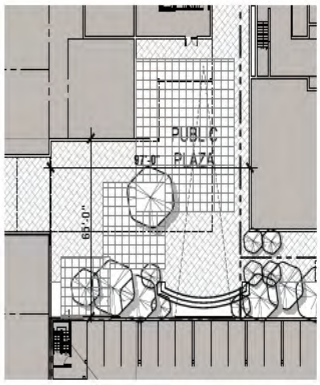

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WILLIAM HEZMALHALCH ARCHITECTS
949.622.5754 | RICKA@WHAINC.COM

MU2

DEC. 9, 2015
2015278.00

EXHIBIT C

RECORDING REQUESTED BY AND AFTER RECORDATION MAIL TO:

Serrano Development Group, Inc.
500 North Brand Boulevard, Suite 2120
Glendale, CA 91203
Attention: Jason Tolleson, Principal

This document is exempt from the payment of a recording fee pursuant to Government Code §§ 6103, 27383

(Space Above This Line for Recorder's Use Only)

GRANT DEED
(With Covenants)

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Successor Agency to the former Redevelopment Agency of the City of Santa Clarita, a public entity ("**Grantor**"), hereby grants to Old Town-Main, LLC, a California limited liability company ("**Grantee**"), the real property (the "**Property**") located in the City of Santa Clarita, County of Los Angeles, California, and more particularly described in Attachment No. 1 attached hereto and incorporated in this grant deed ("**Grant Deed**") by reference.

1. Grantee expressly covenants and agrees for itself, its successors and assigns and all persons claiming under or through it, that as to the Property and any improvements constructed or to be constructed thereon, or any part thereof, or alterations or changes thereto, Grantee and all such successors and assigns and all persons claiming under or through it, shall own, transfer, use, devote, operate and maintain the Property and the improvements thereon, and every part thereof, to the uses specified and in accordance with and subject to the terms of that certain Purchase and Sale Agreement between Grantor and Grantee dated as of _____, 201_ ("**PSA**"), and the agreements and covenants set forth in this Grant Deed. Capitalized terms used but not otherwise defined herein shall have the meanings provided in the PSA.

2. The Grantee covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Grantee itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the

selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Property.

All deeds, leases or contracts made relative to the Property, the improvements thereon or any part thereof, shall contain or be subject to substantially the following nondiscrimination clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

> That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased, nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessess or vendees in the premises herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the land."

The covenants against discrimination contained in this paragraph shall remain in perpetuity.

3. It is intended and agreed that the covenants and agreements set forth in this Grant Deed shall be covenants running with the land and that they shall be, in any event and without regard to technical classification or designation, legal or otherwise,

to the fullest extent permitted by law and equity, (i) binding for the benefit and in favor of Grantor, its successors and assigns, as beneficiary for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate; and (ii) binding against Grantee, its successors and assigns to or of the Property and any improvements thereon or any part thereof or any interest therein, and any party in possession or occupancy of the Property or the improvements thereon or any part thereof. The agreements and covenants herein shall be binding on Grantee itself, each successor in interest or assign, and each party in possession or occupancy, respectively, only for such period as it shall have title to or an interest in or possession or occupancy of the Property or part thereof. The Grantor and such aforementioned parties, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor, its successors and assigns and such aforementioned parties.

4. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed or the PSA shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument encumbering the Property as permitted by the PSA; provided, however, that any successor of Grantee to the Property shall be bound by such covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

5. Grantee hereby grants to Grantor the option to repurchase the Property hereby conveyed by Grantor and all improvements subsequently constructed thereon upon the terms and provisions more fully set forth in Section 5.4 of the PSA, which provisions are incorporated herein by this reference thereto. Anything herein to the contrary notwithstanding, the Grantor's rights and interests under Section 5.4 of the PSA, and the Grantee's obligations under Section 5.4 of the PSA, shall terminate as to the Property upon Final Completion of the Project as provided in the PSA. Upon Final Completion of the Project as provided in the PSA, the Grantor hereby quitclaims all rights and interests in the Property and the Grantor shall have no further right to enforce any rights under Section 5.4 of the PSA with respect to the Property. Accordingly, upon Final Completion of the Project as provided in the PSA, Grantor shall execute, acknowledge and cause to be recorded a Quitclaim Deed-Final Completion, in the form set forth in Exhibit F-1 to the PSA, evidencing the foregoing termination and quitclaim.

6. By its execution of this Grant Deed, Grantee has acknowledged and accepted the provisions hereof.

7. In the event of any express conflict between this Grant Deed and the PSA, then the provisions of this Grant Deed shall control.

8. This Grant Deed may be executed in counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

SIGNATURES ON FOLLOWING PAGE.

GRANTOR:

Successor Agency to the former Redevelopment Agency of the City of Santa Clarita, a public entity

Date: _____, 201_ By: _____

Kenneth W. Striplin, Executive Director

[SIGNATURE MUST BE NOTARIZED]

ATTEST:

_____

_____, Secretary

APPROVED AS TO FORM:

_____

Joseph Montes, General Counsel

GRANTEE:

OLD TOWN-MAIN, LLC, a California limited liability company

Date: _____, 201_ By: _____

Jeffrey W. Paul, Its Manager

ACKNOWLEDGMENTS

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____, 201__ before me, _____, 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)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____, 201__ before me, _____, 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.

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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 NO. 1

LEGAL DESCRIPTION

For APN/Parcel ID(s):

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

EXHIBIT D

SCHEDULE OF PERFORMANCE

NOTE: Capitalized terms used below shall have the meaning ascribed to such terms in the Purchase and Sale Agreement ("**Agreement**") to which this Exhibit D is attached. All of the dates and deadlines described below shall be subject to extension by the Executive Director pursuant to Section 3.1 of the Agreement or "Force Majeure Delays" or "Agreed Extension of Performance" in accordance with Section 6.2 of the Agreement. Additionally, the Outside Date for Closing shall be extended due to an Environmental Force Majeure Delay in accordance with Section 6.2 of the Agreement. The provisions of the Schedule of Performance are intended as a convenient guideline for the Parties and are not intended to supersede or amend the referenced operative sections listed below. To the extent the operative sections of the Agreement require performance "within the times set forth in the Schedule of Performance", then the dates and deadlines set forth in this Schedule of Performance shall control. In the event of any conflict between this Schedule of Performance and the Agreement, the Agreement shall control.

PERFORMANCE ITEM			DATE
I.	**EXECUTION OF PSA**		
	A.	Developer submits Organizational Documents to Successor Agency. [Section 1.2.2(a)]	Prior to execution of Agreement.
	B.	Successor Agency considers Agreement and, if approved, forwards recommendation to the Oversight Board.	Within 14 days of Developer's delivery to the Successor Agency of acceptable Agreement, approved as to form by General Counsel.
	C.	Oversight Board considers approval of Agreement.	Within 30 days of Successor Agency recommendation.
	D.	If approved by Oversight Board, Developer executes Agreement.	Within 7 days of Oversight Board approval.
	E.	If approved by Oversight Board, Successor Agency executes Agreement.	Within 7 days of Oversight Board approval.
II.	**DEVELOPER SITE INSPECTION/DUE DILIGENCE PERIOD**		

PERFORMANCE ITEM			DATE
	A.	Developer and Successor Agency execute right of entry agreement for UST Removal Work. [Section 2.14]	Within 270 days of Date of Agreement.
	B.	Developer commences UST Removal Construction. [Section 2.14]	Within 90 days following approval of Project Approvals.
	C.	Developer completes UST Removal Construction. [Section 2.14]	Within 120 days following commencement of UST Removal Construction.
	D.	Developer completes UST Removal Regulatory Approval. [Section 2.14]	No later than 60 days prior to Outside Date for Close of Escrow.
	E.	Developer completes independent investigation and provides written notice to Successor Agency approving or disapproving Site Condition. [Section 2.14]	Within 15 days after completion of UST Removal Work.
	F.	If Site Condition disapproved, Successor Agency elects to either remedy disapproved Site Condition or do nothing. [Section 2.14]	Within 30 days following Developer's notice disapproving Site Condition.
	G.	If Successor Agency does not elect to remedy disapproved Site Condition, Developer elects to either proceed with purchase of Mixed Use Property and Close of Escrow or terminates Agreement. [Section 2.14]	Within 15 days after expiration of Successor Agency's 30 day period to decide whether to remedy disapproved Site Condition or do nothing.
III.	**FINANCING**		

PERFORMANCE ITEM			DATE
	A.	Developer submits evidence of property acquisition and construction equity and debt financing ("**Sources and Uses**"). [Section 3.7]	(1) 30 calendar days following Date of Agreement (2) 30 calendar days following approval of Project Approvals (3) 30 calendar days following Developer's receipt of a commitment letter from its construction lender (4) no less than 5 calendar days following Developer's receipt of final loan documents
	B.	Successor Agency approves Sources and Uses. [Section 3.7]	Within 30 days of Developer submittal of Sources and Uses based on the milestones listed above.
IV.	**ESCROW / REVIEW OF TITLE**		
	A.	Successor Agency and Developer open Escrow and Developer deposits into Escrow the Developer Deposit. [Sections 2.2 and 2.6]	Within 3 calendar days following the Date of Agreement.
	B.	Successor Agency delivers to Developer a Title Report and all documents underlying the Exceptions set forth in the Title Report for the Mixed Use Property. [Section 2.9]	Within 30 days following the approval of the Certificate of Compliance for the Mixed Use Property.
	C.	Developer approves or disapproves Title Report or Exceptions. [Section 2.9]	Within 30 days following Successor Agency's delivery of Title Report and all Exceptions to Developer.
	D.	Successor Agency removes disapproved Exceptions, provides assurances satisfactory to Developer that they will be removed, or indicates Exceptions will not be removed. [Section 2.9]	Within 30 days following Successor Agency's receipt of Developer's notice of disapproval.

PERFORMANCE ITEM			DATE
	E.	Developer notifies Successor Agency of acceptance of Exceptions or intention to terminate Agreement. [Section 2.9]	Within 15 days following Successor Agency's notification that Exceptions will not be removed.
V.	**CONDITIONS PRECEDENT TO CLOSING**		
	A.	Oversight Board approves Agreement. [Section 2.3]	Prior to Outside Date for Closing.
	B.	Successor Agency and Developer shall have executed, acknowledged and delivered into Escrow the Grant Deed and Assignment and Assumption Agreement, and all other documents required pursuant to Sections 2.8.1 and 2.8.2. [Sections 2.4.2 and 2.5.2]	Prior to Outside Date for Closing.
	C.	Developer and City shall have executed, acknowledged and delivered into Escrow a document conveying the Ramp Easement. [Sections 2.4.12 and 2.5.3]	Prior to Outside Date for Closing.
	D.	Developer shall have delivered the Purchase Price, less the Developer Deposit, and all other closing costs to Escrow. [Section 2.4.3]	Prior to Outside Date for Closing.
	E.	Successor Agency shall have approved Developer's Sources and Uses pursuant to Section 3.7 [Section 2.4.4]; Developer shall have secured and provided evidence of ready and available funds [Sections 2.4.5 and 2.5.7]; and Developer's construction loan shall have closed or be ready to close [Sections 2.4.6 and 2.5.7].	Prior to Outside Date for Closing.
	F.	Developer shall have secured the Project Approvals, which shall be final and non-appealable and approved by Developer [Sections 2.4.8 and 2.5.4], and all demolition, grading and building permits shall be ready to be issued by City [Sections 2.4.7 and 2.5.5].	Prior to Outside Date for Closing.

PERFORMANCE ITEM			DATE
	G.	Developer shall have accepted or waived all disapproved Exceptions and approved the Condition of Title pursuant to Section 2.9. [Section 2.5.6]	Prior to Outside Date for Closing.
	H.	Developer shall have completed the UST Removal Work and accepted or waived the Site Condition pursuant to Section 2.14. [Sections 2.4.11 and 2.5.11]	Prior to Outside Date for Closing.
	I.	Developer shall have provided to Successor Agency the insurance policies required by Section 3.8. [Section 2.4.9]	Prior to Outside Date for Closing.
	J.	Neither Developer nor Successor Agency shall be in default under the Agreement. [Sections 2.4.1 and 2.5.1]	Prior to Outside Date for Closing.
	K.	There shall be an absence of any pending governmental, administrative or legal proceeding which would materially and adversely affect Developer's intended uses of the Mixed Use Property, development of the Project, or value of the Mixed Use Property. [Section 2.5.8]	Prior to Outside Date for Closing.
	L.	There shall have been no material adverse change to the physical, environmental or title condition of the Mixed Use Property. [Section 2.5.9]	Prior to Outside Date for Closing.
	M.	Successor Agency shall have demonstrated to Developer the ability to deliver fee title to Mixed Use Property free of any parties in possession. [Section 2.5.10]	Prior to Outside Date for Closing.
	N.	Close of Escrow for conveyance of Mixed Use Property from Successor Agency to Developer. [Section 2.7]	Within 30 days after the satisfaction or waiver by the appropriate party, of the Joint Condition Precedent, Successor Agency Conditions Precedent and Developer Conditions Precedent.

PERFORMANCE ITEM			DATE
	O.	Outside Date for Closing. [Section 2.7]	March 31, 2018.
VI.	**ENTITLEMENT PROCESS**		
	Land Use Approvals/Design Review		
	A.	Developer submits administrative draft Design Review packet to City. [Section 3.3]	Within 300 days of the Date of Agreement.
	B.	City provides comments to Developer on administrative draft Design Review packet (DRC).	Within 30 days following City's receipt of administrative draft Design Review packet.
	C.	Developer submits Final Design Review packet to City.	Within 30 days following receipt of City comments on administrative draft Design Review packet.
	D.	City determines if Final Design Review packet is complete.	Within 21 days following City's receipt of Final Design Review packet.
	F.	City publishes Public Noticing for Planning Commission Meeting.	21 days prior to the next available Planning Commission meeting date following City's determination that Final Design Review packet is complete. The Planning Commission meets once a month and does not meet in August.
	G	Planning Commission meets, considers and takes action on Final Design Review application.	Within 30 days of the date of the publication of the public hearing notice.
	Subdivision		
	A.	Developer submits Tentative Tract Map for approval.	Concurrent with the Land Use Approvals/Design Review application submittal.
	B.	City considers Tentative Tract Map.	Within 90 days following submission by Developer.

PERFORMANCE ITEM			DATE
	C.	Planning Commission Review.	Concurrent with land use approvals/design review.
	D	Developer submits Final Tract Map for approval.	No later than Substantial Completion of the Project.
	E.	City considers Final Tract Map.	Within 30 days following submission by Developer.
	Certificate of Compliance		
	A.	Developer prepares plat map and legal description of property.	Concurrent with land use approval/design review.
	B.	City considers Certificate of Compliance.	Concurrent with land use approval/design review.
	Grading/Earthwork		
	A.	Developer submits application and plans for grading/earthwork permits. [Section 2.4.7, 3.1 and 3.4]	Within 90 days following approval of Land Use Entitlement/Design Review.
	B.	City plan checks grading/earthwork plans and submits correction comments to Developer.	Within 45 days following Developer submission of grading application and plans for grading permits.
	C.	Developer corrects grading/earthwork plans and resubmits for approval.	Within 30 days following City submission of plan check corrections.
	D.	City rechecks grading/earthwork plans and issues permit or identifies corrections necessary to obtain a permit.	Within 45 days following Developer submission of corrected grading plans.
	E.	If permit is not issued, Developer makes corrections necessary for grading/earthwork plan approval and resubmits for permit.	Within 14 days following City's identification of corrections necessary to obtain a permit.

PERFORMANCE ITEM			DATE
	F.	City issues grading/earthwork permit or Successor Agency issues notice of default to Developer.	Within 30 days following Developer submission of corrected grading plans or Close of Escrow, whichever is later.
	Construction Permits		
	A.	Developer shall submit application and plan submissions for all building permits ("Plan Submission"). [Section 2.4.8, 3.1 and 3.4]	Within 120 days following approval of Land Use Approvals/Design Review.
	B.	City plan checks building plans of Plan Submission and submits correction comments to Developer.	Within 45 days of receipt of Plan Submission.
	C.	Developer makes all building plan corrections and resubmits for comment.	Within 45 days following receipt of City's plan check corrections.
	D.	City rechecks building plans and submits correction comments to Developer.	Within 30 days following receipt of Developer's resubmission.
	E.	Developer makes all building plan corrections necessary for building plan approval and resubmits for permit.	Within 30 days following receipt of City's plan check corrections.
	F.	City issues building permit or identifies all outstanding correction items necessary to obtain a building permit.	Within 15 days following receipt of Developer's resubmission.
	G.	Developer makes all building plan corrections necessary to obtain building plan approval and resubmits for permit.	Within 15 days following receipt of City's plan check corrections.
	H.	City issues building permit or Successor Agency issues notice of default to Developer.	Within 15 days following receipt of Developer's resubmission, or Close of Escrow, whichever is later.
X.	**CONSTRUCTION**		

PERFORMANCE ITEM			DATE
	A.	Developer commences grading/earthwork.	Within 30 days following Close of Escrow.
	B.	Developer commences construction of the Project. [Sections 3.1 and 3.5]	Within 45 days following the later of issuance of building permits or completion of grading/earthwork.
	C.	Developer completes Project construction (excludes tenant improvements for the retail/restaurant/commercial components).	Within 20 months following commencement of construction.
	Recordation of Quitclaim Deed		
	A.	City shall record Quitclaim Deed. [Sections 3.1 and 5.4]	Within 30 calendar days following Final Completion of the Project.

EXHIBIT E

ASSIGNMENT AND ASSUMPTION AGREEMENT

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO: City of Santa Clarita 23920 Valencia Boulevard, Suite 300 Santa Clarita, CA 91355 Attention: City Manager	

This document is exempt from the payment of a recording fee pursuant to Government Code §§ 6103, 27383

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Agreement") is entered into as of the ____ day of _____, 201_, by and among the Successor Agency to the former Redevelopment Agency of the City of Santa Clarita, a public entity ("Assignor"), the City of Santa Clarita, a California municipal corporation ("Assignee"), and Old Town-Main, LLC, a California limited liability company ("Developer").

R E C I T A L S

A. Assignor, acting to carry out its obligations under the Community Redevelopment Dissolution Law of the State of California (Health and Safety Code *§§* 34161 *et seq.*), and the terms of the Long Range Property Management Plan ("**LRPMP**") prepared by the Assignor dated December 17, 2013, and approved by the Oversight Board to the Successor Agency of the Redevelopment Agency of the City of Santa Clarita ("**Oversight Board**"), on December 17, 2013, pursuant to Resolution No. 13-06, and the State of California, Department of Finance ("**Department**"), by letter dated June 27, 2014, Assignor has entered into that certain Purchase and Sale Agreement dated _____, 2016, with Developer ("**PSA**") with respect to the Site.

B. The PSA provides, among other things, for (1) Assignor's sale of the Site to Developer at fair market value, and (2) Developer's redevelopment of the Site with a mixed use development encompassing three to four stories of residential units above approximately 20,000 square feet of ground floor retail and restaurant use, with approximately 85 subterranean residential parking spaces beneath the ground floor retail/restaurant space ("**Project**").

C. Developer is the fee owner of the real property subject to the PSA more particularly described in Exhibit 1 attached hereto and incorporated herein ("**Site**"), pursuant to the terms of that certain Grant Deed dated _____, 201_, between Assignor, as Grantor, and Developer, as Grantee, recorded in the Official Records of Los

Angeles County on _____, 201_, as Instrument No. _____ ("**Deed**").

D. As more particularly set forth in the Deed, Assignor retained the option to repurchase, reenter and repossess the Site in the event (i) Developer failed to timely commence construction of the Project improvements on the Site, (ii) once construction has been commenced, Developer abandoned or substantially suspended construction of the Project improvements on the Site, or (iii) Developer, without the prior written consent of Assignor, transferred the Site prior to issuance of a Certificate of Occupancy by City as defined in the PSA.

E. Assignor desires to assign to Assignee and Assignee desires to assume all rights and obligations of Assignor under the Deed. Upon execution of this Agreement and transfer to Assignee, Assignor desires to be released from any and all obligations under the Deed.

A G R E E M E N T

NOW, THEREFORE, Assignor, Assignee and Developer hereby agree as follows:

1. Assignment by Assignor. Assignor hereby assigns, transfers and grants to Assignee, and its successors and assigns, all of Assignor's rights, title and interest and obligations, duties, responsibilities, conditions and restrictions under the Deed whether accruing on or after the Effective Date (defined in Section 16 below) (collectively, "Rights and Obligations").

2. Acceptance and Assumption by Assignee. Assignee, for itself and its successors and assigns, hereby accepts such assignment and assumes all such Rights and Obligations. Assignee agrees, expressly for the benefit of Developer, to comply with, perform and execute all of the covenants and obligations of Assignee arising from or under the Deed.

3. Release of Assignor. Assignee and Developer hereby fully release Assignor from all Rights and Obligations. Assignor, Assignee and Developer hereby acknowledge that this Agreement is intended to fully assign all of Assignor's Rights and Obligations to Assignee, and it is expressly understood that Assignor shall not retain any Rights and Obligations whatsoever.

4. Substitution of Assignor. Assignee hereafter shall be substituted for and replace Assignor in the Deed. Whenever the term "Grantor" appears in the Deed it shall hereafter mean Assignee.

5. Assignor and Assignee Agreements and Waivers.

a. Assignee represents and warrants to Developer as follows:

i. Authority. Assignee is a California municipal corporation, duly organized under the laws of the State of California. Assignee has full right, power and

lawful authority to perform its obligations hereunder and the execution, performance and delivery of this Agreement by Assignee has been fully authorized by all requisite actions.

ii. No Conflict. Assignee's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Assignee is a party or by which it is bound.

iii. No Assignee Bankruptcy. Assignee is not the subject of any voluntary or involuntary bankruptcy proceeding, and there has been no general assignment or general arrangement for the benefit of any of Assignee's creditors, and no trustee or receiver has been appointed to take possession of substantially all of the assets of Assignee.

iv. Litigation. To the best of Assignee's knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings affecting the Site or any portion thereof, at law or in equity before any court or governmental agency, domestic or foreign.

v. No Assignee Member Financial Interest. No member, official or employee of Assignee has any personal interest, direct or indirect, in this Agreement, the Site, the improvements thereon, or in any other development project or business venture involving Developer.

b. Developer hereby acknowledges and agrees that Assignor and Assignee have not made, and will not make, any representation or warranty that the assignment and assumption of the Deed provided for hereunder will have any particular tax implications for Developer.

c. Assignor and Developer acknowledge and agree that the Rights and Obligations have been fully assigned to Assignee by this Agreement and, accordingly, that Assignee shall have the exclusive right to assert any claims against Developer with respect to such Rights and Obligations. Accordingly, without limiting any claims of Assignee under the Deed, Assignor hereby waives and releases any and all claims or potential claims by Assignor against Developer to the extent arising directly or indirectly out of the Deed.

6. Release of Rights and Obligations. Anything herein to the contrary notwithstanding, the Assignee's rights and interests under Section 5.4 of the PSA and the Deed, and the Developer's obligations under Section 5.4 of the PSA and the Deed, shall terminate as to the Site upon Final Completion of the Project as provided in the PSA. Upon Final Completion of the Project as provided in the PSA, the Assignee hereby quitclaims all rights and interests in the Site and the Assignee shall have no further right to enforce any rights under Section 5.4 of the PSA and the Deed with respect to the Site. Accordingly, upon Final Completion of the Project as provided in the PSA, Assignee shall execute, acknowledge and cause to be recorded a Quitclaim Deed-Final Completion, in the form set forth in Exhibit F-1 to the PSA, evidencing the foregoing termination and quitclaim.

7. PSA, Deed, in Full Force and Effect. Except as specifically provided herein with respect to the assignment, all the terms, covenants, conditions and provisions of the PSA and the Deed are hereby ratified and shall remain in full force and effect.

8. Recording. Assignor shall cause this Agreement to be recorded in the Official Records of Los Angeles County, California, and shall promptly provide conformed copies of the recorded Agreement to Assignee and Developer.

9. Successors and Assigns. Subject to the restrictions on transfer set forth in the Deed, all of the terms, covenants, conditions and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

10. Assignee Address for Notices.

The address of Assignee for the purpose of notices, demands and communications shall be:

City of Santa Clarita
23920 Valencia Boulevard, Suite 300
Santa Clarita, CA 91355

Attention: Kenneth W. Striplin, City Manager

With a copy to: City of Santa Clarita
23920 Valencia Boulevard, Suite 300
Santa Clarita, CA 91355

Attention: Joseph Montes, City Attorney

11. Applicable Law/Venue. This Agreement shall be construed and enforced in accordance with the laws of the State of California, without reference to choice of law provisions. Any legal actions under this Agreement shall be brought only in the Superior Court of the County of Los Angeles, State of California.

12. Interpretation. All parties have been represented by counsel in the preparation and negotiation of this Agreement and this Agreement shall be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. Unless the context clearly requires otherwise: (a) the plural and singular numbers shall each be deemed to include the other; (b) the masculine, feminine, and neuter genders shall each be deemed to include the others; (c) "shall," "will," or "agrees" are mandatory, and "may" is permissive; (d) "or" is not exclusive; and (e) "includes" and "including" are not limiting.

13. Headings. Section headings in this Agreement are for convenience only and are not intended to be used in interpreting or construing the terms, covenants or conditions of this Agreement.

14. Severability. Except as otherwise provided herein, if any provision(s) of this Agreement is (are) held invalid, the remainder of this Agreement shall not be affected, except as necessarily required by the invalid provisions, and shall remain in full force and effect unless amended or modified by mutual consent of the parties.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute an original, but all of which, when taken together, shall constitute one and the same instrument, with the same effect as if all of the parties to this Agreement had executed the same counterpart.

16. Effective Date. The Effective Date of this Agreement shall be the date upon which it is recorded in the Official Records of the Los Angeles County Recorder ("Effective Date").

IN WITNESS WHEREOF, Assignor, Assignee and Developer have entered into this Agreement as of the date first above written.

[*Signatures follow on separate pages*]

ASSIGNOR:

Successor Agency to the former Redevelopment Agency of the City of Santa Clarita, a public entity

Date: _____, 201_

By: _____

Kenneth W. Striplin, Executive Director

[SIGNATURE MUST BE NOTARIZED]

ATTEST:

_____

_____, Secretary

APPROVED AS TO FORM:

_____

Joseph Montes, General Counsel

ASSIGNEE:

City of Santa Clarita, a California municipal corporation

Date:_____, 201_

By: _____

Kenneth W. Striplin, City Manager

[SIGNATURE MUST BE NOTARIZED]

ATTEST:

_____, City Clerk

APPROVED AS TO FORM:

Joseph Montes, City Attorney

DEVELOPER:

OLD TOWN-MAIN, LLC, a California limited liability company

Date:_____, 201_

By:

Jeffrey W. Paul, Its Manager

[SIGNATURES MUST BE NOTARIZED]

Exhibit 1

Site Legal Description

For APN/Parcel ID(s):

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

EXHIBIT F-1

Recording requested by, and when recorded return to:

Serrano Development Group, Inc.
500 North Brand Boulevard, Suite 2120
Glendale, CA 91203
Attention: Jason Tolleson

EXEMPT FROM RECORDING FEES PER GOVERNMENT CODE §§6103, 27383

Space Above This Line For Recorder's Use

QUITCLAIM DEED

(Final Completion)

For good and valuable consideration, the receipt of which is hereby acknowledged, the City of Santa Clarita, a municipal corporation ("**Grantor**"), successor by assignment to the Successor Agency to the former Redevelopment Agency of the City of Santa Clarita, a public entity ("**Successor Agency**"), pursuant to the terms of that certain Assignment and Assumption Agreement between Grantor and Successor Agency dated _____, 201_, and recorded _____, 201_, as Instrument No. _____, Official Records of County of Los Angeles, California, hereby quitclaims to Old Town-Main, LLC, a California limited liability company ("**Grantee**"), all of Grantor's right, title, and interest in and to the real property located in the City of Santa Clarita, County of Los Angeles, California, and more particularly described in Attachment No. 1 attached hereto and incorporated in this Quitclaim Deed by reference ("**Property**"). This Quitclaim Deed is being recorded to extinguish and terminate that certain option to repurchase the Property in favor of the Grantor, as set forth in the Grant Deed dated _____, 201_, and recorded _____, 201_, as Instrument No. _____, Official Records of County of Los Angeles.

GRANTOR:

CITY OF SANTA CLARITA, a municipal corporation

Date:_____, 201_ By: _____

Kenneth W. Striplin, City Manager

[SIGNATURE MUST BE NOTARIZED]

ATTEST:

_____

_____, City Clerk

APPROVED AS TO FORM:

_____

Joseph Montes, City Attorney

Attachment No. 1

PROPERTY

For APN/Parcel ID(s):

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of _____)

On _____, before me,_____,
(Name of Notary)

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

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

WITNESS my hand and official seal.

_____
(Notary Signature)

EXHIBIT F-2

Recording requested by, and when recorded return to:

Serrano Development Group, Inc.
500 North Brand Boulevard, Suite 2120
Glendale, CA 91203
Attention: Jason Tolleson

EXEMPT FROM RECORDING FEES PER GOVERNMENT CODE §§6103, 27383

Space Above This Line For Recorder's Use

QUITCLAIM DEED

(Close of Escrow)

For good and valuable consideration, the receipt of which is hereby acknowledged, the City of Santa Clarita, a California municipal corporation ("**Grantor**"), hereby quitclaims to Old Town-Main, LLC, a California limited liability company ("**Grantee**"), all of Grantor's right, title, and interest in and to the real property located in the City of Santa Clarita, County of Los Angeles, California, and more particularly described in Attachment No. 1 attached hereto and incorporated in this Quitclaim Deed by reference ("**Property**"). This Quitclaim Deed is being recorded to extinguish and terminate all beneficial interest in the Property in favor of the Grantor, inclusive of any interest held by Grantor in its capacity as successor to the housing assets and functions previously performed by the former Redevelopment Agency to the City of Santa Clarita, pursuant to Health and Safety Code §34176.

GRANTOR:

CITY OF SANTA CLARITA, a municipal corporation

Date:_____, 201_

By:

_____
Kenneth W. Striplin, City Manager

[SIGNATURE MUST BE NOTARIZED]

ATTEST:

_____, City Clerk

APPROVED AS TO FORM:

Joseph Montes, City Attorney

Attachment No. 1

PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of _____)

On _____, before me,_____,
(Name of Notary)

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

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

WITNESS my hand and official seal.

_____
(Notary Signature)

EXHIBIT G

UST REMOVAL WORK

ATKINS
ENVIRONMENTAL
HELP, INC.

December 2, 2015

Via e-mail: **tlane@serranodevelopment.com**

Ms. Tai Lane
Old Town-Main, LLC
% Serrano Development Group, Inc.
500 N. Brand Blvd., Suite 2120
Glendale, CA 91203

SUBJECT: **Proposal for Turnkey Site Clearance Project at the Old Town Newhall City Block, Including Removal of the Following:**

- **Three (3) Underground Storage Tanks (USTs),**
- **One (1) Concrete-Filled Clarifier,**
- **One (1) Vehicle Hoist,**
- **One (1) Vehicle Wash Sump, and**
- **One (1) Vehicle Frame Straightener. Plus**
- **Approximately 250 square feet of Vinyl Asbestos Floor Tile under a SCAQMD Approved Procedure 5 Workplan**

Dear Ms. Lane:

Atkins Environmental HELP, Inc. (***AEH***) is pleased to present this turnkey proposal including Scope of Work and Estimated Investment for removal of the above listed vehicle maintenance / repair related structures with associated piping located at the subject site. This work which can be termed "Turnkey Site Clearance", will be performed for ***Old Town-Main, LLC*** (***Client***), a division of Serrano Development Group which is in negotiations with the City of Santa Clarita for purchase of this property. This project is part of site preparation for redevelopment.

Background and Qualifications

Atkins Environmental HELP, Inc. is a full-service environmental consulting firm founded in 1987 to assist California businesses in managing their increasingly complex environmental compliance requirements. ***AEH*** is highly successful in providing expert, cost-effective compliance management to clients, including site preparation including underground storage tank removal / disposal. For such projects, ***AEH*** performs in accordance with the requirements established by State of California regulations (Article 7), local fire departments (CUPA), and the County of Los Angeles Department of Public Works. ***AEH*** carries workman's compensation, professional & general liability insurance policies and requires proper coverage on the part of its subcontractors. ***AEH*** will also comply with OSHA regulations and your safety requirements.

A real estate transaction is contemplated for the subject property; a set of parcels which contain at least three (3) abandoned USTs, one (1) concrete-filled clarifier, one (1) subterranean vehicle hoist, one (1) subterranean "hoist type" frame straightener (with two 14" diameter hydraulic canisters buried vertically), ~250 sq. ft. of asbestos floor tile, and one (1) vehicle wash sump; all presumed to have associated piping. In order to obtain financing the prospective owners wish to have these items, plus associated piping, removed prior to sale or redevelopment.

P.O. Box 222320 . Santa Clarita . CA 91322-2320
661.260.2260 • 800.750.0622 • Fax 661.253.3555 • www.atkinsenvironmental.com

Scope Of Work – Subsurface Structures

Atkins Environmental HELP, Inc. proposes the following Scope of Work and will furnish all labor, equipment, materials, payments for permitting / tank registration and supervision required to perform the proposed work.

TASK 1 - Obtain all necessary permits from the County of Los Angeles Department of Public Works (LADPW) and contact Underground Service Alert at least three days prior to the excavation activities as required.

TASK 2 - It is presumed the tanks are not registered currently with the state, so tank registration is included. Tank registration fees will be the responsibility of ***AEH***. Tank registration requires:

1) Application through the Los Angeles County Department of Public Works (LADPW) for state UST registration, followed by,

2) Document each tank has a Hazardous Material Underground Storage Permit (HMUSP), or prepare and submit an application to enable the permitting of each tank (with the LADPW).

3) Once each UST is registered with the State and has a valid HMUSP, a permit for tank closure can be submitted and approved by the LADPW.

TASK 3 - Coordinate and oversee the break-out and removal of existing paving / soil as required to expose the crown (top) of each tank and the related subsurface structures identified above. This task includes provision and coordination of all required fencing or barricades for traffic control within the open parking lot area (if required).

The UST work will be accomplished according to each LADPW permit, but at minimum will include:

UST #1 (Estimated UST volume of 500 gallons)

a) Saw-cut, break-out and disposal of approx. 100 sq./ft. of existing asphalt,
b) Expose top of tank and determine contents / accommodate cleaning,
c) Excavate around vault / UST,
d) Degas UST if needed following SCAQMD procedures and permitted equipment,
e) Cold chisel a minimum of one inspection / cleaning port in top of tank,
f) Evacuate tank contents by triple rinsing to vacuum truck,
g) Coordinate Marine Chemist or CIH to certify tank as “clean”,
h) “Safe” tank if required, then extract UST and place on recycling truck or trailer,
i) Coordinate proper disposal or recycling of the clean UST,
j) Remove approximately 30 sq. ft. of asphalt and associated UST piping,
k) Extract soil samples under UST and piping as required by LADPW permit,
l) Back-fill voids with ¾” crushed rock,
m) Cold patch will be used to repave excavation and return parking capability,
n) Where concrete replacement is called for use 2 sack slurry.

UST #2 (Estimated UST volume of 500 gallons)

a) Saw-cut, break-out and disposal of approx. 70 sq./ft. of existing concrete, Concrete estimated at 8" thick,
b) Expose 2 hydraulic hoist cylinders + plumbing line to nearby reservoir tank,
c) Expose top of estimated 500 gallon hydraulic fluid UST / reservoir (presumed contents),
d) Evacuate tank contents by triple rinsing to vacuum truck,
e) Cold chisel a minimum of one inspection / cleaning port in top of tank,
f) Coordinate Marine Chemist or CIH to certify tank as "clean",
g) "Safe" tank if required, then extract UST and place on recycling truck or trailer,
h) Remove approximately 30 sq. ft. of concrete and remove associated piping,
i) Extract soil samples under UST and piping as required by LADPW permit,
j) Steel will go to certified recycling facility,
k) Break-out and remove existing and associated garage floor catch basin,
l) Back-fill with ¾" crushed aggregate.

UST #3 (Estimated UST volume of 1,500 gallons)

a) Saw-cut, break-out and dispose of approximately 160 sq. ft. of existing asphalt,
b) Expose top of tank and determine contents / accommodate cleaning,
c) Excavate around this presumed gasoline UST,
d) Degas UST if needed following SCAQMD procedures and permitted equipment,
e) Cold chisel a minimum of one inspection / cleaning port in top of tank,
f) Evacuate tank contents by triple rinsing to vacuum truck,
g) Coordinate Marine Chemist or CIH to certify tank as "clean",
h) "Safe" tank if required, then extract UST and place on recycling truck or trailer,
i) Remove approximately 30 sq. ft. of paving and associated UST piping,
j) Remove vent and fill lines,
k) Extract soil samples under UST and piping as required by LADPW permit,
l) Coordinate labor to assist tank cleaning / pumping,
m) Back-fill with ¾" crushed aggregate, approximately 8 tons.

Clarifier

a) Saw-cut, break-out and dispose of approximately 140 sq./ft. of existing concrete,
b) Existing slab estimated to be 6" thick,
c) Excavate around clarifier,
d) Break-up concrete-filled clarifier and dispose to recycling facility,
e) Remove associated sample box (if applicable),
f) Back-fill with ¾" crushed aggregate,
g) Bring to near grade and patch to existing grade using a 2 sack concrete mix,

Vehicle Frame Straightener and Vehicle Wash Sump

a) Saw-cut, break-out and dispose of 3 concrete areas:
b) First an area of 60 sq. ft. for the Frame Straightener,
c) Second an area ~10 ft. x 2 ft. as a trench to remove one hydraulic line,
d) Third a 4 ft. x 4 ft. area associated with the vehicle wash sump,
e) Excavate around these vehicle related subsurface features,
f) Evacuate canister contents,
g) Extract soil samples under each feature and piping if required (by LADPW permit),
h) Coordinate labor to assist with canister cleaning / pumping, recycling,
i) Back-fill with ¾" crushed aggregate.

TASK 4 - Final triple-rinsing of each tank and proper disposal of the rinsate (as required) at an approved disposal site will be performed.

TASK 5 - ***AEH*** will arrange and pay any applicable fees associated with securing an active State of California EPA Identification Number. If an EPA number has not been assigned, a temporary number will be obtained through the California Environmental Protection Agency - Department of Toxic Substances Control (DTSC).

TASK 6 - Based on the contents of each UST, determine if any action is needed to satisfy the South Coast Air Quality Management District, complete and submit required notification forms and proceed documenting compliance with the applicable regulations (i.e., tank degassing if gasoline).

TASK 7 - Coordinate tank inspection by a Marine Chemist, Certified Industrial Hygienist (CIH), or Certified Hazardous Materials Manager (CHMM) to certify each tank as "clean", prior to appropriate disposal, as required.

TASK 8 - Remove and dispose of each certified clean tank under the direction of the Los Angeles County Fire Department (CUPA) Fire Prevention Bureau per the Fire Code and requirements of a LADPW tank closure permit. Remove and dispose of the vehicle hoist and related piping / subsurface hydraulic canisters associated with the vehicle hoist, and frame straightener, plus associated piping.

TASK 9 - Take up to two soil samples under each tank and one every 20 linear feet of piping. Sample as required by the permit issued through the Los Angeles County Department of Public Works and submit samples for testing to a State-certified laboratory. Up to 13 samples total are anticipated under the USTs, clarifier, hoist, frame straightener and vehicle wash sump, plus every 20' of associated piping. **Results will be based on standard turn-around time available in 5-10 working days. Additional samples and tests may be required by the inspector on-site**.

TASK 10 - Remove up to three (3) idle subterranean features related to vehicle maintenance / repair (i.e., hoist, frame straightener, vehicle wash sump etc.). Samples of soil below each subsurface feature will be extracted and analyzed, if required.

TASK 11 - Prepare and present draft site mitigation workplan(s) to the client for approval and subsequent submittal / approval by the LADPW. Implement up to three approved workplans with the intent to complete site mitigation by soil removal at up to three UST sites on the target property. Monitor and report progress of site mitigation efforts at each UST site and coordinate sidewall / bottom confirmation soil sampling as required by the LADPW. Once removal of impacted soil has been to the satisfaction of the LADPW, prepare closure reports as outlined in Task 13 below.

TASK 12 - Clean fill, crushed rock or aggregate will be made available for the purpose of backfilling to grade.

As part of this excavation backfilling process, ***AEH*** recommends ***Old Town-Main, LLC*** consider installing a series of ramps or transitions using this same material. The intent would be to eliminate the current uneven surfaces (trip hazards) which abound at this site, at least until the formal project excavation commences. The City of Santa Clarita has completed a limited number of these transitions; the remainder represent significant risk to the current and prospective owner. Work needed to implement these accident and injury prevention measures can be viewed as a natural extension of this backfill acquisition and placement task. The small investment needed can be agreed to prior to this work being performed.

TASK 13 - Preparation of a closure report for each UST system according to the Los Angeles County Department of Public Works guidelines, is part of this proposal. One electronic (PDF) copy will be provided to the ***Client*** as a final draft, and approval received prior to this report being forwarded to the LADPW.

TASK 14 - ***AEH*** will coordinate and pay for the review, approval, signature, and stamp of this closure report by a California Registered Professional Engineer or Geologist (as required).

TASK 15 - Once directed by the ***Client***, submit the Final Closure Report(s) to Los Angeles County Department of Public Works with a request for a no further action (NFA) letter, if appropriate. The intent will be to secure a NFA letter for the entire city block, as opposed to a NFA for each UST involved.

Estimated Timeline: The timeline needed to accomplish the above 15 tasks is outlined below.

Permitting	Fieldwork	Report Preparation
10 working days	3-5 working days	Within 30 days of end of fieldwork

Scope of Work – Site Mitigation

It is difficult to gauge the extent of site mitigation needed (if any) until certain site features are removed and disposed with the intent of clearing the site, enabling further investigation. UST #1 (the northern most underground tank) at this site is confirmed to have leaked at some time in the past as gasoline and diesel range organics above regulatory screening levels were identified in samples taken near / under this UST to a depth of 20' below ground surface. *This scope of work and cost estimate is based on a probable worst case scenario stipulated for decision making purpose only. Depending on actual condition of the site the scope and cost may increase / decrease from what is outlined in this proposal.* The table below lists the level of effort and estimated timeline for each of these known underground storage tank systems.

The site mitigation work is based on an excavation measuring 15 feet long by 15 feet wide and 30 feet in depth. The top ten feet of overburden is presumed to not be impacted, leaving only about 167 cubic yards to be extracted (this has been rounded up to 170 cubic yards for the purpose of this proposal, which includes excavation - and shoring if needed).

Tank	Description	Level of Effort	Estimated Timeline
UST #1	Sampling associated with a separate limited site assessment performed in 2007 on the same property indicated limited site mitigation will be needed; fuel impacted soil around and below this UST will need to be removed. The sampling and analysis performed in 2007 cannot be considered conclusive as soil samples extracted every five feet down to 40' bgs in certain borings were found to be free of contaminants or well below regulatory soil screening levels. In other borings within ten feet laterally, samples to 20' bgs were determined to be well above the soil screening levels for gasoline and diesel. The same is true for benzene, toluene, ethylbenzene and xylenes (fuel constituents). For this reason estimating the volume of impacted soil at depth can only be considered a best guess. In 2007, the amount of soil estimated for removal was 20 cubic yards. The actual volume may be two to ten times this amount. For the purposes of estimating the volume of soil to be extracted to accomplish an adequate (LADPW approvable) site mitigation impacted soil dimensions of 15' wide by 15' long by 30' deep was used as a model for pricing (up to 170 cubic yard). There are two methods to extract such impacted soil which are considered cost effective generally. The first and most likely is to "lay back" the excavation, exposing the impacted soil by ramping down to it, staging the clean soil on site for reuse in backfilling the excavation. The second method is to use a temporary box shoring system, which enables extraction of impacted soil almost surgically while holding back the adjacent formation if sidewall stability is of concern. This pricing includes both these extraction methods if needed.	This assumes 170 cubic yards, under 10' of clean overburden, as a volume of impacted soil subject to removal using either the lay back and / or temporary shoring method as described. This site mitigation can be accomplished for an estimated $87,528. This estimate covers waste characterization, profiling, excavation, loading, confirmation sampling (to document a complete site mitigation has been performed), manifesting and hauling by a licensed trucking firm to a permitted treatment, storage & disposal facility.	Permitting / Site Mitigation Workplan Development & Acceptance: 10 working days Fieldwork: 3-5 work days Final Closure Report Preparation: Within 30 days of end of fieldwork
UST #2	This UST is believed to be a vehicle hydraulic lift reservoir. Hydraulic fluid is so prevalent in commerce, and of such low hazard the LA County CUPA and DPW do not regulate it. The US Dept. of Transportation does not consider it a hazardous substance for the purpose of labeling / placarding. The Cal EPA Department of Toxic Substances Control (DTSC) defers to the LA County CUPA. Since it is hydrocarbon based, an unauthorized release which impacts the subsurface may still require site mitigation, but the screening levels are very high making site mitigation and cleanup less expensive. Subsurface investigation for this UST was limited to joint environmental and geotechnical soil sampling in one boring between the concrete-filled clarifier, less than 10' to the east, and the UST #2 location. The sampling and analysis performed as part of this subsurface investigation indicated this area free of contaminants or well below regional (soil) screening levels (RSLs). At 2.5' bgs in this boring oil range organics were detected at 334 mg/l which is well below the regulatory screening level of 3,130 mg/l. No hydrocarbons were detected at 10' bgs. At 20' bgs diesel was detected at 60.9 mg/l, and oil range organics were detected at 290 mg/l. Both are well below the 108 mg/l and 3,130 mg/l RSLs for diesel and oil range organics respectively. No benzene, toluene, ethylbenzene or xylenes (fuel constituents) were detected in soil analyzed in samples taken from this boring. Estimating a volume of impacted soil at depth, is to presume these results somehow indicate impact at greater depth which is somehow above the RSLs, contrary to the limited data described above. Assuming UST 2 has similar subsurface conditions to UST 1, results in a soil removal volume of about 20 cubic yards, with a potential impacted volume presumed to be ten times this amount.	40 cubic yards of impacted soil subject to removal as site mitigation. The investment would involve laying back the clean soil (and temporary shoring possibly) to expose the impacted soil and enable removal of this 40 yards for an estimated $27,984. This estimate covers waste characterization, profiling, excavation, loading, confirmation sampling (to document a complete site mitigation has been performed), manifesting and hauling by a licensed trucking firm to a permitted treatment, storage & disposal facility.	Permitting / Site Mitigation Workplan Development & Acceptance: 10 working days Fieldwork: 3-5 work days Final Closure Report Preparation: Within 30 days of end of fieldwork
UST #3	Little is known about this UST which was discovered during a ground penetrating radar survey performed in preparation for the geotechnical work performed on this project site. Subsurface investigation for this UST was limited to joint environmental and geotechnical soil sampling in one boring to 20' bgs less than five feet northwest of the footprint of this tank as identified by a ground penetrating radar survey. The sampling and analysis performed as part of the current subsurface investigation indicated this area free of contaminants or well below regional (soil) screening levels (RSLs) at 2.5', 10' & 20' bgs in this boring. No hydrocarbons, benzene, toluene, ethylbenzene or xylenes (fuel constituents) were detected in soil analyzed in samples taken from this boring. Similarly no heavy metal concentrations above their respective RSLs were detected. The results indicate all contaminants looked for at depth were well below their respective RSLs. Estimating a volume of impacted soil at depth, is to presume these results somehow missed contaminant impact at greater depth; possible but contrary to the data described above, at the same time recognizing the limitations of this data. Assuming UST 3 has similar subsurface conditions to UST 1, results in a soil removal volume of about 20 cubic yards, with a potential impacted volume presumed to be two to ten times this amount.	This assumes 170 cubic yards, under 10' of clean overburden, as a volume of impacted soil (subject to removal using either the lay back and / or temporary shoring method as described). This site mitigation can be accomplished for an estimated $87,528. This estimate covers waste characterization, profiling, excavation, loading, confirmation sampling (to document a complete site mitigation has been performed), manifesting and hauling by a licensed trucking firm to a permitted treatment, storage & disposal facility.	Permitting / Site Mitigation Workplan Development & Acceptance: 10 working days Fieldwork: 3-5 work days Final Closure Report Preparation: Within 30 days of end of fieldwork

UST Extraction

The fieldwork necessary for UST extraction is estimated at 3-5 consecutive work days, in which all three USTs are exposed, cleaned, and removed followed by under tank sampling.

Site Mitigation

Site mitigation would follow UST extraction only if impacted soil were encountered. It is suggested preauthorization from the LADPW be sought to enable immediate removal of impacted soil if observed upon UST extraction. This would be followed by confirmation sampling to complete the site mitigation process for any USTs documented as having had an unauthorized release. This presumes the LADPW policy has not changed and ***AEH*** is able to obtain permission to proceed in this manner.

Any additional work outside this scope or required by the ***Client*** or the Los Angeles County Department of Public Works (and approved by the ***Client***) will be billed at the standard rate of $250 / hour. No additional work will be performed without written approval from the ***Client***.

Limitations and Exclusions - Subsurface Structures

- The tank sizes specified in this proposal will be used for permitting through the LADPW. If actual tank size is greater, an agreeable adjustment in overall investment may be necessary.
- ***AEH*** will not be responsible for site traffic involving vehicles not involved in project work.
- ***AEH*** will not be responsible for No Parking Signage or removal of parked cars.
- Weather permitting the fieldwork for this job scope is estimated at 5 working days.
- If any of these tanks are constructed of or wrapped in fiberglass, an additional disposal fee will apply.
- Disposal allowance = 2% of tank capacity or 10 gallons maximum (30 gallons for Tank 3). Rinsate volumes exceeding this disposal allowance will be billed at cost plus 15%.
- In the event one or all of these USTs has been filled with sand or concrete slurry (inert material), evacuating such solid material will be considered out of scope and additional. An adjustment to the overall investment will need to be arranged and agreed to in advance.
- Groundwater remediation is NOT included in this Scope of Work. If an unauthorized release from one of these USTs or other subsurface features is documented, the Client will be notified and guidance provided regarding options to affect site mitigation (clean up). If further excavation (scoop and run) and sampling to confirm removal of contaminants can be supported, a site mitigation workplan can be prepared for swift LADPW approval. Any such site mitigation work would proceed on a Time and Materials basis with the estimated investment level as outlined herein selected and agreed to in advance. If the subsurface impact is considered pervasive the client will be

consulted immediately, options discussed and a course of action decided, so concurrence from the LADPW can be sought. This approach would only be abandoned in the **unlikely** event an imminent hazard to the public health or environment is uncovered.

- Underground tank owners / operators are required to pay annual registration and inspection fees. ***AEH*** will be responsible for providing evidence of current tank registration. Registration will be coordinated by the consultant in preparation for tank permitting, followed by tank closure permitting, and will be considered part of this Scope of Work.

- The Los Angeles County Department of Public Works will require tank closure permit fee(s). These fees will be the responsibility of ***AEH***.

- Groundwater at this location is estimated to be at least 40 feet bgs (below ground surface), with planned excavation limited to less than 15' bgs. There is a low probability of reaching groundwater during this excavation. If groundwater is encountered during the excavation, the Los Angeles County Department of Public Works is likely to require clean fill go into the excavation, further assessment and the project referred to the Los Angeles Regional Water Quality Control Board (LARWQCB).

- In the event the Los Angeles County Department of Public Works indicates this project requires further Site Assessment or Remediation / mitigation, this agreement shall be paid in full and a separate Site Assessment / Remediation proposal will be written.

- ***AEH*** will manage regulatory agency approvals but cannot accept responsibility for success or timing.

- If underground lines or hazards containing gas, water or effluent, or utilities, large rocks, ledge rock, water or debris interfere in the proposed excavation areas or are damaged during installation, the cost of removal, repair or relocation of same shall be borne by the ***Client***. Concrete or asphalt greater than ten inches in depth, excessive rebar (amount or size), unstable or contaminated soil constitutes an underground hazard.

- Clean up and hauling away of debris caused by these UST / concrete-filled clarifier / vehicle hoist / vehicle frame straightener and vehicle wash sump excavations is included.

- If the ***Client*** approves purchase / transport of clean fill, crushed rock or aggregate; the site will be returned to grade or made ready for further excavation upon project completion. Installation of uneven surface transitions or ramps using clean fill, crushed rock or aggregate is an option for the client to consider as discussed in Task 11 above.

- Soil sampling will be performed as directed by the LADPW and CUPA which are anticipated to serve as the regulatory authorities for this site clearance. This is expected to include soil sampling at 2' – 4' below each UST / concrete-filled clarifier / vehicle hoist / vehicle frame straightener and vehicle wash sump plus related piping is included but limited to up to two samples for each tank / clarifier / vehicle related subsurface feature, and up to one sample for each piping run (i.e., no more than 20 linear feet of piping). The total number of soil samples is anticipated to be 30 or less, with sampling and analyses included in this Scope of Work.

- A certified compaction report will not be part of this Scope of Work.
- ***AEH*** will rely on the soils information provided within the geotechnical report prepared by GeoCon West, Inc. for this site.

Scope Of Work – Procedure 5 Asbestos Abatement Deliverables

Asbestos containing vinyl floor tile (both red and white layers containing chrysotile in excess of 5%) was identified on the slab of the former *Auto Collision Center* building in the extreme northwest corner of the property. This building has now been razed. The aerial extent of this tile which will need to be removed or abated prior to slab removal and subsequent surface disturbance is estimated at 250 square feet. Containment can be built around and over this area to abate the tile properly. *Old Town-Main, LLC.,* wishes to have the asbestos containing floor tile removed prior to sale or redevelopment; further surface disturbance.

The "Guidelines for Asbestos Site Clean-Ups", published by the South Coast Air Quality Management District (SCAQMD; under Rule 1403 - Procedure 5 Plans), requires specific particulate control procedures for any abatement project using an alternative combination of techniques and / or engineering controls to handle the asbestos containing materials (ACM) or asbestos containing waste material (ACWM) [Rule 1403(d)(1)(D)(v)]. Abatement project examples which require a Procedure 5 Plan include all asbestos site clean-ups, decontamination, open-air abatement and all demolition with asbestos. Disturbance of ACM which generates ACWM requires a Procedure 5 Plan to certify site remediation.

The Procedure 5 Plan will be brief, in outline form, and not more than four pages long (in most cases) and will include the following (*if applicable*):

- Scope of the overall project.
- Asbestos material(s) at the site, its condition, type, amount and specific location(s) within the site.
- Abatement project stages with dates and time lines.
- Provisions for site preparation and control, prevention of contamination / migration and site ingress / egress zones.
- Engineering work practices and asbestos emission controls.
- A description of procedures for work area clean-up and / or decontamination after bulk removal.
- Provisions for handling, storing, transporting and disposing of the asbestos containing waste generated by abatement activities.
- Air monitoring type(s) and clearance level to be achieved (*if applicable*).
- Type and amount of asbestos remaining on site (if any) to be removed or managed in place and by whom. *Removal of intact ACM and PACM remaining on site is a separate project and not covered by the plan approval.*

Required Procedure 5 Plan Attachment Development

Procedure 5 plans require preparation and submittal of certain attachments which are expected to include:

- **Procedure 5 Notification form** with scheduled project dates (The Procedure 5 Plan will not be approved without a contractor notification to the SCAQMD or proof of fees).
- **Site Survey Inspection Report** documenting the cause of the asbestos disturbance, extent of the site contamination, and the CAC's observations, findings, recommendations, and response action(s)

  NOTE: Survey Report will comply with 40 CFR § 763- Subpart E; and SCAQMD Rule 1403(d)(1)(A), plus the California Business & Professions Code § 7180 requirements].
- Sample(s) chain of custody and the lab analysis report must be included as part of the formal survey report.
- Site map, plot plan, or drawing, showing street names and nearby sensitive receptors.
- Photographs (if available) with identifying notations to assist in evaluating the project.
- List of companies and contacts involved in the asbestos clean-up project.
- List of AQMD permitted equipment to be used in the project including serial and permit numbers.
- Signature of the California Certified Asbestos Consultant (CAC) which prepared the plan.
- CEQA Applicability Form 400 for any demolition, excavation or site grading activity exceeding 20,000 sq. ft. (*not applicable*).

Asbestos Abatement Project Oversight

Atkins Environmental HELP, Inc. proposes to coordinate and oversee a Scope of Work to be performed by *Precision Environmental* (see attached proposal #151111MYAt-Lyons Main from *Precision Environmental*). ***AEH*** will see to it all labor, equipment, materials, required clearance sampling (if applicable) and supervision required to perform and complete the proposed project work is provided.

AEH recommends the Procedure 5 Plan be presented as an "open air" abatement, as this will require less investment. If this approach is rejected by the SCAQMD, then *Precision Environmental* will need to construct a temporary containment structure around and over the affected area; performing a conventional abatement. This will require the larger investment which serves as the basis for the bid from *Precision Environmental* below. Regardless, the abatement project must be an agreement between Serrano and the licensed asbestos abatement contractor selected to perform this work.

Limitations and Exclusions – Asbestos Abatement Project

- The proposed asbestos abatement work is limited to the field days outlined in the proposal from *Precision Environmental*.

- Construction of containment plus actual abatement is estimated at two (2) field days or less.
- If the fieldwork will take longer, the client will be notified and acceptable alternative arrangements made.
- It is anticipated the SCAQMD will take a few days to two weeks to review and approve the Procedure 5 Plan developed for this project. ***AEH*** will not be responsible for delays caused by the SCAQMD.
- Asbestos clearance testing will be performed by a subcontractor to ***AEH***. The budget for this testing requirement is estimated at $600 and is included in this Scope of Work.
- Implementation of the elements of the Procedure 5 Plan will not take more than two (2) field days (including asbestos clean-up).

Asbestos Abatement Project Oversight Estimated Investment and Terms

All of the work outlined in this Scope of Work for Preparation and SCAQMD Approval of a Procedure 5 Workplan, plus asbestos abatement project oversight will be completed in a workmanlike manner for an estimated investment of up to **$**3,497.00 payable from Old Town-Main, LLC., to ***AEH***.

Actual abatement will be performed by *Precision Environmental* pursuant to their agreement with Old Town-Main, LLC. (and payable to *Precision Environmental* directly by Old Town-Main, LLC.) submitted to Ms. Tai Lane (proposal #151111MYAt-Lyons Main). The asbestos abatement project work has been estimated at $4,950.71 by *Precision Environmental*, bringing **the total for this** project to **$8,447.71**.

Any work required and authorized but not itemized above will be performed on a time and materials basis. Only items specified in this Scope of Work are included. ***AEH*** will notify you immediately and receive your authorization to proceed prior to going beyond budget. The estimated total investment is only for the performance of this specific scope of work outlined above.

The following assumptions have been made for purposes of this estimated investment quotation:

- Procedure 5 Plan approval will occur within two weeks from submittal.
- The required asbestos containment can be constructed within one (1) day.
- Actual asbestos abatement and clean-up will take less than two (2) days in the field.
- Clearance testing analytical can be performed same day or within 24 hours.

Estimated Grand Total Investment for Both Projects

All of the work outlined in both of these Scopes of Work will be completed in a workmanlike manner. With a reasonable contingency added for rounding purposes, the estimated grand total investment is $300,000, which includes all regulatory authority fees, registrations, applications and permits.

Estimated Grand Total Investment for Both Projects (continued)

Any work required and authorized but not itemized above will be performed on a time and materials basis. Only items specified in this Scope of Work are included.

This offer supersedes all prior offers, bids, oral agreements and negotiations of the parties for the subject work, and no other agreements exist except as are contained in writing herein.

Monthly progress payments will be based on work completed.

If site mitigation work is to commence, it will be billed on a time and materials not-to-exceed basis using the above grand total estimates as a guide. Billing and project updates can be expected on a scheduled basis, agreed to by both parties but not to exceed 14 calendars days between reports.

Estimated Work Schedule

AEH plans to commence the project within a mutually agreeable scheduled date after receipt of written approval. A detailed schedule consistent with your priorities will be developed.

Please execute the acceptance below and return a copy of this proposal to this office. ***AEH*** will be pleased to revise this offer as may be required in a manner acceptable mutually.

Thank you for the opportunity to present this proposal and serve the environmental needs of ***Old Town-Main, LLC***. Please e-mail bjatkins@atkinsenvironmental.com or call.

Yours very truly,

B. J. Atkins
President
Atkins Environmental HELP, Inc.

Accepted by:

Signature _____ Date _____
Authorized Agent for ***Old Town-Main, LLC***

Printed Name _____ Title _____

GENERAL TERMS AND CONDITIONS

WARRANTY. *ATKINS ENVIRONMENTAL HELP, INC. (AEH)* provides services in accordance with generally accepted professional practices in its fields of specialty. No other warranty or representation, either expressed or implied, is included or intended as part of its services, proposals, agreements, or reports.

SCOPE AND EXECUTION OF SERVICES. *AEH* will diligently proceed with the agreed upon scope of services and will provide such services in a timely manner. However, the time required for completion of services may vary due to conditions unknown to or beyond the control of *AEH*. No warranties are granted regarding the time required for *AEH* completion of its duties under this contract. *AEH* will not be responsible for any damages, consequential or otherwise, caused by delay in the completion of its services. *AEH* shall not be considered in default in performance of its obligations where performance of any obligation is prevented or delayed by any cause which is beyond its reasonable control. In the event the Client requests termination of services prior to completion, *AEH* reserves the right to complete such analyses and records as may be necessary to place its files in order and, where considered necessary to protect its professional reputation, to complete a report on the work performed to date of determination. A termination charge of up to 30 percent of charges incurred to date of notice of termination by the Client may be made at the discretion of *AEH*.

COMMENCEMENT OF WORK. The work shall commence immediately upon receipt of notice to proceed or upon signing of the work proposal by an authorized company representative. If, after commencement of the work, the project is delayed for any reason beyond the control of *AEH* for more than 60 days, the terms and conditions contained herein are subject to revision.

TERMS OF PAYMENT. All invoices shall be due and payable upon receipt. Accounts are considered past due if payment has not been received within 10 days of the date of invoice. All past due accounts are subject to a late charge of 1.5% per month on the outstanding balance. Monthly progress payment requests will be based on work completed.

RIGHT OF ENTRY. Client will furnish right of entry for *AEH* to make borings, take samples and/or perform necessary work within the boundaries of the work area.

SUBSURFACE OBSTRUCTIONS. Client shall be responsible for designating the location of all utility lines and other subsurface obstructions within the boundaries of the work area. *AEH* may assist Client in obtaining locator services to help Client in making such identification; Client will indemnify and hold *AEH* harmless against any damages, loss or liability arising out of or connected with the accuracy or inaccuracy of underground obstruction identification, excepting which arises from the active negligence of *AEH*. In every instance Client will remain responsible for identification of underground obstructions.

LIMITATION OF LIABILITY. To the fullest extent permitted by law, Client agrees to limit the liability of *AEH*, its owners and employees, for any acts, errors or omissions or breaches of contract to $5,000 or the amount of *AEH's* fee, whichever is greater. In no event shall *AEH* be liable for any indirect, special or consequential loss or damage or liability. Failure of Client to give written notice to *AEH* of any claim or negligent act, error or omission within one (1) year after completion of the services to be performed thereunder shall constitute a waive of said claim by Client.

INDEMNIFICATION. Subject to the limitation of liability above and the second sentence hereof, each party shall indemnify the other from third-party claims arising out of the negligence of the indemnifying party to the extent such loss or expense is caused by the party's negligence. In addition, Client agrees to indemnify, defend and hold *AEH* harmless from any loss, cost, damage or expense (including attorney's fees), arising out of or in connection with *AEH's* performance for any resulting environmental pollution or contamination except to the extent such pollution or contamination is newly caused or increased by the active negligence or willful misconduct of *AEH*. **NO THIRD PARTY BENEFICIARIES.** There are no third party beneficiaries of this agreement between Client and *AEH* and no third party shall be entitled to rely upon any work performed or reports prepared by *AEH* thereunder for any purpose whatsoever. Client shall indemnify and hold *AEH* harmless against any liability to any third party for any loss, expenses, or damages arising out of or in connection with reliance by any such third party on any work performed or reports issued by *AEH* hereunder.

DISPUTES. Any controversy, claim or dispute shall be constructed and enforced in accordance with the laws of the state from which *AEH* services are procured. In any legal or arbitration proceedings brought by either party to enforce or interpret any of the terms or conditions of this Agreement including the collection of any payments due thereunder, the prevailing party shall be entitled to recover all reasonable costs incurred in defense of the claim, including staff time at current billing rates, court costs, attorneys' fees, and other claim-related expenses.

OTHER. If *AEH* is requested to respond to any mandatory orders for the production of documents or witnesses on Client's behalf regarding work performed by *AEH*, Client agrees to pay all costs incurred by *AEH*, not reimbursed by others in responding to such order, including staff time at current billing rates and reproduction expenses.

These General Terms and Conditions shall be used in combination with a Professional Service Agreement proposal, purchase order or contract. The intent will be for *AEH* to be engaged as general contractor for the site clearance portion of this project. These combined documents shall be the entire agreement and shall supersede any other agreements written or oral, between Client and *AEH* relating to such matter. In case of conflict or inconsistency between these General Terms and Conditions and any other contract documents (excepting payment provisions), these General Terms and Conditions shall control. If unenforceable, the document(s) shall remain in effect to the extent permitted by law. The Terms and Conditions of this document, taken as a whole, shall be null and void at *AEH's* option if Client has not signed and returned a copy of the entire Agreement to *AEH* prior to commencement of work by *AEH*.

OVERSIGHT BOARD RESOLUTION NO. 16-05

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE SANTA CLARITA REDEVELOPMENT AGENCY APPROVING THE PURCHASE, SALE AND GRANT AGREEMENT WITH LAEMMLE NEWHALL, LLC FOR THE OLD TOWN NEWHALL LAEMMLE THEATRE PROJECT

WHEREAS, the Oversight Board to the Successor Agency of the Santa Clarita Redevelopment Agency ("Oversight Board") was established to direct the Successor Agency to the former Santa Clarita Redevelopment Agency ("Successor Agency") pursuant to Assembly Bill x1 26, chaptered and effective on June 27, 2011, Assembly Bill 1484 chaptered and effective on June 27, 2012, and Senate Bill 107 chaptered and effective on September 22, 2015 (together, the "Dissolution Act");

WHEREAS, among the duties of successor agencies under the Dissolution Act is the preparation of a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency for consideration by a local oversight board and California Department of Finance ("DOF") for purposes of administering the wind-down of financial obligations of the former Redevelopment Agency;

WHEREAS, Health and Safety Code ("HSC") Sections 34191.4 and 34191.5 provide that within six (6) months of the Successor Agency receiving a Finding of Completion from the DOF pursuant to Section 34179.7, the Oversight Board is to review and approve the Successor Agency's Long Range Property Management Plan ("LRPMP") that addresses the disposition and use of the former redevelopment agency's real property, which LRPMP then is submitted to the DOF for review and approval;

WHEREAS, the Successor Agency received its Finding of Completion from the DOF on June 20, 2013;

WHEREAS, the Successor Agency prepared an LRPMP consistent with the provisions of the Dissolution Act, HSC Section 34191.5, and the guidelines made available by DOF;

WHEREAS, the Oversight Board approved the LRPMP on December 17, 2013;

WHEREAS, the Department of Finance approved the LRPMP on June 27, 2014;

WHEREAS, in addition to the LRPMP as required by law, the Oversight Board and Department of Finance also adopted Property Disposition Procedures to ensure that the long term value to the taxing entities was considered when disposing of properties outlined in the LRPMP; and

WHEREAS, in order to implement the LRPMP specific to the property known as the "Redevelopment Block," more specifically the property bound by Lyons Avenue, Railroad

Avenue, 9th Street and Main Street, the Successor Agency administered a Request for Qualifications (RFQ) process;

WHEREAS, as a part of that process, the Successor Agency entered into Exclusive Negotiations with Laemmle Theatres;

WHEREAS, those negotiations resulted in a proposal to divide the property into three developments: the Mixed Use Project, the Laemmle Theatre Project and the Public Parking Project;

WHEREAS, Laemmle Newhall, LLC was created for the purposes of the Laemmle Theatre Project;

WHEREAS, Laemmle Newhall, LLC proposed to purchase approximately 12,680 square feet of the Redevelopment Block in order to develop the Laemmle Theatre Project, for its appraised fair market value purchase price of $440,525;

WHEREAS, the Successor Agency Board approved the Purchase and Sale Agreement with Laemmle Newhall LLC, for the proposed Laemmle Theatre Project on February 9, 2016

WHEREAS, public notice of this meeting before the Oversight Board was provided pursuant to Health and Safety Code Section 34181(f);

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE SANTA CLARITA REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Recitals set forth above are true and correct and incorporated herein by reference.

Section 2. The Oversight Board finds that the Successor Agency complied with the Dissolution Act.

Section 3. The Oversight Board finds that the Successor Agency's implementation of the Long Range Property Management Plan was consistent with the Property Disposition Procedures.

Section 4. The Oversight Board hereby approves the Purchase and Sale Agreement ("Agreement") with Laemmle Newhall, LLC, for the proposed Laemmle Theatre Project, and does hereby authorize and direct the Executive Director to the Successor Agency, or his designee, to execute, enter into and take all actions necessary to implement the Agreement, sign all legal documents to process the Agreement, subject to Agency Counsel approval, including the Grant Deed and Assignment and Assumption Agreement with the City of Santa Clarita ("City").

Section 5. The Oversight Board hereby acknowledges and agrees that the City's Developer Fee Fund contributed $681,560 to the acquisition of the Redevelopment Block and must be repaid, dollar for dollar, the amount of its contribution as a proportionate share of the

purchase price. The combined purchase price of the real property for the Mixed Use Project ($692,509), Laemmle Theatre Project ($440,525) and the Public Parking Project ($0.00) is $1,133,034. The amount due the City's Developer Fee Fund of $681,560 represents approximately 60% of the combined purchase price of $1,133,034. Accordingly, of the $692,509 purchase price for the Laemmle Theatre Project, $265,030 shall be distributed to the City's Developer Fee Fund at Close of Escrow, and after deduction of Successor Agency's share of closing costs, the balance shall be distributed 48% to the City as Housing Successor Agency for deposit to its Low and Moderate Income Housing Asset Fund created pursuant to §34176(d) of the Dissolution Act, and 52% to the Successor Agency for distribution by the Los Angeles County Auditor-Controller as property tax to the taxing entities in accordance with §34188 of the Dissolution Act.

PASSED, APPROVED, AND ADOPTED this 22nd day of February 2016.

_____
Kenneth W. Striplin
Oversight Board Chair

ATTEST:

_____
Marilyn Sourgose
Oversight Board Meeting Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF SANTA CLARITA)

I, Marilyn Sourgose, Oversight Board Meeting Clerk, do hereby certify that the foregoing Resolution was duly adopted by the Oversight Board of the Successor Agency to the Former Redevelopment Agency of the City of Santa Clarita at a regular meeting thereof, held on the 22nd day of February 2016, by the following vote:

AYES:

NOES:

ABSENT:

_____
Marilyn Sourgose
Oversight Board Meeting Clerk

PURCHASE, SALE AND GRANT AGREEMENT

by and between the

SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA,

a public entity

and

CITY OF SANTA CLARITA,

a California municipal corporation

and

LAEMMLE NEWHALL, LLC,

a California limited liability company

regarding the

Old Town Newhall Laemmle Theatre Project

Dated: _____, 2016

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PURCHASE, SALE AND GRANT AGREEMENT

Old Town Newhall Laemmle Theatre Project

THIS PURCHASE, SALE AND GRANT AGREEMENT ("**Agreement**") dated as of this ___ day of _____, 2016 ("**Date of Agreement**"), is entered into by and between the SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA, a public entity ("**Successor Agency**"), the CITY OF SANTA CLARITA, a California municipal corporation ("**City**") and LAEMMLE NEWHALL, LLC, a California limited liability company ("**Developer**"). Successor Agency, City and Developer are sometimes referred to herein individually as a "**Party**" or collectively as the "**Parties**".

RECITALS

The following Recitals are a substantive part of this Agreement; capitalized terms used herein and not otherwise defined are defined in Section 1.1 of this Agreement:

A. Fee title to certain real property bounded by Lyons Avenue, Railroad Avenue, 9th Street and Main Street located in Santa Clarita, California, approximating 1.6 acres, designated as Assessor Parcel Numbers 2831-007-900, -901, -902, -903, -904, -905, -906, -907, and -908 and more particularly described in the legal description attached hereto as Exhibit A ("**Old Town Newhall Property**"), is vested in the Successor Agency.

B. As recognized in the Long Range Property Management Plan ("**LRPMP**") prepared by the Successor Agency dated December 17, 2013, and approved by the Oversight Board to the Successor Agency of the Redevelopment Agency of the City of Santa Clarita ("**Oversight Board**"), on December 17, 2013, pursuant to Resolution No. 13-06, and the State of California, Department of Finance ("**Department**"), by letter dated June 27, 2014, the Successor Agency owns forty-six percent (46%) of the beneficial interest in the Old Town Newhall Property, the City owns eleven percent (11%) of the beneficial interest in the Old Town Newhall Property, and the City as Housing Successor to the former Redevelopment Agency of the City of Santa Clarita ("**Housing Successor**") owns forty-three percent (43%) of the beneficial interest in the Old Town Newhall Property.

C. In accordance with the LRPMP, on November 13, 2014 the Successor Agency solicited qualifications for the sale and development of the Old Town Newhall Property.

D. On July 14, 2015, Successor Agency, City and Developer entered into that certain Exclusive Negotiation Agreement ("**Theatre ENA**") regarding the potential sale of fee title to a portion of the Old Town Newhall Property by Successor Agency to Developer and Developer's development of a multi-screen movie theatre, with ancillary office space and ground floor retail, within a multi-story, approximately 20,800 square building, to be further refined during the term of the Theatre ENA.

E. Successor Agency, City and Developer have negotiated in good faith in accordance with the Theatre ENA and now desire to enter into this Agreement to provide for:

(1) Developer's preparation and Successor Agency's approval of a plat map and legal description of a portion of the area of the Old Town Newhall Property to be conveyed to Developer ("**Theatre Property**"), and Successor Agency securing from City approval of a certificate of compliance for the creation of the Theatre Property as a separate legal parcel in accordance with the California Subdivision Map Act and Chapter 16.35 of the Municipal Code ("**Theatre Property Certificate of Compliance**");

(2) Successor Agency's disposition of the Theatre Property to Developer at fair market value;

(3) Developer's development of the Theatre Property in accordance with the Project Approvals and this Agreement; and

(4) City's financial assistance to Developer as more particularly described in Section 3.6 herein for the acquisition of the Theatre Property and development of the Project on the Theatre Property in a total amount not to exceed THREE MILLION FOUR HUNDRED TWENTY THOUSAND FIVE HUNDRED TWENTY FIVE AND 00/100 DOLLARS ($3,420,525.00)("**Theatre Development Grant**"), in exchange for Developer's commitment to develop the Project and operate the Theatre Property in accordance with terms provided in the "**Theatre Operating Covenant**" attached hereto as Exhibit C.

F. Developer shall acquire the Theatre Property and develop it consistent with the Old Town Newhall Specific Plan ("**Specific Plan**"), with a multi-screen (no less than six screens and 475 to 550 seats) movie theatre ("**Theatre Component**"), with ancillary office space and ground floor retail ("**Office/Retail Component**"), within a multi-story, approximately 20,800 square foot building (collectively, the Theatre Component and Office/Retail Component is referred to herein as the **"Project"**), as generally depicted in the conceptual plans attached hereto as Exhibit B and incorporated herein by this reference ("**Conceptual Project Plans**"), subject to such revisions and modifications as may be required by the City pursuant to the Project Approvals.

G. The Old Town Newhall Property is located within the Urban Center zone ("**UC**") of the Specific Plan, and is designated UC in the City's General Plan land use element and Zoning Ordinance set forth in Title 17 of the Municipal Code. The development assumptions for the Old Town Newhall Property within the UC zone as set forth in the Specific Plan provides for a public parking garage producing 400 parking spaces, along with 'liner' retail up to 34,000 square feet and 96,000 square feet of space dedicated to housing or office above. The Project on the Theatre Property is consistent with the Specific Plan, and the environmental impacts of approving the Specific Plan and the implementation thereof was analyzed under the California Environmental Quality Act ("**CEQA**") (set forth in Public Resources Code, section 21000 *et seq.*), pursuant to the

Draft Master Environmental Impact Report for the Old Town Newhall Specific Plan, as modified by the Final Master Environmental Impact Report for the Old Town Newhall Specific Plan (SCH #2005021012), (together, "**FEIR**") certified by the City Council on November 8, 2005 by Resolution No. 05-133.

H. The Project contemplated by this Agreement will require (i) application by Developer to City for a Design Review Permit ("**Development Permit**") in accordance with the Specific Plan and analysis under CEQA, (ii) application by Successor Agency to City for a Certificate of Compliance for the Theatre Property. Collectively, the FEIR, Specific Plan, CEQA analysis of the Project, Development Permit and Theatre Property Certificate of Compliance are the "**Project Approvals**." Notwithstanding the approval and execution of this Agreement by the Successor Agency and City, the Developer hereby acknowledges that it understands that the City is not committing or agreeing to undertake any acts or activities requiring the subsequent independent exercise of discretion by the City, specifically including (i) the adoption or certification of an environmental assessment as required by CEQA, (ii) the adoption of a statement of overriding considerations in accordance with Public Resources Code Section 21081(b) if significant effects on the environment cannot be mitigated, or (iii) approval of the Project Approvals or other land use entitlements needed for the Project. Furthermore, Developer hereby acknowledges and agrees that the City retains its discretion to deny, disapprove or condition any and all such environmental assessments, land use applications, Project Approvals and any other discretionary approvals necessary for the implementation of the Project.

I. Developer acknowledges that notwithstanding the approval of this Agreement by Successor Agency and City, this Agreement remains subject to review and approval by the Oversight Board.

J. The Project will further the Specific Plan's vision to transform Old Town Newhall into a pedestrian-oriented district with a mix of office, retail, restaurant, entertainment and service commercial businesses and housing, resulting in increased property taxes and sales and use tax, as well as temporary construction jobs and permanent full-time and part-time employment opportunities.

K. The City asserts that the Theatre Development Grant is being provided to Developer in accordance with authority conferred pursuant to California Government Code §§ 52200 *et. seq.*, following public notice and a hearing in accordance with California Government Code § 53083.

L. The Successor Agency and City assert that the execution and performance of this Agreement is in the vital and best interests of the City, Successor Agency and the Affected Taxing Entities, and the health, safety and welfare of the City's residents, and is in accord with the provisions of applicable federal, state and local law.

A G R E E M E N T

NOW, THEREFORE, Successor Agency, City and Developer hereby agree as follows:

1. DEFINITIONS; REPRESENTATIONS AND WARRANTIES; CHANGE IN OWNERSHIP, MANAGEMENT AND CONTROL.

1.1 Definitions.

"**Affiliate of Developer**" means an entity or entities in which Developer or Developer's Principal retains more than fifty percent (50%) in the aggregate, directly or indirectly, of the ownership or beneficial interest therein and in which Developer or Developer's Principal retains control of such entity or entities. For the purposes of this definition, "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity or a person, whether through the ownership of voting securities, by contract, or otherwise, and the terms "controlling" and "controlled" have the meanings correlative to the foregoing.

"**Affected Taxing Entities**" means taxing entities that benefit from distribution of property tax and other revenue pursuant to Health and Safety Code § 34188.

"**Agreed Extension of Performance**" is defined in Section 6.2.

"**Agreement**" means this Purchase, Sale and Grant Agreement between Successor Agency, City and Developer.

"**Applicable Laws**" means, collectively: (i) all State and Federal laws and regulations applicable to the Theatre Property and the Project as enacted, adopted and amended from time to time, including Environmental Laws; (ii) all City policies, standards and specifications set forth in this Agreement and the Project Approvals, including the specific conditions of approval adopted with respect to the Project Approvals; (iii) with respect to matters not addressed by this Agreement or the Project Approvals but governing permitted uses of the Theatre Property, building locations, sizes, densities, intensities, design and heights, site design, setbacks, lot coverage and open space, and parking, those City ordinances, rules, regulations, official policies, standards and specifications in force and effect on the Date of Agreement; and (iv) with respect to all other matters, including building, plumbing, mechanical and electrical codes, those City ordinances, rules, regulations, official policies, standards and specifications in force and effect as may be enacted, adopted and amended from time to time, including ordinances, resolutions, orders, rules, official policies, standards, specifications, guidelines or other regulations, which are promulgated or adopted by the City (including but not limited to any City agency, body, department, officer or employee) or its electorate (through the power of initiative or otherwise) after the Date of Agreement, except those in conflict with this Agreement.

"**Approved Condition of Title**" is defined in Section 2.10.

"**As-Is Condition**" is defined in Section 2.14.

"**Assignment and Assumption Agreement**" means the Assignment and Assumption Agreement described in Section 6.3 and to be executed and recorded at Closing substantially in the form attached hereto as Exhibit F and incorporated herein.

"**CEQA**" or California Environmental Quality Act is defined in Recital G.

"**City**" means the City of Santa Clarita, a California municipal corporation.

"**City Action**" or "**City Actions**" are defined in Section 4.9.

"**City's Actual Knowledge**" or words to such effect, shall mean the present, actual knowledge of Thomas Cole, the City's Director of Community Development, Jason Crawford, Manager of Economic Development and Marketing, and Denise Covert, Economic Development Associate, excluding constructive knowledge or duty of inquiry, existing as of the Date of Agreement.

"**City Conditions Precedent**" is defined in Section 2.5.

"**City Council**" means the City Council of the City of Santa Clarita.

"**City Manager**" means the City Manager of the City.

"**Claims**" means liabilities, obligations, orders, claims, damages, governmental fines or penalties, and actual expenses of defense with respect thereto, including reasonable attorneys' fees and costs.

"**Close of Escrow**" is defined in Section 2.8.

"**Closing**" is defined in Section 2.8.

"**Closing Default**" is defined in Section 5.2(3).

"**Commence Construction**", "**Commenced Construction**", or "**Commencement of Construction**" or similar phrases shall be deemed to have occurred when the Developer has commenced Initial Site Preparation for the Project on the Theatre Property, and such date shall be memorialized in writing by the Parties.

"**Conceptual Project Plans**" is defined in Recital F and depicted in Exhibit B attached hereto and incorporated herein by this reference.

"**Control**" is defined in Section 1.3(2).

"**Date of Agreement**" means the date first set forth above.

"**Day-to-Day Management**" means active, day-to-day management responsibilities for the activities of Developer.

"**Default**" is defined in Section 5.1.

"**Department**" is defined in Recital B.

"**Deposit**" means the $20,000.00 good faith deposit to be provided by Developer pursuant to Section 2.2.

"**Developer**" means Laemmle Newhall, LLC, a California limited liability company.

"**Developer Conditions Precedent**" is defined in Section 2.6.

"**Developer Indemnitees**" is defined in Section 6.21.

"**Developer's Principal**" or "**Principal**" is Greg Laemmle.

"**Development Permit**" is defined in Recital H.

"**Documents**" is defined in Section 2.13.

"**Environmental Laws**" means, collectively: (i) the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. § 9601, *et seq.,* (ii) the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, *et seq.,* (iii) the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, *et seq.,* (iv) the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, *et seq.,* (v) the Clean Air Act, as amended, 42 U.S.C. § 7401, *et seq.,* (vi) the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601, *et seq.,* (vii) the Clean Water Act, as amended, 33 U.S. Code § 1251, *et seq.,* (viii) the Oil Pollution Act, as amended, 33 U.S.C. § 2701, *et seq.,* (ix) California Health & Safety Code § 25100, *et seq.* (Hazardous Waste Control), (x) the Hazardous Substance Account Act, as amended, Health & Safety Code § 25300, *et seq.,* (xi) the Unified Hazardous Waste and Hazardous Materials Management Regulatory Program, as amended, Health & Safety Code § 25404, *et seq.,* (xii) Health & Safety Code § 25531, *et seq.* (Hazardous Materials Management), (xiii) the California Safe Drinking Water and Toxic Enforcement Act, as amended, Health & Safety Code § 25249.5, *et seq.,* (xiv) Health & Safety Code § 25280, *et seq.* (Underground Storage of Hazardous Substances), (xv) the California Hazardous Waste Management Act, as amended, Health & Safety Code § 25170.1, *et seq.,* (xvi) Health & Safety Code § 25501, *et seq.,* (Hazardous Materials Response Plans and Inventory), (xvii) Health & Safety Code § 18901, *et seq.* (California Building Standards), (xviii) the Porter-Cologne Water Quality Control Act, as amended, California Water Code § 13000, *et seq.,* (xix) California Fish and Game Code §§ 5650-5656, (xx) the Polanco Redevelopment Act, as amended, Health & Safety Code § 33459, *et seq.*, (xxi) Health & Safety Code § 25403, *et seq.* (Hazardous Materials Release Cleanup), and (xxii) any other federal, state or local laws, ordinances, rules, regulations, court orders or common law related in any way to the protection of the environment, health or safety.

"**Escrow**" is defined in Section 2.7.

"**Escrow Agent**" means First American Title Insurance Company.

"**Exceptions**" is defined in Section 2.10.

"**Executive Director**" means the Executive Director of the Successor Agency.

"**Final Completion**" or "**Finally Complete**" shall be deemed to have occurred when a temporary certificate of occupancy has been issued for the Project by City.

"**Final Master Environmental Impact Report for the Old Town Newhall Specific Plan**" or "**FEIR**" is defined in Recital G.

"**FIRPTA**" is defined in Section 1.2(1)(f).

"**Force Majeure Delay**" is defined in Section 6.2.

"**Grant Deed**" means the grant deed for the conveyance of the Theatre Property from City and Successor Agency to Developer to be executed and recorded at Closing substantially in the form attached hereto as Exhibit D and incorporated herein by this reference.

"**Hazardous Materials**" means any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government under any Environmental Laws, including any material or substance which is defined as "hazardous," "extremely hazardous," "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "hazardous substance" or "hazardous material" under any Environmental Laws, including petroleum, or any fraction thereof, friable asbestos, and polychlorinated biphenyls.

"**Housing Successor**" means the City of Santa Clarita, successor to the housing assets and functions previously performed by the Redevelopment Agency of the City of Santa Clarita, pursuant to Health and Safety Code §34176.

"**Initial Litigation Challenge**" is defined in Section 6.20.

"**Initial Site Preparation for the Project**" shall mean the demolition of existing improvements located on, and grading of, the Theatre Property preparatory to the development of the Project in accordance with the Conceptual Project Plans as may be modified by the Project Approvals, and installation of perimeter construction fencing on the Theatre Property.

"**Joint Condition Precedent**" is defined in Section 2.3.

"**Long Range Property Management Plan**" or "**LRPMP**" is defined in Recital B.

"**Mixed Use Developer**" means Old Town-Main, LLC, a California limited liability company.

"**Mixed Use Property**" means that portion of the Old Town Newhall Property excluding the Parking Parcel and Theatre Property and depicted in Exhibit K as Parcel 1.

"**Mixed Use PSA**" means that certain Purchase and Sale Agreement dated _____, 2016, by and between Successor Agency and Mixed Use Developer, governing the Mixed Use Property.

"**Municipal Code**" means the Santa Clarita Municipal Code.

"**Notice**" means a written notice in the form prescribed by Section 6.1.

"**Office/Retail Component**" is defined in Recital F.

"**Old Town Newhall Property**" is defined in Recital A and legally described in Exhibit A.

"**Operating Covenant Grant**" is defined in Section 3.6.

"**Operating Covenant Grant Escrow Agreement**" is set forth in more particularity in Exhibit J attached hereto and incorporated herein by this reference.

"**Organizational Documents**" is defined in Section 1.2(3)(a).

"**Outside Date**" is March 31, 2018.

"**Oversight Board**" is defined in Recital B.

"**Parking Parcel**" is described in Section 4.9 and more particularly depicted in Exhibit K as "Parcel 3-Parking".

"**Parking Project**" is defined in Section 4.9.

"**Parties**" means the City, Successor Agency and Developer.

"**Party**" means the City, Successor Agency or Developer.

"**Permit Fee Grant**" is defined in Section 3.6.

"**Permitted Transfer**" is defined in Section 1.3(3).

"**Project**" is defined in Recital F.

"**Project Agreements**" means this Agreement, the Theatre Operating Covenant (Exhibit C), the Grant Deed (Exhibit D), the Assignment and Assumption Agreement (Exhibit F), the Quitclaim Deed-Final Completion (Exhibit G-1), the Right of Entry Permit (Exhibit H) and the Quitclaim Deed-Close of Escrow (Exhibit G-2).

"**Project Approvals**" is defined in Recital H.

"**Property Claims**" is defined in Section 2.17.

"Purchase Price" is defined in Section 2.2.

"**Quitclaim Deed-Close of Escrow**" is described in Section 2.5, to be executed and recorded at Close of Escrow, and substantially in the form attached hereto as Exhibit G-2 and incorporated herein by this reference.

"**Quitclaim Deed-Final Completion**" is described in Section 5.4(3), to be executed and recorded upon Final Completion, and substantially in the form attached hereto as Exhibit G-1 and incorporated herein by this reference.

"**Reports**" is defined in Section 2.13.

"**Request to Resolve Dispute**" is defined in Section 5.2(1).

"**Right of Entry Permit**" is that certain Right of Entry Permit entered into between Successor Agency and Developer as of the Date of Agreement, providing Developer access to the Theatre Property for purposes of undertaking certain investigative activities as more particularly described in the form attached hereto as Exhibit H and incorporated herein by this reference.

"**Schedule of Performance**" means the Schedule of Performance attached hereto as Exhibit E and incorporated herein by this reference, setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be accomplished.

"**Site Condition**" is defined in Section 2.15.

"**Site Preparation Costs**" is defined in Section 3.6(2).

"**Site Preparation Grant**" is defined in Section 3.6.

"**Site Preparation Grant Draw Request**" is defined in Section 3.6(2) and set forth in more particularity in Exhibit B to the Site Preparation Grant Escrow Agreement.

"**Site Preparation Grant Disbursement Approval Notice**" is defined in Section 3.6(2) and set forth in more particularity in Exhibit C to the Site Preparation Grant Escrow Agreement.

"**Site Preparation Grant Escrow Agreement**" is set forth in more particularity in Exhibit I attached hereto and incorporated herein by this reference.

"**Sources and Uses**" is defined in Section 3.7.

"**Specific Plan**" is defined in Recital F.

"**Substantial Completion**" or "**Substantially Complete**" shall be deemed to have occurred when (i) Developer has provided adequate evidence to the City Manager that eighty five percent (85%) of the contract price for the construction of the Project (including all change orders) has been expended and (ii) the life safety systems within the Project have been installed and are fully functional.

"**Successor Agency**" means the Successor Agency to the former Redevelopment Agency of the City of Santa Clarita, a public entity.

"**Successor Agency Conditions Precedent**" is defined in Section 2.4.

"**Successor Agency Parties**" and "**Successor Agency Party**" are defined in Section 2.14.

"**Successor Agency's Actual Knowledge**" or words to such effect, shall mean the present, actual knowledge of Thomas Cole, the City's Director of Community Development, Jason Crawford, Manager of Economic Development and Marketing, and Denise Covert, Economic Development Associate, excluding constructive knowledge or duty of inquiry, existing as of the Date of Agreement.

"**Theatre Component**" is defined in Recital F.

"**Theatre Development Grant**" is defined in Recital E and described in more particularity in Section 3.6.

"**Theatre ENA**" is defined in Recital D.

"**Theatre Operating Covenant**" is defined in Recital E and set forth in more particularity in Exhibit C attached hereto and incorporated herein by this reference.

"**Theatre Property**" is defined in Recital E and more particularly depicted in Exhibit K as "Parcel 2"..

"**Theatre Property Acquisition Grant**" is defined in Section 3.6.

"**Theatre Property Certificate of Compliance**" is defined in Recital E.

"**Title Company**" means First American Title Company.

"**Title Policy**" is defined in Section 2.11.

"**Title Reports**" is defined in Section 2.10.

"**Transfer**" means any assignment or transfer of this Agreement or the Theatre Property or any portion thereof or any interest therein and as further defined in Section 1.3(2).

"**UC**" is defined in Recital G.

"**Unexpended Permit Fee Grant**" is defined in Section 3.6.

"**Unrecorded Agreements**" is defined in Section 2.13.

"**UST**" is defined in Section 2.15.

"**UST Removal Construction**" is defined in Section 2.15.

"**UST Removal Regulatory Approval**" is defined in Section 2.15.

"**UST Removal Work**" is defined in Section 2.15.

1.2 Representations and Warranties.

(1) Successor Agency Representations and Warranties. Successor Agency represents and warrants to Developer as follows:

(a) Authority. Successor Agency is a public entity with full right, power and lawful authority to perform its obligations hereunder, and the execution, delivery, and performance of this Agreement by Successor Agency has been fully authorized by all requisite actions on the part of the Successor Agency.

(b) No Conflict. Successor Agency's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Successor Agency is a party or by which Successor Agency is bound.

(c) No Litigation or Other Proceeding. Except as provided in Recital I, to Successor Agency's Actual Knowledge, no litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent, hinder or delay the ability of Successor Agency to perform its obligations under this Agreement, or that would adversely affect the Theatre Property or the ability of Developer to develop the same as contemplated by this Agreement.

(d) Right to Possession. No person or entity other than Successor Agency has the right to use, occupy, or possess the Theatre Property or any portion thereof. Excepting the use prior to Closing of all or a portion of the Theatre Property for public parking and occasional use as a farmer's market and other City sponsored events or activities, and the terms of a right of entry agreement to be entered into pursuant to the terms of the Mixed Use PSA relative to the UST Removal Work, Successor Agency shall not enter into any lease or other agreement respecting use, occupancy, or possession of the Theatre Property or any portion thereof without the written consent of Developer. The foregoing notwithstanding, on no less than 48 hours prior notice from Developer, Successor Agency shall provide the Theatre Property to Developer free of any use, occupancy or possession by any person or entity, excepting ongoing activities related to the UST Removal Work, in order for Developer to undertake activities contemplated by this Agreement. Furthermore, Successor Agency shall deliver the Theatre Property to Developer free of any use, occupancy or possession by any person or entity prior to Closing and neither Successor Agency nor City shall have any right thereafter to use any portion of the Theatre Property for public parking, farmer's market or any other use.

(e) Condition of Theatre Property. Successor Agency has no notice of any pending or threatened action or proceeding arising out of the condition of the

Theatre Property or any alleged violation of any Environmental Laws. Except as otherwise disclosed by Documents provided by Successor Agency to Developer and the results of Developer's independent investigation of the Theatre Property pursuant to Section 2.15, to Successor Agency's Actual Knowledge, the Theatre Property is in compliance with all Environmental Laws.

(f) FIRPTA. The Successor Agency is not a "foreign person" within the parameters of the Foreign Investment In Real Property Tax Act of 1980 ("**FIRPTA**") or any similar state statute, or is otherwise exempt from the provisions of FIRPTA or any similar state statute, or has otherwise complied with and will comply with all the requirements of FIRPTA or any similar state statute.

(g) Compliance With Laws. Other than as disclosed by the Documents, the Successor Agency has received no notice and has no Actual Knowledge of any violation of Applicable Laws of any governmental agency, body or subdivision affecting or relating to the Theatre Property that would materially, adversely affect the Successor Agency's ability to convey the Theatre Property or Developer's ability to construct or operate the Project, or any portion thereof.

(h) Condemnation. The Successor Agency has no Actual Knowledge of any pending or threatened proceedings in eminent domain or otherwise with respect to the Theatre Property that would materially, adversely affect the Successor Agency's ability to convey the Theatre Property or Developer's ability to construct or operate the Project, or any portion thereof.

Until the recording of the Quitclaim Deed-Final Completion pursuant to Section 5.4(3) or earlier termination of this Agreement, Successor Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 1.2(1) not to be true, immediately give written Notice of such fact or condition to Developer. The foregoing representations and warranties shall survive Closing and continue until recording of the Quitclaim Deed-Final Completion pursuant to Section 5.4(3).

(2) City Representations and Warranties. City represents and warrants to Developer as follows:

(a) Authority. City is a California municipal corporation with full right, power and lawful authority to perform its obligations hereunder, and the execution, delivery, and performance of this Agreement by City has been fully authorized by all requisite actions on the part of the City Council.

(b) No Conflict. City's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which City is a party or by which City is bound.

(c) No Litigation or Other Proceeding. Except as provided in Recital I, to City's Actual Knowledge, no litigation or other proceeding (whether

administrative or otherwise) is outstanding or has been threatened which would prevent, hinder or delay the ability of City to perform its obligations under this Agreement.

Until the recording of the Quitclaim Deed-Final Completion pursuant to Section 5.4(3) or earlier termination of this Agreement, City shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 1.2(2) not to be true, immediately give written Notice of such fact or condition to Developer. The foregoing representations and warranties shall survive Closing and continue until recording of the Quitclaim Deed-Final Completion pursuant to Section 5.4(3).

(3) Developer's Representations and Warranties. Developer represents and warrants to Successor Agency and City as follows:

(a) Authority. Developer is a California limited liability company duly organized in the State of California and qualified to do business and in good standing under the laws of the State of California. Prior to execution of this Agreement, Developer has provided to Successor Agency and City its Articles of Incorporation, By-Laws, and Operating Agreement ("**Organizational Documents**"). The Organizational Documents provided by Developer to Successor Agency and City are true and complete copies of the originals, as may be amended from time to time. Developer has full right, power and lawful authority to undertake all of its obligations hereunder and the execution, performance and delivery of this Agreement by Developer has been fully authorized by all requisite company actions on the part of Developer.

(b) No Conflict. Developer's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Developer or any Principal is a party or by which Developer or any Principal is bound.

(c) No Litigation or Other Proceeding. To Developer's current actual knowledge, no litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent, hinder or delay the ability of Developer to perform its obligations under this Agreement.

(d) No Developer Bankruptcy. Developer is not the subject of any bankruptcy proceeding, and no general assignment or general arrangement for the benefit of creditors or the appointment of a trustee or receiver to take possession of all or substantially all of Developer's assets has been made.

Until the recording of the Quitclaim Deed-Final Completion pursuant to Section 5.4(3) or earlier termination of this Agreement, Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 1.2(3) not to be true, immediately give written Notice of such fact or condition to Successor Agency and City. The foregoing representations and warranties shall survive Closing and continue until recording of the Quitclaim Deed-Final Completion pursuant to Section 5.4(3).

1.3 Change in Ownership, Management and Control of Developer. The qualifications and identity of Developer are of particular concern to Successor Agency and City. It is because of those unique qualifications and identity that Successor Agency and City have entered into this Agreement with Developer.

(1) Until Final Completion of Project. Until Final Completion of the Project, Developer shall not Transfer the Theatre Property or any portion of this Agreement, without the express written consent of Successor Agency and City which may be granted or denied in their sole discretion. After Final Completion of the Project, Developer may Transfer the Theatre Property subject to the terms of the Theatre Operating Covenant.

(2) Additional Matters. Except for Permitted Transfers as provided in Section 1.3(3), the term "**Transfer**" for the purposes of this Agreement shall include any significant change in the Control of Developer by any method or means. The term "**Control**" as used in the immediately preceding sentence and Sections 1.3(3)(b), 1.3(3)(f) and 1.3(4) below, shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity or a person whether through the ownership of voting securities, by contract or otherwise.

(3) Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, each of following Transfers are permitted and shall not require Successor Agency or City consent under this Section 1.3 (each, a "**Permitted Transfer**"):

(a) Any lien or encumbrance on the Theatre Property to secure the funds necessary for acquisition of the Theatre Property or for the construction financing of the Project;

(b) An assignment of this Agreement to an Affiliate of Developer, provided that Developer's Principal retains Control, directly or indirectly, in such Affiliate;

(c) Permanent financing of the Project following its Substantial Completion as provided in Section 3.14(1) to the extent said lien or encumbrance does not exceed 75% of the value of the Theatre Property and Project as determined by a lender's appraisal (provided that if such lender is not an institution, then such appraisal shall be subject to the reasonable approval of the City);

(d) Dedications and grants of easements and rights of way required in accordance with the Project Approvals;

(e) The leasing of the Theatre Property or portion thereof to an Affiliate of Developer or third-party tenants, for uses permitted by this Agreement, the Project Approvals, and Applicable Laws;

(f) Admission of new or additional equity partners provided that Developer' Principal retains Control, directly or indirectly, in Developer.

(4) Subsequent Equity Transfers. Until Final Completion of the Project, any proposed admission of new equity partner(s) resulting in a change in Control of Developer shall be subject to the prior review and approval by the City Manager and/or Executive Director, which approval may be withheld, conditioned or delayed in the City Manager's and/or Executive Director's sole discretion. After Final Completion of the Project, Developer may Transfer the Theatre Property or interest in Developer subject to the terms of the Theatre Operating Covenant.

2. PURCHASE AND SALE.

2.1 Purchase and Sale of Theatre Property. Subject to the terms, covenants and conditions of this Agreement, Developer shall purchase from Successor Agency, and Successor Agency shall sell to Developer the Theatre Property.

2.2 Purchase Price; Deposit. The total purchase price for the Theatre Property shall be equal to the sum of FOUR HUNDRED FORTY THOUSAND FIVE HUNDRED TWENTY FIVE AND 00/100 Dollars ($440,525.00) ("**Purchase Price**").

Concurrent with the opening of Escrow in accordance with Section 2.7, Developer shall deposit TWENTY THOUSAND AND 00/100 Dollars ($20,000.00) into Escrow with the Escrow Agent ("**Deposit**"). At Closing Developer shall be entitled to a refund of the Deposit, together with interest earned thereon, if any. In the event that this Agreement is terminated prior to Closing and Developer is not in Default as provided in this Agreement, Developer shall be entitled to a refund of the Deposit, together with interest earned thereon, if any.

2.3 Joint Condition Precedent. Successor Agency's obligation to proceed with the disposition of the Theatre Property to Developer, City's obligation to proceed with funding the acquisition of the Theatre Property from Successor Agency on behalf of Developer and to release its beneficial interest in the Theatre Property, and Developer's obligation to proceed with the acquisition of the Theatre Property from the Successor Agency pursuant to the terms of this Agreement and Project Agreements, is subject to the approval of this Agreement by the Oversight Board prior to Closing, which neither Successor Agency, City or Developer may waive ("**Joint Condition Precedent**").

2.4 Successor Agency Conditions Precedent. Successor Agency's obligation to proceed with the disposition of the Theatre Property to Developer pursuant to the terms of this Agreement is subject to the fulfillment or waiver by Successor Agency of each and all of the conditions precedent described below ("**Successor Agency Conditions Precedent**"). The Successor Agency Conditions Precedent are solely for the benefit of Successor Agency and shall be fulfilled or waived within the time periods provided for herein, and in any event, no later than the Outside Date.

(1) No Default. Developer shall not be in Default under this Agreement.

(2) Execution and Delivery of Documents by Developer and Escrow Agent. Developer shall have executed and acknowledged (as necessary) the Grant Deed, Assignment and Assumption Agreement, Theatre Operating Covenant, Site Preparation Grant Escrow Agreement, and Operating Covenant Grant Escrow Agreement, and Developer shall have executed (and, where appropriate, acknowledged), and delivered into Escrow all other documents that Developer is required to deliver into Escrow pursuant to Section 2.9(1). Escrow Agent shall have executed the Site Preparation Grant Escrow Agreement and Operating Covenant Grant Escrow Agreement.

(3) Delivery of Funds. In connection with the Closing, City shall have delivered through Escrow a sum equal to the Purchase Price. Developer shall have delivered through Escrow such funds, if any, including escrow costs, recording fees and other closing costs as are necessary to comply with its obligation under this Agreement.

(4) Sources and Uses. Successor Agency shall have approved the Developer's Sources and Uses pursuant to Section 3.7.

(5) Evidence of Available Funds.

(a) Closing. Successor Agency shall have received from Developer reasonable evidence that Developer has, or subject to Closing, will have, 100% of Project development and construction costs, as identified in the Sources and Uses, in ready and available funds (which may be Developer's own funds and/or third party equity or debt financing proceeds).

(b) Developer expressly acknowledges that Closing will not occur unless and until the condition above has been satisfied.

(6) Equity Funding/Construction Loan. Developer shall have delivered evidence satisfactory to Successor Agency in its reasonable discretion that the equity commitments or acquisition and/or construction loan, if any, for Closing, described in the Sources and Uses, shall have closed or (if not from the Developer's Principal or an Affiliate of Developer) shall be ready to close concurrently with the Closing.

(7) Project Construction Permits. Developer shall have submitted complete applications to City for all demolition, grading and building permits necessary for Developer to develop and construct the Project, and such permit applications shall have been reviewed and approved by City and shall be ready to be issued by the City.

(8) Project Approvals. The Project Approvals shall be final and non-appealable, and if any appeals, legal challenges, requests for rehearing, or referenda have been filed or instituted, such appeals, legal challenges, requests for rehearing, or referenda shall have been fully and finally resolved in a manner acceptable to Successor Agency in its sole and absolute discretion, and such that no further appeals, legal challenges, requests for rehearing, or referenda are possible.

(9) Insurance Policies. Developer shall have submitted to Successor Agency evidence that the insurance policies required by Section 3.8 have either been issued or will be ready to issue prior to Commencement of Construction.

(10) Site Condition. Mixed Use Developer shall have completed the UST Removal Work and Developer shall have accepted or waived in accordance with Section 2.15 the Site Condition.

(11) Old Town Newhall Parking Project. City shall have acquired fee title to the Parking Parcel or demonstrated to Successor Agency to its reasonable satisfaction that City will acquire fee title to the Parking Parcel prior to or concurrently with the Closing of the Theatre Property. City shall also have awarded a contract to a design-build contractor for the design and construction of the Parking Project pursuant to California Public Contract Code Section 22160 *et.seq*, which may be conditioned on Closing of the Theatre Property as provided by Section 4.9 below. City and Mixed Use Developer shall have approved, executed and recorded prior to or concurrently with the Closing of the Theatre Property an easement for vehicular ingress and egress from the Mixed Use Property over and across the Parking Parcel to the public right away along Railroad Avenue and 9th Street.

2.5 City Conditions Precedent. City's obligation to proceed with the financial assistance to Developer pursuant to the terms of this Agreement, and to quitclaim and release its beneficial interest in the Theatre Property as described in Recital B pursuant to the Quitclaim Deed-Close of Escrow (Exhibit G-2), is subject to the fulfillment or waiver by City of each and all of the conditions precedent described below ("**City Conditions Precedent**"). The City Conditions Precedent are solely for the benefit of City and shall be fulfilled or waived within the time periods provided for herein, and in any event, no later than the Outside Date.

(1) No Default. Developer shall not be in Default under this Agreement.

(2) Execution and Delivery of Documents by Developer and Escrow Agent. Developer shall have executed and acknowledged (as necessary) the Grant Deed, Assignment and Assumption Agreement, Theatre Operating Covenant, Site Preparation Grant Escrow Agreement and Operating Covenant grant Escrow Agreement, and Developer shall have executed (and, where appropriate, acknowledged), and delivered into Escrow all other documents that Developer is required to deliver into Escrow pursuant to Section 2.9(1). Escrow Agent shall have executed the Site Preparation Grant Escrow Agreement and Operating Covenant Grant Escrow Agreement.

(3) Delivery of Funds. In connection with the Closing, Developer shall have delivered through Escrow such funds, including escrow costs, recording fees and other closing costs as are necessary to comply with Developer's obligations under this Agreement.

(4) Sources and Uses. City shall have approved the Developer's Sources and Uses pursuant to Section 3.7.

(5) Evidence of Available Funds.

(a) Closing. City shall have received from Developer reasonable evidence that Developer has, or subject to Closing, will have, 100% of Project development and construction costs, as identified in the Sources and Uses, in ready and available funds (which may be Developer's own funds and/or third party equity or debt financing proceeds).

(b) Developer expressly acknowledges that Closing will not occur unless and until the condition above has been satisfied.

(6) Equity Funding/Construction Loan. Developer shall have delivered evidence satisfactory to City in its reasonable discretion that the equity commitments and/or construction loan, if any, for Closing, described in the Sources and Uses, shall have closed or (if not from the Developer's Principal or an Affiliate of Developer) shall be ready to close concurrently with the Closing.

(7) Project Construction Permits. Developer shall have submitted complete applications to City for all demolition, grading and building permits necessary for Developer to develop and construct the Project, and such permit applications shall have been reviewed and approved by City and shall be ready to be issued by the City.

(8) Project Approvals. The Project Approvals shall be final and non-appealable, and if any appeals, legal challenges, requests for rehearing, or referenda have been filed or instituted, such appeals, legal challenges, requests for rehearing, or referenda shall have been fully and finally resolved in a manner acceptable to City in its sole and absolute discretion, and such that no further appeals, legal challenges, requests for rehearing, or referenda are possible.

(9) Insurance Policies. Developer shall have submitted to City evidence that the insurance policies required by Section 3.8 have either been issued or will be ready to issue prior to Commencement of Construction.

(10) Old Town Newhall Parking Project. City shall have acquired fee title to the Parking Parcel or will acquire fee title to the Parking Parcel prior to or concurrently with the Closing of the Theatre Property. City shall also have awarded a contract to a design-build contractor for the design and construction of the Parking Project pursuant to California Public Contract Code Section 22160 *et.seq*, which may be conditioned on Closing of the Theatre Property as provided by Section 4.9 below. City and Mixed Use Developer shall have approved, executed and recorded prior to or concurrently with the Closing of the Theatre Property an easement for vehicular ingress and egress from the Mixed Use Property over and across the Parking Parcel to the public right away along Railroad Avenue and 9th Street.

(11) Site Condition. Mixed Use Developer shall have completed the UST Removal Work and Developer shall have accepted or waived in accordance with Section 2.15 the Site Condition.

2.6 Developer Conditions Precedent. Developer's obligation to proceed with the acquisition of Theatre Property from Successor Agency pursuant to the terms of this Agreement is subject to the fulfillment or waiver by Developer of each and all of the conditions precedent described below ("**Developer Conditions Precedent**"). The Developer Conditions Precedent are solely for the benefit of Developer and shall be fulfilled or waived, if applicable, within the time periods provided for herein, and in any event, no later than the Outside Date. For avoidance of any doubt, if any of the Developer Conditions Precedent or Joint Condition Precedent is not satisfied or waived for any reason, then Developer shall have the right to terminate this Agreement, in which case the Deposit, together with interest earned thereon, if any, shall be returned to Developer.

(1) No Default by Successor Agency and City. Successor Agency and City shall not be in Default under this Agreement.

(2) Execution and Delivery of Documents by Successor Agency, City and Escrow Agent. Successor Agency shall have executed and acknowledged the Grant Deed and Assignment and Assumption Agreement, and Successor Agency shall have executed (and, where appropriate, acknowledged) and delivered into Escrow all other documents that Successor Agency is required to deliver into Escrow pursuant to Section 2.9(2). City shall have executed and acknowledged (as necessary) the Assignment and Assumption Agreement, Theatre Operating Covenant, Site Preparation Grant Escrow Agreement, Operating Covenant Grant Escrow Agreement, Quitclaim Deed-Close of Escrow, and Quitclaim Deed-Final Completion, and City shall have delivered these documents into Escrow pursuant to Section 2.9(3). Escrow Agent shall have executed the Site Preparation Grant Escrow Agreement and Operating Covenant Grant Escrow Agreement.

(3) Delivery of Funds. In connection with the Closing, City shall have delivered through Escrow a sum equal to the Purchase Price, a sum equal to the Site Preparation Grant, and a sum equal to the Operating Covenant Grant. The Site Preparation Grant shall be subject to the instructions set forth in the Site Preparation Grant Escrow Agreement. The Operating Covenant Grant shall be subject to the instructions set forth in the Operating Covenant Grant Escrow Agreement.

(4) Project Approvals. The Project Approvals shall be (a) final and non-appealable, and if any appeals, legal challenges, requests for rehearing, or referenda have been filed or instituted, such appeals, legal challenges, requests for rehearing, or referenda shall have been fully and finally resolved in a manner acceptable to Developer in its sole and absolute discretion, and such that no further appeals, legal challenges, requests for rehearing, or referenda are possible, and (b) approved (including without limitation, all conditions associated therewith) by Developer in its sole and absolute discretion.

(5) Project Construction Permits. City shall have reviewed and approved the demolition, grading and building permit applications necessary for Developer to develop and construct the Project, and City shall be ready to issue said permits.

(6) Title Policy. Developer shall have approved the condition of title in accordance with Section 2.10 and the Title Company shall, upon payment of Title Company's regularly scheduled premium, be irrevocably committed to issue the Title Policy upon recordation of the Grant Deed subject only to the Approved Condition of Title.

(7) Equity Funding/Construction Loan. Developer shall have secured all necessary equity commitments and construction loans, if any, for 100% of Project development and construction costs as identified in the Sources and Uses, and shall have closed or shall be ready to close concurrently with Closing.

(8) Absence of Proceedings. There shall be an absence of any condemnation, environmental or any other pending governmental, administrative or legal proceeding with respect to the Theatre Property which would materially and adversely affect Developer's intended uses of the Theatre Property, the development of the Project, or value of the Theatre Property.

(9) No Material Adverse Change. There shall not have occurred between the Date of Agreement and the Closing a material adverse change to the physical, environmental or title condition of the Theatre Property.

(10) No Leases or Parties in Possession. Successor Agency shall have demonstrated to Developer the ability to deliver fee title to the Theatre Property to Developer free and clear of any tenants, lessees, licensees or any third party occupants or parties in possession, and executed the Title Company's standard form Commercial Owner's Affidavit as required by Section 2.9(2)(e) below.

(11) Site Condition. Developer shall have accepted or waived in accordance with Section 2.15 the Site Condition.

(12) Old Town Newhall Parking Project. City shall have acquired fee title to the Parking Parcel or demonstrated to Developer to its reasonable satisfaction that City will acquire fee title to the Parking Parcel prior to or concurrently with the Closing of the Theatre Property. City shall also have awarded a contract to a design-build contractor for the design and construction of the Parking Project pursuant to California Public Contract Code Section 22160 *et.seq.*, which may be conditioned on Closing of the Theatre Property as provided by Section 4.9 below. City and Mixed Use Developer shall have approved, executed and recorded prior to or concurrently with the Closing of the Theatre Property an easement for vehicular ingress and egress from the Mixed Use Property over and across the Parking Parcel to the public right away along Railroad Avenue and 9th Street.

(13) Mixed Use Property Easement. Developer shall have acquired an easement over the Mixed Use Property, prior to or concurrently with the Closing of the

Theatre Property, for ingress and egress and utilization of the plaza/courtyard area thereof.

2.7 Escrow. Within three (3) calendar days of the Date of Agreement, the Parties shall open an escrow with Escrow Agent for the conveyance of the Theatre Property to Developer ("**Escrow**").

(1) Costs of Escrow. Escrow Agent shall charge: (i) Developer for the following: the recording cost of the Grant Deed and other closing documents, the incremental excess cost in the premium for an ALTA extended coverage title policy, the cost of endorsements requested by Developer, if any, and one half of the escrow fees charged by the Escrow Agent; and (ii) Successor Agency for one half of escrow fees charged by Escrow Agent, the cost of the CLTA title policy, Successor Agency's share of prorations and all documentary transfer taxes, if any. Successor Agency shall take all actions and pay all charges and costs (if any) required by Section 2.10 and 2.11.

(2) Escrow Instructions. This Agreement constitutes the joint escrow instructions of Developer, Successor Agency and City with respect to the conveyance of the Theatre Property to Developer, and the Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. Insurance policies for fire or casualty are not to be transferred. Except as otherwise provided by the terms of the Site Preparation Grant Escrow Agreement as to the Site Preparation Grant, and the Operating Covenant Grant Escrow Agreement as to the Operating Covenant Grant, all funds received in the Escrow shall be deposited in interest-bearing accounts for the benefit of the depositing Party in any state or national bank doing business in the State of California. All disbursements shall be made by check or wire transfer from such accounts. If, in the opinion of either Party, it is necessary or convenient in order to accomplish the Closing, such Party may provide supplemental escrow instructions; provided that if there is any inconsistency between this Agreement and the supplemental escrow instructions, then the provisions of this Agreement shall control. The Closing shall take place as set forth in Section 2.8 below. Escrow Agent is instructed to release Successor Agency's, City's and Developer's escrow closing statements to the respective Parties.

(3) Authority of Escrow Agent. Escrow Agent is authorized to, and shall:

(a) Pay and charge Developer for the incremental excess cost of the premium of an ALTA Title Policy, including any endorsements requested by Developer, and pay and charge Successor Agency for the cost of the premium for a CLTA Title Policy.

(b) Pay and charge Developer and Successor Agency for escrow fees, charges, and costs as provided in Section 2.7(1).

(c) Disburse the Purchase Price less Successor Agency's share of costs of Escrow as provided in Section 2.7(3)(g) below and record the Grant Deed, Quitclaim Deed-Close of Escrow, and Assignment and Assumption Agreement when the Joint Condition Precedent, Developer Conditions Precedent, Successor Agency

Conditions Precedent and City Conditions Precedent have been fulfilled or waived in writing by Developer, Successor Agency and City, as applicable. Immediately following recordation of the Grant Deed, Escrow Agent shall first record the Quitclaim Deed-Close of Escrow, then the Assignment and Assumption Agreement and thereafter any other recordable documents delivered into Escrow for the Closing.

(d) Do such other actions as necessary, including obtaining and issuing the Title Policy, to fulfill its obligations under this Agreement.

(e) Direct Successor Agency, City and Developer to execute and deliver any instrument, affidavit, and statement, and to perform any act, reasonably necessary to comply with the provisions of FIRPTA, if applicable, and any similar state act and regulations promulgated thereunder.

(f) Prepare and file with all appropriate governmental or taxing authorities uniform settlement statements, closing statements, tax withholding forms including IRS 1099-S forms, and be responsible for withholding taxes, if any such forms are provided for or required by law.

(g) Disburse the Purchase Price less Successor Agency's share of costs of Escrow in accordance with instructions to be provided by City and Successor Agency.

(h) Deposit the Site Preparation Grant delivered into Escrow by City into an interest bearing account for the benefit of City in any state or national bank doing business in the State of California and disburse said funds to Developer in accordance with the terms and provisions of the Site Preparation Grant Escrow Agreement.

(i) Deposit the Operating Covenant Grant delivered into Escrow by City into an interest bearing account for the benefit of City in any state or national bank doing business in the State of California and disburse said funds to Developer in accordance with the terms and provisions of the Operating Covenant Grant Escrow Agreement.

(j) Upon disbursement of the Operating Covenant Grant to Developer in accordance with the Operating Covenant Grant Escrow Agreement, Escrow Agent shall record the Theatre Operating Covenant and Quitclaim Deed-Final Completion in the Official Records of the County of Los Angeles.

2.8 Closing. The Escrow for conveyance of the Theatre Property shall close ("**Close of Escrow**") on a date agreed upon by the Parties that is within 30 days after the satisfaction, or waiver by the appropriate Party, of the Joint Condition Precedent, all of the Successor Agency Conditions Precedent, all of the City's Conditions Precedent, and all of the Developer Conditions Precedent, which shall occur in no event later than the Outside Date. If Closing does not occur on or before the Outside Date, then this Agreement shall automatically terminate; provided, however, that the Outside Date may be extended by mutual agreement of the Parties, each in its sole discretion in accordance with Section 6.2

below. For purposes of this Agreement, "**Closing**" shall mean the time and day the Grant Deed is recorded in the Official Records of the County of Los Angeles.

2.9 Delivery of Documents and Closing Funds.

(1) At or before Closing, Developer shall deposit into Escrow the following items with respect to the Theatre Property:

(a) Funds in an amount necessary to consummate the Closing, including the Escrow costs set forth in Section 2.7(1);

(b) one original executed and acknowledged Grant Deed;

(c) one original executed and acknowledged Assignment and Assumption Agreement;

(d) one original executed and acknowledged Theatre Operating Covenant;

(e) one original executed Site Preparation Grant Escrow Agreement;

(f) one original executed Operating Covenant Grant Escrow Agreement; and

(g) one original executed Preliminary Change of Ownership Report for the Theatre Property.

(2) At or before Closing, Successor Agency shall deposit into Escrow the following items with respect to the Theatre Property:

(a) one original executed and acknowledged Grant Deed;

(b) one original executed and acknowledged Assignment and Assumption Agreement;

(c) one duly executed non-foreign certification for the Theatre Property in accordance with the requirements of Section 1445 of the Internal Revenue Code of 1986, as amended;

(d) one duly executed California Form 593-W Certificate for the Theatre Property or comparable non-foreign person affidavit;

(e) one Commercial Owner's Affidavit in the standard form of the Title Company; and

(f) any documents to be recorded as part of Developer's financing of the Project which Successor Agency has approved in writing pursuant to Section 3.7, along with a Request for Notice of Default executed by Successor Agency.

(3) At or before Closing, City shall deposit into Escrow the following items with respect to the Theatre Property:

(a) funds in an amount equal to the Purchase Price set forth in Section 2.2;

(b) one original executed and acknowledged Assignment and Assumption Agreement;

(c) one original executed and acknowledged Theatre Operating Covenant;

(d) one original executed and acknowledged Quitclaim Deed-Close of Escrow;

(e) one original executed and acknowledged Quitclaim Deed-Final Completion;

(f) funds in the amount of the Site Preparation Grant as set forth in Section 3.6 and one original executed Site Preparation Grant Escrow Agreement;

(g) funds in the amount of the Operating Covenant Grant as set forth in Section 3.6 and one original executed Operating Covenant Grant Escrow Agreement; and

(h) any documents to be recorded as part of Developer's financing of the Project which City has approved in writing pursuant to Section 3.7, along with a Request for Notice of Default executed by City.

(4) At Closing, Successor Agency, City and Developer shall each deposit such other instruments as are reasonably required by the Title Company or otherwise required to close the Escrow, issue the Title Policy and consummate the conveyance of the Theatre Property in accordance with the terms hereof.

2.10 Review of Title. Successor Agency shall cause the Title Company to deliver to the Developer a preliminary title report or reports (the "**Title Report(s**)") with respect to the title to the Theatre Property, together with legible copies of the documents underlying the exceptions ("**Exceptions**") set forth in the Title Reports, within thirty (30) days from the date of approval of the Certificate of Compliance for the Theatre Property. Developer shall have the right to reasonably approve or disapprove the Exceptions; provided, however, that the Developer hereby approves the following Exceptions:

(1) The Redevelopment Plan,

(2) The lien of any non-delinquent property taxes and assessments (to be prorated at Close of Escrow).

Developer shall have thirty (30) days from the date of its receipt of the Title Report, all

Exceptions and the ALTA survey identified in Section 2.13, to give written notice to Successor Agency and Escrow Agent of Developer's approval or disapproval of any of such Exceptions set forth in the Title Report or ALTA survey, in its sole discretion. Developer's failure to give written approval or disapproval of the Title Report within such time limit shall be deemed Developer's disapproval of the Title Report. If Developer notifies Successor Agency of its disapproval of any Exceptions in the Title Report, Successor Agency shall have the right, but not the obligation, to remove any disapproved Exceptions within thirty (30) days after receiving written notice of Developer's disapproval or provide assurances satisfactory to Developer that such Exception(s) will be removed on or before the Closing. If Successor Agency cannot or does not elect to remove any of the disapproved Exceptions within that period, Developer shall have fifteen (15) days after the expiration of such thirty (30) day period to either give Successor Agency written notice that Developer elects to proceed with the purchase of the Theatre Property subject to the disapproved Exceptions not removed by Successor Agency or to give Successor Agency written notice that the Developer elects to terminate this Agreement. The Exceptions to title to the Theatre Property approved by Developer as provided herein and a title policy in the form of a proforma of title policy (if any) obtained by Developer shall hereinafter be referred to as the "**Approved Condition of Title**" of the Theatre Property. The Developer shall have the right to approve or disapprove any further Exceptions reported by the Title Company after the Developer has approved the condition of title for the Theatre Property (which are not created by Developer) including without limitation, any and all new exceptions disclosed by a survey of the Theatre Property. Successor Agency shall not create any new exceptions to title following the date of this Agreement without Developer's prior written consent. Notwithstanding the foregoing, the Successor Agency agrees to deliver fee title to the Theatre Property at the Closing free and clear of all (a) tenants, licensees and third party occupants and all leases, rental agreements, license agreements and third party occupancy agreements, and (b) monetary liens, deeds of trust, mechanics' liens and other liens and encumbrances (other than the lien for current real property taxes not yet due and payable), all of which shall be released from the Theatre Property by Successor Agency at Successor Agency's sole expense on or before the Closing.

2.11 Title Insurance. Concurrently with recordation of the Grant Deed, the Title Company shall issue to Developer such policy of title insurance for the Theatre Property, which at Developer's option may be an ALTA extended coverage owner's policy (or if requested by Developer a CLTA standard owner's policy of title insurance with survey exceptions) (each, a "**Title Policy**") as may be required by Developer, and/or Developer's lenders or other institutions that may be providing financing for the Project, together with such endorsements as are reasonably requested by Developer and/or Developer's lenders or other institutions, insuring that Developer has a valid fee ownership interest in the Theatre Property, subject only to the Approved Condition of Title. The standard premium for the standard coverage of a CLTA Title Policy shall be borne by Successor Agency. Any additional costs related thereto (except for such costs to remove any title exceptions agreed to be removed by the Successor Agency, which shall be at the Successor Agency's sole cost), including the cost of surveys, the additional incremental

cost of an ALTA Title Policy and any endorsements requested by Developer shall be paid by Developer.

2.12 Property Taxes and Assessments. Ad valorem taxes and assessments levied, assessed or imposed on the Theatre Property for any period prior to the Closing, if any, shall be paid by Successor Agency. Ad valorem taxes and assessments levied, assessed or imposed on the Theatre Property acquired by Developer or any other improvements thereon, for the period after the Closing shall be paid by Developer.

2.13 Documents. Successor Agency and City represent and warrant that, to the best of the Successor Agency's Actual Knowledge and City's Actual Knowledge, respectively, as of the Date of Agreement, Successor Agency and City have furnished Developer with copies to any and all material, existing surveys, inspection reports, environmental and/or hazardous material reports, and any other data, reports, studies, agreements, correspondence and other writings, including that certain Preliminary Report issued by Title Company, Effective Date December 18, 2015, Order No. NHSC-5061853, as may be subsequently amended and supplemented; Phase II Environmental Assessment dated February 28, 2008, prepared by Atkins Environmental H.E.L.P., Inc., Geotechnical Engineering Investigation Report, dated November 14, 2007, prepared by Rybak Geotechnical, Inc.; Asbestos Report, dated July 24, 2006, prepared by Atkins Environmental H.E.L.P., Inc.; Lead Based Paint Survey Report, dated May 5, 2011, prepared by Atkins Environmental H.E.L.P., Inc.; ALTA/ACSM Land Title Survey, dated October 5, 2015, prepared by Sitetech, Inc.; Phase II Environmental Site Assessment & Limited Subsurface Investigation Report, dated November 5, 2015, prepared by Atkins Environmental H.E.L.P., Inc.; Geotechnical Investigations, dated November 10, 2015, prepared by Geocon West, Inc.; and Due Diligence / Initial Site Investigation, dated December 21, 2015, prepared by Sitetech Inc. (collectively, "**Reports**"), pertaining to the physical, environmental and/or title condition of the Theatre Property, and the use and development of the Theatre Property, which are in Successor Agency's or City's possession or control. Successor Agency and City also represent and warrant that, to the best of the Successor Agency's Actual Knowledge and City's Actual Knowledge, respectively as of the Date of Agreement, Successor Agency and City have furnished Developer with copies of any and all unrecorded leases, service contracts, easements, licenses and/or other unrecorded agreements ("**Unrecorded Agreements**") (collectively, the Unrecorded Agreements and Reports are referred to herein as the "**Documents**"), if any, affecting the Theatre Property, or portion thereof. Successor Agency and City shall notify Developer in writing of any material changes to any Documents of which Successor Agency or City become aware of before Closing. Successor Agency and City make no representation or warranty regarding the completeness or accuracy of the Documents. Successor Agency and/or City shall terminate any and all Unrecorded Agreements prior to Closing.

2.14 AS-IS CONVEYANCE SUBJECT TO SATISFACTION OF THE DEVELOPER CONDITIONS PRECEDENT, DEVELOPER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SUCCESSOR AGENCY IS SELLING AND DEVELOPER IS PURCHASING AS OF THE CLOSING THE THEATRE PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS, CONDITION AND STATE OF REPAIR

INCLUSIVE OF ANY AND ALL FAULTS AND DEFECTS, LEGAL, PHYSICAL, OR ECONOMIC, WHETHER KNOWN OR UNKNOWN, AS MAY EXIST AS OF THE CLOSING ("**AS-IS CONDITION**") AND EXCEPT AS PROVIDED IN SECTIONS 1.2(1), 1.2(2) AND 2.13 OF THIS AGREEMENT DEVELOPER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES FROM SUCCESSOR AGENCY OR CITY OR ANY OF SUCCESSOR AGENCY OR CITY'S ELECTED OFFICIALS, OFFICERS, AGENTS, EMPLOYEES, REPRESENTATIVES OR ATTORNEYS (EACH, A "**SUCCESSOR AGENCY PARTY**" AND COLLECTIVELY, "**SUCCESSOR AGENCY PARTIES**") AS TO ANY MATTERS CONCERNING THE THEATRE PROPERTY.

2.15 Independent Investigation. Concurrent with the execution of this Agreement, Successor Agency will provide Developer a right of access to the Theatre Property pursuant to the terms of the Right of Entry Permit, attached hereto as Exhibit H, for purposes of physical investigation, including but not limited to, soil and groundwater testing, environmental audits, storm water retention analysis, and adequacy of utilities including water, sewer, gas and electricity. Developer acknowledges, agrees, represents, and warrants that, prior to Closing, Developer has been given a full opportunity to obtain, review, inspect and investigate each and every aspect of the Theatre Property, either independently or through agents of the Developer's choosing, including the following (herein collectively referred to as the "**Site Condition**"):

(a) The size and dimensions of the Theatre Property.

(b) The availability and adequacy of water, sewage, fire protection, and any utilities serving the Theatre Property.

(c) All matters relating to title including extent and conditions of title to the Theatre Property, taxes, assessments, and liens.

(d) All legal and governmental laws, statutes, rules, regulations, ordinances, limitations on title, restrictions or requirements concerning the Theatre Property including zoning, use permit requirements and building codes.

(e) Natural hazards, including flood plain issues, currently or potentially concerning or affecting the Theatre Property.

(f) The physical, legal, economic and environmental condition and aspects of the Theatre Property, and all other matters concerning the conditions, use or sale of the Theatre Property, including any permits, licenses, agreements, and liens, zoning reports, engineers' reports and studies and similar information relating to the Theatre Property. Such examination of the condition of the Theatre Property has included examinations of the soil, geology, groundwater, the presence of known or unknown faults, and for the release, presence or absence of known or unknown Hazardous Materials in, on, or under the Theatre Property as Developer deemed necessary or desirable.

(g) Any easements and/or access rights affecting the Theatre Property.

(h) Any contracts and other documents or agreements affecting the Theatre Property.

(i) All other matters of material significance affecting the Theatre Property.

Developer hereby acknowledges that it is aware of and understands the following:

- As a result of investigations of the Old Town Newhall Property, the presence of three (3) underground storage tanks ("**USTs**") and other underground structures and associated piping, as well as asbestos floor tile have been identified thereon, though it is not clear if any such conditions are located on or within the Theatre Property.

- Pursuant to the terms of the Mixed Use PSA and subject to the execution of a right of entry agreement between Mixed Use Developer and Successor Agency, Mixed Use Developer is obligated to remove the USTs, underground structures, associated piping and asbestos floor tiles, as well as the removal and disposal of soil impacted by releases from the USTs, and backfill of clean material in the areas of excavation on or within the Old Town Newhall Property ("**UST Removal Construction**"), and preparation and approval of closure reports for the USTs, and securing a no further action letter from the appropriate regulatory agencies for the Old Town Newhall Property, if appropriate ("**UST Removal Regulatory Approval**")(collectively the UST Removal Construction and UST Removal Regulatory Approval is referred to herein as the "**UST Removal Work**").

- Mixed Use Developer is obligated to complete the UST Removal Work on the Old Town Newhall Property sixty (60) days prior to the Outside Date for Closing of the Mixed Use Property as provided in the Mixed Use PSA.

- Mixed Use Developer will retain the right to cancel all or any portion of the UST Removal Work to be undertaken on the Old Town Newhall Property prior to its completion, thereby resulting in the termination of the Mixed Use PSA.

Developer understands, acknowledges and agrees that Successor Agency is not making any representation or warranty that the UST Removal Work will be undertaken or completed and Successor Agency has no obligation whatsoever to undertake or complete the UST Removal Work. If the UST Removal Work is not undertaken or completed in accordance with the Mixed Use PSA or the Mixed Use PSA is otherwise terminated in accordance with the terms thereof prior to the Outside Date with respect to the Closing of the Theatre Property, Successor Agency shall have the right to terminate this Agreement and Successor Agency shall not be in default under this Agreement.

If the UST Removal Work is undertaken and completed in accordance with the Mixed Use PSA, Successor Agency shall provide Developer written notice of its completion accompanied by documentation evidencing the UST Removal Regulatory Approval. Developer shall upon the earlier of (i) thirty (30) days from the date of

Developer's receipt of the notice from Successor Agency of completion of the UST Removal Work, or (ii) five (5) days prior to the Outside Date for the Closing of the Theatre Property, provide written notice to Successor Agency of Developer's approval or disapproval of any Site Condition, in its sole discretion. Developer's failure to give written approval or disapproval of the Site Condition within such time limit shall be deemed Developer's disapproval of the Site Condition. If Developer notifies Successor Agency of its disapproval of the Site Condition or is deemed to have disapproved the Site Condition, then either Successor Agency or Developer shall have the right to terminate this Agreement by providing written notice of termination of this Agreement to the other.

2.16 Disclaimers. Developer acknowledges and agrees that except as expressly set forth in Section 1.2(1) of this Agreement: (i) neither Successor Agency, nor any Successor Agency Party, has made any representations, warranties, or promises to Developer, or to anyone acting for or on behalf of Developer, concerning the condition of the Theatre Property or any other aspect of the Theatre Property; (ii) the condition of the Theatre Property has been independently evaluated by Developer prior to the Closing; and (iii) any information including any engineering reports, architectural reports, feasibility reports, marketing reports, title reports, soils reports, environmental reports, analyses or data or other similar reports, or information of whatever type or kind, if any, which Developer has received or may hereafter receive from Successor Agency or any Successor Agency Party were and are furnished without warranty of any kind, excluding the Successor Agency's Actual Knowledge or City's Actual Knowledge of the untruthfulness of such reports or information, and on the express condition that Developer has made its own independent verification of the accuracy, reliability and completeness of such information and that Developer may rely on the foregoing at its own peril and knowingly assumes such risk.

2.17 Waivers and Releases. Developer hereby waives and releases Successor Agency, City and Successor Agency Parties, as of the Closing, from any and all manner of Claims or other compensation whatsoever, in law or equity, of whatever kind or nature, whether known or unknown, direct or indirect, foreseeable or unforeseeable, absolute or contingent, now existing or which may in the future arise, including lost business opportunities or economic advantage, and special and consequential damages, arising out of, directly or indirectly, or in any way connected with: (i) all warranties of whatever type or kind with respect to the physical or environmental condition of the Theatre Property, whether express, implied or otherwise, including those of fitness for a particular purpose, tenantability, habitability or use; (ii) use, management, ownership or operation of the Theatre Property, whether before or after Closing; (iii) the physical, environmental or other condition of the Theatre Property; (iv) the application of, compliance with or failure to comply with any and all Applicable Laws with respect to the Theatre Property; (v) Hazardous Materials in, on, or under the Theatre Property; and (vi) the As-Is Condition of the Theatre Property; the foregoing are collectively referred to as "**Property Claims**". By releasing and forever waiving the Property Claims, Developer expressly waives as of the Closing with respect to the Property Claims released hereunder any rights under California Civil Code Section 1542, which provides:

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

INITIALS: DEVELOPER _____

Notwithstanding the foregoing, the waiver and release of Property Claims shall not apply to and shall not limit Developer's rights with respect to: (i) Property Claims arising out of Successor Agency's or City's fraud; (ii) Property Claims arising out of a breach by Successor Agency or City of their express representations and warranties contained in this Agreement; (iii) Property Claims arising out of a breach by Successor Agency or City of an express covenant or obligation of Successor Agency or City under this Agreement; or (iv) Property Claims arising out of a breach by Successor Agency or City of any document delivered by Successor Agency or City at Closing.

3. ENTITLEMENT AND DEVELOPMENT OF THE PROJECT.

3.1 Schedule of Performance. Within the times set forth in the Schedule of Performance, attached hereto as Exhibit E, Developer shall use good faith efforts to apply for and secure all required permits, entitlements and governmental approvals as set forth herein, and thereafter following the Closing Developer shall use good faith efforts to commence and complete construction of the Project, and satisfy all of Developer's obligations under this Agreement within the times established therefor in the Schedule of Performance, as the same shall be extended by Force Majeure Delays or Agreed Extensions of Performance pursuant to Section 6.2. The Schedule of Performance is subject to revision in writing from time to time as may be agreed to in the reasonable discretion of Developer and the Executive Director, or his or her designee. As provided in Section 6.2, in no event may Force Majeure Delays or Agreed Extension of Performance extend the Outside Date for Closing by more than one hundred eighty (180) calendar days. The foregoing notwithstanding, the Outside Date for Closing of the Theatre Property shall be extended by the Executive Director to the same extent the "Outside Date" for "Closing" of the Mixed Use Property is extended due to an "Environmental Force Majeure Delay" in accordance with, and as those terms are defined in, the Mixed Use PSA.

3.2 Certificate of Compliance for Theatre Property. Within the times set forth in the Schedule of Performance, the Developer shall prepare and Successor Agency shall approve, a plat map and legal description of the area comprising the Theatre Property, and Successor Agency shall thereafter process and obtain City approval of a certificate of compliance for the Theatre Property as a separate legal parcel in accordance with the California Subdivision Map Act and Chapter 16.35 of the Municipal Code.

3.3 Entitlement of the Project. Within the times set forth in the Schedule of Performance, the Developer shall submit all applications for and secure all required Project Approvals, including the Development Permit, necessary for the development and construction of the Project.

3.4 Permits. Within the times set forth in the Schedule of Performance, Developer, at its expense, shall use good faith efforts to apply for and secure or cause to be applied for and secured any and all permits and approvals which may be required by City and any other governmental agency having jurisdiction over the Project, including permits for the demolition and removal of any structures or improvements, if any, on the Theatre Property, and (if applicable) encroachment or right of entry permits for performance of the off-site utility improvements required by the Project Approvals.

Within the times set forth in the Schedule of Performance, Developer shall use good faith efforts to: (a) submit to City and any other governmental agency having jurisdiction over the Project, plans and applications necessary for issuance of all demolition, grading and building permits required to undertake, develop and construct the Project; and (b) secure from City and any other governmental agency having jurisdiction over the Project all demolition, grading and building permits required to undertake, develop and construct the Project.

3.5 Development of Project. Within the times set forth in the Schedule of Performance, the Developer shall construct and develop the Project in accordance with the Project Approvals, and Project Agreements. All such work related to the Project shall be performed by licensed contractors and in compliance with Section 3.10.

3.6 Cost of Development; Theatre Development Grant; Theatre Operating Covenant. Except as otherwise provided herein, all the costs of site preparation (including demolition and removal of all structures or improvements on the Theatre Property), planning, designing, constructing and developing the Project, incurred by Developer shall be borne solely by Developer.

In consideration of Developer's obligations hereunder, including the obligation to develop the Project and the covenants set forth in the Theatre Operating Covenant to be recorded on the Theatre Property upon Final Completion of the Project, City shall: (i) at or before Closing, pay on behalf of Developer the Purchase Price for the Theatre Property in the amount of FOUR HUNDRED FORTY THOUSAND FIVE HUNDRED TWENTY FIVE AND 00/100 Dollars ($440,525.00) ("**Theatre Property Acquisition Grant**"); (ii) as more particularly described below, pay on behalf of Developer all application and processing fees associated with the Project Approvals and all plan check fees, permit fees and impact fees payable for all demolition, grading and building permits reviewed, approved and issued by City which are required to undertake, develop and construct the Project up to a maximum amount not to exceed FOUR HUNDRED THOUSAND AND 00/100 DOLLARS ($400,000.00)("**Permit Fee Grant**"); (iii) at or before Closing, deposit with Escrow Agent the amount of SIX HUNDRED THOUSAND AND 00/100 DOLLARS ($600,000.00)("**Site Preparation Grant**") to be held in an escrow account and disbursed by Escrow Agent to reimburse Developer for its Site Preparation Costs in accordance with

the terms of the Site Preparation Grant Escrow Agreement; and (iv) at or before Closing, deposit with Escrow Agent the amount of ONE MILLION NINE HUNDRED EIGHTY THOUSAND AND 00/100 DOLLARS ($1,980,000.00)("**Operating Covenant Grant**"), to be held in an interest bearing account and disbursed by Escrow Agent to Developer upon Final Completion of the Project in accordance with the terms of the Operating Covenant Grant Escrow Agreement. As provided in the Site Preparation Grant Escrow Agreement and Operating Covenant Grant Escrow Agreement, all interest earned on the Site Preparation Grant or Operating Covenant Grant on deposit through Escrow Agent shall accrue to the benefit of City, shall not be added to the principal of the Site Preparation Grant or Operating Covenant Grant, and shall be returned to City upon termination of the respective Site Preparation Grant Escrow Agreement or Operating Covenant Grant Escrow Agreement.

The Theatre Property Acquisition Grant, Permit Fee Grant, Site Preparation Grant and Operating Covenant Grant are individual and separate grant components and collectively shall not exceed a maximum amount of THREE MILLION FOUR HUNDRED TWENTY THOUSAND FIVE HUNDRED TWENTY FIVE AND 00/100 DOLLARS ($3,420,525.00)("**Theatre Development Grant**"). If, as of Final Completion of the Project, any portion of the Permit Fee Grant is unexpended, said unexpended portion, up to a maximum of EIGHTY THOUSAND AND 00/100 DOLLARS ($80,000.00) ("**Unexpended Permit Fee Grant**"), may be added to the Site Preparation Grant and applied to eligible Site Preparation Costs. Except as provided in the immediately preceding sentence, no unexpended portion of a component of the Theatre Development Grant may be added to and applied to another component of the Theatre Development Grant and all such unexpended funds shall be retained by and/or returned to City.

(1) Permit Fee Grant. After the Date of Agreement and through Final Completion of the Project, City shall pay on behalf of Developer all application and processing fees associated with the Project Approvals, including the costs of third party consultants hired by City to undertake analysis of the Project in accordance with CEQA, and all plan check fees for the review of plans submitted by Developer to City for the demolition, grading and building permits needed to construct the Project, all applicable permit fees payable in connection with the demolition, grading and building permits issued by City needed to construct the Project, and all impact fees payable to City or otherwise collected by City on behalf of other governmental agencies (e.g. school impact fees) which are payable in connection with permits issued by City for the Project, up to an amount not to exceed the Permit Fee Grant. City shall prepare and provide to Developer a monthly accounting of all fees paid by City on behalf of Developer. Within thirty (30) days of Final Completion of the Project, City shall prepare and provide to Developer a final accounting of all fees paid by City on behalf of Developer in accordance with the Permit Fee Grant. Within thirty (30) days after issuance of the final accounting, City shall deposit the unexpended portion of the Permit Fee Grant, not to exceed the Unexpended Permit Fee Grant, with Escrow Agent for the Site Preparation Grant Escrow Agreement. Any amount of application fees, processing fees, plan check fees, permit fees or impact fees applicable to the Project or Project Approvals, which are due and payable and in excess of the Permit Fee Grant, shall be paid by Developer.

(2) Site Preparation Grant. As more particularly provided in the Site Preparation Grant Escrow Agreement, after Closing, Developer shall submit to City no more frequently than on a monthly basis, a Site Preparation Draw Request, in the form attached as Exhibit B to the Site Preparation Grant Escrow Agreement, accompanied by an accounting of all Site Preparation costs incurred by Developer in connection with the demolition, clearing and grading activities conducted on the Theatre Property preparatory to building and constructing the Project, supported by copies of receipts of Site Preparation Costs paid. City shall have fifteen (15) working days to review and approve a Site Preparation Grant Draw Request from the date of submittal by Developer. Upon approval of all or a portion of a Site Preparation Grant Draw Request, City shall execute and deliver to Escrow Agent a Site Preparation Grant Disbursement Approval Notice, in the form attached as Exhibit C to the Site Preparation Grant Escrow Agreement, and Escrow Agent shall expeditiously thereafter release to Developer the sum stated thereon and approved by City. Except as provided in this Section 3.6 relative to the application of Unexpended Permit Fee Grant, if any, to eligible Site Preparation Costs, in no event shall City be obligated to pay or reimburse Developer for Site Preparation Costs in an amount that exceeds the Site Preparation Grant. City shall identify any items included on a Site Preparation Grant Draw Request which are not approved and the reason for such disapproval shall be provided to Developer in writing.

As used herein and the Site Preparation Grant Escrow Agreement, "**Site Preparation Costs**" shall mean actual out-of-pocket costs reasonably incurred by Developer after the Date of Agreement, and paid to unaffiliated third parties in connection with the demolition of existing improvements on the Property, and the clearing, grubbing and grading of the Property and other site preparation work preparatory to building and constructing the Project, including, without limitation, costs of remediating any existing site conditions, including costs, fees or taxes associated with disposal of soils, geotechnical and engineering consultants, contractors and materials. Costs associated with site preparation end as soon as the first physical element of the building foundation is installed.

(3) Limitations on Assignment of Theatre Development Grant. The right to receive the Theatre Development Grant shall run with the Theatre Property and shall not be assignable to any person or entity other than the Developer.

3.7 Sources and Uses. Within the times set forth in the Schedule of Performance, Developer shall submit to Successor Agency for review and approval a pro-forma budget (a) identifying reasonably anticipated and estimated costs of purchasing the Theatre Property and developing and constructing the Project, and (b) identification of the anticipated sources of such funds, including the Theatre Development Grant ("**Sources and Uses**"). The Sources and Uses shall be submitted no later than (i) thirty (30) calendar days following the Date of Agreement, (ii) thirty (30) calendar days following approval of the Project Approvals, (iii) thirty (30) calendar days following Developer's receipt of a commitment letter from its construction lender for the Project, and (iv) no less than five (5) calendar days following Developer's receipt of final loan documents evidencing construction financing for the Project, and in any event, prior to Closing. The Sources and Uses shall be updated from time to time before the Closing as

provided herein and to the extent such information is available and reliable, shall include all estimated "hard" and "soft" costs and contingencies, shall reflect, to the extent possible, firm bids or accepted contracts, shall identify the anticipated sources of funds (e.g., Developer's Principals' capital contributions, third-party loans, third-party equity investments) and shall be accompanied by evidence reasonably satisfactory to Successor Agency that upon implementation of the Sources and Uses, Developer shall have sufficient funds to meet all budget requirements.

Further, within the times set forth in the Schedule of Performance, Developer shall submit to Successor Agency for review and approval (a) its pre-appraisal of the Project, (b) its final construction plan appraisal, (c) its un-redacted guaranteed maximum price construction contract for the Project, and (d) evidence of its loan submission for construction and permanent financing and approval of said financing.

Successor Agency shall conduct their review and approval of the Sources and Uses submitted in a timely manner so as to not delay Closing. Successor Agency's approval of the Sources and Uses shall not be unreasonably withheld, conditioned or delayed.

3.8 Insurance Requirements. Prior to Commencement of Construction and until Final Completion of the Project, Developer shall take out and maintain or shall cause its contractor to take out and maintain, a commercial general liability policy with a minimum limit of Two Million Dollars ($2,000,000) per occurrence for bodily injury, personal injury and property damage, or such other higher policy limits as may be required by Developer's lenders or other institutions providing financing to Developer for the Project. Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence Form CG 0001). If commercial general liability insurance or other form with a general aggregate is used, the general aggregate limit shall be at least Five Million Dollars ($5,000,000). Developer and each of its contractors shall also take out and maintain a comprehensive automobile liability policy in an amount not less than One Million Dollars ($1,000,000). Developer shall also take out and maintain, or shall cause its contractor to take out and maintain, contractor's pollution liability insurance policy in an amount not less than One Million Dollars ($1,000,000) per occurrence and annual aggregate.

Until Final Completion of the Project, Developer shall also obtain and maintain builder's all-risk insurance in an amount not less than the full insurable cost of the improvements to be constructed, or caused to be constructed, on a replacement cost basis, or such other greater policy limits as may be required by Developer's lenders or other institutions providing financing for the Project. Further, Developer shall furnish or cause to be furnished to Successor Agency evidence reasonably satisfactory to Successor Agency that Developer and any contractor with whom it has contracted for the performance of work on the Theatre Property or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law.

Companies writing the insurance required hereunder shall be licensed to do business in the State of California. Insurance is to be placed with insurers with a current

A.M. Best's rating of no less than A:VII or otherwise reasonably acceptable to Successor Agency. The commercial general liability, comprehensive automobile, and contractor's pollution liability insurance policies hereunder shall name Successor Agency and Successor Agency Parties as additional insureds with respect to liability arising out of work or operations performed by or on behalf of the Developer on or about the Theatre Property, including materials, parts or equipment furnished in connection with such work or operations.

Developer shall furnish Successor Agency with a certificate of insurance evidencing the required insurance coverage and a duly executed endorsement evidencing such additional insured status. To the extent provided by the insurance carrier, the insurance policies shall be endorsed to notify Successor Agency of any material change, cancellation or termination of the coverage at least 30 days in advance of the effective date of any such material change, cancellation or termination. Coverage provided hereunder by Developer shall be primary insurance and shall not be contributing with any insurance, self-insurance or joint self-insurance maintained by Successor Agency or any Successor Agency Party, and the policy shall so provide. Any insurance, self-insurance or joint self-insurance maintained by Successor Agency or any Successor Agency Party shall be excess of and shall not contribute with the insurance required to be maintained by Developer. The insurance policies shall contain a waiver of subrogation for the benefit of Successor Agency and any Successor Agency Party. The required certificate and endorsement for the Project shall be furnished by the Developer to Successor Agency prior to the commencement of construction of the Project.

Any deductibles or self-insured retentions must be declared to and approved by Successor Agency (which shall not be unreasonably withheld, conditioned or delayed), which may require Developer to provide proof of its ability to pay losses and costs of related investigation, claim administration, and defense expenses within the retention.

3.9 Rights of Access. Prior to recording of the Quitclaim Deed-Final Completion pursuant to Section 5.4(3), Successor Agency representatives shall have the right of access to the Theatre Property, without charges or fees, at reasonable times and after prior arrangement with Developer, so long as such representatives comply with all safety rules of Developer and its contractors and insurers and do not unreasonably interfere with the progress of construction of the Project. Nothing herein shall be deemed to limit the ability of City to conduct code enforcement and other administrative inspections of any portion of the Theatre Property or Project at any time in accordance with applicable law. Successor Agency shall indemnify, defend, protect and hold Developer harmless from any Claims arising out of the negligence or willful misconduct of Successor Agency representatives in the course of accessing the Theatre Property.

3.10 Compliance With Applicable Laws; Prevailing Wage Requirements. Developer shall carry out, and shall ensure that its contractors and subcontractors carry out, the Project in conformity with all Applicable Laws, including all applicable State Labor Code requirements; the City zoning and development standards; building, plumbing, mechanical and electrical codes; all other provisions of the Municipal Code; and all applicable disabled and handicapped access requirements, including the Americans With

Disabilities Act, 42 U.S.C. Section 12101, *et seq.,* Government Code Section 4450, *et seq.,* Government Code Section 11135, *et seq.,* and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*

(1) Prevailing Wage Requirements. Developer acknowledges and agrees that the Project work will constitute "public works" as defined in Labor Code section 1720 in that such Project involves construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds under Labor Code section 1720 *et seq*. Accordingly, Developer shall comply with all applicable State Labor Code requirements, including provisions requiring the payment of prevailing wages in connection with development of the Project. Developer shall be required to comply with State prevailing wage requirements in connection with development of the Project, if and to the extent required by applicable State Labor Code requirements. Developer shall require the general contractor(s) for the Project to post on the Theatre Property prevailing wage rates for all applicable trades and to submit certified copies of payroll records to Developer to ensure compliance with State Labor Code requirements pertaining to "public works." Developer shall provide such payroll records to City within ten (10) days following City's request therefor. Developer shall also include in Developer's general contractor agreement for the Project a provision, in a form acceptable to City, obligating Developer's general contractor to require its contractors and/or subcontractors to comply with all State Labor Code requirements pertaining to "public works." Finally, Developer shall provide and maintain bonds in accordance with Civil Code Section 9550 to secure the payment of contractors, including the payment of wages to workers performing the work of constructing the Project.

Developer shall defend (with counsel reasonably acceptable to City) City and Successor Agency and its and their officers, employees, agents and representatives from and against any and all Claims arising out of Developer's obligation to comply with all State Labor Code requirements pertaining to public works and payment of prevailing wages, as required pursuant to the immediately preceding paragraph, and indemnify and hold harmless City and Successor Agency with respect to all final judgments or settlements in actions brought by any "contractor" in which City or Successor Agency is (i) determined to be an "awarding body" and (ii) damages are awarded, pursuant to Labor Code sections 1726, 1781 or Applicable Law. Developer's indemnity obligations under this Section 3.10(1) shall survive expiration or termination of this Agreement.

Developer hereby waives, releases and discharges forever City and Successor Agency, and its and their employees, officers, volunteers, agents and representatives, from any and all present and future Claims arising out of or in any way connected with Developer's obligation to comply with all State Labor Code requirements pertaining to public works and payment of prevailing wages pursuant to the first paragraph of this Section 3.10(1).

3.11 Final Completion of Project. Following Final Completion of the Project, any Party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Theatre Property shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement with respect to such

Project. Except as otherwise provided herein, after Final Completion of the Project, neither Successor Agency nor any other person shall have any rights, remedies or controls with respect to the Theatre Property that it would otherwise have or be entitled to exercise under this Agreement as a result of a default in or breach of any provision of this Agreement, and the respective rights and obligations of the Parties with reference to the Theatre Property shall be as set forth in the Grant Deed and Theatre Operating Covenant.

3.12 Liens and Stop Notices. Developer shall not allow to be placed on the Theatre Property or any part thereof or any adjacent property (including without limitation any other portion of the Old Town Newhall Property) any lien or stop notice arising from any work or materials performed or provided or alleged to have been performed or provided by Developer's contractors, subcontractors, agents or representatives. If a claim of a lien or stop notice is given or recorded affecting the Theatre Property or any adjacent property, Developer shall within 60 days of Developer becoming aware of such recording or service: (i) pay and discharge the same; or (ii) undertake such efforts as Developer deems necessary to contest the claim of a lien or stop notice and effect the release thereof by recording and delivering to the Executive Director a surety bond in sufficient form and amount.

3.13 Right of Successor Agency to Satisfy Other Liens After any Closing. After Closing, and provided the requirements set forth in Section 3.12 have not been met by Developer, Successor Agency shall have the right, but not the obligation, upon not less than ten (10) days prior written notice to Developer, to satisfy any such liens or stop notices. In such event, Developer shall be liable for and Successor Agency shall be entitled to reimbursement by Developer for the amount reasonably paid by the Successor Agency to discharge such lien or satisfy such stop notice.

3.14 Mortgage, Deed of Trust, Sale and Lease-Back Financing.

(1) No Encumbrances Except Mortgages, Deeds of Trust for Development. Prior to Final Completion of the Project, mortgages and deeds of trust will be permitted on the Theatre Property only to the extent otherwise provided in this Agreement, and only for the purpose of financing the acquisition and/or construction and development of the Project improvements (including but not limited to, design, planning, permitting, remediation, site preparation and horizontal and vertical construction) on the Theatre Property owned by Developer. Following Final Completion of the Project, mortgages and deeds of trust shall be permitted for any purpose, and Successor Agency shall have no approval or disapproval rights with respect thereto. The preceding to the contrary notwithstanding, following the Substantial Completion of improvements for the Project, Developer shall be permitted to obtain, without the consent or approval of the Successor Agency, permanent financing to be secured by the Theatre Property upon which such improvements were Substantially Completed. The words "mortgage" and "deed of trust" as used herein shall include other appropriate modes of financing real estate acquisition, construction, and land development.

(2) Holder Not Obligated to Construct Improvements. Neither the holder of any mortgage or deed of trust on the Theatre Property nor any person or entity, including any deed of trust beneficiary or mortgagee, who acquires title or possession to the Theatre Property, by foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise, shall be obligated by the provisions of this Agreement to construct or complete the Project improvements or to guarantee such construction or completion. Nothing in this Agreement shall be deemed to or be construed to permit or authorize any such holder, person or entity to devote the Theatre Property or portion thereof to any uses or to construct any improvements thereon other than those uses and Project improvements provided for or authorized by this Agreement, the Project Approvals, or as otherwise agreed to by the Successor Agency.

(3) Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. With respect to any mortgage or deed of trust granted by Developer on the Theatre Property, whenever Successor Agency shall deliver any Notice or demand to Developer with respect to any breach or Default by Developer hereunder, Successor Agency shall at the same time deliver to each holder of record of any mortgage or deed of trust on the Theatre Property a copy of such Notice or demand. No Notice of Default shall be effective as to the holder unless such Notice is given. Each such holder shall (insofar as the rights of Successor Agency are concerned) have the right, at its option, within sixty (60) days after the receipt of the Notice, to cure or remedy or commence to cure or remedy any such Default and to add the cost thereof to the mortgage debt and the lien of its mortgage. If such breach or Default cannot reasonably be cured within such sixty (60) day period, then such holder shall have a reasonable period of time following the expiration of such sixty (60) day period to cure or remedy such breach or Default so long as such holder commences such cure or remedy within the initial sixty (60) day period and diligently prosecutes such cure or remedy to completion. In the event possession of the Theatre Property is required to effectuate such cure or remedy, the holder shall be deemed to have timely cured or remedied if it commences the proceedings necessary to obtain possession thereof within sixty (60) days, diligently pursues such proceedings to completion, and, after obtaining possession, diligently completes such cure or remedy (the foregoing time periods being subject to extension during the period that such holder is precluded from taking or pursuing any such action as a consequence of any bankruptcy stay or other court order). Nothing in this Agreement shall preclude or prevent any holder of record of any mortgage or deed of trust on the Theatre Property from curing or remedying any breach or Default by Developer hereunder, and Successor Agency agrees to accept any such cure or remedy undertaken by any such holder of record of any mortgage or deed of trust on the Theatre Property.

3.15 Covenants Regarding Operation, Management and Maintenance Prior to Closing. From the Date of Agreement until the Closing or earlier termination of this Agreement, Successor Agency shall operate, manage and maintain the Theatre Property in a manner generally consistent with the manner in which Successor Agency has operated, managed and maintained the Theatre Property prior to the date hereof. Notwithstanding the foregoing, from and after the Date of Agreement, excepting the continued use of all or a portion of the Theatre Property for public parking and occasional use as a farmer's market and other City sponsored events or activities, and the terms of a

right of entry agreement to be entered into pursuant to the terms of the Mixed Use PSA relative to the UST Removal Work, Successor Agency shall not: (a) cause nor voluntarily permit, any new lien, encumbrance or any other matter to cause the condition of title to be changed, without Developer's prior written consent, other than liens or other assessments, bonds, or special district liens including without limitation, Community Facility Districts, that arise by reason of any local, City, Municipal or County Project or Special District; (b) enter into any agreements with any governmental agency, utility company or any person or entity regarding the Theatre Property, which would remain in effect after the Closing (other than to implement any matter described in (a) above), without obtaining Developer's prior written consent; or (c) amend any existing licenses, agreements or leases, or enter into any new licenses, agreements or leases, that would give any person or entity any right of possession to any portion of the Theatre Property, or which would remain in effect after the Closing.

4. COVENANTS, RESTRICTIONS AND AGREEMENTS.

4.1 Uses. Developer shall use the Theatre Property, in accordance with the Project Approvals and the Theatre Operating Covenant. These restrictions on use, as more particularly set forth in the Theatre Operating Covenant, shall be recorded in the Official Records of the County of Los Angeles.

4.2 Prohibited Uses. The Parties acknowledge that the Project to be developed and constructed on the Theatre Property includes an Office/Retail Component and a Theatre Component. As provided in the Theatre Operating Covenant, following the seventh year of operation of the Theatre Component, some of the screens and associated space of the Theatre Component may be converted to uses similar to those in the Office/Retail Component. Developer acknowledges that no portion of the Project (i.e. Office/Retail Component or Theatre Component) may be used for uses prohibited in the Specific Plan. In addition, Developer acknowledges that the following uses, as defined in the Municipal Code and/or Specific Plan, shall also not be permitted in the Project:

1. Hookah Bar/Cigar Club
2. Adult Businesses
3. Tattoo Parlors
4. Massage Parlors
5. Schools, Public or Private or Specialized
6. Used Merchandise/Thrift Stores/Second Hand Stores
7. Ambulance or Paramedic Dispatch
8. Lodging: Hotel or Motel
9. Personal Services, Restricted

Personal Services, Restricted, are defined here and/or in the Municipal Code or Specific Plan as follows and accordingly shall not be permitted in the Project:

- Check cashing stores or services
- Farmer's market (permanent)
- Fortune tellers

- Gun stores
- Laundromats (self-service laundry)
- Cash, currency, and money transfer stores and services
- Palm and card readers
- Pawnshops
- Psychics
- Recycling Vending Machines as an Accessory Use
- Spas and hot tubs for hourly rental
- Tobacco paraphernalia stores
- Tattoo and body piercing services

4.3 Taxes and Assessments. After the Closing, it shall be Developer's responsibility to pay prior to delinquency all ad valorem real estate taxes and assessments on the Theatre Property and the Project that pertain to periods on or after the Closing, subject to Developer's right to contest in good faith any such taxes.

4.4 Effect and Duration of Covenants. The covenants established in this Agreement, the Grant Deed, the Theatre Operating Covenant shall, without regard to technical classification and designation, be binding upon and inure for the benefit and in favor of the Parties hereto and their successors and assigns. The Parties are deemed the beneficiary of the terms and provisions of this Agreement, the Grant Deed, the Theatre Operating Covenant and of the covenants running with the land for and in their own right and for the purposes of protecting the interests of the Parties, in whose favor and for whose benefit this Agreement, the Grant Deed, Theatre Operating Covenant and the covenants running with the land have been provided. This Agreement, the Grant Deed and the Theatre Operating Covenant and the covenants therein shall run in favor of the Successor Agency and City without regard to whether Successor Agency or City has been, remains, or is an owner of any land or interest in the Theatre Property. Subject to the limitations on remedies set forth in Section 5 hereto, the Parties shall have the right, if this Agreement, the Grant Deed, the Theatre Operating Covenant or the covenants therein are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it may be entitled under the terms of this Agreement, the Grant Deed or the Theatre Operating Covenant.

4.5 No Successor Agency Approval of Tenants Required. Developer shall not be required to obtain the Successor Agency's consent or approval as to the tenants to whom Developer may lease portions of the Project and the Successor Agency shall not impose any restrictions or limitations on the nature of the tenants to whom Developer may lease portions of the Project; except that the use of the Theatre Property acquired by Developer shall be subject to the use restrictions and limitations created by the Project Approvals, the applicable zoning affecting the Project, and the Theatre Operating Covenant.

4.6 Obligation to Refrain From Discrimination; Form of Non-Discrimination and Non-Segregation Clauses. Developer covenants by and for itself and any successors in

interest that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of section 12955, and section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Theatre Property, any improvements thereon, or any part thereof, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Theatre Property herein conveyed. The foregoing covenants and all other provisions of this Section 4.6 shall run with the land and shall be contained in each subsequent grant deed conveying title to the Theatre Property, any improvements thereon, or any part thereof, to any subsequent owner, and the provisions of this Section 4.6 shall survive expiration or other termination of this Agreement.

Developer shall refrain from restricting the rental, sale or lease of the Theatre Property or any improvements thereon, or any part thereof, on account of any basis listed in subdivision (a) or (d) of section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of section 12955, and section 12955.2 of the Government Code. All such deeds, leases or contracts for the rental, sale or lease of the Theatre Property or any improvements thereon, or any part thereof, shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

(a) In deeds the following language shall appear: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there will be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of section 12955 of the Government Code, as those bases are defined in sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of section 12955, and section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

(b) In leases the following language shall appear: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of section 12955 of the Government Code, as those bases are defined in sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of section 12955, and section 12955.2 of the Government Code, in the

leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

(c) In contracts, the following language shall appear: "There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of section 12955 of the Government Code, as those bases are defined in sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of section 12955, and section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises."

4.7 Effect and Duration of Covenants. The covenants against discrimination, as set forth in Section 4.56 shall remain in effect in perpetuity. The covenants regarding use of the Theatre Property as set forth in Section 4.1 and the Theatre Operating Covenant shall remain in effect in accordance with the terms of the Theatre Operating Covenant.

4.8 Sales Tax Point of Sale Designation. Developer shall use commercially reasonable efforts to the extent allowed by law to require all persons and entities providing bulk lumber, concrete, structural steel and pre-fabricated building components, such as roof trusses, to be used in connection with the construction and development of, or incorporated into, the Project, to (a) obtain a use tax direct payment permit; (b) elect to obtain a subcontractor permit for the job site of a contract valued at Five Million Dollars ($5,000,000) or more; or (c) otherwise designate the Theatre Property as the place of use of material used in the construction of the Project in order to have the local portion of the sales and use tax distributed directly to City instead of through the county-wide pool. Developer shall instruct its general contractor(s) for the Project to, and cause such general contractor(s) to instruct its/their subcontractors to, cooperate with City to ensure the local sales/use tax derived from construction of the Project is allocated to City to the fullest extent possible. To assist City in its efforts to ensure that such local sales/use tax is so allocated to City, Developer shall provide City with such information as shall be reasonably requested by City regarding subcontractors working on the Project with contracts in excess of the amount set forth above, including a description of all applicable work and the dollar value of such subcontracts. City may use such information to contact each subcontractor who may qualify for local allocation of use taxes to City. Notwithstanding the foregoing, other than the cost of incidental paperwork and record keeping, any such efforts to have the local sales/use tax derived from construction of the Project allocated to City to the fullest extent possible shall be at no increased costs or expense to Developer or any general contractor or subcontractor working on the Project, and neither Developer nor any such general contractor or subcontractor shall be required to take any action pursuant to this section that would result, directly or indirectly, (i) in any

increase in the cost of the Project, or (ii) in any such general contractor or subcontractor being characterized as a "reseller" (as opposed to a "consumer"), whether for purposes of the taxation of 'freight-in' charges, any fabrication activities or otherwise.

4.9 Old Town Newhall Public Parking Garage.

The Parties acknowledge that the Specific Plan contemplates the construction of a public parking structure on a portion of the Old Town Newhall Property. The Parties further acknowledge that the Successor Agency has prepared, and the Oversight Board has approved, an amendment to the LRPMP to allow for the transfer of a portion of the Old Town Newhall Property, as generally depicted on the site plan attached hereto as Exhibit K, to the City for governmental use as parking (the "**Parking Parcel**"). As of the Date of Agreement, the Department has approved the amendment to the LRPMP.

Prior to the Outside Date with respect to the Closing of the Theatre Property, the City intends to acquire the Parking Parcel either pursuant to the amendment to the LRPMP, or pursuant to a negotiated purchase and sale agreement between City and the Successor Agency, for the purpose of constructing a parking structure on the Parking Parcel. The anticipated parking structure is to be comprised of one subterranean level, with four levels above to a maximum height of 55 feet, providing approximately 400 parking spaces, with a façade consistent with the preferred architectural design and standards set forth in the Specific Plan (the "**Parking Project**").

Prior to the Outside Date with respect to the Closing of the Theatre Property, and within the time periods set forth herein, City will use reasonable efforts to undertake the following actions, referred to herein individually as "**City Action**" and collectively as "**City Actions**", in furtherance of the Parking Project as follows:

- As of the Date of Agreement, City adopts a policy to establish guidelines, as required under California Public Contract Code section 22162, for a standard organizational conflict-of-interest policy, consistent with applicable law, regarding the ability of a person or entity to submit a proposal as a design-build entity or to join a design-build team for a design-build project procured pursuant to California Public Contract Code section 22160 et seq. relative to the Parking Project;
- Within ten (10) calendar days of the Date of Agreement, City issues an RFP for the services of a bridging architect to prepare plans related to the design of the Parking Project sufficient to solicit proposals for design-build services from a design-build contractor;
- Within sixty (60) calendar days of the Date of Agreement, City enters into a contract with a bridging architect for the Parking Project;
- Within two hundred ten (210) calendar days of the Date of Agreement, City has pre-qualified no less than three (3) design-build contractors eligible to submit a proposal to City as the design-build contractor for the Parking Project;
- Within two hundred ten (210) calendar days of the Date of Agreement, City issues an RFP for the services of a design-build contractor;

- Within two hundred seventy (270) calendar days of the Date of Agreement, City enters into a contract for a design build contractor for the design and construction of the Parking Project;
- Prior to the Outside Date with respect to the Closing of the Theatre Property, City will acquire the Parking Parcel.

Notwithstanding the foregoing, Developer understands, acknowledges and agrees that City is not making any representation or warranty that City will undertake or complete any City Action and that City has no obligation whatsoever to undertake or complete any of the City Actions noted above in furtherance of the Parking Project. Further, Developer understands, acknowledges and agrees that even if City enters into a contract with a design build contractor for the design and construction of the Parking Project, City may condition the award of said contract or the provision of certain services therein, upon the Closing of the Theatre Property.

If the City cannot or does not elect to undertake or complete any or all of the City Actions noted above in furtherance of the Parking Project in accordance with the times set forth above, said decisions or inactions by City shall not constitute a Default by City or Successor Agency under this Agreement. In the event City does not acquire the Parking Parcel and award and enter into a contract with a design build contractor for the design and construction of the Parking Project prior to the Outside Date for Closing the Theatre Property, Successor Agency and Developer shall have the right to terminate this Agreement.

In the event City acquires the Parking Parcel and develops and constructs the Parking Project, the Parties shall use good faith efforts to coordinate their development and construction activities in relation to the Project on the Theatre Property and the City's Parking Project on the Parking Parcel. By way of example, the Parties shall undertake the following:

- From the Date of Agreement until the City's award of the design-build contract, the Parties shall participate in periodic "coordination" meetings with the Parties respective design professionals throughout the design of the Project on the Theatre Property and the Parking Project on the Parking Parcel;
- The Parties shall immediately notify each other of any perceived potential construction conflict between the Project on the Theatre Property and Parking Project on the Parking Parcel and cooperate in the reasonable resolution of that conflict; and
- Following the City's award of the design-build contract the Parties shall participate in periodic "coordination" meetings with their respective design professionals and contractors/subcontractors regarding the design and construction of the Developer's Project on the Theatre Property and the City's Parking Project on the Parking Parcel.

5. <u>DEFAULTS AND REMEDIES</u>.

5.1 Default Remedies - General. Subject to permitted extensions of time as provided in Section 6.2, failure by either Party to perform any action or covenant required by this Agreement within the time periods provided herein following Notice and expiration of any applicable cure period, shall constitute a "**Default**" under this Agreement. The failure by a Party to satisfy one or more of the Successor Agency Conditions Precedent, City Conditions Precedent or Developer Conditions Precedent as set forth in Sections 2.4, 2.5 and 2.6, respectively, shall not be a Default hereunder, but the failure to act in good faith and exercise reasonable good faith efforts to satisfy any such condition precedent shall constitute a Default following delivery of a Notice of Default and an opportunity to cure as set forth herein. A Party claiming a Default shall give written Notice of Default to the other Party specifying the Default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against the other Party, and the other Party shall not be in Default if (a) in the case of a monetary Default, such Party cures the monetary Default within ten (10) days following receipt of such Notice of Default, or (b) in the case of a non-monetary Default, such Party cures, corrects or remedies the non-monetary default within thirty (30) days following receipt of such Notice of Default, or if the non-monetary default cannot reasonably be cured within such thirty- (30) day period, said Party commences to cure the non-monetary Default within said thirty- (30) day period and thereafter completes such cure, correction or remedy with diligence.

5.2 Default Resolution and Legal Actions.

(1) Informal Default Resolution. If, following notice and an opportunity to cure pursuant to Section 5.1 a Default remains outstanding, before institution of legal action, the Parties shall attempt to resolve the Default in accordance with this Section 5.2(1) as a condition precedent to the filing of any action at law or equity. It is the express intent of the Parties to attempt to resolve all Defaults arising out of or relating to this Agreement or a breach thereof by reasonable, business-like negotiations between the Parties without resorting to litigation. However, unless the Parties agree otherwise, and regardless of the size or nature of the Default, the Parties shall not cease or delay performance of their obligations under this Agreement while the Default remains outstanding.

Successor Agency, City or Developer may call a meeting for resolution of any outstanding Default. The meeting shall be held on a date within three (3) working days of the date of a written request by any Party, which written request shall specify the nature of and extent of the Default to be resolved and any proposed resolution thereof ("**Request to Resolve Dispute**"). Unless otherwise agreed to amongst the Parties, the meeting shall be held at the administrative offices of the City. The foregoing notwithstanding, the meeting shall be held at the Mixed Use Property if the ability to view the Mixed Use Property or the Project will serve to resolve the Default.

The meeting shall be attended by representatives of the Successor Agency, City and Developer and their respective consultants, contractors, subcontractors or other parties with information relevant to the nature, extent and resolution of the Default. The Parties' representatives attending the meeting shall have all requisite authority to resolve

and settle the Default. The Parties shall consider retaining the services of a mediator to help resolve and settle the Default; however, each Party reserves its discretion whether to engage the services of a mediator. The costs of any mediator agreed to by the Parties shall be shared equally. Failure of either Party to agree to the use of a mediator shall not excuse the other Party from its obligation to attend the meeting in an attempt to resolve and settle the Default. The meeting shall be subject to California Evidence Code Section 1152 and the parties hereby agree that any and all information or communications shared or disclosed during said meeting shall be subject to said provision.

If the Default remains outstanding sixty (60) calendar days after the date of the Request to Resolve Dispute, then either Party may, in addition to any other rights or remedies, institute any action at law or in equity to cure, correct, prevent or remedy the Default. The Parties agree that any applicable statute of limitation period that has not otherwise expired shall be tolled during the sixty (60) calendar day period.

(2) Institution of Legal Actions. Except as otherwise specifically provided herein, upon the occurrence of a Default, the non-defaulting Party shall have the right, in addition to any other rights or remedies, to institute any action at law or in equity to cure, correct, prevent or remedy any Default, or to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, or in the Federal District Court for the Central District of the State of California. Notwithstanding anything herein to the contrary, neither Party shall have the right to recover any consequential or special damages in the event of a Default by the other Party.

(3) Liquidated Damages in the Event of Developer Failure to Close Escrow on the Theatre Property. SUBJECT TO NOTICE AND EXPIRATION OF APPLICABLE CURE PERIODS AND ANY PERMITTED EXTENSIONS OF TIME AS PROVIDED IN THIS AGREEMENT, IF ESCROW FAILS TO CLOSE AS REQUIRED UNDER THIS AGREEMENT BECAUSE OF A DEFAULT BY DEVELOPER (A "**CLOSING DEFAULT**"), THE SUCCESSOR AGENCY MAY SUFFER DAMAGES AND IT IS IMPRACTICABLE AND INFEASIBLE TO FIX THE ACTUAL AMOUNT OF SUCH DAMAGES. THEREFORE, CONSIDERING ALL THE CIRCUMSTANCES EXISTING ON THE DATE OF THIS AGREEMENT, IN THE EVENT OF A CLOSING DEFAULT, SUCCESSOR AGENCY SHALL BE ENTITLED TO RETAIN DEVELOPER DEPOSIT. THE DEVELOPER DEPOSIT SHALL SERVE AS LIQUIDATED DAMAGES TO THE SUCCESSOR AGENCY FOR A CLOSING DEFAULT. THE VALUE OF THE DEVELOPER DEPOSIT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES THAT THE SUCCESSOR AGENCY WOULD INCUR IN THE EVENT OF A CLOSING DEFAULT. RETENTION OF THE DEVELOPER DEPOSIT SHALL BE THE SUCCESSOR AGENCY'S SOLE AND EXCLUSIVE REMEDY AGAINST DEVELOPER IN THE EVENT OF A CLOSING DEFAULT, AND THE SUCCESSOR AGENCY WAIVES ANY AND ALL RIGHT TO SEEK OTHER RIGHTS OR REMEDIES AGAINST DEVELOPER ON ACCOUNT OF A CLOSING DEFAULT, INCLUDING WITHOUT LIMITATION, SPECIFIC PERFORMANCE AND MONETARY DAMAGES. THE LIQUIDATED DAMAGES PROVIDED FOR HEREIN IS NOT INTENDED AS A

FORFEITURE OR PENALTY WITHIN THE MEANING OF SECTIONS 3275 OR 3369 OF THE CALIFORNIA CIVIL CODE, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO THE SUCCESSOR AGENCY PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. SUCCESSOR AGENCY WAIVES THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 3389. BY PLACING ITS INITIALS BELOW, DEVELOPER AND SUCCESSOR AGENCY SPECIFICALLY CONFIRM THE ACCURACY OF THE STATEMENTS MADE ABOVE, THE REASONABLENESS OF THE AMOUNT OF LIQUIDATED DAMAGES AGREED UPON, AND THE FACT THAT EACH PARTY WAS REPRESENTED BY COUNSEL WHO EXPLAINED, AT THE TIME THIS AGREEMENT WAS MADE, THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION.

INITIALS: _____ _____
SUCCESSOR AGENCY DEVELOPER

(4) Acceptance of Service of Process. In the event that any legal action is commenced against Successor Agency or City, service of process on Successor Agency shall be made by personal service upon the Secretary of Successor Agency, and service of process on City shall be made by personal service upon the City Clerk of City, or in such other manner as may be provided by law. In the event that any legal action is commenced against Developer, service of process on Developer shall be made in any manner as may be provided by law.

5.3 Termination. In addition to the termination of this Agreement provided for under Sections 2.8, 2.10, 2.15 and 4.9 above, this Agreement may be terminated: (i) if there is an uncured Default, after Notice from the Party not in default and expiration of all cure periods, (ii) if there is a failure of the Joint Condition Precedent, or (iii) if there is a failure of an express Developer Condition Precedent, Successor Agency Condition Precedent or City Condition Precedent (which is not waived by the Party whom the condition benefits) by timely Notice from the Party whom the condition benefits. If requested by Successor Agency, upon termination of this Agreement, Developer shall promptly execute and deliver to Successor Agency a quitclaim deed, in recordable form, as to the Theatre Property.

Upon termination of this Agreement due to failure of the Joint Condition Precedent or by Successor Agency or Developer pursuant to Sections 2.10, 2.15 or 4.9, Developer shall be entitled to a refund of the Developer Deposit and neither Party shall have any further liability, claim or obligation to the other. Accordingly, by initialing in the space provided below, as of the Date of Agreement, the Parties expressly waive and release each other from any and all manner of Claims or other compensation whatsoever, in law or equity, of whatever kind or nature, whether known or unknown, direct or indirect, foreseeable or unforeseeable, absolute or contingent, now existing or which may in the future arise, including but not limited to claims for specific performance, equitable estoppel, lost business opportunities or economic advantage, and any and all form of damages such as compensatory, special, consequential or punitive, as a result of failure of the Joint Condition Precedent or Successor Agency or Developer terminating this Agreement as provided by Sections 2.8, 2.10, 2.15 or 4.9, specifically including any and

all rights under California Civil Code Section 1542, which provides:

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

INITIALS:

DEVELOPER_____ SUCCESSOR AGENCY_____ CITY_____

5.4 Successor Agency Option to Repurchase, Reenter and Repossess.

(1) As to Theatre Property. Following the Closing and subject to notice and opportunity to cure under Section 5.1 and applicable Force Majeure Delay under Section 6.2, Successor Agency shall have the additional right, at its option, to repurchase, reenter and take possession of the Theatre Property if after conveyance of title to the Theatre Property, Developer shall:

(a) Fail to Commence Construction of the Project within the time set forth on the Schedule of Performance, as extended by Force Majeure Delay(s); or

(b) Abandon or substantially suspend construction of the Project for a period of 90 consecutive days after Commencement of Construction, as extended by Force Majeure Delay(s).

(2) Such rights to repurchase, reenter and repossess, to the extent provided in this Agreement and Grant Deed, shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit:

(a) Any mortgage, deed of trust or other security instrument permitted by this Agreement (including, without limitation, any assignment of rents and leases); or

(b) Any rights or interests provided in this Agreement for the protection of the holder of such mortgages, deeds of trust or other security instruments.

(3) To exercise its right to repurchase, reenter and take possession with respect to the Theatre Property, Successor Agency shall pay to Developer in cash an amount equal to:

(a) The Purchase Price for the Theatre Property; plus

(b) The actual hard costs incurred by Developer and paid or owed to third parties for labor and materials for the construction of the improvements existing on the Theatre Property at the time of the repurchase, reentry and repossession; plus

(c) The actual soft costs incurred by Developer and paid or owed to third parties in connection with the design and permitting of the improvements existing on the Theatre Property at the time of the repurchase, reentry and repossession and/or contemplated to be developed on the Theatre Property; plus

(d) All other costs and expenses incurred by Developer and paid or owed to third parties in connection with this Agreement and/or the design, permitting, construction, leasing and/or financing of the improvements existing on the Theatre Property at the time of the repurchase, reentry and repossession and/or contemplated to be developed on the Theatre Property; less

(e) Any actual income withdrawn or made by Developer from the Theatre Property or the improvements thereon; less

(f) The total outstanding amount of any mortgages, deeds of trust or other liens encumbering the Theatre Property that are superior to Successor Agency's repurchase option at the time of the repurchase, reentry and repossession.

In order to exercise such purchase option, Successor Agency shall, subject to the instruments and provisions described above, give Developer Notice of such exercise and Developer shall, within 60 days after Developer's receipt of such Notice, provide Successor Agency with a detailed accounting of all of Developer's costs incurred as provided above. Successor Agency, within 30 days thereafter, shall pay to Developer in cash all sums owing pursuant to this Section 5.4 (3), if any, and Developer shall thereupon execute and deliver to Successor Agency a grant deed transferring to Successor Agency all of Developer's interest in the Theatre Property for which Successor Agency's repurchase option applies. If Developer conveys any portion of the Theatre Property to Successor Agency pursuant to the terms of this Section 5.4 (3), then Successor Agency shall be charged with all knowledge it had regarding the Theatre Property before execution of this Agreement and all information provided to Successor Agency by Developer up to and including the time of conveyance.

Successor Agency acknowledges that it shall use its independent judgment and make its own determination as to the scope and breadth of the due diligence investigation which it shall make relative to the Theatre Property, or applicable portion thereof, to be reacquired by the Successor Agency pursuant to Successor Agency's exercise of its repurchase option.

Successor Agency's rights under this Section 5.4(3), and as set forth in the Grant Deed, are assignable by Successor Agency to City in accordance with Section 6.3, and shall terminate upon Final Completion. Upon Final Completion, Successor Agency shall cause City, as successor by assignment to the Successor Agency in accordance with Section 6.3, to execute, acknowledge and record the Quitclaim Deed-Final Completion evidencing the termination of the repurchase option under this Section 5.4(3), as set forth in the form attached hereto as Exhibit G-1 and incorporated herein.

5.5 Rights and Remedies Are Cumulative. Except as specified otherwise in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party, except as otherwise expressly provided herein.

5.6 Inaction Not a Waiver of Default. Except as specified otherwise in the Agreement, any failures or delays by either Party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

6. GENERAL PROVISIONS.

6.1 Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("**Notice**") which either Party may desire to give to the other Party under this Agreement must be in writing and shall be given by certified mail, return receipt requested and postage prepaid, personal delivery, or reputable overnight courier (but not by facsimile or email), to the Party to whom the Notice is directed at the address of the Party as set forth below, or at any other address as that Party may later designate by Notice.

To Successor Agency/City:
City of Santa Clarita/Successor Agency
Office of the City Manager/Executive Director
23920 Valencia Boulevard, Suite 300
Santa Clarita, CA 91355
Attention: Kenneth W. Striplin, City Manager/Executive Director

With a copy to:
City of Santa Clarita/ Successor Agency
23920 Valencia Boulevard, Suite 300
Santa Clarita, CA 91355
Attention: Thomas Cole, Director of Community Development

and:
City of Santa Clarita/ Successor Agency
Office of the City Attorney/General Counsel
23920 Valencia Boulevard, Suite 300
Santa Clarita, CA 91355
Attention: Joseph Montes, City Attorney/General Counsel

To Developer:
Laemmle Newhall, LLC
11523 Santa Monica Blvd.
Los Angeles, CA 90025
Attention: Greg Laemmle

With copies to: Serrano Development Group
500 North Brand Boulevard, Suite 2120
Glendale, CA 91203
Attention: Jason Tolleson, Principal

And

Elkins Kalt Weintraub Reuben Gartside LLP
2049 Century Park East, Suite 2700
Los Angeles, CA 90067
Attention: Keith Elkins
Phone No.: (310) 746-4401
E-mail: kelkins@elkinskalt.com

Any Notice shall be deemed received on the date of delivery if delivered by personal service, on the date of delivery or refused delivery as shown by the return receipt if sent by certified mail, and on the date of delivery or refused delivery as shown by the records of the overnight courier if sent via nationally recognized overnight courier. Notices sent by a Party's attorney on behalf of such Party shall be deemed delivered by such Party.

6.2 Enforced Delay; Extension of Times of Performance. Performance by either Party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays are due to: (i) war and insurrection; (ii) strikes, lockouts and labor disputes; (iii) riots, floods, earthquakes, fires, casualties, acts of God and acts of the public enemy; (iv) epidemics, quarantine restrictions, freight embargoes, and governmental restrictions or priority; (v) delays in issuance of any Project Approvals, entitlements or permits necessary to develop any improvements contemplated to be developed on the Theatre Property, or applicable portion thereof; (vi) litigation and arbitration, including court delays; legal challenges to this Agreement, the Project Agreements, the Project Approvals, or any other approval required for the Project or any initiatives or referenda regarding the same; (vii) environmental conditions, pre-existing or discovered, delaying the construction or development of the Theatre Property or any portion thereof; (viii) unusually severe weather or unseasonable inclement weather; (ix) acts or omissions of the other Party or any of its members, managers, officers, agents, employees, affiliates or other representatives; or acts or failures to act or delay in acting of any public or governmental agency or entity (except that acts or failures to act of Successor Agency shall not excuse performance by Successor Agency); or (x) moratorium (each a "**Force Majeure Delay**").

An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if Notice by the Party claiming such extension is sent to the other Party within 30 days of the commencement of the cause. If Notice is sent after such 30 day period, then the extension shall commence to run no sooner than 30 days prior to the giving of such

Notice. Notwithstanding any provision of this Agreement to the contrary, the lack of funding to commence and/or complete the Project shall not be the basis for a Force Majeure Delay.

Times of performance under this Agreement may also be extended in writing by the Successor Agency and Developer as agreed to in the sole discretion of each Party ("**Agreed Extension of Performance**"). The Executive Director may agree to no more than a cumulative total of one hundred eighty (180) calendar days extension of time for performance under this Agreement as an Agreed Extension of Performance. In no event shall a Force Majeure Delay, Force Majeure Delays or Agreed Extension of Performance extend the Outside Date for Closing by more than one hundred eighty (180) calendar days. The foregoing notwithstanding, the Outside Date for Closing of the Theatre Property shall be extended by the Executive Director to the same extent the "Outside Date" for "Closing" of the Mixed Use Property is extended due to an "Environmental Force Majeure Delay" in accordance with, and as those terms are defined in, the Mixed Use PSA.

6.3 Successors and Assigns; Assignment to City. Subject to the restrictions on Developer Transfers set forth in Section 1.3 above, all of the terms, covenants and conditions of this Agreement shall be binding upon Developer and Successor Agency and their respective successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any permitted successors and assigns as herein provided.

Successor Agency's rights and obligations as set forth in Section 5.4 of this Agreement, and as reflected in the Grant Deed, with respect to the option to repurchase, reenter and repossess the Theatre Property in the event of a violation thereof, shall be assigned to City in accordance with the terms of the Assignment and Assumption Agreement in the form attached hereto as Exhibit F and incorporated herein. Developer shall consent to said Assignment and Assumption Agreement, which shall be recorded concurrently with the Grant Deed at the Closing.

6.4 Relationship Between Successor Agency, City and Developer. It is hereby acknowledged that the relationship between Successor Agency, City and Developer is not that of a partnership or joint venture and that Successor Agency, City and Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the exhibits hereto, Successor Agency and City shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Project.

6.5 Successor Agency or City Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by Successor Agency, the Executive Director or his or her designee is authorized to act on behalf of Successor Agency, unless specifically provided otherwise or the context requires otherwise. Whenever a reference is made herein to an action or approval to be undertaken by City, the City Manager or his or her designee is authorized to act on behalf of City, unless specifically provided otherwise or the context requires otherwise.

6.6 Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed to be an original.

6.7 Integration. This Agreement, including the exhibits hereto, and the other Project Agreements contain the entire understanding between the Parties relating to the transactions contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, other than the other Project Agreements, are merged in this Agreement and shall be of no further force or effect. Each Party is entering this Agreement based solely upon the representations set forth herein and upon each Party's own independent investigation of any and all facts such Party deems material.

6.8 Brokerage Commissions. Successor Agency and Developer each represents to the other that it has not engaged the services of any finder or broker and that it is not liable for any real estate commissions, broker's fees, or finder's fees which may accrue by means of the conveyance of the Theatre Property as described in this Agreement, or the negotiation and execution of this Agreement. Each Party shall indemnify, defend, protect and hold the other Party harmless from any and all Claims based upon any assertion that such commissions or fees are allegedly due from the Party making such representations.

6.9 Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. References to section numbers are to sections in this Agreement, unless expressly stated otherwise. References to specific section numbers shall include all subsections which follow the referenced section.

6.10 Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The words "include" and "including" shall be construed as if followed by the words "without limitation." The Parties acknowledge that each Party and his, her or its counsel have reviewed and revised this Agreement and that the rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any document executed and delivered by either Party in connection with this Agreement.

6.11 Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each Party. Successor Agency and City, acting by and through the Executive Director and City Manager upon the approval of the General Counsel and City Attorney, respectively, may approve alterations, changes or modifications to this Agreement and the Project Agreements without further approval of the City Council, board of the Successor Agency or Oversight Board, as may be requested by Developer's construction lender or lenders, or as otherwise agreed to by the Parties, provided such alterations, changes or modifications do not materially increase or decrease the legal, equitable or financial obligations or rights of the Successor Agency or City hereunder,

decrease the amount of the Purchase Price, or increase the amount of the Theatre Development Grant.

6.12 Severability. If any term, provision, condition or covenant of this Agreement or its application to any Party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, 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, and shall be valid and enforceable to the fullest extent permitted by law.

6.13 Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day, and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Sections 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

6.14 Legal Advice. Each Party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other Party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

6.15 Time of Essence. Time is expressly made of the essence with respect to the performance by Successor Agency and Developer of each and every obligation and condition of this Agreement.

6.16 Cooperation. Each Party agrees to cooperate with the other in this transaction and, in that regard, shall execute any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement.

6.17 Conflicts of Interest. No Successor Agency or City Council member, official, officer, employee or consultant of Successor Agency or City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, officer, employee or consultant participate in any decision, or use their position or title to influence a decision, relating to this Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

6.18 Time for Acceptance of Agreement by Successor Agency and City. This Agreement, when executed by Developer and delivered to Successor Agency and City, must be authorized, executed and delivered by Successor Agency and City on or before

ninety (90) days after signing and delivery of this Agreement by Developer or this Agreement shall be void, except to the extent that Developer shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement. Developer hereby acknowledges that the authorization, execution and delivery of this Agreement by Successor Agency, requires the approval of the Successor Agency and Oversight Board, and by City, requires the approval of the City Council.

6.19 Developer's Indemnity. Developer shall defend (with counsel reasonably acceptable to Successor Agency), indemnify, and hold Successor Agency and Successor Agency Parties, harmless from, all Property Claims and Claims to the extent caused by Developer's negligence or willful misconduct, whether such negligence or willful misconduct be by Developer or by anyone directly or indirectly employed or contracted with by Developer, and whether such Property Claims or Claims shall accrue or be discovered before or after expiration or termination of this Agreement or Final Completion. Developer's indemnity obligations under this Section 6.19 shall not extend to (i) Property Claims or Claims occasioned by the negligence or willful misconduct of Successor Agency or Successor Agency Parties, or (ii) any litigation regarding the validity of this Agreement and the Project Approvals. Insurance limits shall not operate to limit Developer's indemnity obligations under this Agreement. Notwithstanding anything to the contrary in this Section 6.19, any claims related to Initial Litigation Challenges shall be controlled exclusively by Section 6.20.

6.20 Cooperation in the Event of Legal Challenge to Project Approvals. The Parties may cooperate in the defense of any court action or proceeding instituted by a third party or other governmental entity or official challenging the validity of any provision of this Agreement or the Successor Agency's initial approval of this Agreement or any of the Project Approvals ("**Initial Litigation Challenge**"), and the Parties shall keep each other informed of all developments relating to such defense, subject only to confidentiality requirements that may prevent the communication of such information. The foregoing notwithstanding, the Successor Agency and City may choose not to defend any such proceeding challenging the validity of any provision of this Agreement, the approval of this Agreement, or any of the Project Approvals.

(1) Meet and Confer. If an Initial Litigation Challenge is filed, upon receipt of the complaint, the Parties will have 20 days to meet and confer regarding the merits of such Initial Litigation Challenge and to determine whether to defend against the Initial Litigation Challenge, which period may be extended by the Parties' mutual agreement so long as it does not impact any litigation deadlines. The Successor Agency and Developer mutually commit to meet all required litigation timelines and deadlines. The Parties may enter a joint defense agreement, which will include among other things, provisions regarding confidentiality. The City Manager and Executive Director are authorized to negotiate and enter such joint defense agreement in a form acceptable to the City Attorney and General Counsel. Such joint defense agreement shall also provide that any proposed settlement of an Initial Litigation Challenge shall be subject to the Parties' approval, each in its reasonable discretion. If the terms of the proposed settlement would constitute an amendment or modification of this Agreement, the settlement shall not become effective unless such amendment or modification is

approved by Developer, and by Successor Agency and City in accordance with Applicable Laws, and Successor Agency and City reserves their full legislative discretion with respect thereto.

6.21 Successor Agency's Indemnity. Successor Agency shall defend (with counsel reasonably acceptable to Developer), indemnify, and hold Developer and Developer's officers, agents, employees, principals, owners, managers, representatives, contractors, subcontractors, consultants and attorneys (collectively "**Developer Indemnitees**") harmless from and against any and all liabilities, obligations, losses, damages, deficiencies, fines, penalties, costs and other expenses, including reasonable attorneys' fees and court costs, excluding criminal liabilities and workers compensation claims attributable to the Developer Indemnitees or claims or liabilities arising from the gross negligence or willful misconduct of Developer Indemnitees, which result from the use of all or a portion of the Theatre Property for public parking, farmer's market or other City sponsored events or activities, or the UST Removal Work occurring prior to Closing.

6.22 Non-liability of Officials and Employees of Successor Agency and City. No member, official or employee of Successor Agency or City shall be personally liable to Developer, or any successor in interest, in the event of any Default or breach by Successor Agency or City or for any amount which may become due to Developer or its successors, or on any obligations under the terms of this Agreement. Developer hereby waives and releases any claim it may have against the members, officials or employees of Successor Agency or City with respect to any Default or breach by Successor Agency or for any amount which may become due to Developer or its successors under the terms of this Agreement.

6.23 Legal Fees. If any Party to this Agreement brings any action or suit against another Party regarding any matter relating to or arising out of this Agreement, then all Parties shall bear their own fees, costs and expenses incurred therein, including any and all attorneys' fees.

6.24 Applicable Law; Venue. The laws of the State of California, without regard to conflict of laws principles, shall govern the interpretation and enforcement of this Agreement. The exclusive venue for any disputes or legal actions shall be the Superior Court of California in and for the County of Los Angeles or the United States District Court, Central District of California.

6.25 Survival. The Parties' indemnification and/or hold harmless obligations under Sections 3.9, 3.10, 6.8, 6.19 and 6.21 and the Right of Entry Permit shall survive the Closing or termination of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

SUCCESSOR AGENCY:

CITY OF SANTA CLARITA AS SUCCESSOR AGENCY TO THE FORMER SANTA CLARITA REDEVELOPMENT AGENCY, a

public entity

By: _____
Kenneth W. Striplin, Executive Director

APPROVED AS TO FORM:

By: _____
Joseph Montes, General Counsel

ATTEST:

By: _____
_____, Secretary

CITY:

CITY OF SANTA CLARITA, a California municipal corporation

By: _____
Kenneth W. Striplin, City Manager

APPROVED AS TO FORM:

By: _____
Joseph Montes, City Attorney

ATTEST:

By: _____
_____, City Clerk

DEVELOPER:

LAEMMLE NEWHALL, LLC, a California limited liability company

By: _____
Name:
Title:

EXHIBIT A

LEGAL DESCRIPTION – OLD TOWN NEWHALL PROPERTY

Real property in the City of Santa Clarita, County of Los Angeles, State of California, described as follows:

PARCEL A: APN 2831-007-901 THROUGH 2831-007-907

PARCEL 1:

LOTS 3 TO 12 INCLUSIVE, BLOCK 16, TOWN OF NEWHALL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53 PAGES 21 AND 22 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTHWESTERLY 10 FEET OF SAID LOT 3.

ALSO EXCEPT A PORTION OF LOTS 11 AND 12, DESCRIBED AS FOLLOWS:

A SPANDREL SHAPED PARCEL OF LAND BOUNDED NORTHEASTERLY BY THE NORTHEASTERLY LINE OF SAID BLOCK, BOUNDED SOUTHEASTERLY BY THE SOUTHEASTERLY LINE OF SAID BLOCK, AND BOUNDED WESTERLY BY THE ARC OF A CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 29.00 FEET, BEING TANGENT TO SAID NORTHEASTERLY AND SOUTHEASTERLY LINES OF BLOCK 16, AS GRANTED TO THE CITY OF SANTA CLARITA, A MUNICIPAL CORPORATION IN DEED RECORDED OCTOBER 17, 1997 AS INSTRUMENT NO. 97-1636116, OFFICIAL RECORDS.

PARCEL 2:

LOTS 15 TO 22 INCLUSIVE, BLOCK 16, TOWN OF NEWHALL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53 PAGES 21 AND 22 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THE NORTHWESTERLY 10 FEET OF LOT 22.

ALSO EXCEPT THEREFROM THE PORTIONS OF SAID LOTS DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF SAID LOT 24; THENCE SOUTH 32° 30' 15" EAST ALONG THE SOUTHWESTERLY LINE OF SAID LOTS, A DISTANCE OF 250 FEET TO THE MOST SOUTHERLY CORNER OF SAID LOT 15; THENCE NORTH 57° 30' 15" EAST ALONG THE SOUTHEASTERLY LINE OF SAID LOT 15, A DISTANCE OF 20.00 FEET; THENCE NORTH 32° 30' 15" WEST, PARALLEL WITH SAID SOUTHWESTERLY LINE OF SAID LOTS, A DISTANCE OF 125.08 FEET; THENCE NORTHWESTERLY ALONG A TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 360 FEET, THROUGH AN ANGLE OF 20° 18' 17" A DISTANCE OF 127.58 FEET TO A POINT IN THE NORTHWESTERLY LINE OF SAID LOT 24; THENCE SOUTH 57° 29' WEST THEREON, A DISTANCE OF 42.37 FEET TO THE POINT OF BEGINNING.

PARCEL 3:

THAT CERTAIN ALLEY IN BLOCK 16, IN THE TOWN OF NEWHALL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53 PAGES 21 AND 22 OF MISCELLANEOUS RECORDS, ADJOINING SAID PARCEL 1 HEREOF ON THE SOUTHWEST AND ADJOINING SAID PARCEL 2 HEREOF ON THE NORTHEAST AS VACATED BY ORDER OF BOARD

OF SUPERVISORS MAY 14, 1946. A CERTIFIED COPY OF SAID ORDER WAS RECORDED MAY 20, 1946 IN BOOK 23158 PAGE 382, OFFICIAL RECORDS.

EXCEPTING THEREFROM THAT PORTION OF SAID ALLEY ADJOINING LOTS 11 AND 12 ON THE SOUTHWEST.

EXCEPT FROM PARCEL 1, PARCEL 2 AND PARCEL 3 HEREOF, ALL MINERALS, OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER OR THAT MAY BE PRODUCED FROM A DEPTH BELOW 500 FEET FROM THE SURFACE OR THE ABOVE DESCRIBED LAND, WITHOUT RIGHT OF ENTRY UPON THE SURFACE OF THE ABOVE DESCRIBED REAL PROPERTY FOR THE PURPOSE OF MINING, DRILLING OR EXTRACTING SUCH MINERALS, OIL, GAS AND OTHER HYDROCARBON SUBSTANCES OF SAID LAND TO A DEPTH OF 500 FEET BELOW THE SURFACE HEREOF, AS GRANTED TO HAMMOND-CALIFORNIA REDWOOD CO, A CORPORATION RECORDED APRIL 18, 1958 IN BOOK D-76 PAGE 749, OFFICIAL RECORDS.

PARCEL B: APN 2831-007-900 AND 2831-007-908

PARCEL 1:

LOTS 13 AND 14 IN BLOCK 16, TOWN OF NEWHALL, IN THE CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53 PAGES 21 AND 22 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

ALL THAT PORTION OF THE 20 FOOT ALLEY, AS VACATED IN SAID BLOCK 16, TOWN OF NEWHALL, IN THE CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA ADJOINING ABOVE PARCEL 1 ON THE NORTHEAST.

PARCEL 3:

LOTS 23 AND 24 AND THE NORTHWESTERLY 10 FEET OF LOT 22 IN BLOCK 16, TOWN OF NEWHALL, IN THE CITY OF SANTA CLARITA COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53 PAGES 21 AND 22 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAD COUNTY.

ALSO THE SOUTHWEST 10 FEET OF THE ALLEY VACATED ADJOINING SAID LOTS ON THE NORTHEAST.

EXCEPT THEREFROM THAT PORTION OF SAID PROPERTY INCLUDED WITHIN THE STATE HIGHWAY AS DESCRIBED IN DEED TO THE STATE OF CALIFORNIA, RECORDED IN BOOK 13340 PAGE 180, OFFICIAL RECORDS OF SAID COUNTY.

ALSO EXCEPT THEREFROM THAT PORTION OF SAID LOT 24, WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

BEGINNING AT THE MOST NORTHERLY CORNER OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN DEED TO THE STATE OF CALIFORNIA FOR A PUBLIC HIGHWAY, RECORDED ON APRIL 27, 1935 IN BOOK 13340 PAGE 180, OFFICIAL RECORDS, IN THE OFFICE OF SAID RECORDER; THENCE NORTHEASTERLY ALONG THE NORTHEASTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF SAID CERTAIN PARCEL OF LAND, A DISTANCE OF 6.50 FEET; THENCE SOUTHERLY IN A DIRECT LINE 13.63 FEET TO A POINT IN THE EASTERLY BOUNDARY

OF SAID CERTAIN PARCEL OF LAND DISTANT SOUTHERLY THEREON 10 FEET FROM THE POINT OF BEGINNING; THENCE NORTHERLY ALONG SAID EASTERLY BOUNDARY 10 FEET TO SAID POINT OF BEGINNING.

PARCEL 4:

LOTS 1, 2 AND THE NORTHWESTERLY 10 FEET OF LOT 3 IN BLOCK 16, TOWN OF NEWHALL, IN THE CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53 PAGES 21 AND 22 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

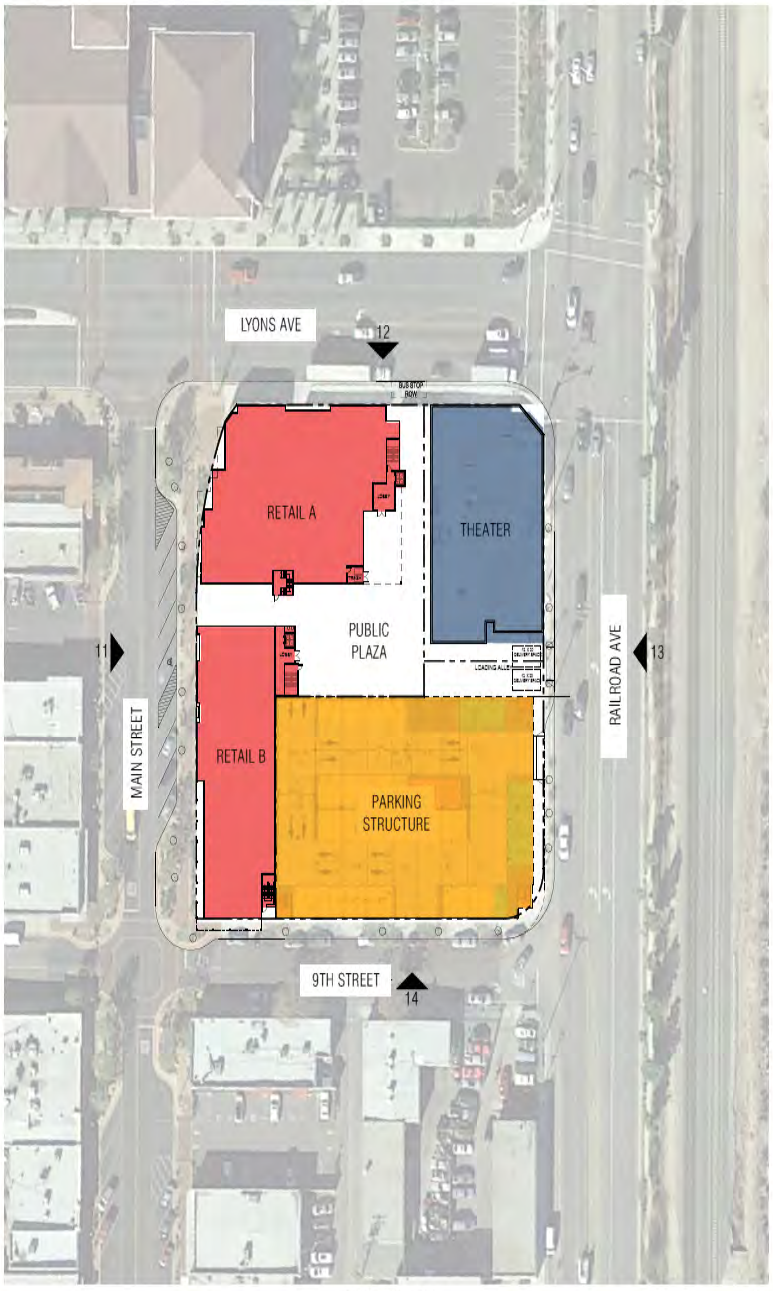
ALSO THE NORTHEAST 10 FEET OF THE ALLEY VACATED ADJOINING SAID LOTS ON THE SOUTHWEST.

EXCEPT THEREFROM THAT PORTION OF SAID LOT 1, WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

BEGINNING AT THE MOST NORTHERLY CORNER OF SAID LOT; THENCE SOUTHEASTERLY ALONG THE NORTHEASTERLY LINE OF SAID LOT, A DISTANCE OF 17 FEET; THENCE WESTERLY IN A DIRECT LINE 24.04 FEET TO A POINT IN THE NORTHWESTERLY LINE OF SAID LOT, DISTANT SOUTHWESTERLY THEREON 17 FEET FROM THE POINT OF BEGINNING; THENCE NORTHEASTERLY ALONG SAID NORTHWESTERLY LINE 17 FEET TO SAID POINT OF BEGINNING.

EXHIBIT B

CONCEPTUAL PROJECT PLANS



SITE PLAN

ZONING INFORMATION

URBAN CENTER (UC) ZONE + 'COMMERCIAL BLOCK' BUILDING TYPE

HEIGHT LIMITS - OLD TOWN NEWHALL SPECIFIC PLAN (ONSP)
- 35' - MAX. HEIGHT IN UC ZONE
- 55' - MAX. ALLOWED BY MIXED USE ORDINANCE
- > 55' AND EXCESS OF 300% GROUND FLOOR FOOTPRINT CONDITIONAL USE PERMIT REQUIRED

SETBACKS AS REQUIRED BY UNIFIED DEVELOPMENT CODE
- 5' MAXIMUM - FRONT SETBACK
- 5' MAXIMUM - SIDE STREET SETBACK
- 0' REQUIRED - REAR SETBACK

OPEN SPACE REQUIREMENT FOR MULTIFAMILY IN MIXED USE DEVELOPMENT:
- 200 SF/UNIT REQUIRED [200 SF PER UNIT X 46 UNITS]
- 9,200 SF OPEN SPACE REQUIRED

COURTYARD
- 40' WIDE FOR EAST/WEST ORIENTATION PER ONSP
- 30' WIDE FOR NORTH/SOUTH ORIENTATION PER ONSP
- AT LEAST 1:1 BETWEEN ITS WIDTH AND HEIGHT
- COURTYARD PROVIDED (EAST/WEST ORIENTATION): 97'-7" E/W X 65'-9" N/S

PARK ONCE - CITY PARKING STRUCTURE
- 348 SPACES PROVIDED

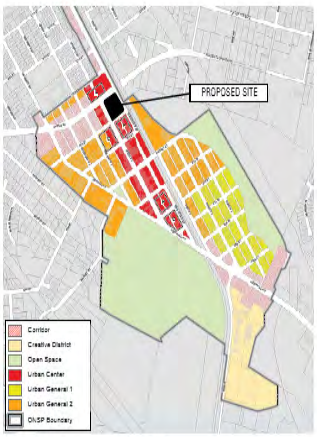
RESIDENTIAL PARKING
- 1.5 SPACES PER UNIT REQUIRED FOR RESIDENTIAL

TRASH ENCLOSURE
- LOCATED FOR EASY ACCESSIBILITY FOR USERS AND TRASH TRUCKS

EMPLOYEE BREAK AREA
- INCLUDE FACILITIES FOR SHADE, SEATING, EATING, TRASH DISPOSAL

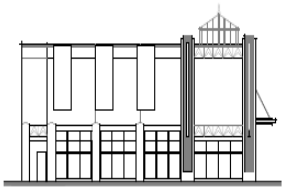
DELIVERY SPACE REQUIREMENT
- SPACE FOR 2 DELIVERY VAN SPACES - 12' X 20'

BUS STOP REQUIREMENT
- ON EASTBOUND LYONS AVE, APPROX. 170' FROM MAIN STREET

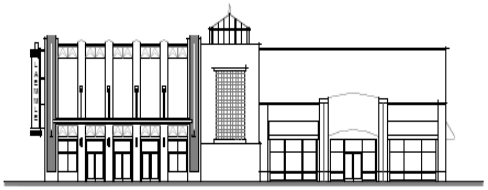


OLD TOWN NEWHALL SPECIFIC PLAN

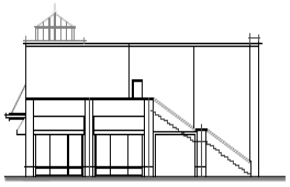
SERRANO DEVELOPMENT GROUP | NEWHALL OLD TOWN MIXED-USE SANTA CLARITA, CA | Conceptual Design | WHA urban studio | 01



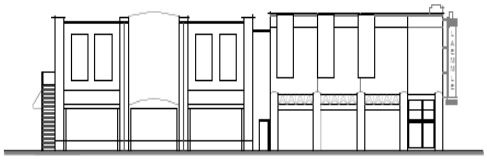
LYONS AVENUE ELEVATION



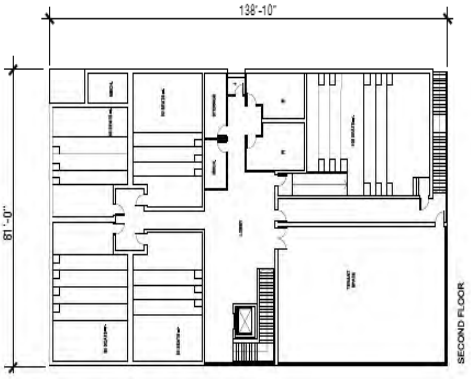
PUBLIC PLAZA ELEVATION

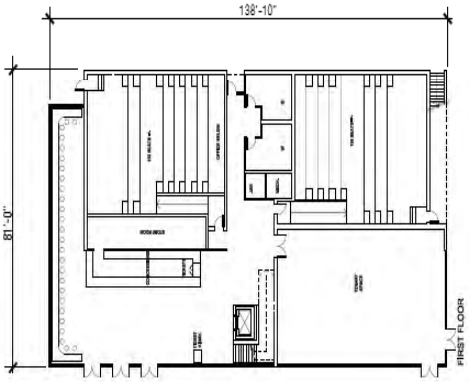


PARKING STRUCTURE ELEVATION



RAILROAD AVENUE ELEVATION





THEATER

SERRANO DEVELOPMENT GROUP

NEWHALL
OLD TOWN MIXED-USE
SANTA CLARITA, CA

Conceptual Design

Abramson Teiger Architects
8924 Lindblade Street
Culver City, CA 90232
tel. 310 838-8998
fax 310 838-8332

T1

OAK #4852-2324-3305 v7

EXHIBIT B-2

EXHIBIT C

Recording requested by, and when recorded return to:

The City of Santa Clarita
23920 Valencia Boulevard, Suite 300
Santa Clarita, California 91355
Attention: City Manager

EXEMPT FROM RECORDING FEES PER GOVERNMENT CODE §§6103, 27383

Space Above This Line For Recorder's Use

THEATRE OPERATING COVENANT

THIS THEATRE OPERATING COVENANT (this "**Agreement**") is entered into this _____ day of _____, 2016 ("**Date of Agreement**") by and between the City of Santa Clarita, a California municipal corporation (the "**City**") and Laemmle Newhall, LLC, a California limited liability company (herein referred to as "**Operator**"). City and Operator are referred to herein individually as a "Party and collectively as the "Parties."

WHEREAS, pursuant to that certain Purchase, Sale and Grant Agreement dated as of _____, 201_, and executed by and between the Successor Agency to the former Redevelopment Agency of the City of Santa Clarita, a public entity ("**Successor Agency**"), City and Operator (the "**PSA**"), the City has agreed to provide to Operator, upon the terms and conditions set forth in the PSA, consideration in an amount set forth in the PSA (the "**Theatre Development Grant**") to assist Operator to acquire the Property, defined below, and develop and construct a project (the "**Project**") which includes not less than a six screen, 475 to 550 seat, multi-story movie theatre (the "**Theatre Component**"), on real property to be sold by Successor Agency to Operator pursuant to the PSA located in the City of Santa Clarita, California, more particularly described in Exhibit A attached hereto and incorporated herein (the "**Property**");

WHEREAS, the PSA provides that Operator shall use the Theatre Component for the purpose of providing a movie theatre, cinema or entertainment use, serving as a venue for concerts, shows or programs of dance, musical, comedic, literary, art or other such media, open to the public and, at Operator's election, available for private events, including wedding events, receptions and banquets ("**Entertainment Services**"), and that such restrictions on use shall be set forth in an instrument recorded in the Official Records of the County of Los Angeles ("**Official Records**"); and

WHEREAS, the PSA provides that the City shall have a remedy for damages as more particularly described in this Agreement if during the Term, as defined below, the Theatre Component is used for any purpose other than for the provision of Entertainment Services absent an excused closure or the advance written consent of City and such

default continues for a period of thirty (30) days following City's delivery of written notice of default to Operator.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

1. Restrictions on Use; Term. Operator covenants and agrees for itself and its successors in interest, that during the Term, except as otherwise provided in this Agreement (including the last sentence of the first paragraph of this Section 1), the Theatre Component shall not be used for any purpose other than for the purpose of providing Entertainment Services, as defined above, unless and to the extent that City provides advance written approval for another use. The restrictions on use of the Theatre Component set forth in this Agreement shall commence on the date of recording of this Agreement in the Official Records ("**Effective Date**"), and shall continue in effect for a period of fifteen (15) years from the Effective Date ("**Term**"). This Agreement shall automatically terminate and be of no further force or effect on the last day of the Term, and at Operator's request, City shall execute such termination instruments as Operator may request to confirm the termination of this Agreement. Notwithstanding the foregoing or anything to the contrary contained in this Agreement, Operator shall be deemed to satisfy its obligations under this Agreement so long as, during the first seven (7) years of the Term, it operates not less than (6) movie screens with 475 to 550 seats within the Theatre Component, and during the remainder of the Term, it operates not less than four (4) movie screens with 200 to 300 seats within the Theatre Component.

Operator covenants and agrees for itself and its successors in interest, that during the Term, no portion of the Project may be used for (i) uses prohibited in the Old Town Newhall Specific Plan ("**Specific Plan**"), or (ii) uses, as defined in the City of Santa Clarita Municipal Code ("**Municipal Code**") and/or Specific Plan, as follows:

- Hookah Bar/Cigar Club
- Adult Businesses
- Tattoo Parlors
- Massage Parlors
- Schools, Public or Private or Specialized
- Used Merchandise/Thrift Stores/Second Hand Stores
- Ambulance or Paramedic Dispatch
- Lodging: Hotel or Motel
- Personal Services, Restricted

Personal Services, Restricted, are defined here and/or in the Municipal Code or Specific Plan as follows and accordingly such uses shall not be permitted in the Project:

- Check cashing stores or services
- Farmer's market (permanent)
- Fortune tellers
- Gun stores

- Laundromats (self-service laundry)
- Cash, currency, and money transfer stores and services
- Palm and card readers
- Pawnshops
- Psychics
- Recycling Vending Machines as an Accessory Use
- Spas and hot tubs for hourly rental
- Tobacco paraphernalia stores
- Tattoo and body piercing services

2. Covenants Run with the Land. Operator hereby subjects its interest in the Property to the covenants and restrictions set forth in this Agreement. Operator and the City hereby declare their express intent that the covenants and restrictions set forth herein shall be deemed covenants running with the land, and shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, transferees, and assigns of Operator and City, regardless of any sale, assignment, conveyance, transfer, lease or rental of the Property or the Project, or any part thereof or interest therein; provided, however, notwithstanding anything to the contrary contained in this Agreement, the covenants, restrictions and other terms and conditions of this Agreement shall expire and be of no further force or effect, and thus shall not be binding on the Property following the expiration of the Term. Any successor-in-interest to Operator, including without limitation any purchaser, transferee or lessee of the Property shall be subject to all of the restrictions and obligations imposed hereby through the remainder of the Term (but not thereafter). Each and every contract, deed, ground lease or other instrument affecting or conveying the Property or any part thereof, shall conclusively be held to have been executed, delivered and accepted subject to the covenants, restrictions, and obligations set forth herein for the duration of the Term, regardless of whether such covenants, restrictions, and obligations are set forth in such contract, deed, ground lease or other instrument. Operator agrees for itself and for its successors that in the event that a court of competent jurisdiction determines that the covenants herein do not run with the land, such covenants shall be enforced as equitable servitudes against the Property in favor of City through the remainder of the Term.

3. Transfers. From the Effective Date and during the Term of this Agreement, subject to the remaining provisions of this Section 3, Operator shall not transfer, sell, assign, convey or lease the Theatre Component, or any part thereof or interest therein, without the express written consent of City which may be granted or denied in its reasonable discretion. For the purposes of this Agreement, the term “transfer” shall include any significant change in the Control (as defined below) of Operator by any method or means.

During the Term, City may disapprove any transfer, sale, assignment, conveyance or lease of the Theatre Component if, in the City’s reasonable discretion, it is evident that (i) the proposed replacement operator will not operate the Theatre Component at a standard as existed as of the Effective Date, or (ii) the replacement operator does not have the financial capability and operating experience equivalent to, or greater than, Operator, or (iii) the replacement operator will not operate the Theatre Component in the condition,

and at a quality level, substantially equivalent to or greater than the "art house" type and quality level, as the case may be, as existed as of the Effective Date. Notwithstanding the foregoing, City may approve a transfer, sale, assignment, conveyance or lease of the Theatre Component to a replacement operator subject to such reasonable conditions applicable during the Term as are necessary to address any objectionable transfer, sale, assignment, conveyance or lease.

Notwithstanding any other provision of this Agreement to the contrary, each of following transfers are permitted and shall not require City consent under this Agreement:

Any lien or encumbrance placed on the Property following the Date of Agreement (i) to secure construction financing of the Project, or (ii) to secure permanent financing of the Project to the extent said lien or encumbrance does not exceed 75% of the value of the Property as improved by the Project as determined by a lender's appraisal (provided that if such lender is not an institution, then such appraisal shall be subject to the reasonable approval of the City);

A transfer of the Property or the membership interests in Operator to an entity or entities in which Operator or Operator's Manager or Managing Member retains control of such entity or entities. For the purposes of this definition, "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity or a person, whether through the ownership of voting securities, by contract, or otherwise, and the terms "controlling" and "controlled" have the meanings correlative to the foregoing;

Any lease, sublease, or other transfer of the Theatre Component to an Affiliate of Operator or of any components of the Property that are not part of the Theatre Component, provided such transfers do not involve a subdivision of the Property. For purposes of this Agreement, "Affiliate of Operator" shall have the same meaning as "Affiliate of Developer" as defined in the PSA; and

Dedications or grants of easements or rights of way or other non-financial encumbrances against the Property.

4. Default. Upon the occurrence of a Default, as defined herein, during the Term of this Agreement and the expiration of any applicable cure period following notice of said Default, Operator shall pay to City, as City's sole and exclusive remedy, the Unamortized Theatre Development Grant (as defined below). During the first seven (7) years of the Term, "Unamortized Theatre Development Grant" shall mean the sum of (a) the Theatre Development Grant, minus (b) the product of 1/10 of the Theatre Development Grant multiplied by the number of years, or fraction thereof prorated on a monthly basis, of operation or Excused Closure of the Theatre Component during each of the first seven (7) years of the Term. Upon the expiration of the seventh year of the Term, "Unamortized Theatre Development Grant" shall mean the sum of (a) 30% of the Theatre Development Grant, minus (b) the product of 1/8 of 30% of the Theatre Development Grant multiplied by the number of years, or fraction thereof prorated on a monthly basis, of operation or

Excused Closure of the Theatre Component during each of the remaining eight (8) years of the Term.

Notwithstanding the foregoing or anything to the contrary contained in this Agreement, Operator shall not be in default if the Theatre Component is closed and not operating due to any of the following reasons (each an "**Excused Closure**"): (i) a change in ownership, provided such closure and non-operation does not exceed 30 calendar days; (ii) remodeling construction activities, provided Operator has a valid building permit for such work issued by the City; (iii) war or insurrection; (iv) strikes, lockouts and labor disputes; (v) riots, floods, earthquakes, fires, casualties, acts of God and acts of the public enemy; (vi) epidemics, quarantine restrictions, freight embargoes, and governmental restrictions or priority; (vii) environmental conditions, pre-existing or discovered, impeding the use and occupancy of the Project; or (viii) unusually severe weather or unseasonable inclement weather.

5. Miscellaneous.

5.1 Notices. Any notice or communication required hereunder between Operator and City ("**Notice**") must be in writing, and may be given either personally, by registered or certified mail (return receipt requested), or by Federal Express or other similar courier promising overnight delivery. If personally delivered, a Notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by registered or certified mail, such Notice shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the Party to whom Notices are to be sent, or (ii) five (5) days after a registered or certified letter containing such Notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a Notice shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written Notice to the other Party hereto, designate any other address in substitution of the address to which such Notice shall be given. Such Notices shall be given to the Parties at their respective addresses set forth below:

Agency:	**Operator:**
City of Santa Clarita 23920 Valencia Boulevard, Suite 300 Santa Clarita, CA 91355 Attn: City Manager	Laemmle Newhall, LLC 11523 Santa Monica Blvd. Los Angeles, CA 90025 Attn: Greg Laemmle

5.2 Attorneys' Fees. If an action is brought to enforce the rights of a Party under this Agreement, the prevailing Party shall be entitled to recover its costs of enforcement, including reasonable attorneys' fees and court costs.

5.3 Binding Agreement. This Agreement supersedes all prior and contemporaneous discussions, agreements and understandings between Operator and

City with respect to the subject matter of this Agreement, and together with the PSA, constitutes the entire agreement between Operator and City with respect thereto.

5.4 Amendments. This Agreement may be amended or modified only by a written instrument executed by Operator and City.

5.5 No Assignment by City. City shall not have the right to assign its rights under this Agreement without Operator's consent.

5.6 Governing Law; Venue. This Agreement shall be governed and construed in accordance with the laws of the State of California, without reference to its choice of law rules. The exclusive venue for any disputes or legal actions shall be the Superior Court of California in and for the County of Los Angeles or the Federal District Court for the Central District of the State of California.

5.7 Waivers. No waiver of any provision of this Agreement or any breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving Party, and any such waiver shall not be deemed a waiver of any other provision of this Agreement or any other or subsequent breach of this Agreement.

5.8 Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the Parties hereto and their respective successors, heirs, administrators and assigns. Each reference herein to a specifically named Party shall mean a reference to such Party and to such Party's successors and assigns.

5.9 Severability. If any term or provision of this Agreement, or the application of any term or provision of this Agreement to a particular situation, is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining terms and provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect unless amended or modified by mutual consent of the Parties.

5.10 Construction. Section headings in this Agreement are for convenience only and are not intended to be used in interpreting or construing the terms, covenants or conditions of this Agreement. Capitalized terms used in this Agreement and not otherwise defined in this Agreement shall have the meaning ascribed to such capitalized terms in the PSA. This Agreement has been reviewed and revised by legal counsel for Operator and Agency, and no presumption or rule that ambiguities shall be construed against the drafting Party shall apply to the interpretation or enforcement of this Agreement.

5.11 No Joint Venture. Operator and City hereby renounce the existence of any form of agency relationship, joint venture or partnership between Operator and City and agree that nothing contained herein or in any document executed in connection herewith shall be construed as creating any such relationship between City and Operator.

5.12 Survival of Terms. Any indemnity provided for herein, and any other provision of this Agreement which, by its terms, is to be performed after the Closing, shall

survive the Closing until full performance thereof. The representations, warranties, covenants, terms and conditions of this Agreement shall also survive the Closing.

5.13 Time. Time is of the essence of this Agreement and of the performance of all the terms, covenants and conditions contained in this Agreement.

5.14 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one agreement.

5.15 City Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by City, the City Manager or his or her designee is authorized to act on behalf of City, unless specifically provided otherwise or the context requires otherwise.

5.16. Recordation. This Agreement shall be recorded in the Official Records of the County of Los Angeles following Final Completion of the Project in accordance with the PSA.

5.17 No Brokers. Each Party represents and warrants that it has not had any dealings with any real estate broker, agent, or finder that is entitled to a commission, fee, or other compensation in connection with this Agreement.

5.18 Legal Advice. Each Party represents and warrants to the other that they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other Party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

IN WITNESS WHEREOF, the Parties have executed this Theatre Operating Covenant as of the date first written above.

OPERATOR:

LAEMMLE NEWHALL, LLC, a California limited liability company

By: _____
[Name, Title]

CITY:

CITY OF SANTA CLARITA, a California municipal corporation

By: _____
Kenneth W. Striplin, City Manager

Attest:

By: _____
_____, City Clerk

Approved as to form:

By: _____
Joseph Montes, City Attorney

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

) ss

County of _____)

On _____, before me,_____,
(Name of Notary)

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

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

WITNESS my hand and official seal.

_____
(Notary Signature)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

) ss

County of _____)

On _____, before me,_____,
(Name of Notary)

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

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

WITNESS my hand and official seal.

_____
(Notary Signature)

Exhibit A

PROPERTY

EXHIBIT D

RECORDING REQUESTED BY AND AFTER RECORDATION MAIL TO:

Laemmle Newhall, LLC
11523 Santa Monica Boulevard
Los Angeles, CA 90025
Attention: Greg Laemmle

This document is exempt from the payment of a recording fee pursuant to Government Code §§ 6103, 27383

(Space Above This Line for Recorder's Use Only)

GRANT DEED
(With Covenants)

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Successor Agency to the former Redevelopment Agency of the City of Santa Clarita, a public entity ("**Grantor**"), hereby grants to Laemmle Newhall, LLC, a California limited liability company ("**Grantee**"), the real property (the "**Property**") located in the City of Santa Clarita, County of Los Angeles, California, and more particularly described in Attachment No. 1 attached hereto and incorporated in this grant deed ("**Grant Deed**") by reference. Grantor and Grantee are referred to herein as a "Party" and collectively as the "Parties".

1. Covenants. Grantee expressly covenants and agrees for itself, its successors and assigns and all persons claiming under or through it, that as to the Property and any improvements constructed or to be constructed thereon, or any part thereof, or alterations or changes thereto, Grantee and all such successors and assigns and all persons claiming under or through it, shall use, devote, operate and maintain the Property and the improvements thereon, and every part thereof, to the uses specified and in accordance with that certain Purchase, Sale and Grant Agreement between Grantor, Grantee and the City of Santa Clarita, a California municipal corporation, dated as of _____, 201_ ("**PSA**"), in accordance with the agreements and covenants set forth in this Grant Deed. Capitalized terms used but not otherwise defined herein shall have the meanings provided in the PSA.

2. Prior to Final Completion (as such term is defined in the PSA), the Grantee shall not, except as permitted by the PSA, sell, transfer, convey, assign or lease the whole or any part of the Property without the prior written approval of the Grantor. This prohibition shall not be deemed to prevent the granting of easements or permits to

facilitate the development of the Property or to prohibit or restrict the leasing of any part or parts of a building or structure when said improvements are completed.

3. The Grantee covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Grantee itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Property.

All deeds, leases or contracts made relative to the Property, the improvements thereon or any part thereof shall contain or be subject to substantially the following nondiscrimination clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

> That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased, nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessess or vendees in the premises herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location,

number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the land."

4. Successor Agency Option to Repurchase, Reenter and Repossess. Prior to Final Completion (as such term is defined in the PSA), Grantor shall have the right, in the event of certain specified uncured defaults under the PSA, to repurchase, reenter, and take possession of, the Property referred to above, as provided in Section 5.4 of the PSA. Such right to repurchase, reenter and repossess shall be subject and subordinate to and be limited by and shall not defeat, render invalid or limit: (a) any mortgage, deed of trust or other security instrument permitted by the PSA; or (b) any rights or interests provided in the PSA for the protection of the holder of such mortgages, deeds of trust or other security instruments. Such right to repurchase, reenter and repossess also shall be subject to all leases and licenses that may be entered into by Grantee or it successors or assigns, as lessor or licensor, as the case may be, affecting the Property, or applicable portion thereof. In the event Grantor exercises its right to repurchase, reenter or repossess the Property, or applicable portion thereof, Grantor shall accept title to the Property, or applicable portion thereof, so repurchased or repossessed subject to such mortgages, deeds of trust, other security instruments, leases and/or license agreements previously entered into by Grantee or its successors or assigns to the extent permitted by the PSA.

5. Effect, Duration and Enforcement of Covenants.

(a) It is intended and agreed that the covenants and agreements set forth in this Grant Deed shall be covenants running with the land and that they shall be, in any event and without regard to technical classification or designation, legal or otherwise, to the fullest extent permitted by law and equity, (i) binding for the benefit and in favor of Grantor, its successors and assigns, as beneficiary; and (ii) binding against Grantee, its successors and assigns to or of the Property and any improvements thereon or any part thereof or any interest therein, and any Party in possession or occupancy of the Property or the improvements thereon or any part thereof. The agreements and covenants herein shall be binding on Grantee itself, each successor in interest or assign, and each Party in possession or occupancy, respectively, only for such period as it shall have title to or an interest in or possession or occupancy of the Property or part thereof. Anything herein to the contrary notwithstanding, the Grantor's rights and interests under Section 4 in this Grant Deed and under Section 5.4 of the PSA, including, without limitation, its right to repurchase, reenter and take possession of the Property, or applicable portion thereof as described in Section 4 above, and the Grantee's obligations under Section 4 of this Grant Deed and under Section 5.4 of the PSA, shall terminate as to the Property upon the issuance of a temporary certificate of occupancy by City with respect to the Property. Upon the issuance of a temporary certificate of occupancy by City with respect to the Property, the Grantor hereby quitclaims all rights and interests in the Property and the Grantor shall have no further right to enforce any rights under Section 5.4 of the PSA with respect to the Property. Accordingly, upon issuance of a temporary certificate of occupancy by City, Grantor shall execute, acknowledge and cause to be recorded a Quitclaim Deed-Final Completion, in the form set forth in Exhibit G-1 to the PSA, evidencing the foregoing termination and quitclaim.

(b) Grantor shall have the right, in the event of any and all of such covenants of which it is stated to be the beneficiary, to institute an action for injunction and/or specific enforcement to cure an alleged breach or violation of such covenants, subject to Section 5(c) below.

(c) Grantee shall be entitled to written notice from Grantor and have the right to cure any alleged breach or violation of all or any of the covenants set forth in this Grant Deed; provided that Grantee shall cure such breach or violation within 30 days following the date of written notice from Grantor, or in the case of a breach or violation not reasonably susceptible of cure within 30 days, Grantee shall commence to cure such breach or violation within such 30 day period and thereafter diligently to prosecute such cure to completion within a reasonable time.

6. Mortgagee Protection. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument encumbering the Property as permitted by the PSA; provided, however, that any successor of Grantee to the Property shall be bound by such covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

7. The covenants against discrimination contained in paragraph 3 of this Grant Deed shall remain in perpetuity.

8. The covenants contained in paragraphs 1, 2 and 3 of this Grant Deed shall be binding for the benefit of Grantor and its successors and assigns, and any successor in interest to the Property or any part thereof, and such covenants shall run in favor of the Grantor and such aforementioned Parties for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor and such aforementioned Parties, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor, its successors and assigns and such aforementioned Parties.

9. Grantee hereby grants to Grantor the option to repurchase the Property hereby conveyed by Grantor and all improvements subsequently constructed thereon upon the terms and provisions more fully set forth in Section 5.4 of the PSA, which provisions are incorporated herein by this reference thereto. As more fully provided in Section 5.4 of the PSA:

(a) The term of the option shall commence upon the recordation of this Grant Deed and shall continue until the date a temporary certificate of occupancy has been issued by City.

(b) The option shall only be exercisable by Grantor in each and every one of the following circumstances:

(1) Grantee's failure to commence construction of the Project improvements on the Property by the time set forth in the Schedule of Performance (Exhibit E to the PSA), subject to Section 6.2 of the PSA, and such failure is not cured within thirty (30) days after written demand by the Grantor. For purposes of this provision, Grantee shall be deemed to "commence construction" when and only when Grantee has commenced construction activities on the Property (which includes grading of the Theatre Property) pursuant to a building permit issued by the City for the construction of the Project improvements to be constructed on the Property as described in the Project Approvals. As used herein, the terms Project, Project Approvals, and Schedule of Performance shall have the same meaning as provided in the PSA.

(2) Once construction has been commenced in accordance with Subparagraph 9(b)(1) above, and subject to an event described in Section 6.2 of the PSA, the abandonment or substantial suspension of construction by Grantee, or Grantee's failure to diligently prosecute construction of the improvements through completion, as required by the PSA, where such abandonment, suspension or failure has not been cured within 90 days after written notice thereof from the Grantor.

(3) If, at any time, Grantee shall, without the prior written consent of Grantor, directly or indirectly, voluntarily or involuntarily, sell or Transfer the Property. For the purpose of this paragraph, the term "Transfer" shall have the same meaning as provided in the PSA.

(c) Grantor's option shall be subordinate, and subject to, and be limited by, and shall not defeat, render invalid, or limit:

(d) Any mortgage, deed of trust or other security instrument permitted by the PSA;

(e) Any rights or interests provided in the PSA for the protection of the holder of such mortgages, deeds of trust or other security instruments.

10. Amendments. Only the Grantor, its successors and assigns, and the Grantee and the successors and assigns of the Grantee in and to all or any part of the fee title to the Property shall have the right to consent and agree to changes or to eliminate in whole or in part any of the covenants contained in this Grant Deed. For purposes of this

Section, successors and assigns of the Grantee shall be defined to include only those parties who hold all or any part of the Property in fee title, and shall not include a tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under deed of trust, or any other person or entity having an interest less than a fee in the Property and the Project.

11. Assignment. Grantor's rights and obligations as set forth in this Grant Deed and Section 5.4 of the PSA, may be assigned to the City of Santa Clarita, a California municipal corporation, in accordance with the terms of the Assignment and Assumption Agreement attached as Exhibit F to the PSA.

12. Grantee's Acknowledgment. By its execution of this Grant Deed, Grantee has acknowledged and accepted the provisions hereof.

13. In the event of any express conflict between this Grant Deed and the PSA, then the provisions of this Grant Deed shall control. The foregoing notwithstanding, in the event of any express conflict between the provisions of Section 9 of this Grant Deed and the PSA, then the provisions of the PSA shall control.

14. Counterparts. This Grant Deed may be executed in counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

SIGNATURES ON FOLLOWING PAGE.

GRANTOR:

Successor Agency to the former Redevelopment Agency of the City of Santa Clarita, a public entity

Date: _____, 201_ By: _____

Kenneth W. Striplin, Executive Director

[SIGNATURE MUST BE NOTARIZED]

ATTEST:

_____

_____, Secretary

APPROVED AS TO FORM:

_____

Joseph Montes, General Counsel

GRANTEE:

LAEMMLE NEWHALL, LLC, a California limited liability company

Date: _____, 201_ By: _____

ACKNOWLEDGMENTS

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____, 201__ before me, _____, 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)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____, 201__ before me, _____, 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)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____, 201__ before me, _____, 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 NO. 1

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

EXHIBIT E

SCHEDULE OF PERFORMANCE

NOTE: Capitalized terms used below shall have the meaning ascribed to such terms in the Purchase, Sale and Grant Agreement ("**Agreement**") to which this Exhibit E is attached. All of the dates and deadlines described below shall be subject to extension by the Executive Director pursuant to Section 3.1 of the Agreement or "Force Majeure Delays" or "Agreed Extension of Performance" in accordance with Section 6.2 of the Agreement. Additionally, the Outside Date for Closing shall be extended due to an Environmental Force Majeure Delay in accordance with Section 6.2 of the Agreement. The provisions of the Schedule of Performance are intended as a convenient guideline for the Parties and are not intended to supersede or amend the referenced operative sections listed below. To the extent the operative sections of the Agreement require performance "within the times set forth in the Schedule of Performance", then the dates and deadlines set forth in this Schedule of Performance shall control. In the event of any conflict between this Schedule of Performance and the Agreement, the Agreement shall control.

PERFORMANCE ITEM			DATE
I.	**EXECUTION OF PSA**		
	A.	Developer submits Organizational Documents to Successor Agency. [Section 1.2 (3)(a)]	Prior to execution of Agreement.
	B.	Successor Agency considers Agreement and, if approved, forwards recommendation to the Oversight Board.	Within 14 days of Developer's delivery to the Successor Agency of acceptable Agreement, approved as to form by General Counsel.
	C.	Oversight Board considers approval of Agreement.	Within 30 days of Successor Agency recommendation
	D.	If approved by Oversight Board, Developer executes Agreement.	Within 7 days of Oversight Board approval
	E.	If approved by Oversight Board, Successor Agency executes Agreement.	Within 7 days of Oversight Board approval
II.	**DEVELOPER SITE INSPECTION/DUE DILIGENCE PERIOD**		

PERFORMANCE ITEM			DATE
	A.	Developer completes independent investigation and provides written notice to Successor Agency approving or disapproving Site Condition. [Section 2.15]	Upon earlier of (i) 30 days following receipt of notice of completion of UST Removal Work by Mixed Use Developer, or (ii) 5 days prior to Outside Date for Close of Escrow.
	B.	If Site Condition disapproved or deemed disapproved, Successor Agency or Agency may terminate Agreement. [Section 2.15]	Prior to Outside Date for Close of Escrow.
III.	**FINANCING**		
	A.	Developer submits evidence of property acquisition and construction equity and debt financing ("**Sources and Uses**"). [Section 3.7]	(1) 30 calendar days following Date of Agreement (2) 30 calendar days following approval of Project Approvals (3) 30 calendar days following Developer's receipt of a commitment letter from its construction lender (4) no less than 5 calendar days following Developer's receipt of final loan documents
	B.	Successor Agency approves Sources and Uses. [Section 3.7]	Within 30 days of Developer submittal of Sources and Uses based on the milestones listed above.
	C.	Developer submits to Successor Agency pre-appraisal of Project. [Section 3.7]	Within 60 days following approval of Project Approvals.
	D.	Developer submits to Successor Agency final construction plan appraisal of Project. [Section 3.7]	Within 30 days following Developer's submission of application and plans for all building permits to City.

PERFORMANCE ITEM			DATE
	E.	Developer submits to Successor Agency un-redacted guaranteed maximum price construction contract for Project. [Section 3.7]	No later than 5 days prior to the Outside Date for Close of Escrow.
	F.	Developer submits to Successor Agency evidence of its loan submission for construction financing of Project. [Section 3.7]	Within 60 days following approval of Project Approvals.
	G.	Developer submits to Successor Agency evidence of approval of construction financing of Project. [Section 3.7]	No later than 5 days prior to the Outside Date for Close of Escrow.
	H.	Developer submits to Successor Agency evidence of its loan submission for permanent financing of Project. [Section 3.7]	No later than 90 days following commencement of construction of Project.
	I.	Developer submits to Successor Agency evidence of approval of permanent financing of Project. [Section 3.7]	Prior to or concurrent with Substantial Completion of Project.
IV.	**ESCROW / REVIEW OF TITLE**		
	A.	Successor Agency and Developer open Escrow and Developer deposits into Escrow the Developer Deposit. [Sections 2.2 and 2.7]	Within 3 calendar days following the Date of Agreement.
	B.	Successor Agency delivers to Developer a Title Report and all documents underlying the Exceptions set forth in the Title Report for the Theatre Property. [Section 2.10]	Within 30 days following the approval of the Certificate of Compliance for the Theatre Property.
	C.	Developer approves or disapproves Title Report, Exceptions and ALTA Survey. [Section 2.10]	Within 30 days following Successor Agency's delivery of Title Report and all Exceptions to Developer [Note: ALTA Survey provided to Developer as of Date of Agreement per Section 2.13]

PERFORMANCE ITEM			DATE
	D.	Successor Agency removes disapproved Exceptions, provides assurances satisfactory to Developer that they will be removed, or indicates Exceptions will not be removed. [Section 2.10]	Within 30 days following Successor Agency's receipt of Developer's notice of disapproval.
	E.	Developer notifies Successor Agency of acceptance of Exceptions or intention to terminate Agreement. [Section 2.10]	Within 15 days following Successor Agency's notification that Exceptions will not be removed.
V.	**CONDITIONS PRECEDENT TO CLOSING**		
	A.	Oversight Board approves Agreement. [Section 2.3]	Prior to Outside Date for Closing.
	B.	Successor Agency, City and Developer shall have each executed, acknowledged and delivered into Escrow, as appropriate, the Grant Deed, Assignment and Assumption Agreement, Theatre Operating Covenant, Site Preparation Grant Escrow Agreement, Operating Covenant Grant Escrow Agreement and all other documents required pursuant to Sections 2.9 (1), 2.9 (2) and 2.9 (3). Escrow Agent shall have executed the Site Preparation Grant Escrow Agreement and Operating Covenant Grant Escrow Agreement. [Sections 2.4 (2), 2.5 (2) and 2.6 (2)]	Prior to Outside Date for Closing.
	C.	Developer and Mixed Use Developer shall have executed, acknowledged and delivered into Escrow a document conveying an easement to Developer for ingress, egress and utilization of the plaza/courtyard area of the Mixed Use Property. [Section 2.6 (13)]	Prior to Outside Date for Closing.

PERFORMANCE ITEM			DATE
	D.	City shall have delivered the Purchase Price and Developer shall have delivered all other closing costs to Escrow. [Sections 2.4 (3) and 2.5 (3)]. City shall have delivered the Site Preparation Grant and Operating Covenant Grant to Escrow. [Section 2.6 (3)]	Prior to Outside Date for Closing.
	E.	Successor Agency and City shall have approved Developer's Sources and Uses pursuant to Section 3.7 [Sections 2.4 (4) and 2.5 (4)]; Developer shall have secured and provided evidence of ready and available funds [Sections 2.4 (5), 2.5 (5) and 2.6 (7)]; and Developer's construction loan shall have closed or be ready to close. [Sections 2.4 (6), 2.5 (6) and 2.6 (7)]	Prior to Outside Date for Closing.
	F.	Developer shall have secured the Project Approvals, which shall be final and non-appealable and approved by Developer [Sections 2.4 (8), 2.5 (8) and 2.6 (4)], and all demolition, grading and building permits shall be ready to be issued by City. [Sections 2.4 (7), 2.5 (7) and 2.6 (5)]	Prior to Outside Date for Closing.
	G.	Developer shall have accepted or waived all disapproved Exceptions and approved the Condition of Title pursuant to Section 2.10. [Section 2.6 (6)]	Prior to Outside Date for Closing.
	H.	Mixed Use Developer shall have completed the UST Removal Work and Developer shall have accepted or waived the Site Condition pursuant to Section 2.15. [Sections 2.4 (10), 2.5 (11) and 2.6 (11)]	Prior to Outside Date for Closing.
	I.	Developer shall have provided to Successor Agency and City the insurance policies required by Section 3.8. [Sections 2.4 (9) and 2.5 (9)]	Prior to Outside Date for Closing.

PERFORMANCE ITEM			DATE
	J.	Neither Developer, Successor Agency nor City shall be in default under the Agreement. [Sections 2.4 (1), 2.5 (1) and 2.6 (1)]	Prior to Outside Date for Closing.
	K.	There shall be an absence of any pending governmental, administrative or legal proceeding which would materially and adversely affect Developer's intended uses of the Theatre Property, development of the Project, or value of the Theatre Property. [Section 2.6 (8)]	Prior to Outside Date for Closing.
	L.	There shall have been no material adverse change to the physical, environmental or title condition of the Theatre Property. [Section 2.6 (9)]	Prior to Outside Date for Closing.
	M.	Successor Agency shall have demonstrated to Developer the ability to deliver fee title to the Theatre Property free of any parties in possession. [Section 2.6 (10)]	Prior to Outside Date for Closing.
	N.	City shall have acquired fee title to the Parking Parcel and awarded a design build contract for the parking Project in accordance with Section 4.9, and approved and executed an easement deed in favor of Mixed Use Developer for ingress and egress over the Parking Parcel. [Sections 2.4 (11), 2.5 (10) and 2.6 (12)]	Prior to Outside Date for Closing.
	O.	Close of Escrow for conveyance of Theatre Property from Successor Agency to Developer. [Section 2.8]	Within 30 days after the satisfaction or waiver by the appropriate party, of the Joint Condition Precedent, Successor Agency Conditions Precedent, City Conditions Precedent and Developer Conditions Precedent.
	P.	Outside Date for Closing. [Section 2.8]	March 31, 2018
VI.	**ENTITLEMENT PROCESS**		

PERFORMANCE ITEM			DATE
	Land Use Approvals/Design Review		
	A.	Developer submits administrative draft Design Review packet to City. [Section 3.3]	Within 300 days of the Date of Agreement.
	B.	City provides comments to Developer on administrative draft Design Review packet (DRC).	Within 30 days following City's receipt of administrative draft Design Review packet.
	C.	Developer submits Final Design Review packet to City.	Within 30 days following receipt of City comments on administrative draft Design Review packet.
	D.	City determines if Final Design Review packet is complete.	Within 21 days following City's receipt of Final Design Review packet.
	E.	City publishes Public Noticing for Planning Commission Meeting, if needed.	21 days prior to the next available Planning Commission meeting date following City's determination that Final Design Review packet is complete. The Planning Commission meets once a month and does not meet in August.
	F.	If needed, Planning Commission meets, considers and takes action on Final Design Review application.	Within 30 days of the date of the publication of the public hearing notice.
	Certificate of Compliance		
	A.	Developer prepares plat map and legal description of Theatre Property.	Concurrent with land use approval/design review.
	B.	City considers Certificate of Compliance.	Concurrent with land use approval/design review.
	Grading/Earthwork		

PERFORMANCE ITEM			DATE
	A.	Developer submits application and plans for grading/earthwork permits. [Section 2.4.7, 3.1 and 3.4]	Within 90 days following approval of Land Use Entitlement/Design Review.
	B.	City plan checks grading/earthwork plans and submits correction comments to Developer.	Within 45 days following Developer submission of grading application and plans for grading permits.
	C.	Developer corrects grading/earthwork plans and resubmits for approval.	Within 30 days following City submission of plan check corrections.
	D.	City rechecks grading/earthwork plans and issues permit or identifies corrections necessary to obtain a permit.	Within 45 days following Developer submission of corrected grading plans.
	E.	If permit is not issued, Developer makes corrections necessary for grading/earthwork plan approval and resubmits for permit.	Within 14 days following City's identification of corrections necessary to obtain a permit.
	F.	City issues grading/earthwork permit or Agency issues notice of default to Developer.	Within 30 days following Developer submission of corrected grading plans or Close of Escrow, whichever is later.
	Construction Permits		
	A.	Developer shall submit application and plan submissions for all building permits ("Plan Submission"). [Section 2.4.8, 3.1 and 3.4]	Within 120 days following approval of Land Use Approvals/Design Review.
	B.	City plan checks building plans of Plan Submission and submits correction comments to Developer.	Within 45 days of receipt of Plan Submission.
	C.	Developer makes all building plan corrections and resubmits for comment.	Within 45 days following receipt of City's plan check corrections.
	D.	City rechecks building plans and submits correction comments to Developer.	Within 30 days following receipt of Developer's resubmission.

PERFORMANCE ITEM			DATE
	E.	Developer makes all building plan corrections necessary for building plan approval and resubmits for permit.	Within 30 days following receipt of City's plan check corrections.
	F.	City issues building permit or identifies all outstanding correction items necessary to obtain a building permit.	Within 15 days following receipt of Developer's resubmission.
	G.	Developer makes all building plan corrections necessary to obtain building plan approval and resubmits for permit.	Within 15 days following receipt of City's plan check corrections.
	H.	City issues building permit or Agency issues notice of default to Developer.	Within 15 days following receipt of Developer's resubmission, or Close of Escrow, whichever is later.
VII.	**CONSTRUCTION**		
	A.	Developer commences grading/earthwork.	Within 150 days following Close of Escrow.
	B.	Developer commences construction of the Project. [Sections 3.1 and 3.5]	Within 150 days following the later of issuance of building permits or completion of grading/earthwork.
	C.	Developer completes Project construction (excludes tenant improvements for the retail/restaurant/commercial components).	Within 13 months following commencement of construction.
	Recordation of Quitclaim Deed		
	A.	City shall record Quitclaim Deed. [Sections 3.1 and 5.4]	Within 30 calendar days following Final Completion of the Project.

EXHIBIT F

ASSIGNMENT AND ASSUMPTION AGREEMENT

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO: City of Santa Clarita 23920 Valencia Boulevard, Suite 300 Santa Clarita, CA 91355 Attention: City Manager	

This document is exempt from the payment of a recording fee pursuant to Government Code §§ 6103, 27383

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ("**Agreement**") is entered into as of the ____ day of _____, 201_, by and among the Successor Agency to the former Redevelopment Agency of the City of Santa Clarita, a public entity ("**Assignor**"), the City of Santa Clarita, a California municipal corporation ("**Assignee**"), and Laemmle Newhall, LLC, a California limited liability company ("**Developer**"). Assignor, Assignee and Developer are referred to herein individually as a "**Party**" and collectively as the "**Parties**".

R E C I T A L S

A. Assignor, acting to carry out its obligations under the Community Redevelopment Dissolution Law of the State of California (Health and Safety Code *§§* 34161 *et seq*.), and the terms of the Long Range Property Management Plan ("**LRPMP**") prepared by the Assignor dated December 17, 2013, and approved by the Oversight Board to the Successor Agency of the Santa Clarita Redevelopment Agency ("**Oversight Board**"), on December 17, 2013, pursuant to Resolution No. 13-06, and the State of California, Department of Finance ("**Department**"), by letter dated June 27, 2014, Assignor has entered into that certain Purchase, Sale and Grant Agreement dated _____, 2016, with Developer and Assignee ("**PSA**") with respect to the Site.

B. The PSA provides, among other things, for (1) Assignor's sale of the Site to Developer at fair market value, and (2) Developer's redevelopment of the Site with a multi-screen (no less than six (6) screens) movie theatre, with ancillary office space and ground floor retail, within a multi-story, approximately 20,800 square foot building ("**Project**").

C. Developer is the fee owner of the real property subject to the PSA more particularly described in Exhibit 1 attached hereto and incorporated herein ("**Site**"), pursuant to the terms of that certain Grant Deed dated _____, 201_, between Assignor, as Grantor, and Developer, as Grantee, recorded in the Official Records of Los

Angeles County on _____, 201_, as Instrument No. _____ ("**Deed**").

D. As more particularly set forth in the Deed and subject to the terms and conditions of the PSA, Assignor retained the option to repurchase, reenter and repossess the Site in the event (i) Developer failed to timely commence construction of the Project improvements on the Site, (ii) once construction has been commenced, Developer abandoned or substantially suspended construction of the Project improvements on the Site, or (iii) Developer, without the prior written consent of Assignor, transferred the Site prior to issuance of a temporary certificate of occupancy by City as defined in the PSA.

E. Assignor desires to assign to Assignee and Assignee desires to assume all rights and obligations of Assignor under the Deed. Upon execution of this Agreement and transfer to Assignee, Assignor desires to be released from any and all obligations under the Deed.

A G R E E M E N T

NOW, THEREFORE, Assignor, Assignee and Developer hereby agree as follows:

1. Assignment by Assignor. Assignor hereby assigns, transfers and grants to Assignee, and its successors and assigns, all of Assignor's rights, title and interest and obligations, duties, responsibilities, conditions and restrictions under the Deed whether accruing on or after the Effective Date (defined in Section 16 below) (collectively, "**Rights and Obligations**").

2. Acceptance and Assumption by Assignee. Assignee, for itself and its successors and assigns, hereby accepts such assignment and assumes all such Rights and Obligations. Assignee agrees, expressly for the benefit of Developer, to comply with, perform and execute all of the covenants and obligations of Assignee arising from or under the Deed.

3. Release of Assignor. Assignee and Developer hereby fully release Assignor from all Rights and Obligations. Assignor, Assignee and Developer hereby acknowledge that this Agreement is intended to fully assign all of Assignor's Rights and Obligations to Assignee, and it is expressly understood that Assignor shall not retain any Rights and Obligations whatsoever. For avoidance of doubt, in no case shall this Agreement release Assignor from any of its obligations under the PSA.

4. Substitution of Assignor. Assignee hereafter shall be substituted for and replace Assignor in the Deed. Whenever the term "Grantor" appears in the Deed it shall hereafter mean Assignee.

5. Assignor and Assignee Agreements and Waivers.

a. Assignee represents and warrants to Developer as follows:

i. Authority. Assignee is a California municipal corporation, duly organized under the laws of the State of California. Assignee has full right, power and lawful authority to perform its obligations hereunder and the execution, performance and delivery of this Agreement by Assignee has been fully authorized by all requisite actions.

ii. No Conflict. Assignee's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Assignee is a Party or by which it is bound.

iii. No Assignee Bankruptcy. Assignee is not the subject of any voluntary or involuntary bankruptcy proceeding, and there has been no general assignment or general arrangement for the benefit of any of Assignee's creditors, and no trustee or receiver has been appointed to take possession of substantially all of the assets of Assignee.

iv. Litigation. To the best of Assignee's knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings affecting the Site or any portion thereof, at law or in equity before any court or governmental agency, domestic or foreign.

v. No Assignee Member Financial Interest. No member, official or employee of Assignee has any personal interest, direct or indirect, in this Agreement, the Site, the improvements thereon, or in any other development project or business venture involving Developer.

b. Developer hereby acknowledges and agrees that Assignor and Assignee have not made, and will not make, any representation or warranty that the assignment and assumption of the Deed provided for hereunder will have any particular tax implications for Developer.

c. Assignor and Developer acknowledge and agree that the Rights and Obligations have been fully assigned to Assignee by this Agreement and, accordingly, that Assignee shall have the exclusive right to assert any claims against Developer with respect to such Rights and Obligations. Accordingly, without limiting any claims of Assignee under the Deed, Assignor hereby waives and releases any and all claims or potential claims by Assignor against Developer to the extent arising directly or indirectly out of the Deed.

6. Release of Rights and Obligations. Anything herein to the contrary notwithstanding, the Assignee's rights and interests under Section 5.4 of the PSA and the Deed, and the Developer's obligations under Section 5.4 of the PSA and the Deed, shall terminate as to the Site upon Final Completion of the Project as provided in the PSA. Upon Final Completion of the Project as provided in the PSA, the Assignee hereby quitclaims all rights and interests in the Site and the Assignee shall have no further right to enforce any rights under Section 5.4 of the PSA and the Deed with respect to the Site. Accordingly, upon Final Completion of the Project as provided in the PSA, Assignee shall execute, acknowledge and cause to be recorded a Quitclaim Deed-Final Completion, in

the form set forth in Exhibit G-1 to the PSA, evidencing the foregoing termination and quitclaim.

7. PSA, Deed, in Full Force and Effect. Except as specifically provided herein with respect to the assignment, all the terms, covenants, conditions and provisions of the PSA and the Deed are hereby ratified and shall remain in full force and effect.

8. Recording. Assignor shall cause this Agreement to be recorded in the Official Records of Los Angeles County, California, and shall promptly provide conformed copies of the recorded Agreement to Assignee and Developer.

9. Successors and Assigns. Subject to the restrictions on transfer set forth in the Deed, all of the terms, covenants, conditions and provisions of this Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective heirs, successors and assigns.

10. Assignee Address for Notices.

The address of Assignee for the purpose of notices, demands and communications shall be:

City of Santa Clarita
23920 Valencia Boulevard, Suite 300
Santa Clarita, CA 91355

Attention: Kenneth W. Striplin, City Manager

With a copy to: City of Santa Clarita
23920 Valencia Boulevard, Suite 300
Santa Clarita, CA 91355

Attention: Joseph Montes, City Attorney

11. Applicable Law/Venue. This Agreement shall be construed and enforced in accordance with the laws of the State of California, without reference to choice of law provisions. Any legal actions under this Agreement shall be brought only in the Superior Court of the County of Los Angeles, State of California.

12. Interpretation. All Parties have been represented by counsel in the preparation and negotiation of this Agreement and this Agreement shall be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be employed in interpreting this Agreement. Unless the context clearly requires otherwise: (a) the plural and singular numbers shall each be deemed to include the other; (b) the masculine, feminine, and neuter genders shall each be deemed to include the others; (c) "shall," "will," or "agrees" are mandatory, and "may" is permissive; (d) "or" is not exclusive; and (e) "includes" and "including" are not limiting.

13. Headings. Section headings in this Agreement are for convenience only and are not intended to be used in interpreting or construing the terms, covenants or conditions of this Agreement.

14. Severability. Except as otherwise provided herein, if any provision(s) of this Agreement is (are) held invalid, the remainder of this Agreement shall not be affected, except as necessarily required by the invalid provisions, and shall remain in full force and effect unless amended or modified by mutual consent of the Parties.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute an original, but all of which, when taken together, shall constitute one and the same instrument, with the same effect as if all of the Parties to this Agreement had executed the same counterpart.

16. Effective Date. The Effective Date of this Agreement shall be the date upon which it is recorded in the Official Records of the Los Angeles County Recorder ("Effective Date").

IN WITNESS WHEREOF, Assignor, Assignee and Developer have entered into this Agreement as of the date first above written.

ASSIGNOR:

Successor Agency to the former Redevelopment Agency of the City of Santa Clarita, a public entity

Date: _____, 201_

By: _____

Kenneth W. Striplin, Executive Director

[SIGNATURE MUST BE NOTARIZED]

ATTEST:

_____

_____, Secretary

APPROVED AS TO FORM:

Joseph Montes, General Counsel

ASSIGNEE:

City of Santa Clarita, a California municipal corporation

Date:_____, 201_

By:

Kenneth W. Striplin, City Manager

[SIGNATURE MUST BE NOTARIZED]

ATTEST:

_____, City Clerk

APPROVED AS TO FORM:

Joseph Montes, City Attorney

DEVELOPER:

LAEMMLE NEWHALL, LLC, a California limited liability company

Date:_____, 201_

By:

Exhibit 1

Site Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

EXHIBIT G-1

Recording requested by, and when recorded return to:

Laemmle Newhall, LLC
11523 Santa Monica Boulevard
Los Angeles, CA 90025
Attention: Greg Laemmle

EXEMPT FROM RECORDING FEES PER GOVERNMENT CODE §§6103, 27383

Space Above This Line For Recorder's Use

QUITCLAIM DEED

(Final Completion)

For good and valuable consideration, the receipt of which is hereby acknowledged, the City of Santa Clarita, a municipal corporation ("**Grantor**"), successor by assignment to the Successor Agency to the former Redevelopment Agency of the City of Santa Clarita, a public entity ("**Successor Agency**"), pursuant to the terms of that certain Assignment and Assumption Agreement between Grantor and Successor Agency dated _____, 201_, and recorded _____, 201_, as Instrument No. _____, Official Records of County of Los Angeles, California, hereby quitclaims to Laemmle Newhall, LLC, a California limited liability company ("**Grantee**"), all of Grantor's right, title, and interest in and to the real property located in the City of Santa Clarita, County of Los Angeles, California, and more particularly described in Attachment No. 1 attached hereto and incorporated in this Quitclaim Deed by reference ("**Property**"). This Quitclaim Deed is being recorded to extinguish and terminate that certain option to repurchase the Property in favor of the Grantor, as set forth in the Grant Deed dated _____, 201_, and recorded _____, 201_, as Instrument No. _____, Official Records of County of Los Angeles ("**Grant Deed**"). Accordingly, Sections 2, 4, 5 and 9 of the Grant Deed are hereby deleted in their entirety and shall no longer be of any force or effect.

GRANTOR:

CITY OF SANTA CLARITA, a municipal corporation

Date:_____, 201_

By: _____
Kenneth W. Striplin, City Manager

[SIGNATURE MUST BE NOTARIZED]

ATTEST:

_____

_____, City Clerk

APPROVED AS TO FORM:

_____

Joseph Montes, City Attorney

Attachment No. 1

PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of _____)

On _____, before me,_____,
(Name of Notary)

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

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

WITNESS my hand and official seal.

_____
(Notary Signature)

EXHIBIT G-2

Recording requested by, and when recorded return to:

Laemmle Newhall, LLC
11523 Santa Monica Boulevard
Los Angeles, CA 90025
Attention: Greg Laemmle

EXEMPT FROM RECORDING FEES PER GOVERNMENT CODE §§6103, 27383

Space Above This Line For Recorder's Use

QUITCLAIM DEED

(Close of Escrow)

For good and valuable consideration, the receipt of which is hereby acknowledged, the City of Santa Clarita, a California municipal corporation ("**Grantor**"), hereby quitclaims to Laemmle Newhall, LLC, a California limited liability company ("**Grantee**"), all of Grantor's right, title, and interest in and to the real property located in the City of Santa Clarita, County of Los Angeles, California, and more particularly described in Attachment No. 1 attached hereto and incorporated in this Quitclaim Deed by reference ("**Property**"). This Quitclaim Deed is being recorded to extinguish and terminate all beneficial interest in the Property in favor of the Grantor, inclusive of any interest held by Grantor in its capacity as successor to the housing assets and functions previously performed by the former Redevelopment Agency to the City of Santa Clarita, pursuant to Health and Safety Code §34176.

GRANTOR:

CITY OF SANTA CLARITA, a municipal corporation

Date:_____, 201_

By:

_____
Kenneth W. Striplin, City Manager

[SIGNATURE MUST BE NOTARIZED]

ATTEST:

_____, City Clerk

APPROVED AS TO FORM:

Joseph Montes, City Attorney

Attachment No. 1

PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of _____)

On _____, before me,_____,
(Name of Notary)

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

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

WITNESS my hand and official seal.

_____
(Notary Signature)

EXHIBIT H

RIGHT OF ENTRY PERMIT

ISSUED TO: Laemmle Newhall, LLC ("Developer")
11523 Santa Monica Blvd.
Los Angeles, CA 90025
Attention: Greg Laemmle

Facsimile:

Phone:

Cell Phone:

PERMISSION IS HEREBY GRANTED to Developer and its agents, representatives, officers, officials, employees, contractors, and subcontractors to enter upon the property, as hereinafter defined, of the City of Santa Clarita as Successor Agency to the Santa Clarita Redevelopment Agency, a public entity ('Owner"), subject to the conditions set forth in this Right of Entry Permit ("Permit"):

1. Property. This Permit is limited to a portion of certain real property bound by Main Street, Lyons Avenue, Railroad Avenue and Ninth Street in the City of Santa Clarita, identified as a portion of Assessor Parcel Numbers 2831-007-900 through 2831-007-904, depicted in Exhibit A attached hereto and incorporated herein by this reference (the "Property").

2. Purpose. This nonexclusive and temporary Permit is limited to the following purposes:

   Developer shall have the right of ingress and egress across the Property for the sole purpose of undertaking geotechnical investigations, environmental sampling and testing of soil and groundwater for the presence of hazardous materials, environmental audits, storm water retention analysis, adequacy of utilities including water, sewer, gas and electricity, and other investigations, studies and analysis that Developer deems appropriate in order to compete its review, inspection and investigation of the Property. Developer shall be solely responsible for the handling, transportation and disposal of investigative derived waste from its soil and groundwater sampling and testing activities and shall sign any manifests for the disposal of such waste as the "Generator" thereof. Developer shall not install any groundwater wells on the Property, nor shall Developer store any investigative derived waste on the Property without Owner's prior written consent. Developer shall provide Owner copies of all sampling and testing plans and all

results of its geotechnical investigations and environmental sampling and testing of soil and groundwater.

For purposes of this Permit, "hazardous materials" means any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government under any Environmental Laws, including any material or substance which is defined as hazardous, extremely hazardous, hazardous waste, extremely hazardous waste, restricted hazardous waste, hazardous substance or hazardous material under any Environmental Laws, including petroleum, or any fraction thereof, friable asbestos, and polychlorinated biphenyls.

For purposes of this Permit, "Environmental Laws" means, collectively: (i) the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. § 9601, *et seq.,* (ii) the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, *et seq.,* (iii) the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, *et seq.,* (iv) the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, *et seq.,* (v) the Clean Air Act, as amended, 42 U.S.C. § 7401, *et seq.,* (vi) the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601, *et seq.,* (vii) the Clean Water Act, as amended, 33 U.S. Code § 1251, *et seq.,* (viii) the Oil Pollution Act, as amended, 33 U.S.C. § 2701, *et seq.,* (ix) California Health & Safety Code § 25100, *et seq.* (Hazardous Waste Control), (x) the Hazardous Substance Account Act, as amended, Health & Safety Code § 25300, *et seq.,* (xi) the Unified Hazardous Waste and Hazardous Materials Management Regulatory Program, as amended, Health & Safety Code § 25404, *et seq.,* (xii) Health & Safety Code § 25531, *et seq.* (Hazardous Materials Management), (xiii) the California Safe Drinking Water and Toxic Enforcement Act, as amended, Health & Safety Code § 25249.5, *et seq.,* (xiv) Health & Safety Code § 25280, *et seq.* (Underground Storage of Hazardous Substances), (xv) the California Hazardous Waste Management Act, as amended, Health & Safety Code § 25170.1, *et seq.,* (xvi) Health & Safety Code § 25501, *et seq.,* (Hazardous Materials Response Plans and Inventory), (xvii) Health & Safety Code § 18901, *et seq.* (California Building Standards), (xviii) the Porter-Cologne Water Quality Control Act, as amended, California Water Code § 13000, *et seq.,* (xix) California Fish and Game Code §§ 5650-5656, (xx) the Polanco Redevelopment Act, as amended, Health & Safety Code § 33459, *et seq.*, (xxi) Health & Safety Code § 25403, *et seq.* (Hazardous Materials Release Cleanup), and (xxii) any other federal, state or local laws, ordinances, rules, regulations, court orders or common law related in any way to the protection of the environment, health or safety.

Owner agrees to allow Developer to use the Property in the manner described above subject to the following conditions:

a. Developer shall not access the Property prior to 7:00 am or after 6:00 p.m. Monday through Friday or on the weekend at any hour without the prior approval of the Owner.

b. Developer shall notify Owner via email no later than twenty-four (24) hours prior to entry onto the Property and shall identify all individuals who will enter on the property and the company for whom they are employed. Developer shall notify Jason Crawford, Manager of Economic Development and Marketing at jcrawford@santa-clarita.com, and Joseph Montes, General Counsel at jmontes@bwslaw.com on behalf of Owner.

c. Developer shall commence any and all work or activities on or use of the Property at its sole cost and expense and Owner shall not incur any cost or expense.

d. Developer shall perform all work in strict conformance with all Environmental Laws, and no soil may be stockpiled on the Property and no equipment or materials may be stored on the Property without Owner's prior written consent. To the extent Developer's activities generate soil cuttings or spoils which must be temporarily stockpiled, Developer shall promptly advise Owner of such fact, and upon Owner's consent to temporarily place such waste on the Property, Developer shall place visquene beneath and over any such temporarily stockpiled soils on the Property.

e. Any and all Mechanic's Liens filed on account of the work performed by Developer on the Property pursuant to this Permit shall be promptly cured by Developer's payment thereof and the recording of applicable Release of Mechanic's Liens, or Developer shall post a statutory mechanic's lien release bond in lieu thereof within seven (7) days after the filing of each such Mechanic's Lien.

3. Term. Developer's right to utilize the Property shall commence upon execution of this Permit by Owner and Developer and shall continue for a period of thirty (30) calendar days thereafter, at which time this Permit shall expire. Unless terminated by Owner or Developer as provided herein, this Permit shall automatically renew for an additional thirty (30) calendar day period after expiration of the prior thirty (30) calendar day period. Notwithstanding the foregoing, this Permit may be terminated by Owner or Developer upon providing twenty-four (24) hours prior written notice to the other. Upon termination of this Permit, Developer shall restore the Property to its condition prior to Developer's entry and repair any damage to the Property caused by their use of the Property.

4. Assumption of Risk and Releases. Each person entering upon the Property under this Permit shall do so at its own risk. On behalf of itself and its agents, representatives, assigns, heirs, spouses, successors-in-interest, executors, administrators, employees, contractors and sub-contractors ("Releasors"), Developer assumes all risk of entering the Property and agrees that the Owner, the City of Santa Clarita, and their respective officers, agents, employees and volunteers are released and shall not be liable in any manner for injury to or death of Releasors or their respective officers, employees or agents or for damage to property of Releasors arising from any cause. This release applies to all potential future claims and Developer on behalf of itself and the Releasors agrees to waive

any and all rights pursuant to Section 1542 of the California Civil Code, which reads as follows:

> "A general release does not extend to claims that 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."

5. Indemnification. Developer agrees on behalf of itself and its Releasors that the Owner and the City of Santa Clarita shall not be liable for any bodily injury, sickness, disease or death of any person or damages to any property or any person pursuant to this Permit and that Developer shall be responsible for any liability, cost, expenses or claim associated with injuries to or death of any person or damage to property related directly or indirectly to any act or failure to act arising from the activities under this Permit. Developer agrees on behalf of itself and its Releasors to indemnify, defend and hold harmless the Owner and the City of Santa Clarita and their respective officials, officers, employees, consultants, agents and volunteers (collectively, the Indemnitees), from any and all actions, claims and liability for any loss or damage, including, but not limited to, bodily injury, sickness, disease or death of any person or damage to any property, tangible or intangible, resulting from the execution of this Permit or the entry upon the Property, and from all costs and expenses, including reasonable attorneys' fees, arising there from, except for any claim arising from the sole negligence or willful misconduct of an Indemnitee. This indemnification shall survive termination of this Permit.

6. Liability Insurance. Developer shall at all times during the term of this Permit maintain the following insurance coverage in connection with the use of the Property by Developer and its agents, representatives, employees, contractors or subcontractors.

   a. Insurance: For the duration of the term, Developer shall procure and maintain with an insurance company acceptable to Owner, the following types of insurance (and limits) written on an occurrence basis:

COVERAGE	LIMITS
Worker's Compensation	Statutory
Employer's Liability	$2,000,000 each occurrence

General Liability (bodily injury & property damage)	$2,000,000 combined single limit for each occurrence, $5,000,000 umbrella
Automobile Liability (bodily injury & property damage)	$2,000,000 combined single limit for each occurrence
Contractor's Pollution Liability	$1,000,000 per accident or claim

b. Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared to and approved by the Owner.

c. Other Insurance Provision: The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provision:

i. The Indemnitees are to be covered as additional insured as respects: liability arising out of activities performed by or on behalf of Developer under this Permit; products and completed operations of the Developer; premises owned, occupied or used by Developer; or automobiles owned, leased, hired or borrowed by Developer. The coverage shall contain no special limitations on the scope of protection afforded to the Indemnitees.

ii. For any claims related to this Permit, Developer's insurance coverage shall be primary insurance as respects the Indemnitees. Any insurance or self-insurance maintained by the Indemnitees shall be excess of Developer's insurance and shall not contribute with it.

iii. Any failure to comply with reporting or other provisions of the policies provided by Developer, including breaches of warranties, shall not affect coverage provided to the Indemnitees.

iv. Developer's insurance shall apply separately to each insured against whom claim is made or suit is brought.

v. Each insurance policy required shall be endorsed to state that coverage shall not be suspended, voided, cancelled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail has been given to Owner.

d. The Worker's Compensation and Employers Liability policies shall be endorsed to provide Waivers of Subrogation waiving all rights of subrogation against the Indemnitees.

e. Acceptability of Insurers: Insurance is to be placed with insurers admitted in California with a current A.M. Best's rating of no less than A:VII.

f. Verification of Coverage: Developer shall furnish the Owner with original endorsements effecting coverage required by this clause. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. The endorsements are to be on forms utilized by Developer's insurer in its normal course of business and are to be received and approved by Owner before Developer enters upon and utilizes the Property pursuant to this Permit.

g. Subcontractors: Developer shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverage for subcontractors shall be subject to all of the requirements stated herein.

7. Assignment. Developer shall not assign or otherwise transfer any rights under this Permit and any purported assignment or transfer shall be void and effectuate the automatic revocation of this Permit.

8. Compliance with Laws. Developer shall obtain and maintain all permits and approvals required for the activities under this Permit and shall comply with all laws now in effect or that become effective during the term of this Permit.

9. No Dedication. Nothing contained in this Permit shall be deemed a gift or dedication of any portion of the Property to or for the general public or for any public purpose whatsoever. This Permit shall be strictly limited to and for the purposes expressed within.

10. Rights Limited. This Permit shall not be construed to grant any real property or other rights to Developer in the Property. Further, nothing herein shall preclude Owner from using the Property or allowing third parties to utilize the Property in a manner that would frustrate or impair Developer's use in accordance with this Permit.

11. Governing Law; Attorneys' Fees. This Permit shall be construed and enforced in accordance with and governed by the laws of the State of California. In the event that either party institutes any action, suit or other dispute resolution proceeding based on this Permit against the other party, each party shall be solely responsible for all of their costs and expenses associated therewith including but not limited to reasonable attorneys' fees and courts costs.

12. Counterparts. This Permit may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement.

13. Authority to Contract. Developer hereby represents and warrants to Owner that in accordance with its by-laws and all operative rules and procedures, it has duly authorized the undersigned officer of Developer to enter into and execute this Permit and to carry out, fulfill and perform all promises, conditions and obligations contained herein.

Developer: LAEMMLE NEWHALL LLC

By: _____ Date: _____, 2016

Greg Laemmle, Principal

Owner: CITY OF SANTA CLARITA AS SUCCESSOR AGENCY TO THE SANTA CLARITA REDEVELOPMENT AGENCY, A PUBLIC ENTITY

By: _____ Date: _____, 2016

Kenneth W. Striplin, Executive Director

Approved as to form:

_____

Joseph M. Montes, General Counsel

Attachment No. 1

PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DEPICTED AS PARCEL 2 IN THE SITE MAP BELOW:

EXHIBIT I

SITE PREPARATION GRANT ESCROW AGREEMENT
(Escrow Number:_____)

This Site Preparation Grant Escrow Agreement ("Agreement"), dated as of _____, 201_ is entered into by and among FIRST AMERICAN TITLE COMPANY located at 655 North Central Avenue, 8th, Glendale, CA 91203, Attn: [NAME] ("Escrow Agent"), the CITY OF SANTA CLARITA, a California municipal corporation ("City"), and LAEMMLE NEWHALL, LLC., a California limited liability company ("Developer"), with reference to the following facts:

RECITALS

A. Developer intends to develop improvements including a multi-screen movie theatre, with ancillary office space and ground floor retail, within a multi-story, approximately 20,800 square foot on a portion of certain real property bounded by Lyons Avenue, Railroad Avenue, 9th Street and Main Street in the City of Santa Clarita California (the "Property"). The Property and the development thereof are collectively referred to in this Agreement as the "Project."

B. In connection with the Project, Developer, City and the Successor Agency to the Santa Clarita Redevelopment Agency are parties to that certain Purchase, Sale And Grant Agreement, dated as of _____, 2016 ("PSA") which sets forth the terms and conditions relating to Developer's purchase and development of the Property, which includes provisions for certain additional financial assistance to Developer from City in connection with the development of an art-house type movie theatre, provided certain specified conditions are satisfied.

C. Developer will shortly be initiating development of the Property and in connection therewith has sought confirmation and assurance from the City that the additional financial assistance of Six Hundred Thousand Dollars ($600,000) ("Site Preparation Grant") as designated in the PSA is properly segregated and readily available to be drawn upon in accordance with the terms and conditions of the PSA.

D. In connection therewith, City intends to deliver to Escrow Agent the Site Preparation Grant contemporaneously with the execution of this Agreement. Escrow Agent shall open an escrow ("Escrow") and hold the funds in a segregated interest bearing account ("Escrow Account"). Any interest earned on the Site Preparation Grant while within the Escrow Account shall not be added to the principal balance of the Escrow Account and instead shall be disbursed to City, or used to pay fees, in accordance with the provisions of this Agreement.

E. Subject to satisfaction of the applicable conditions precedent to receipt of such funds, Developer shall be entitled to periodic disbursements from the Site Preparation Grant to reimburse Developer for costs in connection with acceptable Site Preparation Costs involving the Project.

F. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the PSA.

Therefore, Escrow Agent, City and Developer agree as follows:

AGREEMENT

1. **Escrow Account**. Contemporaneously with the execution of this Agreement, City shall deliver to Escrow Agent the Site Preparation Grant ($600,000) for deposit into a segregated interest bearing Escrow Account. As of Final Completion of the Project, up to a maximum of Eighty Thousand and 00/100 Dollars ($80,000,00)(the "Unexpended Permit Fee Grant") may be added to the Site Preparation Grant in accordance with Section 3.6 of the PSA and applied to eligible Site Preparation Costs. City shall deliver said amount, not to exceed the Unexpended Permit Fee Grant, if any, to Escrow Agent for deposit into the Escrow Account within sixty (60) days after Final Completion of the Project. Escrow Agent shall hold and disburse the Site Preparation Grant in accordance with the terms of this Agreement.

2. **City Approval for Disbursements**. Developer shall obtain the consent of City to any draw request for disbursement of any portion of the Site Preparation Grant from the Escrow Account, in accordance with terms of this Agreement. City's obligation to provide all or any portion of the Site Preparation Grant to Developer is conditioned upon the satisfaction by Developer or waiver by City of each and all of the following conditions precedent, which is solely for the benefit of City and which shall be fulfilled or waived within the time period provided for herein:

(a) Site Preparation Grant Draw Request. Developer shall have submitted a fully executed "Site Preparation Grant Draw Request", in the form attached hereto as Exhibit B and incorporated herein by this reference, which contains ongoing representations and warranties by Developer.

(b) Submission of Costs Reports. Developer shall provide City with the Costs Reports of the actual Site Preparation Costs, as such terms are defined in Exhibit A attached hereto and incorporated herein by this reference, incurred and paid by Developer.

(c) Lien Releases. Along with the Cost Reports, Developer shall provide City copies of conditional lien releases from its contractor and subcontractors for the value of work represented by the Site Preparation Grant Draw Request.

(d) No Default. Developer shall not be in default under the PSA and no event shall have occurred which with the passage of time or giving of notice or both, would constitute a default thereunder.

(e) Project Approvals. Developer shall have complied with all terms and conditions of the Project Approvals applicable to the Project, to the extent such term or condition is applicable as of the date of submission of the Site Preparation Grant Draw Request.

(f). Construction of Project. Developer shall have Commenced Construction of the Project.

3. **Approval of Draw Requests**. City shall notify Developer (and Escrow Agent) of approval or disapproval of each Site Preparation Grant Draw Request within fifteen (15) working days after receipt of the Site Preparation Grant Draw Request and supporting Cost Reports and lien releases, using the Site Preparation Grant Disbursement Approval Notice attached as Exhibit C. The Site Preparation Grant may be disbursed in one or more disbursements, and each such disbursement shall be made by Escrow Agent to Developer promptly following the receipt of the approved Site Preparation Grant Disbursement Approval Notice (and in no event later than two (2) business days).

4. **Disbursement of Site Preparation Grant**. Escrow Agent will disburse the proceeds of the Site Preparation Grant, in accordance with this Agreement and to an account (or in a manner) specified by Developer. Escrow Agent shall be entitled to rely on City approved Site Preparation Grant Disbursement Approval Notice in connection with the disbursement of funds to Developer. For the limited purpose of the implementation of this Agreement by the Escrow Agent, the provisions of this Agreement shall supersede any conflicting provisions of the PSA; provided, however, nothing in this Agreement is intended to modify the rights and obligations of the parties to the PSA.

5. **Termination of Agreement**. Upon complete disbursement of the Site Preparation Grant in accordance with the terms of this Agreement, upon reimbursement of all eligible Site Preparation Costs following commencement of construction and installation of foundations on the Property, or upon notice to terminate this Agreement provided to Escrow Agent in a signed writing by the parties hereto, this Agreement will terminate and Escrow Agent shall undertake all appropriate action (including any action reasonably requested by the parties hereto) to close the Escrow Account. Any approved fees charged by Escrow Agent in connection with the establishment of the Escrow Account and undertaking the activities stated within this Agreement may be paid through the Site Preparation Grant and earned interest thereon and, in the event such amount is insufficient to cover such fees, shall

thereafter be the responsibility of Developer. Any unexpended portion of the Site Preparation Grant and interest earned thereon remaining after termination of this Agreement, if any, shall be paid to and returned to City.

6. **Notices**. All notices, demands, approvals and other communications which are required to or may be given pursuant to this Agreement shall be in writing and shall be delivered by personal delivery, overnight courier or registered or certified U.S. mail, with return receipt requested, to the appropriate party at its address as follows:

To City: City of Santa Clarita
Office of the City Manager
23920 Valencia Boulevard, Suite 300
Santa Clarita, CA 91355
Attention: Kenneth W. Striplin, City Manager

E-mail: kstriplin@santa-clarita.com

With a copy to: City of Santa Clarita
23920 Valencia Boulevard, Suite 300
Santa Clarita, CA 91355
Attention: Thomas Cole, Director of
Community Development

E-mail: tcole@santa-clarita.com

and: City of Santa Clarita
Office of the City Attorney
23920 Valencia Boulevard, Suite 300
Santa Clarita, CA 91355
Attention: Joseph Montes, City Attorney

E-mail: jmontes@bwslaw.com

To Developer: Laemmle Newhall, LLC
11523 Santa Monica Blvd.
Los Angeles, CA 90025
Attention: Greg Laemmle

E-mail: gregl@laemmle.com

With copies to: Serrano Development Group
500 North Brand Boulevard, Suite 2120
Glendale, CA 91203

Attention: Jason Tolleson, Principal

E-mail: jtolleson@serranodevelopment.com

And

Elkins Kalt Weintraub Reuben Gartside LLP
2049 Century Park East, Suite 2700
Los Angeles, CA 90067
Attention: Keith Elkins
Phone No.: (310) 746-4401
E-mail: kelkins@elkinskalt.com

If to Escrow Agent:

[Name]
First American Title Company
655 North Central Avenue, 8th Floor
Glendale, CA 91203
Phone: (XXX) XXX-XXXX
E-mail: @

Any party may change its address for notice from time to time by written notice to all other parties. If any communication is given by mail it will be deemed to be effective for all purposes upon the earlier of (a) three (3) calendar days after deposit in the U.S. Mail postage prepaid; or (b) actual receipt, as indicated by the return receipt; or (c) if given by personal delivery or by overnight air courier, when delivered; or (d) if given by email, when read by the recipient if an e-mail read receipt confirmation is received by the sender.

7. **Acceptance of Duties**. Escrow Agent executes this Agreement in order to agree to perform the duties imposed upon it by this Agreement.

8. **Integration and Amendment**. This Agreement supersedes all prior discussions, negotiations, representations and agreements concerning the subject matter hereof and may be amended only by a writing signed by City and Developer.

9. **Counterparts**. This Agreement may be signed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument.

(Remainder of page intentionally left blank)

City:

City Of Santa Clarita,
a municipal corporation

By: _____
Kenneth W. Striplin, City Manager

APPROVED AS TO FORM:

_____
Joseph Montes, City Attorney

(Signature page for Funding Agreement)

OAK #4852-2324-3305 v7

Developer

LAEMMLE NEWHALL, LLC,
a California limited liability company

By:

Its:

APPROVED AS TO FORM:

_____
Elkins, Kalt, Weintraub, Reuben, Gartside

(Signature page for Funding Agreement)

OAK #4852-2324-3305 v7

Escrow Agent:

FIRST AMERICAN TITLE COMPANY

By: _____
Name:
Its:

(Signature page for Funding Agreement)

EXHIBIT A

Site Preparation Grant. Subject to satisfaction of the applicable Conditions Precedent set forth in this Agreement, City, pursuant to Site Preparation Grant Draw Requests, supported by Cost Reports and line releases, submitted from time to time (but no more often than monthly) by Developer prior to issuance of the temporary certificate of occupancy, shall reimburse Developer for Site Preparation Costs in an amount not to exceed SIX HUNDRED THOUSAND DOLLARS ($600,000) ("Site Preparation Grant"). The Site Preparation Grant may be disbursed in one or more disbursements, and each such disbursement shall be made by City to Developer promptly following the City Manager's approval of each Site Preparation Grant Draw Request, supported by Cost Reports and lien releases.

Site Preparation Costs. As used herein and the PSA, Site Preparation Costs shall mean actual out-of-pocket costs reasonably incurred by Developer after the Date of Agreement, and paid to unaffiliated third parties in connection with the demolition of existing improvements on the Property, and the clearing, grubbing and grading of the Property and other site preparation work preparatory to building and constructing the Project, including, without limitation, costs of remediating any existing site conditions, including costs, fees or taxes associated with disposal of soils, geotechnical and engineering consultants, contractors and materials. Costs associated with site preparation end as soon as the first physical element of the foundation is installed.

Cost Reports. For the purpose of substantiating Site Preparation Costs, Developer shall submit a statement of Site Preparation Costs expended as of the date of such statement to the City Manager, including copies of all bills, statements, receipts, cancelled checks or other evidence reasonably satisfactory to the City Manager of Developer's payment thereof (each, a "Cost Report"). The City Manager's approval of any such Cost Report shall not be unreasonably withheld, and in any event the City Manager shall approve or disapprove any such Cost Report within fifteen (15) working days of receipt of the applicable Site Preparation Grant Draw Request, supported by Cost Reports and lien releases, together with such documentation as may be reasonably requested by the City Manager in order to evaluate such Cost Report. If the City Manager disapproves any Cost Report, the City Manager shall provide Developer with a reasonably detailed explanation for such disapproval, and Developer shall submit additional documentation or evidence to the City Manager for review.

EXHIBIT B

SITE PREPARATION GRANT DRAW REQUEST

NO. ___

LAEMMLE NEWHALL, LLC., a California limited liability company ("Developer") hereby submits the attached Costs Report and lien releases to the City of Santa Clarita, a California municipal corporation ("City"), for the purpose of substantiating Site Preparation Costs as defined in Section 3.6 (2) of the Purchase Sale and Grant Agreement, dated as of _____, 2016 ("PSA"), and Exhibit A to Site Preparation Grant Escrow Agreement, dated as of _____, 2017.

In connection with this submission, the Developer makes the following representations as of the date of this submission (Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the PSA.):

1) No Default. Developer is not in default under the PSA and no events have occurred which with the passage of time or giving of notice or both, would constitute a default thereunder.

2) Project Approvals. Developer has complied with all terms and conditions of the Project Approvals applicable to the Project, to the extent such term or condition is applicable as of the date of submission of this Site Preparation Grant Draw Request.

3) Construction of Project. Developer has Commenced Construction of the Project and continues to diligently prosecute the construction of the Project to Final Completion; and

4) Representations and Warranties. All representations and warranties of Developer contained in the PSA are true and correct in all material respects.

LAEMMLE NEWHALL, LLC,
a California limited liability company

_____

By:
Its:
Dated:

EXHIBIT C

SITE PREPARATION GRANT DISBURSEMENT APPROVAL NOTICE

TO: Laemmle Newhall, LLC
11523 Santa Monica Blvd.
Los Angeles, CA 90025
Attention: Greg Laemmle
E-mail: gregl@laemmle.com

CC: First American Title Company
655 North Central Avenue, 8th Floor
Glendale, CA 91203
Attn: [Name]
E-mail: @

FROM: City of Santa Clarita

RE: Site Preparation Grant Escrow Agreement
Escrow No.:
Site Preparation Grant Draw Request No._____

This shall serve as the undersigned's notice of:

__ APPROVAL of Site Preparation Grant Draw Request No. _____.

__ DISAPPROVAL of Site Preparation Grant Draw Request No. _____ for the following reasons:

_____

_____

_____

CITY OF SANTA CLARITA

By: _____
Name: _____
Title: _____
Dated: _____

EXHIBIT J

OPERATING COVENANT GRANT ESCROW AGREEMENT
(Escrow Number:_____)

This Operating Covenant Grant Escrow Agreement ("Agreement"), dated as of _____, 201_ is entered into by and among FIRST AMERICAN TITLE COMPANY located at 655 North Central Avenue, 8th, Glendale, CA 91203, Attn: [NAME] ("Escrow Agent"), the CITY OF SANTA CLARITA, a California municipal corporation ("City"), and LAEMMLE NEWHALL, LLC., a California limited liability company ("Developer"), with reference to the following facts:

RECITALS

A. Developer intends to develop improvements including a multi-screen movie theatre, with ancillary office space and ground floor retail, within a multi-story, approximately 20,800 square foot on a portion of certain real property bounded by Lyons Avenue, Railroad Avenue, 9th Street and Main Street in the City of Santa Clarita California (the "Property"). The Property and the development thereof are collectively referred to in this Agreement as the "Project."

B. In connection with the Project, Developer, City and the Successor Agency to the Santa Clarita Redevelopment Agency are parties to that certain Purchase, Sale And Grant Agreement, dated as of _____, 2016 ("PSA") which sets forth the terms and conditions relating to Developer's purchase and development of the Property, which includes provisions for certain additional financial assistance to Developer from City in connection with the development of an art-house type movie theatre, provided certain specified conditions are satisfied.

C. Developer will shortly be initiating development of the Property and in connection therewith has sought confirmation and assurance from the City that the additional financial assistance of One Million Nine Hundred Eighty Thousand Dollars ($1,980,000) ("Operating Covenant Grant") as designated in the PSA is properly segregated and readily available to be drawn upon in accordance with the terms and conditions of the PSA.

D. In connection therewith, City intends to deliver to Escrow Agent the Operating Covenant Grant contemporaneously with the execution of this Agreement. Escrow Agent shall open an escrow ("Escrow") and hold the funds in a segregated interest bearing account ("Escrow Account"). Any interest earned on the Operating Covenant Grant while within the Escrow Account shall not be added to the principal balance of the Escrow Account and instead shall be disbursed to City, or used to pay fees, in accordance with the provisions of this Agreement.

E. Subject to satisfaction of the applicable conditions precedent to receipt of such funds, Developer shall be entitled to a one-time disbursement of the Operating Covenant Grant.

F. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the PSA.

Therefore, Escrow Agent, City and Developer agree as follows:

AGREEMENT

1. **Escrow Account**. Contemporaneously with the execution of this Agreement, City shall deliver to Escrow Agent the Operating Covenant Grant ($1,980,000) for deposit into a segregated interest bearing Escrow Account. Escrow Agent shall hold and disburse the Operating Covenant Grant in accordance with the terms of this Agreement.

2. **City Approval for Disbursement**. Developer shall obtain the consent of City to draw the Operating Covenant Grant from the Escrow Account, in accordance with terms of this Agreement. City's obligation to provide the Operating Covenant Grant to Developer is conditioned upon the satisfaction by Developer or waiver by City of each and all of the following conditions precedent, which is solely for the benefit of City and which shall be fulfilled or waived within the time period provided for herein:

(a) Operating Covenant Grant Draw Request. Developer shall have submitted a fully executed "Operating Covenant Grant Draw Request", in the form attached hereto as Exhibit A and incorporated herein by this reference, which contains ongoing representations and warranties by Developer.

(b) No Default. Developer shall not be in default under the PSA and no event shall have occurred which with the passage of time or giving of notice or both, would constitute a default thereunder.

(c) Project Approvals. Developer shall have complied with all terms and conditions of the Project Approvals applicable to the Project, to the extent such term or condition is applicable as of the date of submission of the Operating Covenant Grant Draw Request.

(d) Construction of Project. Developer shall have Finally Completed the Project.

3. **Approval of Draw Request**. City shall notify Developer (and Escrow Agent) of approval or disapproval of the Operating Covenant Grant Draw Request within fifteen (15) working days after receipt of the Operating Covenant Grant Draw

Request and supporting temporary Certificate of Occupancy issued by City, using the Operating Covenant Grant Disbursement Approval Notice attached as Exhibit B. The Operating Covenant Grant shall be disbursed in one disbursement made by Escrow Agent to Developer promptly following the receipt of the approved Operating Covenant Grant Disbursement Approval Notice (and in no event later than two (2) business days).

4. **Disbursement of Operating Covenant Grant**. Escrow Agent will disburse the proceeds of the Operating Covenant Grant, in accordance with this Agreement and to an account (or in a manner) specified by Developer. Escrow Agent shall be entitled to rely on City approved Operating Covenant Grant Disbursement Approval Notice in connection with the disbursement of funds to Developer. For the limited purpose of the implementation of this Agreement by the Escrow Agent, the provisions of this Agreement shall supersede any conflicting provisions of the PSA; provided, however, nothing in this Agreement is intended to modify the rights and obligations of the parties to the PSA.

5. **Termination of Agreement.** Upon complete disbursement of the Operating Covenant Grant in accordance with the terms of this Agreement or, upon a notice to terminate this Agreement provided to Escrow Agent in a signed writing by the parties hereto, this Agreement will terminate and Escrow Agent shall undertake all appropriate action (including any action reasonably requested by the parties hereto) to close the Escrow Account. Any approved fees charged by Escrow Agent in connection with the establishment of the Escrow Account and undertaking the activities stated within this Agreement may be paid through the Operating Covenant Grant and the earned interest thereon and, in the event such amount is insufficient to cover such fees, shall thereafter be the responsibility of Developer. Any portion of the Operating Covenant Grant and interest earned thereon remaining after termination of this Agreement, if any, shall be paid to and returned to City.

6. **Notices**. All notices, demands, approvals and other communications which are required to or may be given pursuant to this Agreement shall be in writing and shall be delivered by personal delivery, overnight courier or registered or certified U.S. mail, with return receipt requested, to the appropriate party at its address as follows:

To City: City of Santa Clarita
Office of the City Manager
23920 Valencia Boulevard, Suite 300
Santa Clarita, CA 91355
Attention: Kenneth W. Striplin, City Manager

E-mail: kstriplin@santa-clarita.com

With a copy to: City of Santa Clarita
23920 Valencia Boulevard, Suite 300
Santa Clarita, CA 91355
Attention: Thomas Cole, Director of Community Development

E-mail: tcole@santa-clarita.com

and: City of Santa Clarita
Office of the City Attorney
23920 Valencia Boulevard, Suite 300
Santa Clarita, CA 91355
Attention: Joseph Montes, City Attorney

E-mail: jmontes@bwslaw.com

To Developer: Laemmle Newhall, LLC
11523 Santa Monica Blvd.
Los Angeles, CA 90025
Attention: Greg Laemmle

E-mail: gregl@laemmle.com

With copies to: Serrano Development Group
500 North Brand Boulevard, Suite 2120
Glendale, CA 91203
Attention: Jason Tolleson, Principal

E-mail: jtolleson@serranodevelopment.com

And

Elkins, Kalt, Weintraub, Reuben, Gartside LLP
2049 Century Park East, Suite 2700
Los Angeles, CA 90067
Attention: Keith Elkins
Phone No.: (310) 746-4401
E-mail: kelkins@elkinskalt.com

If to Escrow Agent:

[Name]
First American Title Company
655 North Central Avenue, 8th Floor
Glendale, CA 91203
Phone: (XXX) XXX-XXXX
E-mail: @

Any party may change its address for notice from time to time by written notice to all other parties. If any communication is given by mail it will be deemed to be effective for all purposes upon the earlier of (a) three (3) calendar days after deposit in the U.S. Mail postage prepaid; or (b) actual receipt, as indicated by the return receipt; or (c) if given by personal delivery or by overnight air courier, when delivered; or (d) if given by email, when read by the recipient if an e-mail read receipt confirmation is received by the sender.

7. **Acceptance of Duties**. Escrow Agent executes this Agreement in order to agree to perform the duties imposed upon it by this Agreement.

8. **Integration and Amendment**. This Agreement supersedes all prior discussions, negotiations, representations and agreements concerning the subject matter hereof and may be amended only by a writing signed by City and Developer.

9. **Counterparts**. This Agreement may be signed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument.

(Remainder of page intentionally left blank)

City:

City Of Santa Clarita,
a municipal corporation

By: _____
Kenneth W. Striplin, City Manager

APPROVED AS TO FORM:

_____
Joseph Montes, City Attorney

(Signature page for Funding Agreement)

OAK #4852-2324-3305 v7

Developer

LAEMMLE NEWHALL, LLC,
a California limited liability company

By:

Its:

APPROVED AS TO FORM:

_____
Elkins, Kalt, Weintraub, Reuben, Gartside

(Signature page for Funding Agreement)

OAK #4852-2324-3305 v7

Escrow Agent:
FIRST AMERICAN TITLE COMPANY

By: _____
Name:
Its:

(Signature page for Funding Agreement)

EXHIBIT A

OPERATING COVENANT GRANT DRAW REQUEST

LAEMMLE NEWHALL, LLC., a California limited liability company ("Developer") hereby submits the attached temporary certificate of occupancy to the City of Santa Clarita, a California municipal corporation ("City"), for the purpose of substantiating Final Completion of the Project as defined in Section 1.1 of the Purchase Sale and Grant Agreement, dated as of _____, 2016 ("PSA"), and entitlement to the release and disbursement of the Operating Covenant Grant pursuant to Section 3.6 of the PSA.

In connection with this submission, the Developer makes the following representations as of the date of this submission (Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the PSA.):

1) No Default. Developer is not in default under the PSA and no events have occurred which with the passage of time or giving of notice or both, would constitute a default thereunder.

2) Project Approvals. Developer has complied with all terms and conditions of the Project Approvals applicable to the Project, to the extent such term or condition is applicable as of the date of submission of this Operating Covenant Grant Draw Request.

3) Construction of Project. Developer has Finally Completed the Project; and

4) Representations and Warranties. All representations and warranties of Developer contained in the PSA are true and correct in all material respects.

LAEMMLE NEWHALL, LLC,
a California limited liability company

_____
By:
Its:
Dated:

EXHIBIT B

OPERATING COVENANT GRANT DISBURSEMENT APPROVAL NOTICE

TO: Laemmle Newhall, LLC
11523 Santa Monica Blvd.
Los Angeles, CA 90025
Attention: Greg Laemmle
E-mail: gregl@laemmle.com

CC: First American Title Company
655 North Central Avenue, 8th Floor
Glendale, CA 91203
Attn: [Name]
E-mail: @

FROM: City of Santa Clarita

RE: Operating Covenant Grant Escrow Agreement
Escrow No.:
Operating Covenant Grant Draw Request

This shall serve as the undersigned's notice of:

__ APPROVAL of Operating Covenant Grant Draw Request.

__ DISAPPROVAL of Operating Covenant Grant Draw Request for the following reasons:

_____

_____

_____

CITY OF SANTA CLARITA

By: _____
Name: _____
Title: _____
Dated: _____

EXHIBIT K

PARKING PARCEL
(SITE MAP DEPICTION)

kosmont companies

Memorandum

To: Jason Crawford, Manager of Economic Development and Marketing
Denise Covert, Economic Development Associate
City of Santa Clarita

From: Ken K. Hira, Executive Vice President, Kosmont Companies
Joseph Dieguez, Senior Vice President, Kosmont Companies
Nick Leathers, Project Analyst, Kosmont Companies

Date: January 29, 2016

Subject: **Santa Clarita Old Town Newhall Mixed-Use and Theater Project Evaluation**

I. Background & Project Description

Kosmont & Associates, Inc. doing business as Kosmont Companies ("Kosmont") has previously assisted the City of Santa Clarita ("City") with economic development advisory services focused on the Old Town Newhall district of the City. Kosmont prepared market and economic analyses, identified potential redevelopment strategies and assisted the Successor Agency with Request for Qualifications ("RFQ") drafting and distribution, and developer selection for a targeted catalyst opportunity site within Old Town Newhall.

Following the dissolution of redevelopment agencies in California (including the former Redevelopment Agency of the City Santa Clarita), Kosmont was re-engaged in 2015 to assist the Successor Agency with the evaluation of two development proposals by the selected development team, Serrano Development Group, Inc. and Pacific Coast Housing Development, LLC (collectively, the "Developer") in concert with Laemmle Theaters, LLC ("Laemmle"). The proposed projects are located on two adjacent parcels on approximately 1.1 acres of land bounded by Main Street, Lyons Avenue, Railroad Avenue, and Ninth Street ("Site") in the City. The projects are herein described as the Mixed-Use Project and the Laemmle Theater Project (collectively, the Projects"), as delineated in Table 1.1.

Table 1.1 Project Description

Mixed-Use Project	Laemmle Theater Project
• ~46 apartment dwelling units (~51,200 SF) • ~20,613 SF of retail space • On ~34,325 SF of land (0.8 acres)	• ~17,688 SF theater • 7 screens, ~550 seats • ~2,293 SF of retail space • On ~12,680 SF of land (0.3 acres)

The Projects are immediately adjacent to an approximately 26,488 SF (0.6 acre) parcel anticipated to be transferred by the Successor Agency to the City for future development as a public parking structure to serve the Old Town Newhall community.

III. Executive Summary

Kosmont's evaluation included the review of multiple iterations of the Developer's pro forma for both the Mixed-Use Project and the Laemmle Theater Project and corresponding financial feasibility analysis. In Kosmont's opinion, the Developer's assumptions for construction costs, operating revenues (e.g. lease rates), operating expenditures, and risk-adjusted return appear to be in a reasonable range in consideration of current local market and economic conditions, as well as Kosmont's recent and ongoing consulting assignments involving similar proposed mixed-use development projects in other communities.

Kosmont additionally evaluated the public subsidy proposed for the Laemmle Theater Project in comparison to multiple previous public-private transactions involving Laemmle Theaters in other Southern California cities. On an-inflation adjusted basis, the total subsidy as currently proposed for the Laemmle Theater Project is generally in line with public subsidies previously granted for Laemmle Theater projects in Southern California. Additional analysis details are provided in the following section of this memorandum, as well as in the attached Comparable Laemmle Theater Deal Analysis exhibit.

III. Project Evaluation

A. Mixed-Use Project

Kosmont reviewed multiple iterations of the Developer's pro forma for the Mixed-Use Project and provided feedback directly to the Developer for refinement. Kosmont evaluated acquisition and construction costs and found them to be reasonable, including:

- Land acquisition costs at approximately $23.00 per-square-foot ("PSF") of land (approximately $36.00 PSF before adjusting for environmental considerations)
- Retail direct/hard, indirect/soft, and financing costs ("all-in") at approximately $259 PSF
- Residential all-in costs at approximately $311 PSF (approximately $346,000 per unit)
- City fees in accordance with presiding adopted City fee schedules.

Operating revenues were evaluated to be reasonable in light of current lease rates in the Santa Clarita submarket, at approximately $2.00 PSF for retail and a range of approximately $2.00 to $2.25 PSF for apartments (approximately $1,850 to $2,750 per unit). Vacancy and operating expenditure assumptions were also deemed to be reasonable.

The exit capitalization rates utilized by the Developer at 5.0% for residential and 7.0% for retail accurately reflect recent sales activity and corresponding real estate investor appetite in the Los

Angeles market, and the unlevered return on cost (approximately 6.4%) and cash-on-cash return (approximately 8.5%) appear to be reasonable in Kosmont's opinion.

Kosmont's evaluation reflects consideration of current local market and economic conditions as well as Kosmont's recent and ongoing consulting assignments involving similar proposed retail / residential mixed-use development projects in other communities, such as Azusa, Duarte, and Buellton, California.

B. Laemmle Theater Project

Kosmont evaluated the Developer's pro forma for the Laemmle Theater Project with particular consideration of the public subsidy currently proposed for the Project. As detailed in the attached Comparable Laemmle Theater Deal Analysis exhibit, Kosmont compared specific deal and subsidy terms between Old Town Newhall (as currently proposed) and three recent Laemmle Theater Projects in Claremont (2007), North Hollywood (2011), and Glendale (2015) based on published City Council and former Redevelopment Agency documentation (e.g. agreements, agenda, meeting minutes) and conversations with the Developer.

Kosmont preliminarily reviewed other previous Laemmle Theater deals, including projects in Los Angeles (1924), Santa Monica (1971), and Pasadena (1991); however it was determined that a detailed evaluation of the three most recent Laemmle Theater transactions as referenced above would provide the most relevant baseline for financial comparison. Kosmont adjusted major deal term dollar amounts for inflation, in order to provide the most accurate, "apples-to-apples" comparison between the three most recent Laemmle Theater projects. For example, the $1,500,000 total subsidy negotiated in Claremont for Laemmle's construction in 2007 is equivalent to approximately $2,076,351 in 2018 dollars, when the Old Town Newhall theater is proposed to open for operation.

Gross construction and development costs at approximately $405 PSF and total costs net of public subsidy at approximately $234 PSF for the Old Town Newhall Laemmle Theater are in the same range of costs as the three most recent previous Laemmle Theater projects. Total subsidy amounts and total subsidy as a percentage of gross construction costs were also evaluated to be within the minimum and maximum of the range for these previous transactions, as summarized in Table 1.2.

Table 1.2 Total Subsidy Comparison

Comparable Transaction	Total Subsidy Amount (Inflation-Adjusted Dollars)	Total Subsidy as Percent of Gross Construction Costs
Claremont (2007)	$2,076,351	25%
North Hollywood (2011)	$4,058,584	33%
Glendale (2015)	$5,572,908	71%
Santa Clarita (2018)	$3,420,525	42%

The previous comparable deals evaluated entailed a similar subsidy structure, including some or all of the following components:

- Operating covenant
- Land payment discount
- Fee and/or site preparation cost reimbursement.

Comparable projects evaluated included an operating covenant and corresponding payment. Most recently in Glendale (2015), an operating covenant payment of approximately $1,639,091 (in inflation-adjusted dollars) secured the operation of the theater for a period of at least 15 years. In North Hollywood (2011), an operating covenant payment of $1,229,874 (in inflation-adjusted dollars) secured the operation of the theater for a period of at least 10 years. In Santa Clarita, the currently proposed operating covenant payment of $1,980,000 stipulates that Laemmle must operate for at least 15 years, with the option to reduce operation from a minimum of six screens to no less than four screens after year 7.

Comparable deals evaluated also included a land payment discount, and the most recent comparable deal in Glendale also included a fee / site preparation cost reimbursement similar to the current proposal in Santa Clarita.

IV. Conclusions

The Developer's assumptions for construction costs, operating revenues (e.g. lease rates), operating expenditures, and risk-adjusted return for the Mixed-Use Project appear to be in a reasonable range in consideration of current local market and economic conditions, as well as Kosmont's recent and ongoing consulting assignments involving similar proposed mixed-use development projects in other communities. In addition, on an-inflation adjusted basis, the total subsidy as currently proposed for the Laemmle Theater Project is generally in line with public subsidies previously granted for the Laemmle Theater projects evaluated.

It is additionally worth noting that public-private transactions reflect unique circumstances and variables. More general factors include the state of the economy, labor and material costs, and consumer spending and housing preferences. Other factors are more community-specific, such as the significance of a potentially catalytic, entertainment-oriented project in the historically under-vitalized neighborhood of the City in Old Town Newhall. A theater such as Laemmle has the potential to serve as an "anchor" along Main Street, which, in addition to generating direct fiscal impacts (e.g. sales tax, property tax) and economic benefits (e.g. job creation), can produce indirect impacts for nearby businesses in Old Town Newhall.

Separate evaluations prepared by Kosmont and Applied Economics analyzed the fiscal revenue impacts of the proposed Projects. A summary of results is appended to this Memorandum. It is estimated that the Projects collectively will generate sufficient direct and indirect property and sales tax revenue to "pay for" the proposed Laemmle Theater Project subsidy by 2032, or year 15 of operation, which appears reasonable, considering the 15-year term of the proposed operating covenant for the Theater Project.

City of Santa Clarita - Old Town Newhall

Comparable Laemmle Theater Deal Analysis

Theater Name	Year Built	Theater Size (SF)	Screens	Seats	Theater Cost (Gross)	Gross Cost PSF	Theater Cost (Net of Subsidy)	Net Cost PSF	Net Cost Per Screen	Subsidy Terms						
										Total Subsidy	Total Subsidy Per Screen	Total Subsidy Per Seat	Operating Convenant Payment	Land Payment Discount	Fee & Site Prep Reimbursement	Total Subsi as % of Gro Cost
Claremont	2007	18,500	5	840	$6,000,000	$324	$4,500,000	$243	$900,000	$1,500,000	$300,000	$1,786	$600,000	$900,000	$0	2
North Hollywood	2011	25,000	7	1,100	$10,000,000	$400	$6,700,000	$268	$957,143	$3,300,000	$471,429	$3,000	$1,000,000	$2,300,000	$0	3
Glendale	2015	9,400	5	325	$7,200,000	$766	$2,100,000	$223	$420,000	$5,100,000	$1,020,000	$15,692	$1,500,000	$2,500,000	$1,100,000	7
Santa Clarita	2018	19,981	7	550	$8,087,157.28	$405	$4,666,632	$234	$666,662	$3,420,525	$488,646	$6,219	$1,980,000	$440,525	$1,000,000	4

Adjusted for inflation to 2018: **3.00%**

Theater Name	Year Built	Theater Size (SF)	Screens	Seats	Theater Cost (Gross)	Gross Cost PSF	Theater Cost (Net of Subsidy)	Net Cost PSF	Net Cost Per Screen	Subsidy Terms						
										Total Subsidy	Total Subsidy Per Screen	Total Subsidy Per Seat	Operating Convenant Payment	Land Payment Discount	Fee & Site Prep Reimbursement	Total Subsi as % of Gro Cost
Claremont	2007	18,500	5	840	$8,305,403	$449	$6,229,052	$337	$1,245,810	$2,076,351	$415,270	$2,472	$830,540	$1,245,810	$0	2
North Hollywood	2011	25,000	7	1,100	$12,298,739	$492	$8,240,155	$330	$1,177,165	$4,058,584	$579,798	$3,690	$1,229,874	$2,828,710	$0	3
Glendale	2015	9,400	5	325	$7,867,634	$837	$2,294,727	$244	$458,945	$5,572,908	$1,114,582	$17,147	$1,639,091	$2,731,818	$1,202,000	7
Santa Clarita	2018	19,981	7	550	$8,087,157	$405	$4,666,632	$234	$666,662	$3,420,525	$488,646	$6,219	$1,980,000	$440,525	$1,000,000	4

AVERAGE		18,220	6	704	$9,139,733	$546	$5,357,642	$286	$887,146	$3,782,092	$649,574	$7,382	$1,419,876	$1,811,716	$550,500	4
TOTAL		72,881	24	2,815	$36,558,934	$502	$21,430,566	$294	$892,940	$15,128,367	$2,598,296	$29,528	$5,679,505	$7,246,863	$2,202,000	4

Note: Theater size includes ancillary retail

City of Santa Clarita - Old Town Newhall

Summary of Gross Fiscal Revenue Impacts

Year		Direct Revenues			Indirect Revenues (Estimated by Applied Economics)			Total Direct + Indirect Revenues		
		Property Tax	Sales Tax	Prop + Sales Tax	Property Tax	Sales Tax	Prop + Sales Tax	Property Tax	Sales Tax	Prop + Sales Tax
1	2018	$33,420	$80,171	$113,591	$14,867	$64,069	$78,936	$48,287	$144,240	$192,5
2	2019	$34,088	$82,576	$116,664	$15,164	$65,991	$81,155	$49,253	$148,567	$197,8
3	2020	$34,770	$85,053	$119,824	$15,468	$67,971	$83,438	$50,238	$153,024	$203,2
4	2021	$35,466	$87,605	$123,071	$15,777	$70,010	$85,787	$51,242	$157,615	$208,8
5	2022	$36,175	$90,233	$126,408	$16,093	$72,110	$88,203	$52,267	$162,343	$214,6
6	2023	$36,898	$92,940	$129,838	$16,414	$74,274	$90,688	$53,313	$167,214	$220,5
7	2024	$37,636	$95,728	$133,365	$16,743	$76,502	$93,244	$54,379	$172,230	$226,6
8	2025	$38,389	$98,600	$136,989	$17,078	$78,797	$95,874	$55,467	$177,397	$232,8
9	2026	$39,157	$101,558	$140,715	$17,419	$81,161	$98,580	$56,576	$182,719	$239,2
10	2027	$39,940	$104,605	$144,545	$17,767	$83,596	$101,363	$57,707	$188,200	$245,9
11	2028	$40,739	$107,743	$148,482	$18,123	$86,103	$104,226	$58,862	$193,846	$252,7
12	2029	$41,554	$110,975	$152,529	$18,485	$88,686	$107,172	$60,039	$199,662	$259,7
13	2030	$42,385	$114,305	$156,689	$18,855	$91,347	$110,202	$61,240	$205,652	$266,8
14	2031	$43,232	$117,734	$160,966	$19,232	$94,087	$113,320	$62,464	$211,821	$274,2
15	2032	$44,097	$121,266	$165,363	$19,617	$96,910	$116,527	$63,714	$218,176	$281,8
16	2033	$44,979	$124,904	$169,883	$20,009	$99,817	$119,826	$64,988	$224,721	$289,7
17	2034	$45,878	$128,651	$174,529	$20,409	$102,812	$123,221	$66,288	$231,463	$297,7
18	2035	$46,796	$132,510	$179,306	$20,817	$105,896	$126,714	$67,613	$238,407	$306,0
19	2036	$47,732	$136,486	$184,218	$21,234	$109,073	$130,307	$68,966	$245,559	$314,5
20	2037	$48,687	$140,580	$189,267	$21,658	$112,345	$134,004	$70,345	$252,926	$323,2
21	2038	$49,660	$144,798	$194,458	$22,092	$115,716	$137,807	$71,752	$260,513	$332,2
22	2039	$50,653	$149,142	$199,795	$22,533	$119,187	$141,721	$73,187	$268,329	$341,5
23	2040	$51,667	$153,616	$205,282	$22,984	$122,763	$145,747	$74,651	$276,379	$351,0
24	2041	$52,700	$158,224	$210,924	$23,444	$126,446	$149,889	$76,144	$284,670	$360,8
25	2042	$53,754	$162,971	$216,725	$23,913	$130,239	$154,152	$77,667	$293,210	$370,8
26	2043	$54,829	$167,860	$222,689	$24,391	$134,146	$158,537	$79,220	$302,007	$381,2
27	2044	$55,926	$172,896	$228,822	$24,879	$138,171	$163,049	$80,804	$311,067	$391,8
28	2045	$57,044	$178,083	$235,127	$25,376	$142,316	$167,692	$82,420	$320,399	$402,8
29	2046	$58,185	$183,425	$241,610	$25,884	$146,585	$172,469	$84,069	$330,011	$414,0
30	2047	$59,349	$188,928	$248,277	$26,401	$150,983	$177,384	$85,750	$339,911	$425,6
Year 1-15 Total		**$577,945**	**$1,491,094**	**$2,069,039**	**$257,101**	**$1,191,614**	**$1,448,715**	**$835,046**	**$2,682,707**	**$3,517,7**
Year 1-20 Total		**$812,017**	**$2,154,225**	**$2,966,242**	**$361,229**	**$1,721,558**	**$2,082,787**	**$1,173,246**	**$3,875,783**	**$5,049,0**
Year 1-30 Total		**$1,355,783**	**$3,814,169**	**$5,169,952**	**$603,126**	**$3,048,109**	**$3,651,235**	**$1,958,909**	**$6,862,278**	**$8,821,1**

kosmont companies

That analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ from those expressed in this analysis.

KOSMONT EXPERIENCE AND QUALIFICATIONS SUMMARY

Kosmont & Associates, Inc. dba Kosmont Companies

Type of Legal Entity: Corporation **Established:** 1986

Firm Description:
Kosmont Companies, a certified Minority Business Enterprise (MBE) and certified Small Business Enterprise (SBE), is a real estate, financial advisory, and economic development services firm offering a full range of real estate and economic advisory, project finance, transaction structuring, negotiations, planning and project implementation services for both the public and private sectors. Founded in 1986, Kosmont Companies is a nationally recognized expert in economic development and real estate projects involving government and private sector transactions and partnerships.

With decades of advisory services, Kosmont is among the most capable of companies in California. We have assisted hundreds of public agencies in their quest for services related to economic development, planning, funding and financing, public/private partnerships and much more. Kosmont will integrate our established ability, strengths, seasoned experience, and hands-on knowledge to meet the City's consulting service desires.

Economic Development Consulting Services

Kosmont Retail NOW!®: Kosmont offers this comprehensive and proactive retail strategy which identifies existing conditions, sets a path, targets tenants and produces results for cities while bringing viable retail to a community.

Economic Development Strategies: With decades of advisory services to the public sector, Kosmont is among the most capable of companies in California when it comes to designing and implementing an economic development strategy. We have assisted hundreds of public agencies in their quest to retain jobs, attract and retain business, structure zoning, draft General Plan elements, draft Specific Plans and structure tax and incentive plans that target meaningful private investment.

Downtown Revitalization: Commuting is taking its toll and home affordability continues to be a concern for cities and counties. Many people are moving back to multi-family housing in city centers and many businesses are moving closer to workers. Suburban and urban communities are rediscovering the viability of their aging downtowns. Newer cites want to create a sustainable center for their communities. Kosmont has diverse expertise with revitalization programs utilized to create change. We work closely with public agencies in positioning and developing their opportunity sites through creative negotiation and financing that properly encourage private development/lease activity and business interests.

Asset Management Plans: Kosmont is an industry leader in public asset evaluation, property transactions (sale, acquisition, ground lease, and lease/leaseback) and long-term asset strategies and plans. For public agencies including school districts, cities, counties, water districts, the State, non-profits and many others. Kosmont has been retained to evaluate and implement property transactions ranging from planning, finance, infrastructure and site development through purchase/sale and lease activities.

Developer Selection RFQ/RFP & DDA/ENA: Public agencies need an efficient and targeted RFP selection process, particularly when so many taxpayer dollars are on the line and the quality of life of constituents will be affected by these decisions for many years. Kosmont

Companies has a stellar record of marketing the development that municipal and regional public agencies want. Having also acted as a developer, we not only understand what attracts good developers to publicly-funded projects, we also have an eye for which developer would make a good fit. Once a developer is selected, Kosmont relies on its years of experience on both sides of the deal, negotiating and drafting Memorandum of Understanding/Preliminary Term Sheets, Exclusive Negotiation Agreements, Development Agreements, and to structure viable projects in a manner beneficial for the parties involved.

Tax/Fee Analysis: Despite the flattening effects of globalization, the hard costs of taxes and fees remain a major factor in a company's decision to remain in a particular jurisdiction or to relocate to a less costly one, and therefore, are a cornerstone of economic development policy. Kosmont has been analyzing and evaluating the effects of state and local tax rates and fees on businesses and regional economies for almost two decades through the Kosmont-Rose Institute *Cost of Doing Business Survey*® as well as a myriad of advisory projects. We help public agencies assess the impact of their tax and fee structure on the economic factors that matter most.

Real Estate Economics and Financial Advisory Services

Project Economics, Highest & Best Use (HBU) & Market Studies: With decades of experience in market analysis and real estate economics, Kosmont Companies always thoroughly analyzes each proposed project to ensure the short and long term impacts of the development can be self-sustaining. We determine if the market contains sufficient or potential demand to make all elements of a development viable, including identification and analysis of highest and best use. Depending on the outcome of our analysis, we present alternative product mixes and design elements to enhance the marketability and long-term success of a project

Fiscal & Economic Impacts: A public agency's decision to approve a new project or development, more often than not, depends on the likely impact of a project on the local government's fiscal health as well as impacts on the community including the types and number of jobs to be created. Kosmont provides Fiscal and Economic Impact reports to describe these and other economic impacts and benefits likely to be generated by a project on a local community. The results are typically of merit and/or value to both the governing public agency and the owner/developer/operator.

Public & Private Financing Structures: Partnerships/transactions between public agencies and private property owners often hinge on the outcome of complex and mutually beneficial financial relationships. Kosmont Companies structures financial models that provide the most value at the end of the transaction while satisfying both sides of the deal.

Planning and Development Services

Project Evaluation: Kosmont Companies has extensive experience in assessing the potential for development and/or leasing opportunities of all product types, whether they are ground-up or reuse; raw land, existing premises, suburban or infill. Our extensive experience with public and private sector deal structures and financing mechanisms enable us to spot opportunities and deliver solutions that are not always identified by the parties to the transaction.

Project Financials & Pro-Forma Assessment: Our financial real estate advisors have the acuity to determine if an opportunity will pencil out. We examine the optimum range of development via proforma analysis that will form the intersection of what a developer requires, what investors require, what the community desires, and what is likely to be accepted by the public agency.

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1601 N. Sepulveda Blvd. #382 Manhattan Beach CA 90266 **ph 424.456.3088** www.kosmont.com

Property Acquisition/Leasing: Knowing when and how to tie up or lease a property is one of the most critical decisions an owner can make. As a team that understands that profit/return is often in the buy or base lease-up period, we know when opportunities are timely and can help you determine if and when a particular property is likely to perform. We also know when to advise you to avoid a purchase that is not likely to be ripe for development or that long-term lease conditions are not optimal, and whether the circumstances may be outside a reasonable level of risk based on anticipated reward.

Land Use/Entitlements: To create a successful project today, developers and public agencies are frequently on different sides of the entitlements business. More than two decades of public and private sector consulting has made Kosmont Companies keenly aware of what public agencies and communities want. Today, entitlements are about striking a productive compromise between the public and private sector. Communities want development and they sometimes offer incentives to get it. We can help bring together the public and private sectors to facilitate entitlements that satisfy private development and investment expectations while giving communities the results they desire.

Due Diligence Report: Every site selection process begins with a basic due diligence review of the property. Kosmont Companies offers a comprehensive summary that will specifically alert a client to "fatal flaws" in a project that could make or break the decision to buy and/or develop.

Zoning & Implementation Strategies for Economic Development: Redevelopment is gone. Unemployment levels are struggling to recover. Cities are left with fewer tools to incentivize job and tax-generating projects. For some local governments, the answer may lie in adjustments to their land use and zoning policies. Kosmont can set up various systems that combine the power of a Specific Plan with tools such as a Development Operating Reserve that allows the city to allocate development capacity at its discretion, to create the kinds of uses that the city and its citizens need most.

Sustainable Economic Development

Kosmont Companies is a member of U.S. Green Building Council (USGBC), with personnel who have acquired the credential of LEED Green Associates administered by the USGBC. We are a leader in green initiatives and sustainable economic development practices. The sustainability landscape is constantly evolving and agencies must strive to be ahead of the curve. For over 27 years, Kosmont has advised numerous public agencies of all sizes and complexities across California on a variety of issues related to sustainable economic development, job creation, redevelopment, and a host of issues related to real estate finance and economics. Most recently Kosmont authored a statewide proposal on "Green RDA's", which focuses on roles of redevelopment and economic development in implementing AB 32 and SB 375 programs and initiatives.

Land Use and Community Planning Services

Kosmont Companies provides due diligence and project guidelines when determining the scope and layout of a specific project, asset portfolio evaluation, and/or project development program. Kosmont has extensive experience in development, land use planning, CEQA analysis and documentation processes, real estate economics, market research and financial modeling which is applied to assist private, public sector, education and non-profit clients in determining objectives, as well as the most appropriate approach and course of action to follow.

Successor Agency Consulting Services

Successor Agency and Oversight Board Dissolution Services: Kosmont Companies was retained by the California Department of Finance (DOF) to provide comprehensive staff support

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to six of the seven agencies – known under ABx1 26 as “Designated Local Authorities” (DLAs). Based upon the firm’s long and successful track record in the redevelopment arena and its current roster of over a dozen dissolution clients, Kosmont is ideally suited to assist Successor Agencies and Oversight Boards with a full range of dissolution duties from preparing Recognized Obligation Payment Schedules (ROPS) to communicating with the DOF and working with bond trustees.

Long Range Property Management Plans: Kosmont Companies specializes in asset management plans and has been preparing property based strategies for over 29 years for redevelopment agencies, cities, counties, and other public agencies. Kosmont Companies with Kosmont Realty Company, our full service brokerage and financing firm, have the necessary skills to effectively prepare and implement the required Property Management Plans (PMPs) for former redevelopment agencies properties. As part of the PMP, Kosmont explores ways that Cities and Successor Agencies may benefit from the AB 1484 dissolution process. Benefits could include retention of property for governmental use, retention of property for future development, and refunding and refinancing bond obligations. For property that must be sold, Kosmont seeks buyers for assets that may best serve the long term interests of the City.

Financial Advisory & Redevelopment Dissolution Services: Kosmont Companies has helped more than 100 cities and agencies with real estate financial advisory, valuation and disposition assignments. The firm offers the following essential Financial Advisory Services to Successor Agencies and Oversight Boards statewide:

- Asset Strategies
- Highest & Best Use Evaluation
- Broker Opinion of Value (via Kosmont Realty Corp. - KRC)
- NPV and Income Stream Analysis
- Financing Alternatives for Existing Transactions
- Negotiations of Transaction Issues
- Refunding of RDA Bonds pursuant to AB1484 (via KRC)

Statewide Education on Redevelopment Dissolution, PMPs and AB1484

Kosmont Companies created and taught the Property Management Plan workshop for CALED’s Annual Pre-Conference in 2013 which was attended by approximately 75 government professionals. Additionally Kosmont led a webinar entitled "From Dissolution to Development - How to Unlock the Benefits of Property Management Plans” for the California Redevelopment Association (CRA) that was attended by nearly 200 participants, mainly Successor Agencies.

[Kosmont Companies’ services overview continued on next page]

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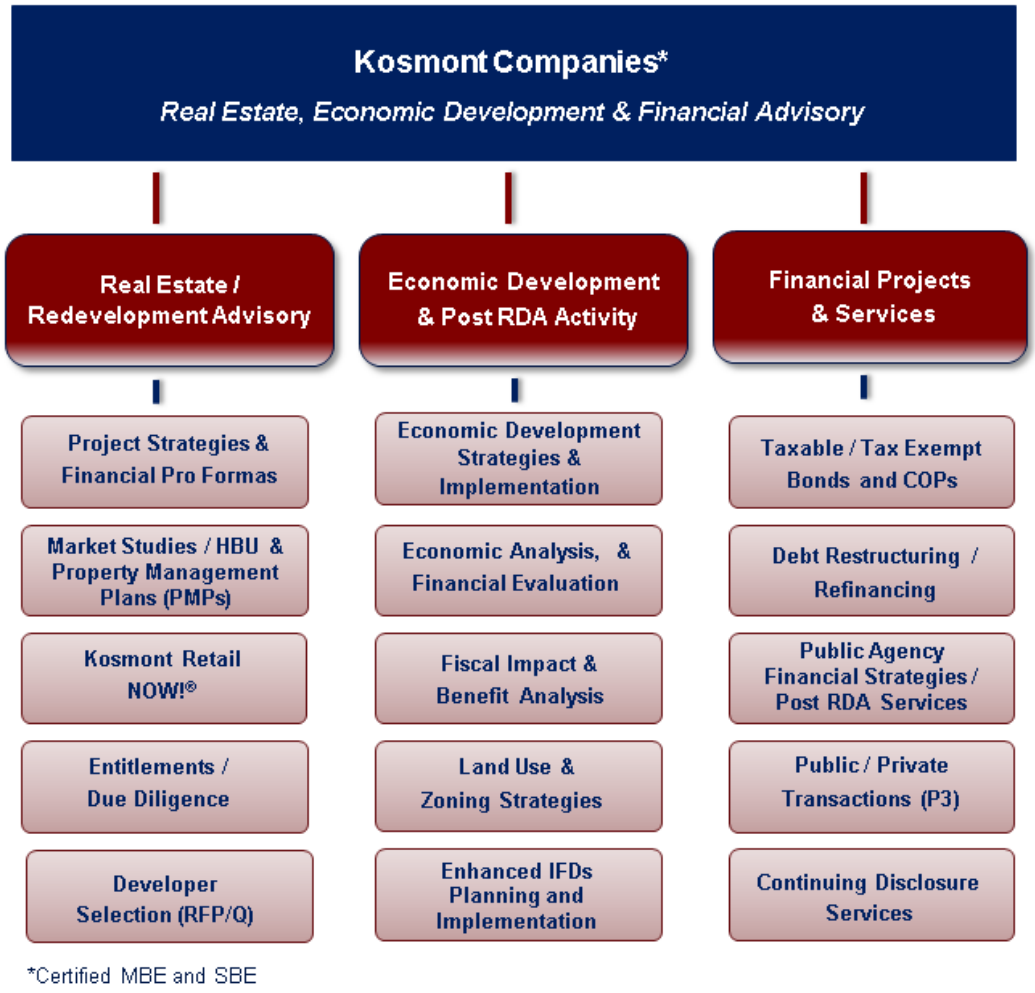
Kosmont Companies Services Overview:



*Certified MBE and SBE

Kosmont Companies is the proud recipient of the "Small Private Latino Business of the Year" from the 2015 Los Angeles Business Journal's Latino Business of the Year Awards

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REFERENCES

REFERENCES FOR KOSMONT COMPANIES:

City of Redondo Beach
Peter Grant, Former Assistant City Manager
Now City Manager, City of Cypress
5275 Orange Avenue
Cypress, CA 90630
Phone: 714-229-6688
Cell: 714-335-1685
pgrant@ci.cypress.ca.us

City of Placentia
Troy L. Butzlaff, former City Administrator
Now City Manager, City of Azusa
213 E. Foothill Blvd.
Azusa, CA 91702
Phone: 626-812-5238
Cell: 714-745-5615
tbutzlaff@ci.azusa.ca.us

City of Montebello
William Molinari
City Councilmember
1600 West Beverly Blvd.
Montebello, CA 90640
Cell: 323-240-0461
*Mayor Molinari does not have email. You may contact Office Administrator, Lillian Guzman by email at lguzman@cityofmontebello.com if necessary to reach him electronically.

City of South Gate
Steve LeFever
Community Development Director
8650 California Avenue
South Gate, CA 90280
Cell: 323-228-9217
slefever@sogate.org

City of Stanton
Omar Dadabhoy
Community Development Director
7800 Katella Avenue
Stanton, CA 90680
Phone: 714-379-9222 x213
odadabhoy@ci.stanton.ca.us

Kilroy Realty Corporation
Robert Little, Vice President of Development
12200 W. Olympic Blvd., Suite 200
Los Angeles, CA 90064
Phone: 858-523-2208
Cell: 562-533-3979
Email: rlittle@kilroyrealty.com

TESTIMONIAL: *"Kosmont delivers an array of technical and deal making skills that public agencies cannot develop in-house. Their ability to understand economic development projects from the city, developer and financier perspectives has delivered tremendously successful results for Redondo Beach." Peter Grant, Assistant City Manager, City of Redondo Beach*

OVERSIGHT BOARD RESOLUTION NO. 16-06

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE SANTA CLARITA REDEVELOPMENT AGENCY APPROVING THE TRANSFER OF THAT PORTION OF THE REDEVELOPMENT BLOCK BOUND BY LYONS AVENUE, RAILROAD AVENUE, 9TH STREET AND MAIN STREET, KNOWN AS THE PARKING PROPERTY, TO THE CITY OF SANTA CLARITA PURSUANT TO THE FIRST AMENDMENT OF THE LONG RANGE PROPERTY MANAGEMENT PLAN

WHEREAS, the Oversight Board to the Successor Agency of the Santa Clarita Redevelopment Agency ("Oversight Board") was established to direct the Successor Agency to the former Santa Clarita Redevelopment Agency ("Successor Agency") pursuant to Assembly Bill x1 26, chaptered and effective on June 27, 2011, Assembly Bill 1484 chaptered and effective on June 27, 2012, and Senate Bill 107 chaptered and effective on September 22, 2015 (together, the "Dissolution Act");

WHEREAS, among the duties of successor agencies under the Dissolution Act is the preparation of a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency for consideration by a local oversight board and California Department of Finance ("DOF") for purposes of administering the wind-down of financial obligations of the former Redevelopment Agency;

WHEREAS, Health and Safety Code ("HSC") Sections 34191.4 and 34191.5 provide that within six (6) months of the Successor Agency receiving a Finding of Completion from the DOF pursuant to Section 34179.7, the Oversight Board is to review and approve the Successor Agency's Long Range Property Management Plan ("LRPMP") that addresses the disposition and use of the former redevelopment agency's real property, which LRPMP then is submitted to the DOF for review and approval;

WHEREAS, the Successor Agency received its Finding of Completion from the DOF on June 20, 2013;

WHEREAS, the Successor Agency prepared an LRPMP consistent with the provisions of the Dissolution Act, HSC Section 34191.5, and the guidelines made available by DOF;

WHEREAS, the Oversight Board approved the LRPMP on December 17, 2013;

WHEREAS, the Department of Finance approved the LRPMP on June 27, 2014;

WHEREAS, the Dissolution Act was modified to provide the ability for cities to receive parking related properties at no cost, subject to an amendment to the LRPMP;

WHEREAS, the Successor Agency prepared a First Amendment to the LRPMP specific to a portion of the property bound by Lyons Avenue, Railroad Avenue, 9th Street and Main

Street, known as the Parking Parcel and depicted in Exhibit A attached hereto, to provide for the transfer of the Parking Parcel to the City at no cost for governmental use as a parking facility dedicated to public parking;

WHEREAS, the Oversight Board approved the First Amendment to the LRPMP on December 9, 2015;

WHEREAS, the Department of Finance approved the First Amendment to the LRPMP on January 28, 2016;

WHEREAS, the Successor Agency Board directed the Successor Agency to take actions necessary to transfer the Parking Parcel to the City on February 9, 2016;

WHEREAS, public notice of this meeting of the Oversight Board was provided pursuant to Health and Safety Code Section 34181(f);

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE SANTA CLARITA REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Recitals set forth above are true and correct and incorporated herein by reference.

Section 2. The Oversight Board finds that the Successor Agency complied with the Dissolution Act.

Section 3. The Oversight Board to the Successor Agency hereby approves the transfer of the Parking Parcel, as depicted in Exhibit A attached hereto and incorporated herein, to the City of Santa Clarita at no cost and does hereby authorize and direct the Executive Director of the Successor Agency or his designee to take all actions and execute and enter into all documents necessary to transfer the Parking Parcel to the City of Santa Clarita.

PASSED, APPROVED, AND ADOPTED this 22nd day of February 2016.

_____
Kenneth W. Striplin
Oversight Board Chair

ATTEST:

_____
Marilyn Sourgose
Oversight Board Meeting Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF SANTA CLARITA)

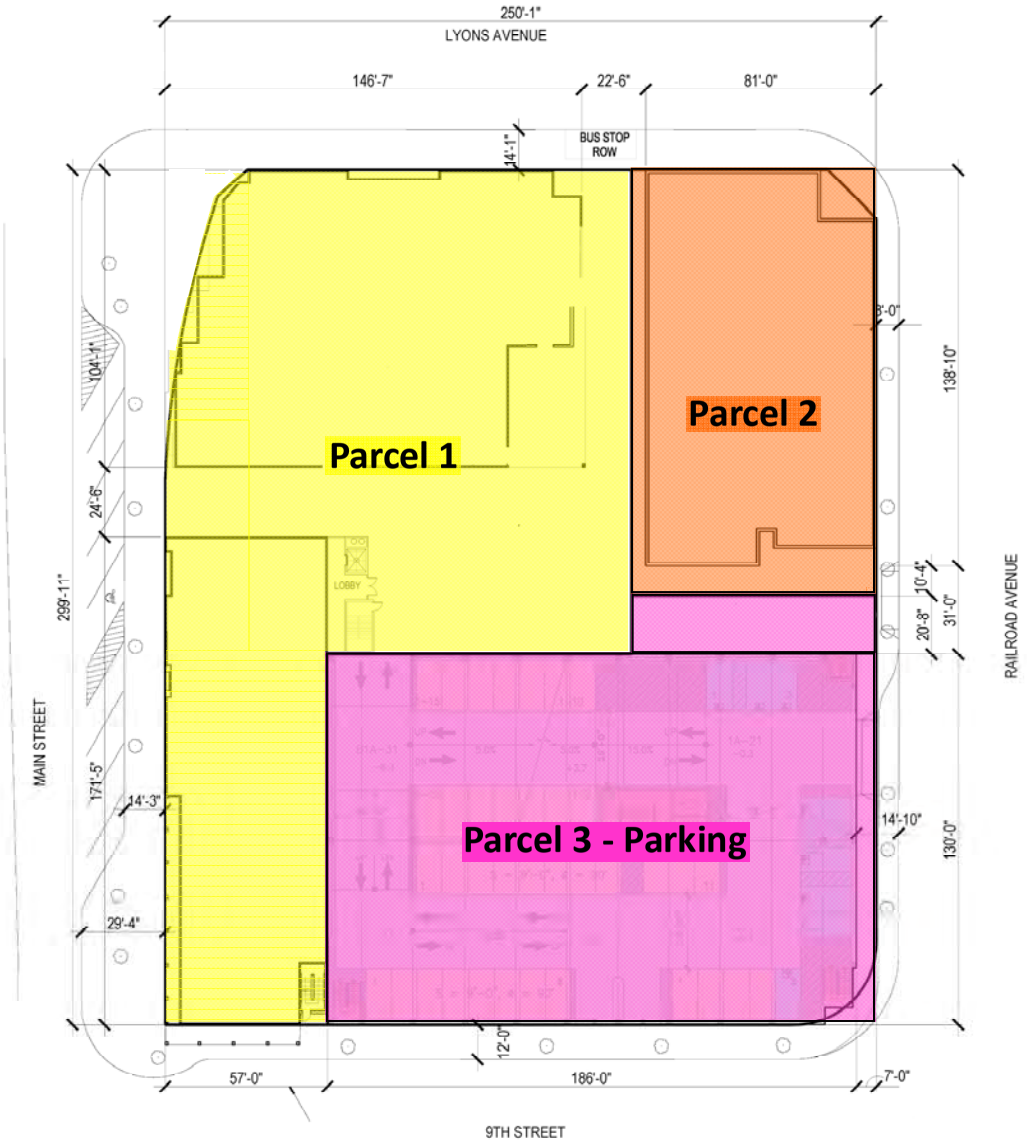
I, Marilyn Sourgose, Oversight Board Meeting Clerk, do hereby certify that the foregoing Resolution was duly adopted by the Oversight Board of the Successor Agency to the Former Redevelopment Agency of the City of Santa Clarita at a regular meeting thereof, held on the 22nd day of February 2016, by the following vote:

AYES:

NOES:

ABSENT:

_____
Marilyn Sourgose
Oversight Board Meeting Clerk



AT GRADE PLAN

with 7'-0" turn pocket

N

SCALE: 1" = 20'-0"

DECEMBER 16, 2015

NEWHALL THEATER MIXED-USE

Old Town Newhall, CA

urban studio
WILLIAM HEZMALHALCH ARCHITECTS INC.

01

2014154.00

APPLIED ECONOMICS

INDIRECT ECONOMIC IMPACTS OF THE PROPOSED REDEVELOPMENT BLOCK PROJECTS FINAL DRAFT REPORT

PREPARED FOR:

CITY OF SANTA CLARITA, CALIFORNIA
23920 VALENCIA BOULEVARD
SANTA CLARITA, CALIFORNIA 91355

NOVEMBER 9, 2015

Economic & Fiscal Impact Demographic Analysis Economic Development

TABLE OF CONTENTS

EXECUTIVE SUMMARY

The purpose of this study is to evaluate the economic and revenue impacts of the three proposed projects being proposed for the Redevelopment Block on surrounding businesses and properties in the Old Town Newhall portion of Santa Clarita, California. The proposed projects could be the next important piece of the City's redevelopment efforts, begun some ten years ago, to transform and revive Old Town Newhall.

The Redevelopment Block Projects are proposed for a site on the southwest corner of Lyons and Railroad Avenues. The project site is located near the north end of historic Old Town Newhall. The first project is a six or seven-screen Laemmle Theatres arthouse cinema. The second project is a mixed-use development with 46 apartments above 19,300 square feet of ground-floor retail space. Included in the mixed-use portion is a minimum of 79 residential parking spaces. Additional spaces for the residential uses are being considered, but would be dedicated solely for the use of the residents. The third and final component to the project is a parking structure for public parking estimated to be at least 350 spaces.

The indirect economic impact of this project will be driven by new economic activity from three primary sources including, ancillary expenditures made by theatre and new retail patrons; additional people drawn to the area that utilize the new available parking; and expenditures made by the residents and workers occupying the projects. In turn, this new economic activity is expected to result in further real estate redevelopment and increased property values. Together, the theatre patrons, the associated visitors, and project residents and employees are expected to generate an increase of about $14.1 million in new taxable sales to the City of Santa Clarita annually.

New on-site non-theatre sales will account for $7.7 million impact in annual indirect taxable sales, resulting in a net impact of about $6.4 million per year being spent at existing businesses. Since approximately $600,000 of the $800,000 of new taxable sales by residents is not expected to occur in the five study areas, the annual impact on existing businesses in the Old Town Newhall study areas will equal about $5.8 million per year. The $600,000 per year would still flow into Santa Clarita businesses, but in categories such as automobiles, apparel, and household furnishings that are not represented in the study areas. The $6.4 million in net new taxable sales results in about $64,000 per year of additional revenue to the City of Santa Clarita in the first year of operations.

The project will also have a positive impact on the value of other properties in the immediate area and could help induce other property impacts through redevelopment. While any increases in property values may not immediately translate into additional property tax revenues, over time the value of a commercial property is directly related to its ability to generate revenue. Applying value increases by study area and type of use results in about a $6.6 million increase in property values as a result of the project. Based on an assessment of the properties immediately surrounding the project(s), it is estimated that redevelopment could add another $3.4 million in increased property value. The total property value increase of about $10.0 million would result in about $14,900 per year in net new property tax to the City of Santa Clarita.

1.0 INTRODUCTION

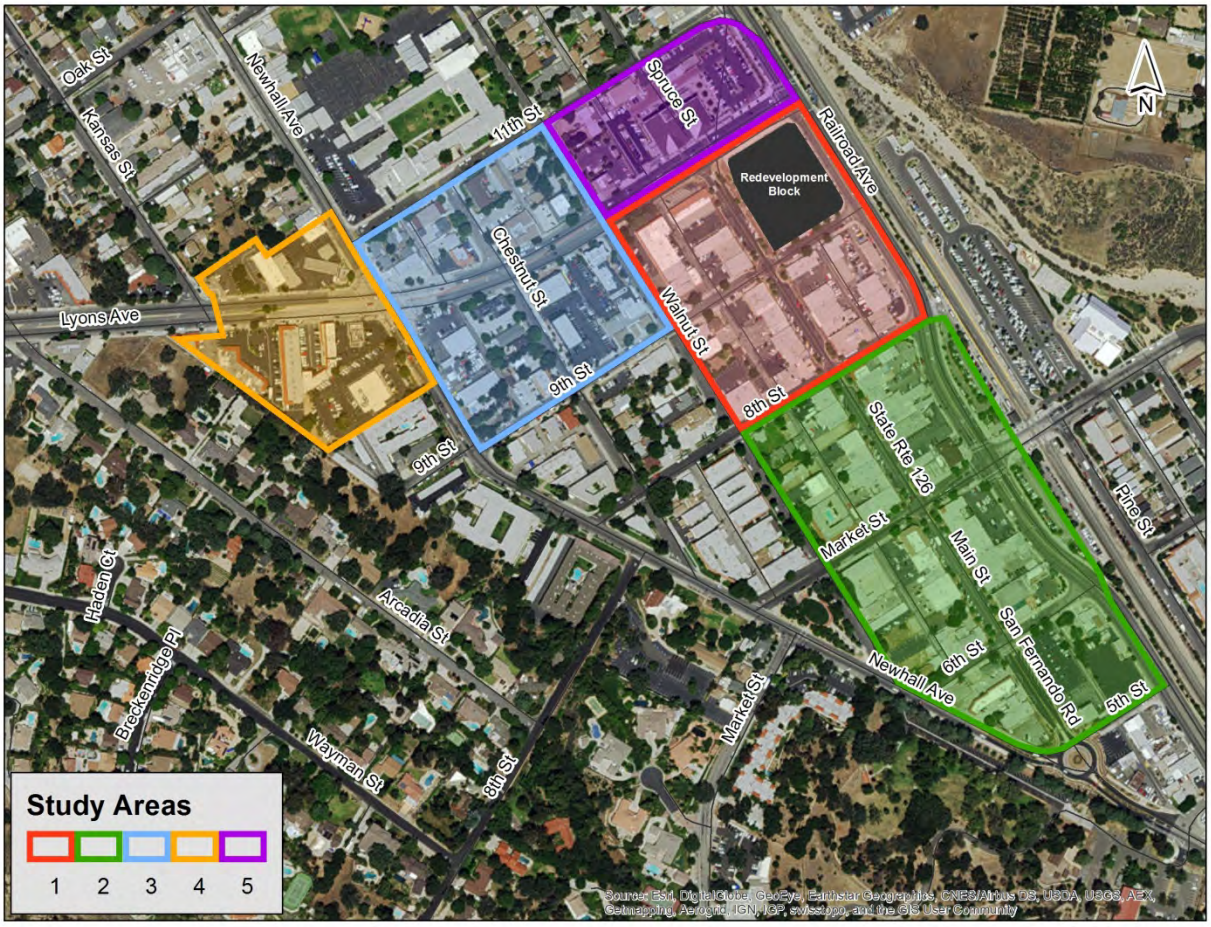
The purpose of this study is to evaluate the economic and revenue impacts of the three unique projects that are currently proposed for the Redevelopment Block on surrounding businesses and properties in the Old Town Newhall portion of Santa Clarita, California. The three proposed projects could be the next important piece of the City's redevelopment efforts, begun some ten years ago, to transform and revive Old Town Newhall. The redevelopment efforts are aimed at embracing the area's origins as a railroad and highway transportation hub, while creating a new sense of place and economic opportunity for existing and future businesses.

The Redevelopment Block is a block of property on the southwest corner of Lyons and Railroad Avenues. The project site is located near the north end of historic Old Town Newhall, generally bordered by Lyons Avenue, Railroad Avenue, 9th Street and Main Street. The site has excellent accessibility to the target market area since it is located about 2 miles east of Interstate 5 and 2 miles northwest of the Antelope Valley Freeway. The site is across the street from the recently completed Old Town Newhall Library and is in close proximity to the Newhall Metrolink Station. The area immediately surrounding the site is home to a base of unique shops and restaurants which are unified by a pedestrian-friendly Main Street.

The first project is proposed to be a six or seven-screen Laemmle Theatres' arthouse cinema. The second project is a mixed-use project consisting of 46 apartments above 19,300 square feet of ground-floor retail space. As part of the mixed-use project, a minimum of 79 residential parking spaces will be provided. Additional spaces may be provided but would be restricted to the residential units. Finally, the third project is a parking structure consisting of at least 350 public parking spaces. This parking will provide much needed additional accessibility to existing businesses by both current customers and the new customers that find the area as a result of visiting the project site. The Redevelopment Block Projects are also likely to be a stimulus for further redevelopment in the immediate area, resulting in increases in employment, retail sales and property values.

In order to properly assess the impact of the project on neighboring businesses and properties, the area surrounding the site was divided into five study areas. As shown in **Figure 1**, the study areas are based on land use, proximity to the project site and type of business. Study areas 1, 2 and 5 are located along Main Street in the primary revitalization area. Study areas 3 and 4 include businesses west of Walnut Street along Lyons Avenue, which serves as a major thoroughfare with access to Interstate 5. Location and the type of development and businesses in each study area were taken into account when determining the potential off-site economic and revenue impacts.

FIGURE 1: PROJECT LOCATION AND STUDY AREAS



As shown in **Figure 2**, the study areas are dominated by commercial uses that are surrounded by multifamily and single family residential and open space. Most of the study areas are within the Old Town Newhall Specific Plan area, which separates urban center commercial development from corridor commercial development and is reflective of the transportation-centric history of the area.

The study areas cover about 53.6 acres, with a net parcel area of 33 acres. Of this about 35.7 percent is community commercial, 50.6 percent is urban center commercial and 13.7 percent is urban general multifamily development. The areas include a wide variety of building types and building conditions, although a significant proportion of them need renovation. While the need for renovation poses a challenge to the community, it creates the potential for additional redevelopment spurred by projects, such as this one, that attract new customers to the area.

FIGURE 2: STUDY AREA ZONING

2.0 INDIRECT ECONOMIC IMPACTS

The indirect economic impact of this project will be driven by new economic activity from three primary sources:

- Ancillary expenditures made by new theatre and retail patrons;
- Additional people drawn to the area that utilize the new available parking; and
- Taxable expenditures made by the residents and workers occupying the projects.

In turn, this new economic activity is expected to result in further real estate redevelopment, which could drive increases in property values and property tax collections for the City of Santa Clarita and others.

For the first source of new activity, expenditures made by theatre patrons outside the theatre, the impact is based primarily on information obtained from the theatre operator. The theatre operator expects about 200,000 patrons per year and assumes each patron will conservatively spend about $10 outside the theatre, for a total of about $2.0 million in new sales outside the theatre per year.

However, given the income of the Santa Clarita area residents, the number of professional businesses and employees in close proximity to the project, and the impact of the 300 daily Metrolink riders[1] who will now have a reason to stay in Old Town Newhall, this analysis uses a rate of $15 per patron. This results in a total of about $3.0 million in new taxable sales made outside the theatre itself, as shown in **Table 1**. The analysis also assumes that all of these taxable sales will occur in the five study areas.

TABLE 1: ESTIMATED NON-THEATRE NEW TAXABLE SALES BY SOURCE

Sources	Factors		Assumptions	Economic Activity	New Taxable Expenditures
Movie Theatre					
	Patrons		200,000		
	Non-Theatre Expenditures/Patron		$15.00	$3,000,000	$3,000,000
Additional Activity					
	Patrons		870,000		
	Non-Theatre Expenditures/Patron		$15.00		
	$/day		$35,700	$13,030,500	
	New Activity Share		75%		
	Impact/day		$26,775		$9,772,875
Project Residents					
	Unit Type	Units	Mo. Rent		
	1 Bedroom	15	$1,720		
	2 Bedroom	27	$2,315		
	3 Bedroom	4	$2,818		
	Total Income (90% Occupancy)		$5,377,158		
	Local Taxable Expenditures		20%	$1,075,432	
	New Activity Share		75%		$806,574
Project Employees					
	Sq. Feet		39,000		
	Employment		300		
	$/Employee/day		$5.00	$547,500	$547,500
Total Indirect Impact				$17,656,093	$14,126,949

Sources: Serrano Development Group, Laemmle Theatres LLC; Applied Economics, 2015.

In addition to the theatre, the project features at least 350 public parking spaces. An increase in available public parking, especially for special Main Street events, combined with the additional exposure to the Old Town Newhall area provided by the theatre, will have a significant impact on surrounding businesses. The potential sales impact of the additional parking spaces assumes each space is used 4 times per day, with an average occupancy of 85 percent, two persons per vehicle and about $15 per person in associated taxable sales.

1 Southern California Regional Rail Authority, Newhall Station Average Weekday Boardings, 2015.

About 75 percent of the sales associated with the new parking spaces are assumed to be the result of new demand in the project area, as opposed to existing area patrons, and are expected to generate about $9.7 million in new taxable sales to the City of Santa Clarita.

Finally, there will be taxable sales made by residents and employees of the project. With respect to the residents, the 46 residential units in the project are expected to include households with a total of about $5.4 million per year in income, based on the unit mix and proposed rental rates. Of this, about 20 percent would likely be spent on taxable expenditures within the City of Santa Clarita, resulting in approximately $1.1 million per year in additional taxable expenditures as a result of the project. About 75 percent of these expenditures are assumed to result from new residents, thereby reducing the new taxable sales figure to about $800,000 per year. Based on the type of businesses in the study areas, it is estimated that only about 25 percent of the $800,000 in new annual taxable sales would occur in the study areas.

With respect to employment, the theatre and associated mixed-use projects are assumed to employ some 300 workers based on standard employment density rates for this type of mixed-use development. Each employee is expected to spend about $5.00 per day in taxable sales in the study areas based on BLS consumer expenditure data. This equates to about $548,000 per year in new taxable expenditures in the Old Town Newhall area that would not have occurred without the Redevelopment Block Project(s).

All told, the theatre and retail patrons, the associated parking, and project residents and employees are expected to generate an increase of about $14.1 million in new taxable sales to the City of Santa Clarita as outlined in **Table 1**. Of this, about $13.5million is expected to occur in the Old Town Newhall study areas after the expenditures by project residents are reduced to account for the market basket of goods that are available in the study areas.

3.0 BUSINESS SALES IMPACTS

To measure how the increase in indirect economic activity translates into impacts on existing local and study area businesses, it is necessary to reduce the indirect taxable sales estimates to account for the new non-theatre sales within the project. Based on the financial pro-forma information provided by Serrano Development, new on-site non-theatre sales of about $7.7 million ($400/sq ft x 19,300 = $7,720,000) per year are expected, with potential future escalations matching inflation per year.

The new on-site non-theatre sales reduce the $14.1 million impact in annual indirect taxable sales to a net impact of about $6.4 million per year on existing businesses. Since about $600,000 of the $800,000 of new taxable sales by residents is not expected to occur in the study areas, the annual impact on existing businesses in the Old Town Newhall study areas is further reduced to about $5.8 million per year. This $600,000 per year would still flow into Santa Clarita businesses, but in categories such as automobiles, apparel and household furnishings that are not represented in the study areas.

In order to determine how much of the new economic activity the businesses in the study areas could reasonably benefit from, it was necessary to develop an inventory of existing businesses in each study area from secondary sources and on-site field work. Current employment and sales estimates were developed using information purchased from the national research firm InfoUSA, with adjustments based on our field survey and sales data provided by HdL Companies, the City of Santa Clarita's tax consultants.

The results of this inventory assessment, summarized in **Table 2**, show a total of 190 businesses with current employment of about 960 workers and total taxable sales of about $37.2 million per year. About 45 percent of the businesses fall into the Business & Industry industrial category, which is largely comprised of personal and business service providers. While these businesses do not generally have taxable sales, they tend to employ educated, professional and administrative-type workers with higher than average salaries – the type of people who tend to patronize Laemmle Theatres.

Of the remaining businesses in the study areas, about 42 percent fall into the Food, Drug and Restaurant (Food/Restaurant) and Consumer Goods industrial categories. These are the categories that will benefit most from the indirect economic impacts of the project. This includes nearly 90 businesses with current employment of about 320 workers and taxable sales of about $21.8 million per year. The remaining 13 percent of businesses are in the Automotive and Construction industry categories and have a total of about $15.4 million per year in taxable sales. Businesses in these categories are not expected to be significantly impacted by the project's indirect economic impacts, although some sales as result of increased employment are possible.

As shown in **Figure 3,** the study areas contain significant concentrations of both large and small businesses across the Old Town Newhall area. **Figure 4** profiles the same businesses showing their geographic distribution by industrial category. This figure

clearly shows the greater concentration of businesses in the Automotive, Food/Restaurant and Consumer Goods industry categories in study areas 1 and 2, while areas 3, 4 and 5 have more in the Business and Industry category. This distribution favors capturing the indirect economic impacts in the Old Town Newhall area nearest to the project, while supporting the project with a strong employment base.

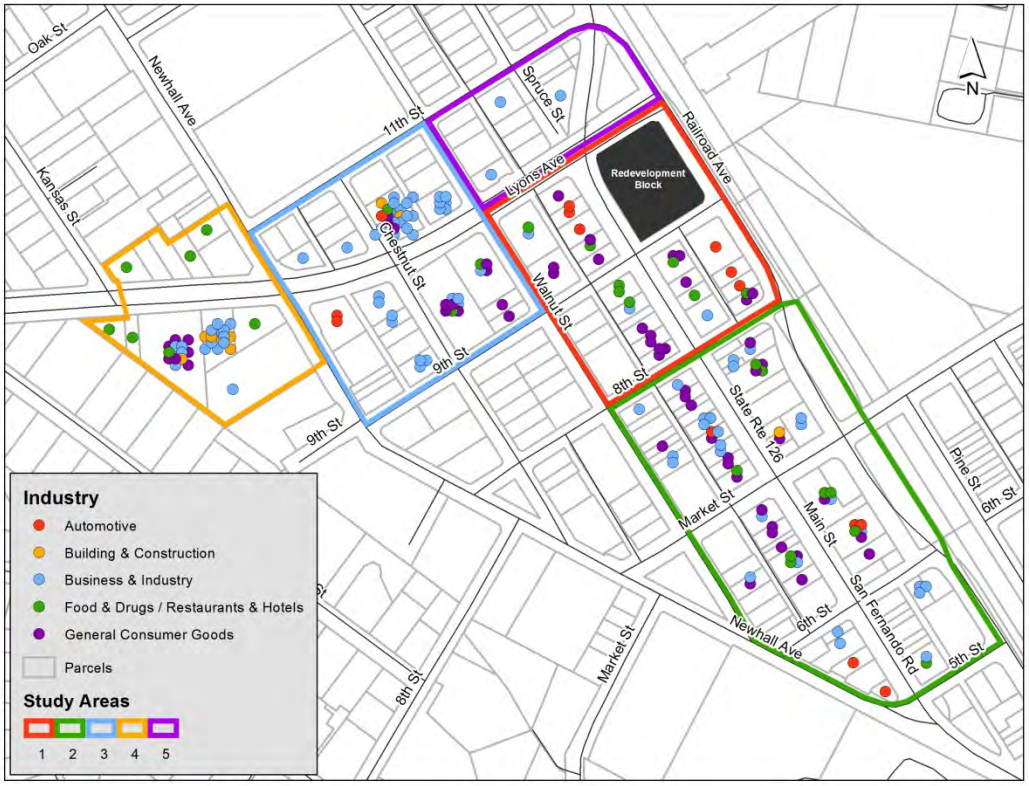
TABLE 2: EXISTING STUDY AREA BUSINESSES BY INDUSTRY CATEGORY

Industry Category	Study Area	Count	Employees	Current Taxable Sales
Automotive	1	8	20	$2,893,012
	2	5	18	$1,922,863
	3	2	10	$1,284,000
	4	0	0	$0
	5	0	0	$0
	Total	15	48	$6,099,875
Construction	1	1	4	$1,439,000
	2	0	0	$0
	3	2	55	$1,964,719
	4	5	52	$5,947,956
	5	0	0	$0
	Total	8	111	$9,351,675
Business & Industry	1	9	52	$0
	2	22	127	$0
	3	18	97	$0
	4	36	163	$0
	5	3	30	$0
	Total	88	469	$0
Food, Drug, Restaurant & Hotel	1	9	37	$4,189,353
	2	8	17	$2,384,553
	3	3	39	$1,811,700
	4	7	61	$4,785,300
	5	0	0	$0
	Total	27	154	$13,170,906
Consumer Goods	1	14	55	$2,900,938
	2	20	55	$3,235,582
	3	11	45	$1,822,763
	4	7	22	$632,963
	5	0	0	$0
	Total	52	177	$8,592,245
Study Area Total	1	41	168	$11,422,303
	2	55	217	$7,542,998
	3	36	246	$6,883,182
	4	55	298	$11,366,218
	5	3	30	$0
	Total	190	959	$37,214,701

Sources: InfoUSA; City of Santa Clarita; Applied Economics, 2015.

FIGURE 3: STUDY AREA BUSINESSES BY EMPLOYEE COUNT

FIGURE 4: STUDY AREA BUSINESSES BY INDUSTRY CATEGORY



Both location and industry group were used to show how the $5.8 million per year in indirect economic impacts of the project could be captured by businesses in Old Town Newhall. Note that for this purpose, establishments in the Business and Industry category were excluded since they have very little in taxable sales and they are the only type of business in study area 5. While not quantifiable, increases in business activity in the Business and Industry category could result from the project leading to employment increases that, in turn, could boost sales to other local businesses.

As shown in **Table 3**, about 94 percent ($4.2 million) of the $5.8 million per year in new taxable expenditures associated with existing businesses in Old Town Newhall would be in the Food/Restaurant and Consumer Goods industry categories. Overall, this translates into a 30.3 percent increase in the Food/Restaurant category and 17.9percent in the Consumer Goods category within the Old Town Newhall study areas.

TABLE 3: INDIRECT IMPACTS ON TAXABLE SALES IN OLD TOWN NEWHALL

Industry Category	Study Area	Current Taxable Sales	Indirect Project Impact		With Project Taxable Sales
			Amount	Percent	
Automotive	1	$2,893,012	$95,065	3.3%	$2,988,078
	2	$1,922,863	$42,943	2.2%	$1,965,806
	3	$1,284,000	$51,745	4.0%	$1,335,745
	4	$0	$0	0.0%	$0
	Total	$6,099,875	$189,754	3.1%	$6,289,629
Construction	1	$1,439,000	$43,170	3.0%	$1,482,170
	2	$0	$0	0.0%	$0
	3	$1,964,719	$0	0.0%	$1,964,719
	4	$5,947,956	$43,111	0.7%	$5,991,067
	Total	$9,351,675	$86,281	0.9%	$9,437,956
Food, Drug, Restaurant & Hotel	1	$4,189,353	$1,821,035	43.5%	$6,010,388
	2	$2,384,553	$881,018	36.9%	$3,265,572
	3	$1,811,700	$384,298	21.2%	$2,195,998
	4	$4,785,300	$904,575	18.9%	$5,689,875
	Total	$13,170,906	$3,990,926	30.3%	$17,161,832
Consumer Goods	1	$2,900,938	$617,175	21.3%	$3,518,112
	2	$3,235,582	$631,881	19.5%	$3,867,463
	3	$1,822,763	$249,796	13.7%	$2,072,559
	4	$632,963	$36,205	5.7%	$669,168
	Total	$8,592,245	$1,535,057	17.9%	$10,127,302
Study Area Total	1	$11,422,303	$2,576,445	22.6%	$13,998,748
	2	$7,542,998	$1,555,842	20.6%	$9,098,841
	3	$6,883,182	$685,839	10.0%	$7,569,021
	4	$11,366,218	$983,891	8.7%	$12,350,109
	Total	$37,214,701	$5,802,018	15.6%	$43,016,719

Sources: InfoUSA; City of Santa Clarita; Applied Economics, 2015.

Impacts on the Automotive and Construction industry categories are limited by the type of consumer spending expected to result from the project, however, some increases are possible. The significant concentration of automotive-related businesses in study areas 1 and 2 would likely receive a small boost in sales due to the increased number of potential consumers being attracted to the Old Town Newhall area.

The greatest impacts would occur among the businesses in closest proximity to the project(s). Total impacts range from about 22.6 percent in study area 1 to about 8.7 percent in study area 4, and result in an overall 15.6 percent increase in taxable sales at existing businesses in the Old Town Newhall study areas.

The impacts by industry category vary greatly by study area based on the industrial composition of businesses. The largest impact will be in the Food/Restaurant category, with impacts ranging from about 43.5 percent in study area 1 to about 18.9 percent in study area 4, resulting in an overall increase in taxable sales of 30.3 percent. In the next largest industry category of impact, Consumer Goods, the impacts range from 21.3 percent in study area 1 to 5.7 percent in study area 4. This results in a total increase of about 17.9 percent in the Consumer Goods industrial category.

4.0 PROPERTY VALUE IMPACTS

In addition to its impacts on economic activity and taxable sales, the Redevelopment Block project(s) will have a positive impact on the value of other properties in the immediate area and could help induce other property impacts through redevelopment. While any increases in property values may not immediately translate into additional property tax revenues, due to Proposition 13 and other supporting legislation limiting value growth, it is reasonable to assume that over time the value of a commercial property is directly related to its ability to generate revenue. Therefore, for this study the projection of property value increases resulting from the project are linked to the sales increases by type of property and study area.

The first step in determining how such value increases affect increased property value and property tax revenue was to compile an inventory of existing properties by study area from Los Angeles County Assessor's parcel data. This inventory included land area, improvement square footage, improvement age, land value and improvement value, as shown in **Table 4**. Combined, the study areas contain about 33 acres of land valued at $35.7 million and about 526,000 square feet of improvements valued at $24.6 million. This results in an average value of about $1.0 million per acre and $47 per square foot of built space. Both the land and improvement values are about half of what could be realized through redevelopment and a transference of ownership. The fact that the land is worth more than the value of the improvements is indicative of an area that is prime for redevelopment.

As shown in **Figure 5**, each of the five study areas contain numerous land parcels valued at $750,000 per acre or less, which is well below market value. In addition, **Figure 6** shows that building values of $40 per square foot or less are prevalent in study areas 1, 2 and 4, which further supports the potential for redevelopment.

TABLE 4: LAND AND IMPROVEMENT VALUES IN OLD TOWN NEWHALL

Study Area	Acres	Land Value	Building Area (SF)	Improvement Value	Land Value per Acre	Improvement per Sq. Ft.
Area 1	6.7	$5,303,136	93,999	$4,657,770	$794,596	$49.55
Area 2	11.5	$15,425,432	212,372	$9,324,775	$1,340,177	$43.91
Area 3	6.4	$5,998,250	97,750	$7,727,335	$934,016	$79.05
Area 4	5.2	$7,405,294	94,570	$2,276,823	$1,432,636	$24.08
Area 5	3.2	$1,606,891	27,746	$663,150	$495,495	$23.90
Total	33.0	$35,739,003	526,437	$24,649,853	$1,082,410	$46.82

Sources: Los Angeles County Assessor's Office; Applied Economics, 2015.

FIGURE 5: STUDY AREA PARCEL LAND VALUES

FIGURE 6: STUDY AREA IMPROVEMENT VALUES

Applying value increases by study area and type of use results in about a $6.6 million increase in property values as a result of the project, as shown in **Table 5**. For commercial properties, the percentage increase is based on the increase in sales by study area, which range from 9.8 percent in study area 1 to 3.0 percent in area 4. In the case of residential properties, the value increases were based on existing values and proximity to the proposed project and were assumed to be 5.0 percent in study area 1, 2.0 percent in study areas 2 and 3, and zero in study areas 4 and 5.

TABLE 5: WITH PROJECT LAND AND IMPROVEMENT VALUES

Area	Acres	With Project Land Value	With Project Improvement Value	Value Increase
Area 1	6.7	$6,207,310	$7,987,027	$4,233,432
Area 2	11.5	$16,488,254	$9,891,032	$1,629,079
Area 3	6.4	$6,207,310	$7,987,027	$468,753
Area 4	5.2	$7,627,453	$2,345,128	$290,464
Area 5	3.2	$1,606,891	$663,150	$0
Total	33.0	$38,137,218	$28,873,365	$6,621,727

Sources: Los Angeles County Assessor's Office; Applied Economics, 2015.

In addition to the value increases of existing properties, it is likely that the project will cause, or partially cause, redevelopment of properties in the surrounding area given their age, condition, quality and compatibility with future uses. Based on an assessment of the properties immediately surrounding the project, it is estimated that property values in Old Town Newhall could increase by another $2.3 to $4.6 million due to redevelopment. The range is driven not only by market demand, but also by the willingness of adjacent land owners to embrace redevelopment. Because of this uncertainty, a mid-point estimate of $3.4 million in increased property value from redevelopment is used in this study.

5.0 REVENUE IMPACTS

The indirect revenue impacts associated with the project are based on net new taxable sales and increases in property values. As shown in **Table 6**, the project results in about $6.4 million per year in net new taxable sales in the City of Santa Clarita. About $5.8 million per year would occur within the Old Town Newhall study areas, with the balance occurring elsewhere in the City. Within the Old Town Newhall study areas, over 70 percent of the increase is likely to occur in study area(s) 1 and 2. Based on the City's 1 percent tax rate (out the total 9 percent in sales tax), these new sales would result in about $64,000 per year of additional revenue to the City of Santa Clarita. This would be in addition to the $81,700 in sales tax projected for the first operating year of the projects. The indirect impact could be expected to grow by 3 to 4 percent per year, consistent with the forecasts prepared by the developer for the project itself.

TABLE 6: INDIRECT SALES TAX IMPACTS

Area	Annual Taxable Sales	Annual Sales Tax
Old Town Newhall	$5,802,018	$58,020
Study Area 1	$2,576,445	$25,764
Study Area 2	$1,555,842	$15,558
Study Area 3	$685,839	$6,858
Study Area 4	$983,891	$9,839
Study Area 5	$0	$0
Elsewhere in Santa Clarita	$604,930	$6,049
Total	$6,406,948	$64,069

Source: Applied Economics, 2015.
* Based on a City sales tax rate of 1%.

In the case of property tax, the indirect impact is based on increases in values across the study areas commensurate with the increase in sales volumes, as well as from potential redevelopment activity. **Table 7** shows property value increases of about $6.6 million for existing properties and another $3.4 million resulting from redevelopment. The total property value increase of about $10.0 million would result in about $14,900

per year in net new property tax to the City of Santa Clarita. This would be in addition to the $35,000 per year in property tax generated by the project itself in the first year, as projected by the developer.

Together, the indirect sales and property tax impacts of the Redevelopment Block Project(s) could result in about $44,000 of net new revenue to the City of Santa Clarita annually. This is equal to about half of the revenue impacts associated with the project itself.

TABLE 7: INDIRECT PROPERTY TAX IMPACTS

Area	Property Value Impacts	Annual Property Tax*
Existing Properties	$6,621,727	$9,823
Study Area 1	$4,233,432	$6,280
Study Area 2	$1,629,079	$2,417
Study Area 3	$468,753	$695
Study Area 4	$290,464	$431
Study Area 5	$0	$0
Redevelopment	$3,400,000	$5,044
Total	$10,021,727	$14,867

Source: Applied Economics, 2015.
* Based on tax rate of 1.21% with 12.26 percent of that going to the City of Santa Clarita.