2026 DISPOSITION AND DEVELOPMENT AGREEMENT
(_____)

between

THE CITY OF SIGNAL HILL
a California Charter City

and

SIGNAL HILL PETROLEUM
a California limited liability company

This 2026 DISPOSITION AND DEVELOPMENT AGREEMENT ("**Agreement**") is dated as of _____, 2026 ("**Date of Agreement**"), for reference purposes only, and is entered into by and between the City of Signal Hill, a California charter city ("**City**") and Signal Hill Petroleum, a California limited liability company ("**Developer**"). The City and the Developer are sometimes referred to in this Agreement, each individually, as a "**Party**," or collectively, as the "**Parties**."

RECITALS

This Agreement is entered into with reference to the following recitals of fact ("**Recitals**") that City and Developer believe to be true as of the Effective Date of this Agreement:

A. The City is the owner of that certain real property located between Cherry Avenue, Rose Avenue, Crescent Heights Street, and East Burnett Street, Signal Hill (APNs 7214-005-900, 7214-005-901, 7214-005-902, 7214-005-903, and 7214-005-904) and more specifically described in Exhibit A attached hereto and incorporated herein by this reference ("**Property**"),

B. The Property is located in the SP-23 (Heritage Square Central Business District Specific Plan) zone in the City. The Property's General Plan designation is Town Center. SP-23 was established in October 2022 to provide for integrated mixed-use commercial and residential development which encourages pedestrian activities and commercial opportunities, consistent with the City's General Plan.

C. The historical use of the Property is an oil field, with fifteen (15) previously abandoned oil wells, eight (8) idle wells and one (1) active well on the Property. In addition to current oil operations, oil derricks, sumps and aboveground storage tanks were previously located on the Property. To prepare for development, Developer commits to undertaking efforts to abandon or re-abandon the wells on the Property in accordance with the City of Signal Hill's well abandonment equivalency standards.

D. The Property consists of four Assessor Parcel Numbers ("APN"), identified as APNs 7214-005-901, 7214-005-902, 7214-005-903, and 7214-005-904. Parcels 7214-005-901 and 7214-005-902 have a land area of 34,800 square feet and are impacted by two (2) idle and three (3) abandoned oil wells. The Property is encumbered by an oil and gas lease with surface use rights and the Signal Hill West Unit Agreement. The Signal Hill West Unit Agreement is an effective "blanket" easement which allows the Developer, as the Unit Operator, to use and occupy the surface and subsurface of the Property. Parcels 7214-005-903 and 7214-005-904 have a land area of 48,600 square feet, are not encumbered with oil and gas surface use rights but are impacted by two (2) abandoned oil wells.

E. Developer is the owner of that certain real property located between Cherry Avenue, Rose Avenue, Crescent Heights Street, and East Burnett Street, Signal Hill (APNs 7214-005-010, 7214-005-011, 7214-005-014, 7214-005-015, 7214-005-019, and 7214-005-020) and more specifically described in Exhibit A attached hereto and incorporated herein by this reference ("SHP Property").

F. Developer is the Unit Operator ("Unit Operator") as defined under that certain 4 unit agreement entitled "Unit Agreement, Signal Hill West Unit, Long Beach Field," a counterpart of which is recorded in Book M3998, page 596, Official Records of Los Angeles County, California (the "Unit Agreement:). The Property is currently encumbered by the Unit Agreement.

G. Developer as Unit Operator, has the exclusive right to conduct operations on behalf of the Signal Hill West Unit (the "***Unit***") as defined in the Unit Agreement and all of the working interest owners of the Unit (the "***Working Interest Owners***") on the Property. In addition, pursuant to the terms of the Unit Agreement, Developer, as Unit Operator, has the exclusive right and power to release and surrender any Unit surface use rights on the Property to the Working Interest Owner or Owners whose interest includes the Property.

H. The Developer's proposed acquisition of the Property and subsequent entitlement (including securing a Specific Plan Amendment), construction and completion of the Project (as defined in this Agreement) on the Property pursuant to the terms of this Agreement is in the best interest of the City and the health, safety and welfare of the City's taxpayers and residents and is in accordance with the public purposes set forth in applicable law. Implementation of this Agreement will further the goals and objectives of the City's general plan by: (i) strengthening the City's land use and social structure, and (ii) alleviating economic and physical blight on the Property and in the surrounding community.

I. The City desires to sell the Property to the Developer for the development of the Project and the Developer desires to purchase the Property from the City for the same purpose.

NOW, THEREFORE, in consideration of the mutual promises set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by City and Developer, the Parties agree as follows:

TERMS AND CONDITIONS

ARTICLE I

DEFINITIONS; REPRESENTATIONS AND WARRANTIES; EFFECTIVE DATE

1.1 Definitions. All initially capitalized terms not otherwise defined in this Agreement shall have the following meanings:

1.1.1 "Affiliate" means and refers to any person or entity, directly or indirectly, Controlling or Controlled by or under common Control with the Developer, whether by direct or indirect ownership of equity interests, by contract or otherwise.

1.1.2 "**CEQA**" means the California Environmental Quality Act, Public Resources Code Sections 21000, et seq.

1.1.3 "**City**" means the City of Signal Hill, California, a California charter city.

1.1.4 "**City Manager**" means the City Manager of the City or his or her designee or successor in function.

1.1.5 "**City's Title Notice Response**" means the written response of the City to the Developer's Title Notice, in which the City either (i) elects to cause the removal from the Preliminary Report of any matters shown in Schedule B of the Preliminary Report as exceptions to coverage under the proposed Title Policy that were objected to in the Developer's Title Notice, or (ii) elects not to cause the removal from the Preliminary Report of any matters shown in Schedule B of the Preliminary Report as exceptions to coverage under the proposed Title Policy that were objected to in the Developer's Title Notice.

1.1.6 "**Close of Escrow**" or "**Closing**" means the recording of the Grant Deed for the Property in the Official Records of the Recorder of the County, and completion of each of the actions set forth in ARTICLE III by the Escrow Holder for the City to sell the Property to the Developer and the Developer to purchase the Property from the City.

1.1.7 **"Control"** means and refers to possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person or entity, whether by ownership of equity interests, by contract or otherwise.

1.1.8 **"Controlling"** and **"Controlled"** mean and refer to exercising or having Control.

1.1.9 "**County**" means the County of Los Angeles, California.

1.1.10 **"Development Impact Fees"** shall mean all fees established and imposed upon the Project by the City pursuant to the Mitigation Fee Act as set forth in California Government Code Section 66000 et seq. and this Agreement.

1.1.11 "**Developer's Title Notice**" means a written notice from the Developer to the City indicating the Developer's acceptance of the state of the title to the Property, as described in the Preliminary Report, or the Developer's objection to specific matters shown in Schedule B of the Preliminary Report as exceptions to coverage under the proposed Title Policy for the Property, describing in suitable detail the actions that the Developer reasonably believes are indicated to cure or correct each of the Developer's objections.

1.1.12 "**Developer's Title Notice Waiver**" means a written notice from the Developer to the City waiving the Developer's previous objection in the Developer's Title Notice to specific matters shown in Schedule B of the Preliminary Report as exceptions to coverage under the proposed Title Policy for the Property.

1.1.13 "**Due Diligence Investigations**" means the Developer's due diligence investigations of the Property to determine the suitability of the Property for development of the Project, including, without limitation, investigations of the environmental and geotechnical suitability of the Property, as deemed appropriate in the reasonable discretion of the Developer, all at the sole cost and expense of the Developer.

1.1.14 "**Due Diligence Investigation Conclusion Notice**" means a written notice of the Developer delivered to the City and the Escrow Holder, prior to the end of the Due Diligence Period, indicating the Developer's acceptance of the condition of the Property or indicating the Developer's rejection of the condition of the Property and refusal to accept a conveyance of fee title to the Property, describing in reasonable detail the actions that the Developer reasonably believes are indicated to allow the Developer to accept the condition of the Property.

1.1.15 "**Due Diligence Period**" means the date commencing on the Effective Date and ending at 5:00 p.m. on the Two Hundred and Forty-Fourth (244th) day following the Effective Date.

1.1.16 "**Earnest Money Deposit**" means One Hundred Thousand Dollars ($100,000.00) payable in cash or other immediately available funds. The Earnest Money Deposit shall include the remaining balance of the Initial Deposit.

1.1.17 "**Effective Date**" has the meaning ascribed to the term in Section 1.3.

1.1.18 "**Environmental Claims**" has the meaning ascribed to the term in Section 5.5.

1.1.19 "**Environmental Laws**" means all federal, state, local, or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, or requirements of any government authority regulating, relating to, or imposing liability of standards of conduct concerning any hazardous substance (as later defined), or pertaining to occupational health or industrial hygiene (and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to hazardous substances on, under, or about the Property, occupational or environmental conditions on, under, or about the Property, as now or may at any later time be in effect, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") [42 USC Section 9601 et seq.]; the Resource Conservation and Recovery Act of 1976 ("RCRA") [42 USC Section 6901 et seq.]; the Clean Water Act, also known as the Federal Water Pollution Control Act ("FWPCA") [33 USC Section 1251 et seq.]; the Toxic Substances Control Act ("TSCA") [15 USC Section 2601 et seq.]; the Hazardous Materials Transportation Act ("HMTA") [49 USC Section 1801 et seq.]; the Insecticide, Fungicide, Rodenticide Act [7 USC Section 6901 et seq.] the Clean Air Act [42 USC Section 7401 et seq.]; the Safe Drinking Water Act [42 USC Section 300f et seq.]; the Solid Waste Disposal Act [42 USC Section 6901 et seq.]; the Surface Mining Control and Reclamation Act [30 USC Section 101 et seq.] the Emergency Planning and Community Right to Know Act [42 USC Section 11001 et seq.]; the Occupational Safety and Health Act [29 USC Section 655 and 657]; the California Underground Storage of Hazardous Substances Act [California Health & Safety Code Section 25288 et seq.]; the California Hazardous Substances Account Act [California Health & Safety Code Section 25300 et seq.]; the California Safe Drinking Water and Toxic Enforcement Act [California Health & Safety Code Section 24249.5 et seq.] the Porter-Cologne Water Quality Act [California Water Code Section 13000 et seq.] together with any amendments of or regulations promulgated under the statutes cited above and any other federal, state, or local law, statute, ordinance, or regulation now in effect or later enacted that pertains to occupational health or industrial hygiene, and only to the extent the occupational health or industrial hygiene laws,

ordinances, or regulations relate to hazardous substances on, under, or about the Property, or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water, or land use.

1.1.20 "**Environmental Matters**" has the meaning ascribed to the term in Section 5.5.

1.1.21 "**Escrow**" has the meaning ascribed to the term in Section 2.1.

1.1.22 "**Escrow Closing Date**" has the meaning ascribed to the term in Section 33.6.

1.1.23 "**Escrow Holder**" means Chicago Title Insurance Company.

1.1.24 "**Escrow Opening Date**" has the meaning ascribed to the term in Section 3.1.

1.1.25 "**Event of Default**" has the meaning ascribed to the term in Section 6.1.

1.1.26 "**FIRPTA Affidavit**" means an affidavit complying with Section 1445 of the United States Internal Revenue Code.

1.1.27 "**Grant Deed**" means a deed in the form of Exhibit D to this Agreement, conveying all of the City's interest in the Property to the Developer.

1.1.28 "**Governmental Agency**" means any and all courts, boards, agencies, commissions, offices, or authorities of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city, or otherwise) whether now or later in existence.

1.1.29 "**Governmental Requirements**" means all codes, statutes, ordinances, laws, permits, orders, and any rules and regulations promulgated thereunder of any Governmental Agency.

1.1.30 "**Hazardous Substances**" means, without implied limitation, substances defined as "hazardous substances," "hazardous material," "toxic substance," "solid waste," or "pollutant or contaminate" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 9601, et seq.; the Toxic Substances Control Act ("TSCA") [15 U.S.C. Sections 2601, et seq.]; the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, et seq.; those substances listed in the United States Department of Transportation (DOT) Table [49 CFR 172.101], or by the EPA, or any successor authority, as hazardous substances [40 CFR Part 302]; and those substances defined as "hazardous waste" in Section 25117 of the California Health and Safety Code or, as "hazardous substances" in Section 25316 of the California Health and Safety Code; other substances, materials, and wastes that are, or become, regulated or classified as hazardous or toxic under federal, state, or local laws or regulations and in the regulations adopted pursuant to said laws, and shall also include manure, asbestos, polychlorinated biphenyl, flammable explosives, radioactive material, petroleum

products, and substances designated as a hazardous substance pursuant to 33 USC Section 1321 or listed pursuant to 33 USC Section 1317.

1.1.31 "**Indemnified Parties**" has the meaning ascribed to the term in Section 6.4.

1.1.32 "**Lender**" means any state or federally chartered bank, savings and loan, capital investment group, or other third party financial institution which routinely makes Loans to developments and developers such as the Project and the Developer in the normal course of business.

1.1.33 "**Lien**" means any mortgage, deed of trust, or other security instrument encumbering Developer's fee interest in the Property and/or Project, or any part thereof, or any pledge or other agreement given as security for the repayment of a Loan and by which a Lender would be able to acquire any interest in the Developer upon the Developer's breach of any obligation under the Lender's Loan Documents.

1.1.34 "**Loan**" means any loan or third party equity/capital contribution (e.g. mezzanine financing) for the Project other than that provided by the City.

1.1.35 "**Normal Business Hours**" means the normal business hours of the City. As of the Effective Date, the City's normal business hours are Monday through Friday, between the hours of 7:30 a.m. and 5:30 p.m. Pacific Time.

1.1.36 "**Notice of Agreement**" means the notice in the form of Exhibit E to this Agreement to be recorded against the Property at the Close of Escrow to provide constructive record notice of the existence and application of this Agreement to the Property.

1.1.37 "**Party**" means, individually, the City or the Developer, as applicable.

1.1.38 "**Parties**" means, collectively, the City and the Developer.

1.1.39 "**PCO Statement**" means a preliminary change of ownership statement provided for in California Revenue and Taxation Code Section 480.3.

1.1.40 "**Permitted Exceptions**" means (i) any and all items shown in Schedule B of the Preliminary Report as exceptions to coverage under the proposed Title Policy that the Developer accepts; (ii) any exceptions from coverage under the proposed Title Policy resulting from the Developer's activities on the Property; (iii) non-delinquent property taxes and assessments; (iv) this Agreement; or (v) the Grant Deed.

1.1.41 "**Permitted Transfer**" means and refers to any of the following types of Transfers by the Developer, with regard to the Property and not the SHP Property, where the person or entity to which such Transfer is made expressly assumes the obligations of the Developer under this Agreement in a written instrument satisfactory to the City.

1.1.41.1 Any Transfer of stock or equity of the Developer that does not change management or operational Control of the Property or the Project; and

1.1.41.2 Any Transfer of any interest in the Developer or the Property or Project or any portion thereof irrespective of the percentage of ownership (i) to any other owner of any interest in the Developer; or (ii) to any Affiliate, or (iii) to any other person or entity in which any holder of an interest (including any beneficial interest) in the Developer is a manager, officer or partner or in which any of the aforementioned is a shareholder, member or partner (including a beneficial owner).

1.1.42 "**Preliminary Report**" means a preliminary report issued by the Title Company in contemplation of the issuance of the Title Policy, accompanied by legible copies of all documents listed in Schedule B of the report as exceptions to coverage under the proposed Title Policy. The Parties acknowledge that they may prepare one (1) or more Preliminary Reports for each parcel, or group of parcels, comprising the Property. In such case, all reports, notices, and objection letters which pertain to the Preliminary Report for the entirety of the Property shall apply separately to each Preliminary Report associated with a parcel or a group of parcels.

1.1.43 "**Project**" means the construction and redevelopment of the Property and the SHP Property, including all required or associated on-site and off-site improvements, all hardscape and all landscaping, all as described in the Scope of Development, and all to be developed in accordance with the Schedule of Performance.

1.1.44 "**Property**" means that real property, and all current and future improvements thereon (including, without implied limitation, a portion of the Project), legally described in Exhibit A.

1.1.45 **"Property Transfer"** means and refers to any "change in ownership," as defined in Revenue and Taxation Code Sections 60, et seq., of all or any portion of the Property.

1.1.46 "**Purchase Price**" means the amount of Three Million One Hundred Thousand Dollars ($3,100,000), in cash or immediately available funds.

1.1.47 "**Record**", "**recorded**", "**recording**" or "**recordation**" each mean and refer to recordation of the referenced document in the official records of the Recorder of the County of Los Angeles, California.

1.1.48 "**Schedule of Performance**" means the schedule for the performance of certain actions by the Parties pursuant to this Agreement, attached to this Agreement as Exhibit C.

1.1.49 "**Scope of Development**" means the description of the Project attached to this Agreement as Exhibit B.

1.1.50 **"SHP Property"** means that real property, and all current and future improvements thereon (including, without implied limitation, a portion of the Project), a legal description of which is included in Exhibit A.

1.1.51 "**Title Company**" means Chicago Title Company.

1.1.52 "**Title Policy**" means a standard CLTA owners' policy of title insurance issued by the Title Company, with coverage in the full amount of the Purchase Price and insuring

fee title to the Property, subject only to the Permitted Exceptions. However, at Developer's option, Developer may acquire an ALTA extended coverage policy. City shall pay for the standard CLTA policy. Developer shall pay for any additional or ALTA extended coverage policy.

1.1.53 "**Transfer**" means any of the following:

1.1.53.1 Any total or partial sale, assignment, conveyance, trust, power, or transfer in any other mode or form, by the Developer of more than a 49% interest in the Developer's interest in this Agreement, the Property, or a series of such sales, assignments and the like that, in the aggregate, result in a disposition of more than a 49% interest in the Developer's interest in this Agreement, the Property or the Project; or

1.1.53.2 Any total or partial sale, assignment, conveyance, or transfer in any other mode or form, of or with respect to any interest in the Developer or a series of such sales, assignments and the like that, in the aggregate, result in a disposition of more than a 49% interest in any interest in the Developer; or

1.1.53.3 Any merger, consolidation, sale, or lease of all or substantially all of the assets of the Developer or a series of such sales, assignments and the like that, in the aggregate, result in a disposition of more than a 49% interest of all or substantially all of the assets of the Developer; or

1.1.53.4 Any Property Transfer; or

1.1.53.5 The recordation of any deed of trust, mortgage, Lien or similar encumbrance against all or any portion of the Property or the Project.

1.1.53.6 For avoidance of doubt "Transfer" shall exclude any total or partial sale, assignment, conveyance, trust, power, or transfer in any other mode or form, by the Developer of the SHP Property.,

1.1.54 "**Unavoidable Delay**" means any delay that is caused exclusively by the other party or that is beyond the control of the City or the Developer, including delay caused by strikes, acts of God, weather, inability to obtain labor or materials, inability to obtain governmental permits or approvals, governmental restrictions, civil commotion, fire or similar causes, but excluding circumstances subject to Section 1.1.1.

1.2 Representations and Warranties.

1.2.1 City Representations and Warranties. The representations and warranties of City contained in this Section 1.2.1 shall be based upon the actual knowledge of the City Manager as of the Effective Date. All representations and warranties contained in this Section 1.2.1 are true and correct as of the Effective Date. City's liability for misrepresentation or breach of warranty, representation or covenant, wherever contained in this Agreement, shall survive the execution and delivery of this Agreement and the Closing. City hereby makes the following representations, covenants and warranties and acknowledges that the execution of this Agreement

by Developer has been made in material reliance by Developer on such covenants, representations and warranties:

1.2.1.1 City is a California charter city, duly formed and operating under the laws of the State of California. City has the legal power, right and authority to enter into this Agreement and to execute the instruments and documents referenced herein, and to consummate the transactions contemplated hereby.

1.2.1.2 The persons executing any instruments for or on behalf of City have been authorized to act on behalf of City and this Agreement is valid and enforceable against City in accordance with its terms and each instrument to be executed by City pursuant hereto or in connection therewith will, when executed, shall be valid and enforceable against City in accordance with its terms. No approval, consent, order or authorization of, or designation or declaration of any other person, is required in connection with the valid execution and delivery of and compliance with this Agreement by City.

1.2.1.3 City has taken all requisite action and obtained all requisite consents for agreements or matters to which City is a party in connection with entering into this Agreement and the instruments and documents referenced herein and in connection with the consummation of the transactions contemplated hereby.

1.2.1.4 If the City becomes aware of any act or circumstance that would change or render incorrect, in whole or in part, any representation or warranty made by the City under this Agreement, whether as of the date given or any time thereafter, whether or not such representation or warranty was based upon the City's knowledge and/or belief as of a certain date, the City will give immediate written notice of such changed fact or circumstance to the Developer.

1.2.2 Developer Representations and Warranties. The representations and warranties of Developer contained in this Section 1.2.2 shall be based upon the actual knowledge of [INSERT NAME] as of the Effective Date. All representations and warranties contained in this Section 1.2.2 are true and correct as of the Effective Date. Developer's liability for misrepresentation or breach of warranty, representation or covenant, wherever contained in this Agreement, shall survive the execution and delivery of this Agreement and the Closing. Developer hereby makes the following representations, covenants and warranties and acknowledges that the execution of this Agreement by City has been made in material reliance by City on such covenants, representations and warranties:

1.2.2.1 Developer is a California limited liability company, lawfully entitled to do business in the State of California and the City. Developer has the legal right, power and authority to enter into this Agreement and the instruments and documents referenced herein and to consummate the transactions contemplated hereby. The persons executing this Agreement and the instruments referenced herein on behalf of Developer hereby represent and warrant that such persons have the power, right and authority to bind Developer.

1.2.2.2 Developer has taken all requisite action and obtained all requisite consents in connection with entering into this Agreement and the instruments and documents

referenced herein and the consummation of the transactions contemplated hereby, and no consent of any other party is required for Developer's authorization to enter into Agreement.

1.2.2.3 Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby shall result in a breach of or constitute a default under any other agreement, document, instrument or other obligation to which Developer is a party or by which Developer may be bound, or under law, statute, ordinance, rule, governmental regulation or any writ, injunction, order or decree of any court or governmental body applicable to Developer or to the Property.

1.2.2.4 This Agreement is, and all agreements, instruments and documents to be executed by Developer pursuant to this Agreement shall be, duly executed by and shall be valid and legally binding upon Developer and enforceable in accordance with their respective terms. No approval, consent, order or authorization of, or designation or declaration of any other person, is required in connection with the valid execution and delivery of in compliance with this Agreement by Developer.

1.2.2.5 If the Developer becomes aware of any act or circumstance that would change or render incorrect, in whole or in part, any representation or warranty made by the Developer under this Agreement, whether as of the date given or any time thereafter, whether or not such representation or warranty was based upon the Developer's knowledge and/or belief as of a certain date, the Developer will give immediate written notice of such changed fact or circumstance to the City.

1.3 Effective Date. This Agreement is dated _____, 2026 for reference purposes only. This Agreement shall not become effective until the date on which all of the following are true ("**Effective Date**"): (i) this Agreement is approved and executed by the appropriate authorities of Developer and delivered to City; (ii) Developer has delivered to City a certified copy of the official action taken by all of the members of the Developer approving this Agreement, in the form attached to this Agreement as Exhibit F; (iii) following all legally required notices and hearings, this Agreement is approved by the City Council; and (iv) this Agreement is executed by the authorized representatives of City.

1.4 Exhibit List. The following is a list of the Exhibits attached to this Agreement. Each of the Exhibits is incorporated by this reference into the text of this Agreement.

Exhibit A	Legal Description of City Property and SHP Property
Exhibit B	Scope of Development
Exhibit C	Schedule of Performance
Exhibit D	Form of Grant Deed
Exhibit E	Form of Notice of Agreement
Exhibit F	Form of Official Action of Developer
Exhibit G	Form of Certificate of Completion
Exhibit H	Reingardt Property Grant Deed
Exhibit I	Reingardt Property Depiction

ARTICLE II

PROPERTY DISPOSITION

2.1 Purchase and Sale. In exchange for the Purchase Price and the Developer's other covenants and undertakings set forth in this Agreement, the City shall sell the Property to the Developer and the Developer shall purchase the Property from the City pursuant to the terms and conditions of this Agreement. For the purposes of exchanging funds and documents to complete the sale from the City to the Developer and the purchase by the Developer from the City of the Property pursuant to the terms of this Agreement, the City and the Developer agree to open an escrow ("**Escrow**") with the Escrow Holder. ARTICLE III of this Agreement constitutes the joint escrow instructions of the Parties to the Escrow Holder for completion of the Escrow for the sale of the Property, as contemplated by this Agreement. The Developer and the City shall execute such further escrow instructions, consistent with the provisions of this Agreement, as may be reasonably requested by the Escrow Holder. In the event of any conflict between the provisions of this Agreement and any other escrow instructions requested by the Escrow Holder, the provisions of this Agreement shall control.

2.2 Payment of Purchase Price. The Developer shall deposit the Purchase Price into Escrow, subject to credit to the Developer for the Earnest Money Deposit.

2.3 Earnest Money Deposit. Concurrent with its opening of the Escrow, the Developer shall deposit into Escrow the Ernest Money Deposit. The Escrow Holder shall deposit the Earnest Money Deposit into an interest bearing account. All interest earned on such funds shall be added to the original principal amount of the Earnest Money Deposit and be considered part of the same. The Earnest Money Deposit shall be nonrefundable upon the conclusion of the Due Diligence Period. Upon the Close of Escrow, the Earnest Money Deposit shall be credited to the Developer toward the Purchase Price and paid to the City as part of the Purchase Price. Should Escrow fail to close, the Earnest Money Deposit shall be forfeited by Developer and shall be paid to the City upon the cancelation of Escrow in accordance with Section 3.10.

2.4 Title Approval. As soon as practicable following the opening of the Escrow, the City shall obtain from Title Company the Preliminary Report and deliver a copy of the Preliminary Report to the Developer. Within thirty (30) days following the Developer's receipt of a Preliminary Report for the entire Property, the Developer shall deliver the Developer's Title Notice to the City. If the Developer fails to deliver the Developer's Title Notice to the City within thirty (30) days following the Developer's receipt of the Preliminary Report, the Developer will be deemed to disapprove the status of title to the Property and refuse to accept title to the Property, in which case the City shall have the right, subject to Section 2.4.2, to cancel the Escrow and terminate this Agreement, in the City's sole discretion, without liability to the Developer or any other person, by delivery of a written notice of termination to the Developer and Escrow Holder. Within twenty (20) days following receipt by the City of Developer's Title Notice, if any, the City shall serve City's Title Notice Response. If Developer's Title Notice does not object to any matter in the Preliminary Report, the City shall not be required to serve City's Title Notice Response. If the City does not serve City's Title Notice Response, if necessary, within twenty (20) days following its receipt of Developer's Title Notice, the City shall be deemed to elect not to remove any matter objected to in Developer's Title Notice, if any, from the Preliminary Report. If the City

elects in City's Title Notice Response to cause the removal of any matter objected to in Developer's Title Notice from the Preliminary Report, the City shall cause the removal of each such objectionable matter from the Preliminary Report within sixty (60) days following receipt by the Developer of City's Title Notice Response or such other period of time that may be agreed to in writing by both the City and the Developer. If the City is unwilling or unable to cause the removal of any matter objected to in Developer's Title Notice from the Preliminary Report, then, within ten (10) days following the Developer's receipt of City's Title Notice Response stating that the City is unwilling to remove or cause the removal of any matter objected to in Developer's Title Notice or upon the expiration of the above sixty (60) day time period during which the City elected to remove such objectionable matters from the Preliminary Report and was unable to do so, the Developer may either (1) refuse to accept the title to and conveyance of the Property, in which case the Parties shall have the right, subject to Section 2.4.2, to cancel the Escrow and terminate this Agreement without liability to either Party or any other person, by delivery of a written notice of termination to the Escrow Holder, or (2) waive its objection to any items set forth in Developer's Title Notice by delivering Developer's Title Notice Waiver to the City. Failure by the Developer to deliver Developer's Title Notice Waiver, where City's Title Notice Response or the City's failure to serve City's Title Notice Response indicates the City's election not to cause the removal of any matter objected to in Developer's Title Notice from the Preliminary Report, for the City to deliver City's Title Notice Response under this Agreement, will be deemed the Developer's continued refusal to accept the title to and conveyance of the Property, in which case the City shall have the right, subject to Section 2.4.2, to cancel the Escrow and terminate this Agreement, in the City's sole discretion, without liability to the Developer or any other person, by delivery of a written notice of termination to the Developer and Escrow Holder.

2.4.1 If at any time prior to the Close of Escrow the Title Company issues an updated Preliminary Report containing any previously undisclosed matter affecting title to the Property, or the City becomes aware of any previously undisclosed matter affecting title to the Property, following the delivery of the Developer's Title Notice, the City shall provide written notice to the Developer of such matter, together with any updated Preliminary Report related to such matter. The City and the Developer shall have such rights and obligations with respect to such previously undisclosed title matters as they did with respect to any title matters set forth in the original Preliminary Report as set forth in Section 2.4.

2.4.2 Before exercising any right a Party may have under this Section 2.4 to cancel the Escrow and terminate this Agreement, such Party shall notify the non-terminating Parties in writing of its election to terminate and shall, upon a non-terminating Party's request, which must be delivered, if at all, within three (3) days following its receipt of the terminating Party's notice of election to terminate, meet and confer with the non-terminating Parties for a period of thirty (30) days. During such time, the Parties shall meet as often as reasonably requested by any Party to negotiate, in good faith, methods and means by which the objectionable title matter may be eliminated or mitigated. Nothing herein shall constitute an agreement, representation, or warranty by any Party that an acceptable resolution of the objectionable title matter will be achieved, nor shall any Party be obligated to expend any funds or undertake any other action whatsoever with respect to such title matter unless such agreement is reduced to a writing which is approved by all Parties, in their sole and absolute discretion. If, at the end of such thirty (30) day period, the Parties have not been able to agree on a mutually acceptable method of resolving such title matter, or if any proposed agreement is disapproved by the City Council, the Escrow

shall be cancelled, this Agreement shall be terminated without liability to any Party, and the Parties shall proceed pursuant to Section 3.10.

2.5 Developer Investigations.

2.5.1 The Developer shall have until the expiration of the Due Diligence Period (i.e., 244 days from the Effective Date, as set forth in Section 1.1.15) to complete all of its Due Diligence Investigations with respect to the entirety of the Property. The Developer shall complete all of its Due Diligence Investigations within the Due Diligence Period and shall conduct all of its Due Diligence Investigations at its sole cost and expense. The Developer shall rely solely and exclusively upon the results of its Due Diligence Investigations of the Property, including, without limitation, investigations regarding geotechnical soil conditions, compliance with applicable laws pertaining to the use of the Property by the Developer and any other matters relevant to the condition or suitability of the Property for the Project, as the Developer may deem necessary or appropriate. City makes no representation or warranty to the Developer relating to the condition of the Property or suitability of the Property for any intended use or development by the Developer. The Developer shall deliver a Due Diligence Investigation Conclusion Notice to the City and the Escrow Holder prior to the end of the Due Diligence Period. If the Developer does not unconditionally accept the condition of the Property by delivery of its Due Diligence Investigation Conclusion Notice indicating such acceptance prior to the end of the Due Diligence Period, the Developer shall be deemed to have rejected the condition of the Property and refused to accept conveyance of title to the Property. If the condition of the Property is rejected or deemed rejected by the Developer, then the City shall have the right, subject to Section 2.4.2, to cancel the Escrow and terminate this Agreement, in the City's sole discretion, without liability to the Developer or any other person, by delivery of a written notice of termination to the Developer and Escrow Holder. The Developer shall accept all conditions of the Property, without any liability of the City whatsoever, upon the Developer's acceptance of the condition of the Property indicated in its Due Diligence Investigation Conclusion Notice. The Developer's delivery of its Due Diligence Investigation Conclusion Notice indicating the Developer's unconditional acceptance of the condition of the Property shall evidence the acceptance of the condition of the Property by the Developer in its existing "AS IS," "WHERE IS" and "SUBJECT TO ALL FAULTS" condition, as of the last day of the Due Diligence Period. In its sole discretion, the Developer may accept the Property in its "AS IS," "WHERE IS" and "SUBJECT TO ALL FAULTS" condition at any time before the end of the Due Diligence Period. The Developer shall conduct during the Due Diligence Period such environmental assessment(s) of the Property as the Developer deems appropriate.

2.5.2 Any Due Diligence Investigations of the Property by the Developer shall not unreasonably disrupt any then-existing use or occupancy of the Property or the operations of the City. The Developer shall be liable for any damage or injury to any person or property arising from the acts of the Developer, its employees, agents or representatives during the course of any Due Diligence Investigations on the Property and the Developer shall indemnify, defend with counsel reasonably acceptable to the City and hold harmless the City and its elected officials, officers, directors, attorneys, contractors, agents and employees from any and all actual or alleged liens, claims, demands or liability arising from any Due Diligence Investigations by the Developer on the Property.

2.5.3 Before exercising any right a Party may have under this Section 2.5 to cancel the Escrow and terminate this Agreement, such Party shall notify the non-terminating Parties in writing of its election to terminate and shall, upon a non-terminating Party's request, which must be delivered, if at all, within three (3) days following its receipt of the terminating Party's notice of election to terminate, meet and confer with the non-terminating Parties for a period of thirty (30) days. During such time, the Parties shall meet as often as reasonably requested by any Party to negotiate, in good faith, methods and means by which the objectionable Due Diligence matter may be eliminated or mitigated. Nothing herein shall constitute an agreement, representation, or warranty by any Party that an acceptable resolution of the objectionable Due Diligence matter will be achieved, nor shall any Party be obligated to expend any funds or undertake any other action whatsoever with respect to such Due Diligence matter unless such obligation is reduced to a writing which is approved by all Parties, in their sole and absolute discretion. If, at the end of such thirty (30) day period, the Parties have not been able to agree on a mutually acceptable method of resolving the objectionable Due Diligence matter, or if any proposed agreement is disapproved by the City Council, the Escrow shall be cancelled, this Agreement shall be terminated without liability to any Party, and the Parties shall proceed pursuant to Section 3.10.

2.6 Alternate Site for Affordable Housing. City shall take one of the following steps toward development of the City-owned property located at 2745 Walnut Ave. ("Walnut Site") as a residential project containing at least 74 units, of which at least 50 percent shall be covenant-restricted for lower-income households: (1) execute a Disposition and Development Agreement with National Community Renaissance of California for the Walnut Site; or (2) issue a Request for Proposals seeking an affordable-housing developer to enter into a Disposition and Development Agreement for the Walnut Site. In any case, the City's failure to fulfill these obligations shall not constitute an Event of Default under this Agreement.

ARTICLE III

ESCROW INSTRUCTIONS

3.1 Opening of Escrow. For purposes of this Agreement, the opening of Escrow shall be the first date on which a fully executed copy of this Agreement and Earnest Money Deposit are deposited with Escrow Holder ("**Escrow Opening Date**"). The Developer shall cause the Escrow to be opened within five (5) days following the Effective Date. Escrow Holder shall promptly confirm in writing to each of the Parties the date of the Escrow Opening Date. This ARTICLE III shall constitute the joint escrow instructions of the City and the Developer to Escrow Holder for conduct of the Escrow to complete the purchase and sale of the Property between them, as contemplated in this Agreement.

3.2 Conditions to Close of Escrow. The conditions set forth below shall be satisfied or waived in writing by the respective benefited Party on or before the Escrow Closing Date or the Party benefited by any unsatisfied condition shall not be required to proceed to close Escrow.

3.2.1 Developer's Conditions to Close of Escrow. The Developer's obligation to purchase the Property from the City on the Escrow Closing Date shall be subject to

the satisfaction of the following conditions precedent, each of which can only be waived in writing by the Developer:

3.2.1.1 The Developer agrees to accept the title to and conveyance of the Property, pursuant to Section 2.4;

3.2.1.2 The Developer delivers its Due Diligence Investigation Conclusion Notice to both the City and Escrow Holder indicating the Developer's unconditional acceptance of the condition of the Property, prior to the expiration of the Due Diligence Period;

3.2.1.3 The Title Company is unconditionally committed to issue the Title Policy for the Property, subject to any Permitted Exceptions, to the Developer;

3.2.1.4 The City deposits the items into the Escrow required by Section 3.4;

3.2.1.5 The representations, warranties and covenants of the City set forth in Section 1.2.1 are true and correct in all material respects on the Effective Date and on the Escrow Closing Date; and

3.2.1.6 The City has completed all of their material obligations required by this Agreement to be completed prior to the Close of Escrow.

3.2.2 City's Conditions to Close of Escrow. The City's obligation to sell the Property to the Developer on or before the Escrow Closing Date shall be subject to the satisfaction of the following conditions precedent, which can only be waived in writing by the City:

3.2.2.1 The Developer has deposited the Purchase Price less the Earnest Money Deposit into Escrow;

3.2.2.2 The Developer agrees to accept the title to and conveyance of the Property, pursuant to Section 2.4;

3.2.2.3 The Developer delivers its Due Diligence Investigation Conclusion Notice to both the City and Escrow Holder indicating the Developer's unconditional acceptance of the physical condition of the Property, prior to the expiration of the Due Diligence Period;

3.2.2.4 The Title Company is unconditionally committed to issue the Title Policy for the Property, subject to any Permitted Exceptions, to the Developer;

3.2.2.5 The Developer has completed all of its material obligations required by this Agreement to be completed prior to the Close of Escrow;

3.2.2.6 The representations, warranties and covenants of the Developer set forth in Section 1.2.2 are true and correct in all material respects on the Effective Date and on the Escrow Closing Date; and

3.2.2.7 The Developer deposits the funds and items into the Escrow required by Section 3.3 for the Escrow.

3.3 Developer's Escrow Deposits. Following satisfaction or waiver of each of the Developer's conditions to Close of Escrow set forth in Sections 3.2.1, as applicable, the Developer shall deposit the following funds and documents into Escrow at least two (2) business days prior to the Escrow Closing Date in a writing delivered to the Parties:

3.3.1 Purchase Price and Other Funds. Purchase Price, less the amount of the Earnest Money Deposit, plus any additional funds required to be deposited into Escrow by the Developer under the terms of this Agreement to close the Escrow, all in immediately available funds.

3.3.2 PCO Statement. A PCO Statement executed by the authorized representative(s) of the Developer.

3.3.3 Acceptance of Grant Deed. The Certificate of Acceptance of the Deed, in the form attached to the Grant Deed, executed by the authorized representative(s) of the Developer in recordable form.

3.3.4 Notice of Agreement. The Notice of Agreement executed by the authorized representative(s) of the Developer in recordable form.

3.4 City's Escrow Deposits. Following satisfaction or waiver of each of the City's conditions to Close of Escrow set forth in Sections 3.2.2, as applicable, the City shall deposit the following documents into Escrow at least two (2) business days prior to the Escrow Closing Date:

3.4.1 Grant Deed. The Grant Deed executed by the authorized representative(s) of the City in recordable form.

3.4.2 FIRPTA Affidavit (City). The FIRPTA Affidavit completed and executed by the authorized representative(s) of the City.

3.4.3 Notice of Agreement. The Notice of Agreement executed by the authorized representative(s) of the City in recordable form.

3.5 Closing Procedure. When each of the Developer's Escrow required deposits, as set forth in Section 3.3, and each of the City's Escrow required deposits, as set forth in Section 3.4, are deposited into Escrow, Escrow Holder shall request confirmation in writing from both the City and the Developer that each of their respective conditions to the Close of Escrow, as set forth in Section 3.2, are satisfied or waived. Upon Escrow Holder's receipt of written confirmation from both the City and the Developer that each of their respective conditions to the Close of Escrow are either satisfied or waived, Escrow Holder shall close the Escrow for the Property by doing all of the following:

3.5.1 Recordation of Documents. File the following with the Office of the Recorder of the County, for recordation in the order set forth in Section 3.7: (i) the Grant Deed, with the Developer's certificate of acceptance attached, and (ii) the Notice of Agreement.

3.5.2 **Distribution of Recorded Documents.** Distribute each recorded document to the Party or person designated for such distribution in Section 3.7.

3.5.3 **PCO Statement.** File the PCO Statement with the Office of the Recorder of the County.

3.5.4 **FIRPTA Affidavit.** File the FIRPTA Affidavit with the United States Internal Revenue Service.

3.5.5 **Title Policy.** Obtain and deliver the Title Policy to the Developer.

3.5.6 **Purchase Price.** Deliver the Purchase Price to the City, less the City's share of Escrow closing costs, and less any other charges to the account of the City, and return any remaining funds held by Escrow Holder for the account of the Developer to the Developer, less the Developer's share of Escrow closing costs, and less any other charges to the account of the Developer.

3.6 **Close of Escrow.** Close of Escrow shall occur no later than thirty (30) days from the end of the Due Diligence Period (the "**Escrow Closing Date**"). If for any reason the Close of Escrow has not occurred by the Escrow Closing Date, then any Party not then in default of this Agreement may cancel the Escrow and terminate this Agreement, subject to the notice and cure provisions of Section 6.1 (to the extent applicable), without liability to any other Party or any other person for such termination and cancellation, by delivering written notice of termination to the other Party(ies) and Escrow Holder and, thereafter, the Parties shall proceed pursuant to Section 3.10 if the non-terminating Party is not in default. Without limiting the right of any Party to terminate this Agreement, pursuant to the preceding sentence, if Escrow does not close on or before the Escrow Closing Date, and no Party has exercised its contractual right to cancel Escrow and terminate this Agreement before such time, then Escrow shall close as soon as reasonably possible following the first date on which Escrow Holder is in a position to close the Escrow pursuant to the terms and conditions of this Agreement.

3.7 **Recordation and Distribution of Documents.** As applicable, Escrow Holder shall cause the following documents to be recorded in the official records of the Recorder of the County in the following order of priority at the Close of Escrow: (i) the Grant Deed, with the Developer's certificate of acceptance attached, (ii) the Notice of Agreement, and (iv) any other documents to be recorded through Escrow upon the joint instructions of the Parties. All recorded documents shall provide that they are to be returned to Escrow Holder after recordation. When originals of such recorded documents are returned to Escrow Holder, Escrow Holder shall deliver: (i) the original Grant Deed, with the Developer's original certificate of acceptance attached, to the Developer and copies to the City, each showing all recording information, (ii) the original of the Notice of Agreement to the City, with copies to the Developer, each showing all recording information, and (iv) the original of any other document recorded at the close of Escrow to the Party or other person designated in the joint escrow instructions of the Parties for such recordation and a copy of each such document to the other Party or Parties, each showing all recording information.

3.8 Escrow Closing Costs, Taxes and Title Policy Premium. The City and the Developer shall each pay one-half (1/2) of the Escrow fees and such other costs as Escrow Holder may charge for the conduct of the Escrow. Escrow Holder shall notify the Developer and the City of the costs to be borne by each of them at the Close of Escrow by delivering the Escrow Holder's estimated closing/settlement statement to both the City and the Developer at least four (4) business days prior to the Escrow Closing Date. The City shall pay the premium charged by the Title Company for the standard Title Policy for the Property, exclusive of any endorsements or other supplements to the coverage of such Title Policy that may be requested by the Developer, as well as documentary transfer taxes and any and all other charges, fees and taxes levied by a Governmental Authority relative to the conveyance of any portion of the Property through the Escrow transaction contemplated in this Agreement. The Developer shall pay any and all recording fees relative to the conveyance of any portion of the Property through the Escrow transaction contemplated in this Agreement.

3.9 Escrow Cancellation Charges. If the Escrow fails to close due to the City's material default under this Agreement and the Escrow is cancelled and this Agreement is terminated, the City shall pay all ordinary and reasonable Escrow and title order cancellation charges. If the Escrow fails to close due to the Developer's material default under this Agreement and the Escrow is cancelled and this Agreement is terminated, the Developer shall pay all ordinary and reasonable Escrow and title order cancellation charges. If the Escrow fails to close for any reason other than the material default of either the Developer or the City and the Escrow is cancelled and this Agreement is terminated, the Developer and the City shall each pay one-half (1/2) of any ordinary and reasonable Escrow and title order cancellation charges.

3.10 Escrow Cancellation. If this Agreement is terminated and the Escrow cancelled pursuant to a contractual right granted to a Party in this Agreement to terminate this Agreement and cancel the Escrow, other than due to the material default of another Party, the Parties shall do each of the following:

3.10.1 Cancellation Instructions. The Parties shall, within three (3) business days of receipt of Escrow Holder's written request, execute any reasonable Escrow cancellation instructions requested by Escrow Holder;

3.10.2 Return of Funds and Documents. Within ten (10) days of receipt by the Parties of a settlement statement of Escrow and title order cancellation charges from Escrow Holder: (i) the Developer or Escrow Holder shall return to the City any documents previously delivered by the City to the Developer or Escrow Holder, (ii) the City or Escrow Holder shall return to the Developer all documents previously delivered by the Developer to the City or Escrow Holder; (iii) Escrow Holder shall return to the Developer any funds deposited by Developer into Escrow, including the Earnest Money Deposit, less the Developer's share of customary and reasonable Escrow and title order cancellation charges, if any; and (iv) Escrow Holder shall return to the City any funds deposited by City into Escrow if it has already been deposited, less the City's share of customary and reasonable Escrow and title order cancellation charges, if any.

3.11 Report to IRS. Following the Close of Escrow and prior to the last date on which such report is required to be filed with the Internal Revenue Service, if such report is required pursuant to Section 6045(e) of the Internal Revenue Code, Escrow Holder shall report the gross

proceeds of the purchase and sale of the Property to the Internal Revenue Service on Form 1099-B, W-9 or such other form(s) as may be specified by the Internal Revenue Service pursuant to Section 6045(e). Upon the filing of such reporting form with the Internal Revenue Service, Escrow Holder shall deliver a copy of the filed form to the City and the Developer.

ARTICLE IV

PROJECT DEVELOPMENT

4.1 Developer to Develop the Project. City has agreed to sell and Developer has agreed to purchase the Property to enable Developer to develop the Property and the SHP Property as a unified Project, consisting of a residential component and a commercial component, all as further described in the Scope of Development. Development of the Project shall proceed, as detailed in the Schedule of Performance, with Phase I consisting of the residential component of the Project, and Phase II consisting of the commercial component of the Project.

4.2 Compliance with Schedule of Performance. Developer and City shall perform every task, and comply with the timing and deadlines provided in the Schedule of Performance. Failure to comply with any component of the Schedule of Performance shall constitute an Event of Default subject to the provisions of Section 6 of this Agreement.

4.2.1 From time to time the Parties may need to make adjustments to deadlines, or add, remove, or adjust tasks in the Schedule of Performance. The addition, removal, or adjustment of tasks may impact deadlines in the Schedule of Performance. Because strict compliance with the tasks and deadlines included in the Schedule of Performance is vital, the Schedule of Performance may only be amended by complying with the Minor Change process outlined in Section 4.3 below.

4.3 Minor Changes. The provisions of this Agreement require a close degree of cooperation between the Parties and "Minor Changes" to the Project may be required from time to time to accommodate design changes, engineering changes, and other refinements related to the details of the Parties' performance. "Minor Changes" shall mean changes to the Project, including changes to the Schedule of Performance that are otherwise consistent with the Scope of Development, and which do not result in a change in the type of use, an increase in density or intensity of use, significant new or increased environmental impacts that cannot be mitigated, or violations of any applicable health and safety regulations in effect on the Effective Date.

Accordingly, the Parties may mutually consent to adopting "Minor Changes" through their signing of an "Operating Memorandum" reflecting the Minor Changes. Consent to a Minor Change by either Party shall not be unreasonably withheld. Neither the Minor Changes nor any Operating Memorandum shall require public notice or hearing. The City Attorney and City Manager shall be authorized to determine whether proposed modifications and refinements are "Minor Changes" subject to this Section 4.3 or more significant changes requiring amendment of this Agreement. The City Manager may execute any Operating Memorandum without City Council action.

4.4 Park property exchange.

4.4.1 The Project can only be developed consistent with the Scope of Development if City grants to Developer that certain real property, a legal description of which is included in that certain Grant Deed recorded on January 31, 1995 and included here as Exhibit H ("Grant Deed"), and a depiction of which is included as Exhibit I. ("Reingardt Property"). The Reingardt Property shall be granted to Developer subject to the following:

4.4.1.1 In exchange and consideration for the Reingardt Property, Developer shall dedicate to City real property that qualifies as "Substitute Property" as that term is defined in that certain Grant Deed recorded on January 31, 1995 and included here as Exhibit H. The Parties shall cooperate in determining whether a property qualifies as "Substitute Property" but City shall have the exclusive authority to determine whether a property so qualifies. The Reingardt Property shall not be granted if the requirements of this Section 4.4.1.1 are not satisfied.

4.4.1.2 Pursuant to and subject to the terms of the Grant Deed, the City shall immediately upon the Close of Escrow, record a "Notice of Termination of Use Restriction," as that term is defined in the Grant Deed, providing that the covenants and use restrictions contained in Sections 2 and 3 of the Grant Deed are terminated with respect to the Reingardt Property.

4.4.1.3 Pursuant to the terms of the Grant Deed, and as a result of the property exchange, the Notice of Termination of Use Restriction shall also provide that the real property qualifying as the Subject Property is subject to the covenants and use restrictions contained in Sections 2 and 3 of the Grant Deed.

4.4.1.4 The City shall record the Notice of Termination of Use Restriction against the Reingardt Property and the real property qualifying as the Substitute Property. The Developer shall also sign the Notice of Termination of Use Restriction acknowledging its receipt and acceptance.

4.4.1.5 Immediately upon recordation of the Notice of Termination of Use Restriction, City shall deliver to Developer a quitclaim deed for the Reingardt Property, and Developer shall deliver to City a quitclaim deed for the real property qualifying as the Substitute Property.

4.4.2 The Parties agree and acknowledge that the exchange of the Properties is contingent upon the execution and recording of the Notice of Termination of Use Restriction pursuant to this Section 4.4, and the terms of the Grant Deed.

4.4.3 In the event that the approximate fair market value of the Substitute Property is less than the approximate fair market value of the Reingardt Property, the Developer shall, at the City's sole option: (i) convey to the City real property of equal or greater fair market value for development of the Project; or (2) pay the difference in fair market value of the Properties to the City, the proceeds of which shall be used by the City in accordance with the terms of the Grant Deed.

4.5 Development Impact Fees. Developer shall pay all Development Impact Fees applicable to the Project at issuance of the first building permit for the Project.

4.6 Timing of Development. Timing of Development. Because the California Supreme Court held in Pardee Construction Co. v. City of Camarillo, 37 Cal. 3d 465 (1984), that the failure of the parties in that case to provide for the timing of development resulted in a later-adopted initiative restricting the timing of development to prevail over the parties' agreement, it is the specific intent of the Parties to provide for the timing of the Project in this Agreement. To do so, the Parties acknowledge and provide that, subject to the terms of this Agreement, Owner shall have the right, but not the obligation, to complete the Project in such order, at such rate, at such times, and in as many development phases and sub-phases as Owner deems appropriate in its sole subjective business judgment.

4.7 Prevailing Wages.

4.7.1 The Developer acknowledges that the City has not made any representation, express or implied, to the Developer or any person associated with the Developer regarding whether or not laborers employed relative to the construction of the Project must be paid the prevailing per diem wage rate for their labor classification, as determined by the State of California, pursuant to Labor Code Sections 1720, et seq. The Developer agrees with the City that the Developer shall assume the responsibility and be solely responsible for determining whether or not laborers employed relative to the construction of the Project must be paid the prevailing per diem wage rate for their labor classification.

4.7.2 The Developer, on behalf of itself, its successors, and assigns, waives and releases the City from any right of action that may be available to it pursuant to Labor Code Sections 1726 and 1781. The Developer acknowledges the protections of Civil Code Section 1542 relative to the waiver and release contained in this Section 4.6, which reads 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."

BY INITIALING BELOW, THE DEVELOPER KNOWINGLY AND VOLUNTARILY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE WAIVERS AND RELEASES OF THIS SECTION 4.7.2.

_____

Developer's Initials

4.7.3 Additionally, in accordance with this Agreement, the Developer shall indemnify, defend with counsel acceptable to the City and hold the City harmless against any claims pursuant to Labor Code Sections 1726 and 1781 arising from this Agreement or the construction or operation of the Project.

ARTICLE V

DEVELOPER COVENANTS

5.1 Covenant to Maintain Property on Tax Rolls. The Developer for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that:

5.1.1 The entire Property shall remain on the County secured real property tax rolls for twenty years from the date of issuance of a certificate of occupancy for the Project.

5.1.2 The Developer shall pay all property tax bills with respect to the Property and all improvements thereon on or before the last day for the timely payment of each property tax installment on each December 10 and April 10 during such time period and to timely pay all supplemental tax bills regarding the Property issued by the County. The Developer further covenants and agrees to provide to the City, on or before July 31 of each year, commencing in the calendar year following the calendar year in which a Certificate of Completion is recorded and in each calendar year, thereafter, for the full term of this covenant: (i) a true and correct copy of all property tax assessment notices, property tax bills and property tax assessment correspondence by and between the Developer and the County regarding the Property and all improvements thereon, with respect to the preceding fiscal year of the County, and (ii) cancelled checks issued by the Developer in payment of all property tax payments that are made to the County regarding the Property and all improvements thereon (or other reasonably acceptable evidence of such payment), with respect to the preceding County fiscal year.

5.1.3 The covenants of this Section 5.1 shall run with the land of the Property, shall be enforceable against the Developer and its successors and assigns, and shall be covenants set forth in the Grant Deed.

5.2 No Conveyance to Tax Exempt Entity. The Developer for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that:

5.2.1 The Developer shall not use or otherwise sell, transfer, convey, assign, lease, leaseback or hypothecate the Property, the Project, or any portion of any of the foregoing to any entity or person, or for any use of the Property, the Project, or any portion of any of the foregoing, that is partially or wholly exempt from the payment of real or personal property taxes or that would cause the exemption of the payment of all or any portion of real or personal property taxes otherwise assessable regarding the Property, the Project, or any portion of any of the foregoing, without the prior written consent of the City, which may be withheld in the City's sole and absolute discretion for a period of 20 years from the date of issuance of the certificate of completion for the Project by the City..

5.2.2 If the Property, or any portion of the Property, shall be conveyed, transferred or sold to any entity or person that is partially or wholly exempt from the payment of real or personal property taxes otherwise assessable against the Property, or any portion thereof, without the prior written consent of the City, then, at the City's election and in addition to all other remedies available to the City under this Agreement or at law or in equity, the Developer shall pay

to the City a fee in lieu of payment of such taxes each year in an amount determined by the City to be one percent (1%) of the "**full cash value**" of the Property, or portion thereof, as may be subject to such exemption from payment of real or personal property taxes. The City's determination of "**full cash value**" for in-lieu payment purposes under this Section 5.2.2 shall be established by the City each year, if necessary, by reference to the real or personal property tax valuation principles and practices generally applicable to a county property tax assessor under Section 1 of Article XIIIA of the California Constitution. The City's determination of "**full cash value**" and that an in-lieu payment is due shall be conclusive on such matters. If the City determines that an amount is payable as an in-lieu payment under this Section 5.2.2 in any tax year, then such amount shall be paid to the City for that tax year within forty-five (45) days following transmittal by the City to the Developer of an invoice for payment of the in-lieu amount.

The covenants of this Section 5.2 shall run with the land of the Property, shall be enforceable against the Developer and its successors and assigns, and shall be covenants set forth in the Grant Deed.

5.3 Maintenance Condition of the Property. The Developer for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that:

5.3.1 The areas of the Property that are subject to public view (including all existing and future improvements, paving, walkways, landscaping, exterior signage and ornamentation) shall be maintained in good repair and a neat, clean and orderly condition, ordinary wear and tear excepted. If there is an occurrence of an adverse condition on any area of the Property that is subject to public view in contravention of the general maintenance standard described above (a "**Maintenance Deficiency**"), then the City shall notify the Developer in writing of the Maintenance Deficiency. If the Developer fails to cure or commence and diligently pursue to cure the Maintenance Deficiency within thirty (30) days of its receipt of notice of the Maintenance Deficiency, the City shall have the right to enter the Property and perform all acts necessary to cure the Maintenance Deficiency, or to take any other action at law or in equity that may then be available to the City to accomplish the abatement of the Maintenance Deficiency. Any sum expended by the City for the abatement of a Maintenance Deficiency on the Property pursuant to this Section 5.3.1 shall become a lien on the Property, as applicable. If the amount of the lien is not paid within thirty (30) days after written demand for payment from the City to the Developer, the City shall have the right to enforce the lien in the manner provided in Section 5.3.3.

5.3.2 Graffiti, as this term is defined in Government Code Section 38772, that has been applied to any exterior surface of a structure or improvement on the Property that is visible from any public right-of-way adjacent or contiguous to the Property, shall be removed by the Developer by either painting over the evidence of such vandalism with a paint that has been color-matched to the surface on which the paint is applied, or graffiti may be removed with solvents, detergents or water, as appropriate. If any such graffiti is not removed within ninety-six (96) hours following the time of the discovery of the graffiti, the City shall have the right to enter the Property and remove the graffiti, without notice to the Developer. Any sum reasonably expended by the City for the removal of graffiti from the Property pursuant to this Section 5.3.2, shall be a lien on the Property. If the amount of the lien is not paid within thirty (30) days after written demand to the Developer from the City, the City shall have the right to enforce its lien in the manner provided in Section 5.3.3.

5.3.3 The Parties further mutually understand and agree that the rights conferred upon the City under this Section expressly include a grant by the Developer of a security interest in the Property with the power to establish and enforce a lien or other encumbrance against the Property or any portion thereof, in the manner provided under Civil Code Sections 2924, 2924b and 2924c, to secure the obligations of the Developer and it successors under Section 5.3.1 or Section 5.3.2, including the reasonable attorneys' fees and costs of the City associated with the abatement of a Maintenance Deficiency or removal of graffiti. For the purposes of the preceding sentence the words "reasonable attorneys' fees and costs of the City" mean and include the salaries, benefits and costs of the City Attorney and the lawyers employed in the Office of the City Attorney.

5.3.4 The provisions of this Section, shall be a covenant running with the land of the Property, shall be enforceable against the Developer and its successors and assigns, and shall be covenants set forth in the Grant Deed. Nothing in the foregoing provisions of this Section shall be deemed to preclude the Developer from making any alteration, addition, or other change to any structure or improvement or landscaping on the Property, provided that any such changes comply with applicable zoning and building regulations of the City.

5.4 Obligation to Refrain from Discrimination. The Developer for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that:

5.4.1 There shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall the Developer, 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, sub-tenants, sub-lessees or vendees of the Property. The covenant of this Section 5.4 shall run with the land of the Property and shall be enforceable against the Developer and its successors and assigns in perpetuity and be a covenant in the Grant Deed and the Notice of Agreement.

5.4.2 The covenant of this Section 5.4 shall run with the land of the Property in perpetuity, shall be enforceable against the Developer and its successors and assigns, and shall be covenants set forth in the Grant Deed.

5.5 Form of Non-Discrimination and Non-Segregation Clauses. The Developer for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that:

5.5.1 The Developer, such successors and such assigns shall refrain from restricting the sale, lease, sublease, rental, transfer, use, occupancy, tenure or enjoyment of the Property (or any portion thereof) on the basis of sex, marital status, race, color, religion, creed, ancestry or national origin of any person. All deeds, leases or contracts pertaining to the Property shall contain or be subject to substantially the following non-discrimination or non-segregation covenants:

5.5.1.1 In deeds: "The grantee herein covenants by and for itself, its successors 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 premises herein conveyed, nor shall the grantee 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, sub-tenants, sub-lessee, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

5.5.1.2 In leases: "The Lessee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, 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 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, sub-lessee, sub-tenants, or vendees in the premises herein leased."

5.5.1.3 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 premises herein conveyed or leased, nor shall the transferee 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, sub-lessees, sub-tenants, or vendees of the premises herein transferred." The foregoing provision shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the instrument.

5.5.2 The covenant of this Section 5.5 shall run with the land of the Property in perpetuity, shall be enforceable against the Developer and its successors and assigns, and shall be covenants set forth in the Grant Deed.

5.6 Developer Covenant to Defend this Agreement. The Developer acknowledges that the City is a "public entity" and/or "public agency" as defined under applicable California law. Therefore, the City must satisfy the requirements of certain California statutes relating to the actions of public entities and public agencies including, without limitation, CEQA. Also, as a public body, the City's action in approving this Agreement may be subject to proceedings to invalidate this Agreement or mandamus. The Developer assumes the risk of delays and damages that may result to the Developer from any third-party legal actions related to the City's approval of this Agreement or the pursuit of the activities contemplated by this Agreement, even in the event that an error, omission or abuse of discretion by the City is determined to have occurred. If a third-party files a legal action regarding the City's approval of this Agreement or the pursuit of the activities contemplated by this Agreement, either the City may terminate this Agreement on thirty (30) days written notice to the Developer of the City's intent to terminate this Agreement, referencing this Section 5.6, without any further obligation to perform the terms of this Agreement

and without any liability to the Developer resulting from such termination, unless the Developer unconditionally agrees to indemnify and defend the City, with legal counsel acceptable to the City, against such third-party legal action, as provided in the next sentence. Within thirty (30) days of receipt of the City's notice of intent to terminate this Agreement, as provided in the preceding sentence, the Developer may offer to defend the City, with legal counsel reasonably acceptable to the City, in the third-party legal action and pay all of the court costs, attorney fees, monetary awards, sanctions, attorney fee awards, expert witness and consulting fees, and the expenses of any and all financial or performance obligations resulting from the disposition of the legal action. Any such offer from the Developer must be in writing and reasonably acceptable to the City in both form and substance. Nothing contained in this Section 5.6 shall be deemed or construed to be an express or implied admission that the City is liable to the Developer or any other person or entity for damages alleged from any alleged or established failure of the City to comply with any statute, including, without limitation, CEQA. The Developer's defense of such third party actions as described in this Section 5.6 shall constitute an Unavoidable Delay.

5.7 Survival of Special Development Covenants. All of the covenants set forth in ARTICLE V, inclusive, shall be a covenant running with the land of the Property and each such special development covenant shall survive the Close of Escrow, execution and recordation of the Grant Deed, and issuance and recordation of any Certificate of Completion for the time period specifically set forth in each such special development covenant. The Parties acknowledge that although the special development covenants apply to the entirety of the Property, portions of the Project and Property may, in accordance with the Permitted Transfer requirements, be sold or otherwise transferred to various successors and assigns of the Developer. Accordingly, the City agrees that with respect to enforcement of any of the special development covenants, it is understood and agreed that, in the event of a breach of any of the special development covenants, the City will seek to enforce those covenants only against the then-current owner(s) of that portion of the Property which is not in compliance with any one or more the special development covenants. No owner of any portion of the Property which is in compliance with the special development covenants shall be liable for the breach of any of the special development covenants by any other owner of any other portion of the Property; provided, however, that the foregoing shall not preclude City from seeking damages against any prior owner of any portion of the Property if, during the tenure of such owner's ownership, such owner's portion of the Property was not in compliance with any one or more of the special development covenants.

5.8 Insurance. In order to protect the City and its commissions, agents, attorneys, officers, employees and authorized representatives (collectively, "**Additional Insureds**") against any and all claims and liability for death, injury, loss and damage resulting from the Developer's actions in connection with this Agreement, the Property, and the Project, the Developer shall secure and maintain the insurance coverage, described in and required by this Section 5.88. The City shall not have any obligation under this Agreement until the Developer provides the required policies and/or certificates evidencing the insurance required by this Section 5.88 to the City and the City approves such evidence of insurance. The Developer shall pay any deductibles and self-insured retentions under all insurance policies issued in satisfaction of the terms of this Agreement. Developer shall retain all insurance policies as set forth in this Section 5.89 until recordation of the Certificate of Completion.

5.8.1 Workers' Compensation Insurance Requirement. The Developer shall submit written proof that the Developer is insured against liability for workers' compensation in accordance with the provisions of Section 3700 of the Labor Code. By executing this Agreement, the Developer makes the following certification, required by Section 1861 of the Labor Code:

> "I am aware of the provisions of section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of the Agreement."

The Developer shall require each contractor and sub-contractor performing work on the Project to provide workers' compensation coverage for all of such contractor's or sub-contractor's employees, unless the contractor's or sub-contractor's employees are covered by workers' compensation insurance provided by the Developer. If any class of employees engaged in work or services performed in connection with the Project is not covered by Labor Code Section 3700, the Developer shall provide and/or require each contractor or sub-contractor to provide adequate workers' compensation insurance covering such employees. Each workers' compensation policy procured pursuant to this Section 5.8.1 shall contain a full waiver of subrogation clause in favor of the Additional Insureds.

5.8.1 Liability and Permanent Insurance Requirements.

5.8.1.1 The Developer shall maintain in full force and effect, until the issuance of the Certificate of Completion, subject to Section 5.8.1.4, the following insurance coverage:

5.8.1.1.1 Commercial General Liability Insurance coverage, including, but not limited to, Premises-Operations, Contractual Liability Insurance (specifically covering all indemnity obligations of the Developer pursuant to this Agreement), Products-Completed Operations Hazards, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of the construction of the Project and/or the Developer's operations concerning the Property or the Project. The commercial general liability insurance coverage shall have minimum limits for Bodily Injury and Property Damage liability of TWO MILLION DOLLARS ($2,000,000) each occurrence and FOUR MILLION DOLLARS ($4,000,000) aggregate.

5.8.1.1.2 Automobile Liability Insurance against claims of Personal Injury (including bodily injury and death) and Property Damage covering all owned, leased, hired and non-owned vehicles used by the Developer with minimum limits for Bodily Injury and Property Damage of ONE MILLION DOLLARS ($1,000,000) each occurrence and TWO MILLION DOLLARS ($2,000,000) aggregate. Such insurance shall be provided by a business or commercial vehicle policy.

5.8.1.1.3 If the Developer hires a consultant to provide design services, such as architectural or engineering services in connection with the Project, or any portion of the Project, the Developer shall require each such consultant to provide Professional Liability (Errors and Omissions) Insurance, for liability arising out of, or in connection with, the performance of such design services, with limits of not less than ONE MILLION DOLLARS ($1,000,000).

5.8.1.1.4 Upon acceptance of the Project or any portion thereof, from each contractor, the Developer shall maintain Fire and Extended Coverage Insurance on the Project on a blanket basis or with an agreed amount clause in amounts not less than 100% of the replacement value of all portions of the Project so accepted.

5.8.1.2 During the construction of the Project, the Developer shall require that each contractor performing work on the Project maintain the following insurance coverage, as specified below, at all times during the performance of said work, or the Developer shall provide for such contractors "wrap" coverage, as specified below, at all times during the performance of said work:

5.8.1.2.1 The Developer shall maintain Builder's Risk Insurance to be written on an All Risk Completed Value form, in an aggregate amount equal to 100% of the completed insurable value of the Project or portion of the Project on which such contractor is performing work.

5.8.1.2.2 Each general contractor and each sub-contractor shall maintain Commercial General Liability Insurance with limits of not less than ONE MILLION DOLLARS ($1,000,000) per occurrence and TWO MILLION DOLLARS ($2,000,000) aggregate to protect the Developer during the construction of the Project from claims involving bodily injury and/or death and damage to the property of others.

5.8.1.2.3 Each general contractor and each sub-contractor shall maintain Automobile Liability Insurance against claims of personal injury (including bodily injury and death) and property damage covering all owned, leased, hired and non-owned vehicles used in the performance of the contractor's obligations with minimum limits for bodily injury and property damage of ONE MILLION DOLLARS ($1,000,000) each occurrence and TWO MILLION DOLLARS ($2,000,000) aggregate. Such automobile liability insurance shall be provided by a business or commercial vehicle policy.

5.8.1.3 The insurance required in Section 5.8.1.1 and Section 5.8.1.2 above shall include endorsements naming the Additional Insureds as additional insured for liability arising out of this Agreement and any operation related to this Agreement.

5.8.1.4 Any insurance coverage required under this Agreement shall not be written on a "claims made" basis. The applicable certificate of insurance must clearly provide that the coverage is on an "occurrence" basis. The requirements of this Section 5.8.1.4 shall survive any expiration or termination of this Agreement and the recordation of the Grant Deed and any Certificate of Completion.

5.8.1.5 Receipt by the City of evidence of insurance that does not comply with the above requirements shall not constitute a waiver of the insurance requirements of this Agreement.

5.8.1.6 Subject to Section 5.8.1.4, all of the insurance coverage required under this Section 5.8 shall be maintained by the Developer or its contractors, as required by the terms of this Agreement, until the issuance of the Certificate of Completion and shall not be reduced, modified, or canceled without, at least, thirty (30) days prior written notice to the City. Also, phrases such as "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company" shall not be included in the cancellation wording of any certificates of insurance or any coverage for the Additional Insureds. The Developer shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits are exhausted or upon insolvency of the insurer that issued the policy.

5.8.1.7 All insurance to be obtained and maintained by the Developer under this Section 5.8 shall be issued by a company or companies listed in the then current "Best's Key Rating Guide" publication with a minimum of an "A:VII" rating and be admitted to conduct business in the State of California by the State of California Department of Insurance.

5.8.1.8 The City will not accept self-insurance in satisfaction of the insurance requirements of this Section 5.8.

5.8.1.9 All insurance obtained and maintained by the Developer in satisfaction of the requirements of this Agreement shall be primary to and not contributing to any insurance maintained by the Additional Insureds.

5.8.1.10 Insurance coverage in the minimum amounts set forth in this Section 5.8 shall not be construed to relieve the Developer of any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall it preclude the Additional Insureds from taking such other actions as are available to them under any other provision of this Agreement or otherwise at law.

5.8.2 Failure by the Developer to maintain all insurance coverage required by this Section 5.8 in effect shall be an Event of Default by the Developer. The City, at its sole option, may exercise any remedy available to them in connection with such an Event of Default. Alternatively, the City may, at its sole option, purchase any such required insurance coverage and the City shall be entitled to immediate payment from the Developer for any premiums and associated costs paid by the City for such insurance coverage. Any election by the City to purchase or not to purchase insurance otherwise required to be carried by the Developer shall not relieve the Developer of its obligation to obtain and maintain the insurance coverage required by this Agreement.

ARTICLE VI

DEFAULTS, REMEDIES AND TERMINATION

6.1 Defaults - General.

6.1.1 Subject to any extensions of time provided for in this Agreement, failure or delay by any Party to perform any term or provision of this Agreement shall constitute an "Event of Default" under this Agreement; provided, however, that if a Party otherwise in default commences to cure, correct or remedy such default, within thirty (30) calendar days after receipt of written notice from the injured Party specifying such default, and shall diligently and continuously prosecute such cure, correction or remedy to completion (and where any time limits for the completion of such cure, correction or remedy are specifically set forth in this Agreement, then within said time limits), such Party shall not be deemed to be in default under this Agreement and no Event of Default shall be deemed to have occurred.

6.1.2 The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the non-defaulting Party. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

6.1.3 Any failure or delays by any Party in asserting any of their rights and/or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by any Party in asserting any of its rights and/or remedies shall not deprive that Party of its right to institute and maintain any actions or proceedings that it may deem necessary to protect, assert or enforce any such rights or remedies.

6.1.4 In addition to other acts or omissions of the Developer that may legally or equitably constitute a default or breach of this Agreement, the occurrence of any of the following specific events, prior to the issuance of a Certificate of Completion for the Project, shall constitute an "Event of Default" under this Agreement and shall not be subject to the notice and cure provisions of Section 6.1.1:

6.1.4.1 Any representation, warranty or disclosure made to the City by the Developer regarding this Agreement or the Project is materially false or misleading, whether or not such representation or disclosure appears in this Agreement.

6.1.4.2 The Developer fails to make any payment or deposit of funds required under this Agreement or to pay any other charge set forth in this Agreement, following seven (7) days' written notice to the Developer from the City of such failure.

6.1.4.3 Failure to comply with the Schedule of Performance as it may be adjusted from time to time.

6.1.4.4 There occurs any event of dissolution, reorganization or termination of the Developer that adversely and materially affects the operation or value of the Property or the Project, and such event is not corrected within five (5) days following written notice of such event from the City to the Developer.

6.1.4.5 The Developer Transfers its interest in this Agreement, the Property, or the Project, or any portion thereof, whether voluntarily or involuntarily or by operation of law, in violation of the terms and conditions of this Agreement and such action is not cured within the period permitted by this Agreement.

6.1.4.6 The Developer becomes insolvent or a receiver is appointed to conduct the affairs of the Developer under state or federal law.

6.1.4.7 The Developer's legal status as a California limited liability company authorized by the Secretary of State of the State of California to transact business in California is suspended or terminated.

6.2 Legal Actions.

6.2.1 Except as otherwise provided in this Agreement, any Party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy available to that Party under this Agreement or at law or in equity. Such legal actions must be instituted in the Superior Court of the State of California in and for the County of Los Angeles, California, in any other appropriate court within the County of Los Angeles, California.

6.2.2 The procedural and substantive laws of the State of California shall govern the interpretation and enforcement of this Agreement, without regard to conflicts of laws principles. The Parties acknowledge and agree that this Agreement is entered into, is to be fully performed in and relates to real property located in the City of Signal Hill, County of Los Angeles, California.

6.3 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties set forth in this ARTICLE VI are non-exclusive and cumulative, and the exercise by any 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(ies).

6.4 Developer Indemnification of the City. In addition to any other specific indemnification or defense obligations of the Developer set forth in this Agreement, the Developer agrees to indemnify, defend (upon written request by the City and with counsel reasonably acceptable to the City) and hold harmless the City and its commissions, agents, attorneys, officers, employees, and authorized representatives (collectively, the "Indemnified Parties"), from any and all losses, liabilities, charges, damages, claims, liens, causes of action, awards, judgments, costs and expenses, including, but not limited to reasonable attorney's fees of counsel retained by the Indemnified Parties, expert fees, costs of staff time, and investigation costs, of whatever kind or nature, that are in any manner directly or indirectly caused, occasioned or contributed to in whole or in part, through any act, omission, fault or negligence, whether active or passive, of the Developer or the Developer's officers, agents, employees, independent contractors or subcontractors of any tier, relating in any manner to this Agreement, any work to be performed by the Developer related to this Agreement, the Property, or the Project, or any authority or obligation exercised or undertaken by the Developer under this Agreement. Without limiting the generality

of the foregoing, the Developer's obligation to indemnify the Indemnified Parties shall include injury or death to any person or persons, damage to any property, regardless of where located, including the property of the Indemnified Parties, any workers' compensation or prevailing wage determination, claim or suit or any other matter arising from or connected with any goods or materials provided or services or labor performed regarding the Project or the Property on behalf of the Developer by any person or entity.

6.5 Environmental Indemnity of the City by the Developer. The Developer agrees, at its sole cost and expense, to fully indemnify, protect, hold harmless, and defend (with counsel selected by the Developer and approved by the City) the "Indemnified Parties" from and against any and all claims, demands, damages, losses, liabilities, obligations, penalties, fines, actions, causes of action, judgments, suits, proceedings, costs, disbursements and expenses, including, without limitation, attorney fees, disbursements and costs of attorneys, environmental consultants and other experts, and all foreseeable and unforeseeable damages or costs of any kind or of any nature whatsoever (collectively, "Environmental Claims") that may, at any time, be imposed upon, incurred or suffered by, or claimed, asserted or awarded against, the Indemnified Parties, directly or indirectly relating to or arising from any of the following "Environmental Matters" existing or occurring during or arising from the Developer's ownership of the Property or construction or operation of the Project:

6.5.1 The presence of Hazardous Materials on, in, under, from or affecting all or any portion of the Property or the Project.

6.5.2 The storage, holding, handling, release, threatened release, discharge, generation, leak, abatement, removal or transportation of any Hazardous Materials on, in, under, from or affecting the Property or the Project.

6.5.3 The violation of any law, rule, regulation, judgment, order, permit, license, agreement, covenant, restriction, requirement or the like by the Developer, its agents or contractors, relating to or governing in any way Hazardous Materials on, in, under, from or affecting the Property or the Project.

6.5.4 The failure of the Developer, its agents or contractors, to properly complete, obtain, submit and/or file any and all notices, permits, licenses, authorizations, covenants and the like in connection with the Developer's activities on the Property or regarding the Project.

6.5.5 The implementation and enforcement by the Developer, its agents or contractors of any monitoring, notification or other precautionary measures that may, at any time, become necessary to protect against the release, potential release or discharge of Hazardous Materials on, in, under, from or affecting the Property or the Project.

6.5.6 The failure of the Developer, its agents or contractors, in compliance with all applicable Environmental Laws, to lawfully remove, contain, transport or dispose of any Hazardous Materials existing, stored or generated on, in, under or from the Property or the Project.

6.5.7 Any investigation, inquiry, order, hearing, action or other proceeding by or before any governmental agency in connection with any Hazardous Materials on, in, under,

from or affecting the Property or the Project or the violation of any Environmental Law relating to the Property or the Project.

6.5.8 The Developer shall pay to the Indemnified Parties all costs and expenses including, without limitation, reasonable attorneys' fees and costs, incurred by the Indemnified Parties in connection with enforcement of the aforementioned environmental indemnity.

ARTICLE VII

GENERAL PROVISIONS.

7.1 Incorporation of Recitals. The Recitals of fact set forth preceding this Agreement are true and correct and are incorporated into this Agreement in their entirety by this reference.

7.2 Restrictions on Transfers.

7.2.1 Prior to the recordation of a Certificate of Completion, the Developer shall promptly notify the City in writing of any and all changes whatsoever in the identity of the business entities or individuals either comprising or in control of the Developer, as well as any and all changes in the interest or the degree of control of the Developer by any such person, of which information the Developer or any of its partners, members or officers are notified or may otherwise have knowledge or information.

7.2.2 The Developer shall provide the City no less than thirty (30) days prior written notice of any proposed Permitted Transfer which the Developer desires to enter into prior to the recordation of a Certificate of Completion for the Project subject to the Transfer, other than a Permitted Transfer for which no notice shall be required.

7.2.3 In connection with the City's review of any notice of any proposed Transfer under this Section 7.2, the Developer agrees to reimburse the City for those third party costs and expenses incurred by the City in connection with its review of the Developer's request for approval, including, without implied limitation, the reasonable fees and costs of those outside consultants and legal counsel retained by the City to assist it in its review of the Developer's request, including the City Attorney.

7.2.4 Anything in this Agreement to the contrary notwithstanding, the provisions on Transfers contained in this Section 7.2 shall terminate upon issuance of a Certificate of Completion for the Project.

7.3 Notices, Demands and Communications Between the Parties.

7.3.1 Any and all notices, demands or communications submitted by any Party to another Party pursuant to or as required by this Agreement shall be proper, if in writing and dispatched by messenger for immediate personal delivery, by a nationally recognized overnight courier service or by registered or certified United States Mail, postage prepaid, return receipt requested, to the principal office of the City or the Developer, as applicable, as designated in Section 7.3.2. Such written notices, demands or communications may be sent in the same

manner to such other addresses as either Party may from time to time designate. Any such notice, demand or communication shall be deemed to be received by the addressee, regardless of whether or when any return receipt is received by the sender or the date set forth on such return receipt, on the day that it is delivered by personal delivery, on the date of delivery by a nationally recognized overnight courier service or three (3) calendar days after it is placed in the United States Mail, as provided in this Section 7.3.

7.3.2 The following are the authorized addresses for the submission of notices, demands or communications to the Parties:

TO DEVELOPER:	Signal Hill Petroleum 2633 Cherry Avenue Signal Hill, CA 90755 562-595-6440 Attention: David Slater
COPY TO:	Cox Castle 3121 Michelson Drive, Suite 200 Irvine, CA 92612 949-260-4600 Attention: Sean Matsler
TO CITY:	City of Signal Hill City Hall 2175 Cherry Avenue Signal Hill, CA 90755 Attention: City Manager (T) 562-989-7300
COPY TO:	Best Best & Krieger, LLP 18101 Von Karman Ave, Suite 1000 Irvine, CA 92614 Attention: Matthew Richardson (T) 949-263-2600

7.4 Conflict of Interest. No member, official or employee of the City, having any conflict of interest, direct or indirect, related to this Agreement, the Property, or the development or operation of the Project shall participate in any decision relating to this Agreement. The Parties represent and warrant that they do not have knowledge of any such conflict of interest.

7.5 Warranty Against Payment of Consideration for Agreement. The Developer warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement. Third parties, for the purposes of this Section 7.5, shall not include persons to whom fees are paid for professional services, if rendered by attorneys, financial consultants, accountants, engineers, architects and the like when such fees are considered necessary by the Developer.

7.6 Non-liability of City, Officials and Employees. No member, official or employee of the City shall be personally liable to the Developer, or any successor in interest of the Developer, in the event of any default or breach by the City under this Agreement or for any amount that may become due to the Developer or to its successor, or on any obligations under the terms of this Agreement, except as may arise from the gross negligence or willful acts of such member, official or employee.

7.7 Real Estate Commissions. The City shall not be liable for any real estate commissions, brokerage fees or finder fees that may arise from or be related to this Agreement. The Developer shall pay any fees or commissions or other expenses related to its retention or employment of real estate brokers, agents or other professionals.

7.8 Binding on Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

7.9 Entire Agreement.

7.9.1 This Agreement shall be executed in three (3) duplicate originals, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. This Agreement includes _____ pages (exclusive of signature pages) and _____ exhibits, that constitute the entire understanding and agreement of the Parties regarding the Property, the Project, and the other subjects addressed in this Agreement.

7.9.2 This Agreement integrates all of the terms and conditions mentioned in this Agreement or incidental to this Agreement, and supersedes all negotiations or previous agreements between the Parties with respect to the Property, the Project, and the other subjects addressed in this Agreement.

7.9.3 None of the terms, covenants, agreements or conditions set forth in this Agreement shall be deemed to be merged with any deed conveying title to the Property and this Agreement shall continue in full force and effect before and after such conveyances.

7.9.4 All waivers of the provisions of this Agreement and all amendments to this Agreement must be in writing and signed by the authorized representative(s) of all Parties.

7.10 Execution of this Agreement. Following execution of three (3) originals of this Agreement by the authorized representative(s) of the Developer and prompt delivery of such originals, thereafter, to the City, accompanied by an official action of the governing body of the Developer authorizing the individuals executing this Agreement on behalf of the Developer to execute and perform this Agreement, in form and substance acceptable to the City, this Agreement shall be subject to the review and approval by the City Council, in their sole and absolute discretion, no later than forty-five (45) calendar days after such date of delivery to the City. If the City have not approved, executed, and delivered an original of this Agreement to the Developer within the foregoing time period, then no provision of this Agreement shall be of any force or effect for any purpose.

7.11 Survival of Indemnity Obligations. All general and specific indemnity and defense obligations of the Parties set forth in this Agreement shall survive the expiration or termination of this Agreement, the execution or recordation of the Grant Deed, and expire upon the issuance of Certificate of Completion.

7.12 Time Declared to be of the Essence. As to the performance of any obligation hereunder as to which time is a component thereof, the performance of such obligation within the time provided is of the essence.

[Signatures on Following Pages]

SIGNATURE PAGE
TO
2026 DISPOSITION AND DEVELOPMENT AGREEMENT

CITY:

THE CITY OF SIGNAL HILL
a California municipal corporation

Dated:_____, 2026 By:_____
Carlo Tomaino, City Manager

ATTEST:

_____
Daritza Perez, City Clerk

APPROVED AS TO LEGAL FORM:

BEST BEST & KRIEGER LLP

By: _____
Matthew Richardson, City Attorney

SIGNATURE PAGE
TO
2026 DISPOSITION AND DEVELOPMENT AGREEMENT

DEVELOPER:

SIGNAL HILL PETROLEUM, a California limited liability company

Dated:_____

By:_____
David Slater, President

EXHIBIT A
TO
DISPOSITION AND DEVELOPMENT AGREEMENT

Legal Description of the Property and SHP Property

Legal Description of the Property

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

PARCEL 1:

THE SOUTH HALF OF LOT 2 AND ALL OF LOT 3 IN BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 105 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL AND GAS RIGHTS IN AND TO SAID LAND, TOGETHER WITH THE RIGHT TO ENTER IN AND UPON SAID LAND AND ERECT THEREON ALL NECESSARY DERRICKS, RIGS, PIPE LINES AND OTHER MACHINERY PROPER FOR THE EXTRACTION AND RECOVERY OF OIL, GAS, PETROLEUM, OR OTHER HYDROCARBON SUBSTANCES FROM SAID LAND, AND TO DRILL FOR, BORE FOR, REMOVE, EXTRACT AND SAVE SAID SUBSTANCES THEREFROM AS GRANTED TO FARMERS AND MERCHANTS TRUST COMPANY, A CORPORATION, IN DEED RECORDED AUGUST 31, 1921 IN BOOK 477, PAGE 73 OF OFFICIAL RECORDS, AS TO THE SOUTH ONE-HALF OF LOT 2 AND THE NORTH ONE-HALF OF LOT 3.

ALSO EXCEPT THEREFROM ALL OF THE OIL AND GAS RIGHTS IN AND TO SAID LAND, TOGETHER WITH THE RIGHT TO ENTER IN AND UPON SAID LAND, AND ERECT THEREON ALL NECESSARY DERRICKS, RIGS, PIPE LINES AND OTHER MACHINERY PROPER FOR THE EXTRACTION AND RECOVERY OF OIL, GAS, PETROLEUM, OR OTHER HYDROCARBON SUBSTANCES FROM SAID LAND, AND TO DRILL, BORE, REMOVE, EXTRACT AND SAVE SAID SUBSTANCES THEREFROM AS CONVEYED TO FARMERS AND MERCHANTS TRUST COMPANY, A CORPORATION, AS TRUSTEE, BY DEED DATED JULY 20, 1921, RECORDED IN BOOK 412, PAGE 189 OF OFFICIAL RECORDS, UPON THE TERMS THEREIN PROVIDED, AS TO THE SOUTH ONE-HALF OF LOT 3.

APN: 7214-005-903; 7214-005-904

PARCEL 2:

THE NORTH HALF OF LOT 2 IN BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 105 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 7214-005-901

PARCEL 3:

THE EAST 155 FEET OF LOT 1, BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 105 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND BELOW THE DEPTH OF 500 FEET WITH NO RIGHT OF ENTRY UPON THE SURFACE THEREOF, TOGETHER WITH ALL RIGHTS, ISSUES AND PROFITS THEREFROM, AS RESERVED BY DEED RECORDED DECEMBER 12, 2003 AS INSTRUMENT NO. 03-3755388 OF OFFICIAL RECORDS.

APN: 7214-005-902

LOT 6 IN BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 105 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, GAS AND GAS RIGHTS AS GRANTED TO FARMERS AND MERCHANTS TRUST COMPANY, A CORPORATION, IN THE DEED RECORDED AUGUST 03, 1921 AS INSTRUMENT NO. 705, IN BOOK 145, PAGE 256, BOOK OF LEASES.

SAID INTEREST WAS PURPORTEDLY QUITCLAIMED BY DEED RECORDED NOVEMBER 13, 1986 AS INSTRUMENT NO. 86-1562372 OF OFFICIAL RECORDS.

APN: 7214-005-900

Legal Description of the SHP Property

SHP Property

Lot: 3 Block: E Abbreviated Description: LOT:3 BLK:E CITY:REGION/CLUSTER: 26/26816 *TR=RESUB OF BLKS D & E OF THE CRESCENT HTS TR*S 60 FT (EX OF ST) OF LOT 3 BLK E City/Muni/Twp: REGION/CLUSTER: 26/26816
APN: 7214-006-019

Lot: 6 Block: E Abbreviated Description: LOT:6 BLK:E CITY:REGION/CLUSTER: 26/26816 *TR=RESUB OF BLKS D & E OF THE CRESCENT HTS TR*(EX OF ST) OF LOT 6 BLK E City/Muni/Twp: REGION/CLUSTER: 26/26816
7214-006-020

Lot: 1,2 Block: E Abbreviated Description: LOT:1,2 BLK:E CITY:REGION/CLUSTER: 26/26610 M B 5-105 EX OF ST LOTS 1 AND 2 AND N 60 FT EX OF ST OF LOT 3 BLK E City/Muni/Twp: REGION/CLUSTER: 26/26610
7214-006-021

Lot: 5 Block: E Abbreviated Description: LOT:5 BLK:E CITY:REGION/CLUSTER: 26/26816 RESUB OF BLKS D AND E OF THE CRESCENT HTS TR LOT 5 BLK E City/Muni/Twp: REGION/CLUSTER: 26/26816
7214-006-014

Lot: 4 Block: E Abbreviated Description: LOT:4 BLK:E CITY:REGION/CLUSTER: 26/26816 *TR=RESUB OF BLKS D&E OF THE CRESCENT HTS TR*(EX OF STS) LOT 4 BLK E City/Muni/Twp: REGION/CLUSTER: 26/26816
7214-006-015

LOT 4 IN BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, AT PAGE 105 OF MAPS, RECORDS OF LOS ANGELES COUNTY, EXCEPT THEREFROM, ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES BELOW A DEPTH OF 500 FEET FROM THE SURFACE THEREOF.

APN: 7214-005-010

LOT 5 IN BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, AT PAGE 105 OF MAPS, RECORDS OF LOS ANGELES COUNTY, EXCEPTING THEREFROM, ALL THOSE RIGHTS TO PRODUCE AND OPERATE AND TO EXTRACT OIL AND GAS FROM THAT CERTAIN OIL AND GAS WELL KNOWN AS CROSWELL #2 LOCATED ON THE DEMISED PREMISES IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THAT CERTAIN OIL AND GAS LEASE RECORDED IN BOOK 932 PAGE 70 OF OFFICIAL RECORDS OF LOS ANGELES, COUNTY AS MODIFIED.

APN: 7214-005-011

EXHIBIT B
TO
DISPOSITION AND DEVELOPMENT AGREEMENT

Scope of Development

The Project site is located northwest of the intersection of Cherry Avenue and Burnett Street. North of the site is Crescent Heights Street and west of the site is Rose Avenue. This Project site is approximately 7.8 acres in size and is bisected by Gardena Avenue. The Project site site is subject to a Specific Plan that allows for and anticipates a mixed-use development with up to 60 dwelling units in ownership townhomes and single-family dwellings, an existing 14,000 square-foot market and 34,410 square feet of new retail, restaurant, and dining space. An update to the Specific Plan will be applied for, with the aim of potentially revising the commercial component of the plan, and ensuring that the commercial development meets market demands.

EXHIBIT C
TO
DISPOSITION AND DEVELOPMENT AGREEMENT

Schedule of Performance

Milestone Description	**Anticipated Deadline**
Due Diligence Period Completion	February 2027
Property Purchase Payment ($3,100,000)	March 2027
Entitlement Package Submittal	July 2027
Entitlement Workshop	October 2027
Planning Commission Review	November 2027
City Council Review	December 2027
Site Remediation Completion	January 2029
Building Permit Issuance	October 2029
Phase 1 Construction Start	October 2029
Phase 1 Construction Completion	October 2031
Phase 2 Construction Start	April 2030
Phase 2 Construction Completion	October 2031

EXHIBIT D
TO
DISPOSITION AND DEVELOPMENT AGREEMENT

Form of Grant Deed

[Attached Behind This Page]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

_____

THE CITY OF SIGNAL HILL
GRANT DEED

PART ONE

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

THE CITY OF SIGNAL HILL, a California charter city ("**Grantor**"),

hereby grants to

Signal Hill Petroleum, a California limited liability company ("**Grantee**"),

that certain real property located in the City of Signal Hill, County of Los Angeles, State of California, specifically described in Exhibit "A" attached to this Grant Deed ("**Property**") and made a part of this Grant Deed by this reference.

PART TWO

The conveyance of the Property by the Grantor to the Grantee in Part One is subject to the following community development terms, conditions, covenants and restrictions:

Section 1. Conveyance Subject to Terms of a Disposition and Development Agreement. The Property is conveyed subject to that certain 2026 Disposition and Development Agreement, dated as of _____, 2026, between the Grantor and the Grantee (the "**Agreement**"). The provisions of the Agreement are incorporated into this Grant Deed by this reference and are deemed to be a part of this Grant Deed, as though fully set forth in this Grant Deed.

Section 2. Condition of Property. The Grantee acknowledges and agrees that the Property is conveyed by the Grantor to the Grantee in its "AS IS," "WHERE IS" and "SUBJECT TO ALL FAULTS CONDITION," as of the date of recordation of this Grant Deed, with no warranties, expressed or implied, as to the environmental or other physical condition of the Property, the presence or absence of any patent or latent environmental or other physical condition on or in the Property, or any other matters affecting the Property.

Section 3. Obligation to Refrain from Discrimination**.** The Grantee for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that:

3.1 There shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, race, color, religion, creed, 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, sub-tenants, sub-lessees or vendees of the Property. The covenant of this Section 3 shall run with the land of the Property and shall be enforceable against the Grantee and its successors and assigns in perpetuity and be a covenant in the Grant Deed and the Notice of Agreement.

Section 4. Form of Non-Discrimination and Non-Segregation Clauses. The Grantee for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that:

4.1 The Grantee, such successors and such assigns shall refrain from restricting the sale, lease, sublease, rental, transfer, use, occupancy, tenure or enjoyment of the Property (or any portion thereof) on the basis of sex, marital status, race, color, religion, creed, ancestry or national origin of any person. All deeds, leases or contracts pertaining to the Property shall contain or be subject to substantially the following non-discrimination or non-segregation covenants:

(a) In deeds: "The grantee herein covenants by and for itself, its successors 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 premises herein conveyed, nor shall the grantee 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, sub-tenants, sub-lessee, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The Lessee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, 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 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, sub-lessee, sub-tenants, 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 premises herein conveyed or leased, nor shall the transferee 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, sub-lessees, sub-tenants, or vendees of the premises herein transferred." The foregoing provision shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the instrument.

4.2 The covenants of this Section 4 shall run with the land of the Property in perpetuity.

Section 5. Covenant to Maintain Property on Tax Rolls. The Grantee for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that:

5.1 The entire Property shall remain on the County secured real property tax rolls for twenty years from the date of issuance of the certificate of completion for the Project.

5.2 The Grantee shall pay all property tax bills with respect to the Property and all improvements thereon on or before the last day for the timely payment of each property tax installment on each December 10 and April 10 during such time period and to timely pay all supplemental tax bills regarding the Property issued by the County. The Grantee further covenants and agrees to provide to the Grantor, on or before July 31 of each year, commencing in the calendar year following the calendar year in which a Certificate of Completion for the Project is recorded and in each calendar year, thereafter, for the full term of this covenant: (i) a true and correct copy of all property tax assessment notices, property tax bills and property tax assessment correspondence by and between the Grantee and the County regarding the Property and all improvements thereon, with respect to the preceding fiscal year of the County, and (ii) cancelled checks issued by the Grantee in payment of all property tax payments that are made to the County regarding the Property and all improvements thereon, with respect to the preceding County fiscal year.

5.3 The covenants of this Section 5 shall run with the land of the Property, shall be enforceable against the Grantee and its successors and assigns.

Section 6. No Conveyance to Tax Exempt Entity. The Grantee for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that:

6.1 The Grantee shall not use or otherwise sell, transfer, convey, assign, lease, leaseback or hypothecate the Property, the Project, or any portion of any of the foregoing to any entity or person, or for any use of the Property, the Project, or any portion of any of the foregoing, that is partially or wholly exempt from the payment of real or personal property taxes or that would cause the exemption of the payment of all or any portion of real or personal property taxes otherwise assessable regarding the Property, the Project, or any portion of any of the foregoing, without the prior written consent of the Grantor, which may be withheld in the Grantor's sole and absolute discretion, for twenty years from the date of issuance of the certificate of completion for the Project.

6.2 If the Property, or any portion of the Property, shall be conveyed, transferred or sold to any entity or person that is partially or wholly exempt from the payment of real or personal property taxes otherwise assessable against the Property, or any portion thereof, without the prior written consent of the Grantor, then the Grantee shall pay to the Grantor a fee in lieu of payment of such taxes each year in an amount determined by the Grantor to be one percent (1%) of the "**full cash value**" of the Property, or portion thereof, as may be subject to such exemption from payment of real or personal property taxes. The Grantor's determination of "full cash value"

for in-lieu payment purposes under this Section 6 shall be established by the Grantor each year, if necessary, by reference to the real or personal property tax valuation principles and practices generally applicable to a county property tax assessor under Section 1 of Article XIIIA of the California Constitution. The Grantor's determination of "full cash value" and that an in-lieu payment is due shall be conclusive on such matters. If the Grantor determines that an amount is payable as an in-lieu payment under this Section 6 in any tax year, then such amount shall be paid to the Grantor for that tax year within forty-five (45) days following transmittal by the Grantor to the Grantee of an invoice for payment of the in-lieu amount.

6.3 The covenants of this Section 6 shall run with the land of the Property, shall be enforceable against the Grantee and its successors and assigns of the Property.

Section 7. Maintenance Condition of the Property. The Grantee for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that:

7.1 The areas of the Property that are subject to public view (including all existing and future improvements, paving, walkways, landscaping, exterior signage and ornamentation) shall be maintained in good repair and a neat, clean and orderly condition, ordinary wear and tear excepted. If there is an occurrence of an adverse condition on any area of the Property that is subject to public view in contravention of the general maintenance standard described above (a "**Maintenance Deficiency**"), then the Grantor shall notify the Grantee in writing of the Maintenance Deficiency. If the Grantee fails to cure or commence and diligently pursue to cure the Maintenance Deficiency within thirty (30) days of its receipt of notice of the Maintenance Deficiency, the Grantor shall have the right to enter the Property and perform all acts necessary to cure the Maintenance Deficiency, or to take any other action at law or in equity that may then be available to the Grantor to accomplish the abatement of the Maintenance Deficiency. Any sum expended by the Grantor for the abatement of a Maintenance Deficiency on the Property pursuant to this Section 7.1 shall become a lien on the Property, as applicable. If the amount of the lien is not paid within thirty (30) days after written demand for payment from the Grantor to the Grantee, the Grantor shall have the right to enforce the lien in the manner provided in Section 7.1.

7.2 Graffiti, as this term is defined in Government Code Section 38772, that has been applied to any exterior surface of a structure or improvement on the Property that is visible from any public right-of-way adjacent or contiguous to the Property, shall be removed by the Grantee by either painting over the evidence of such vandalism with a paint that has been color-matched to the surface on which the paint is applied, or graffiti may be removed with solvents, detergents or water, as appropriate. If any such graffiti and is not removed within ninety-six (96) hours following the time of the discovery of the graffiti, the Grantor shall have the right to enter the Property and remove the graffiti, without notice to the Grantee. Any sum expended by the Grantor for the removal of graffiti from the Property pursuant to this Section 7.2, shall be a lien on the Property. If the amount of the lien is not paid within thirty (30) days after written demand to the Grantee from the Grantor, the Grantor shall have the right to enforce its lien in the manner provided in Section 7.2.

7.3 The Parties further mutually understand and agree that the rights conferred upon the Grantor under this Section 7.3 expressly include a grant by the Grantee of a security interest in the Property with the power to establish and enforce a lien or other encumbrance against the Property or any portion thereof, in the manner provided under Civil Code Sections 2924, 2924b and 2924c, to secure the obligations of the Grantee and it successors under Section 7.1 or Section 7.2, including the reasonable attorneys' fees and costs of the Grantor associated with the abatement of a Maintenance Deficiency or removal of graffiti. For the purposes of the preceding sentence the words "**reasonable attorneys' fees and costs of the Grantor**" mean and include the salaries, benefits and costs of the City Attorney and the lawyers employed in the Office of the City Attorney.

7.4 The provisions of this Section 7.4, shall be a covenant running with the land of the Property, shall be enforceable against the Grantee and its successors and assigns in perpetuity. Nothing in the foregoing provisions of this Section 7 shall be deemed to preclude the Grantee from making any alteration, addition, or other change to any structure or improvement or landscaping on the Property, provided that any such changes comply with applicable zoning and building regulations of the City.

PART THREE

Section 5. Developer Covenant to Undertake Project. The Developer covenants, for itself, its successors and assigns, to and for the exclusive benefit of the City, that the Developer shall commence and complete the development of the Project on the Property within the time period for such actions set forth in the Schedule of Performance. The Developer covenants and agrees for itself, its successors, and assigns, that the Property shall be improved and developed with the Project in substantial conformity with the terms and conditions of this Agreement, the Scope of Development, the Schedule of Performance, any and all plans, specifications and similar development documents required by this Agreement, except for such changes as may be mutually agreed upon in writing by and among the Parties, and all applicable laws, regulations, orders and conditions of each Governmental Agency with jurisdiction over the Property or the Project. The covenants of this Section 5 shall run with the land of the Property until the earlier of the date of recordation of the Certificate of Completion or the fifteenth (15th) anniversary of the date of the Close of Escrow.

Section 6. Covenants Run with the Land of the Property. Each of the covenants and agreements contained in this Grant Deed touch and concern the Property and each of them is expressly declared to be a community development covenant that runs with the land for the benefit of the Grantor or the City of Signal Hill, as the successor public agency to the Grantor, and such covenants run with the land in favor of the Grantor for the entire period that such covenants are in full force and effect, regardless of whether the Grantor is or remains an owner of any land or interest in land to which such covenants relate. The Grantor, in the event of any breach of any such covenants, has 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, as provided in the Agreement or by law. The covenants contained in this Grant Deed are for the benefit of and are enforceable only by the Grantor or the City of Signal Hill, as the successor public agency to the Grantor, and shall survive the execution and recordation of this Grantor Deed and the issuance and recordation of each and every Certificate of Completion, for the time period set forth above for each covenant.

EXHIBIT D

Section 7. Costs and Attorneys' Fees for Enforcement Proceeding. If legal proceedings are initiated to enforce the rights, duties or obligations of any of the covenants set forth in this Grant Deed, then the prevailing party in such proceeding shall be entitled to collect its reasonable attorney fees and costs from the other party in addition to any other damages or relief obtained in such proceedings.

Section 8. Effect of Unlawful Provision; Severability. In the event that any provision of this Grant Deed is held to be invalid or unlawful by a final judgment of a court of competent jurisdiction, such invalidity shall not affect the validity of any other provision of this Grant Deed.

IN WITNESS WHEREOF, the Grantor has caused this Grant Deed to be executed by its authorized representative(s) on this ____ day of _____, 2026.

GRANTOR:

THE CITY OF SIGNAL HILL
a California municipal corporation

By: _____
City Manager

[ALL SIGNATURES MUST BE NOTARY ACKNOWLEDGED]

EXHIBIT A
TO
GRANT DEED

Property Legal Description

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

PARCEL 1:

THE SOUTH HALF OF LOT 2 AND ALL OF LOT 3 IN BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 105 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL AND GAS RIGHTS IN AND TO SAID LAND, TOGETHER WITH THE RIGHT TO ENTER IN AND UPON SAID LAND AND ERECT THEREON ALL NECESSARY DERRICKS, RIGS, PIPE LINES AND OTHER MACHINERY PROPER FOR THE EXTRACTION AND RECOVERY OF OIL, GAS, PETROLEUM, OR OTHER HYDROCARBON SUBSTANCES FROM SAID LAND, AND TO DRILL FOR, BORE FOR, REMOVE, EXTRACT AND SAVE SAID SUBSTANCES THEREFROM AS GRANTED TO FARMERS AND MERCHANTS TRUST COMPANY, A CORPORATION, IN DEED RECORDED AUGUST 31, 1921 IN BOOK 477, PAGE 73 OF OFFICIAL RECORDS, AS TO THE SOUTH ONE-HALF OF LOT 2 AND THE NORTH ONE-HALF OF LOT 3.

ALSO EXCEPT THEREFROM ALL OF THE OIL AND GAS RIGHTS IN AND TO SAID LAND, TOGETHER WITH THE RIGHT TO ENTER IN AND UPON SAID LAND, AND ERECT THEREON ALL NECESSARY DERRICKS, RIGS, PIPE LINES AND OTHER MACHINERY PROPER FOR THE EXTRACTION AND RECOVERY OF OIL, GAS, PETROLEUM, OR OTHER HYDROCARBON SUBSTANCES FROM SAID LAND, AND TO DRILL, BORE, REMOVE, EXTRACT AND SAVE SAID SUBSTANCES THEREFROM AS CONVEYED TO FARMERS AND MERCHANTS TRUST COMPANY, A CORPORATION, AS TRUSTEE, BY DEED DATED JULY 20, 1921, RECORDED IN BOOK 412, PAGE 189 OF OFFICIAL RECORDS, UPON THE TERMS THEREIN PROVIDED, AS TO THE SOUTH ONE-HALF OF LOT 3.

APN: 7214-005-903; 7214-005-904

PARCEL 2:

THE NORTH HALF OF LOT 2 IN BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 105 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 7214-005-901

PARCEL 3:

THE EAST 155 FEET OF LOT 1, BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 105 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND BELOW THE DEPTH OF 500 FEET WITH NO RIGHT OF ENTRY UPON THE SURFACE THEREOF, TOGETHER WITH ALL RIGHTS, ISSUES AND PROFITS THEREFROM, AS RESERVED BY DEED RECORDED DECEMBER 12, 2003 AS INSTRUMENT NO. 03-3755388 OF OFFICIAL RECORDS.

APN: 7214-005-902

LOT 6 IN BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 105 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, GAS AND GAS RIGHTS AS GRANTED TO FARMERS AND MERCHANTS TRUST COMPANY, A CORPORATION, IN THE DEED RECORDED AUGUST 03, 1921 AS INSTRUMENT NO. 705, IN BOOK 145, PAGE 256, BOOK OF LEASES.

SAID INTEREST WAS PURPORTEDLY QUITCLAIMED BY DEED RECORDED NOVEMBER 13, 1986 AS INSTRUMENT NO. 86-1562372 OF OFFICIAL RECORDS.

APN: 7214-005-900

EXHIBIT D

CERTIFICATE OF ACCEPTANCE OF
GRANT DEED

The undersigned hereby acknowledges acceptance by Signal Hill Petroleum, a California limited liability company, the Grantee in the within Grant Deed, of the delivery of the subject Property described in the within Grant Deed from the City of Signal Hill.

GRANTEE:

Signal Hill Petroleum, a California limited liability company

Dated: _____ By: _____
David Slater, President

[ALL SIGNATURES MUST BE NOTARY ACKNOWLEDGED]

EXHIBIT E
TO
2026 DISPOSITION AND DEVELOPMENT AGREEMENT

Form of Notice of Agreement

[Attached Behind This Page]

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

The City of Signal Hill
2175 Cherry Avenue
Signal Hill, CA 90755
Attn: City Manager

Exempt from Recording fee
pursuant to Gov't Code § 27383

NOTICE OF AGREEMENT

2026 Disposition and Development Agreement

TO ALL INTERESTED PERSONS PLEASE TAKE NOTICE that Signal Hill Petroleum, a California limited liability company (the "**Developer**") and the City of Signal Hill, a California charter city (the "**City**") entered into an agreement entitled 2026 Disposition and Development Agreement, dated as of _____, 2026 (the "**Agreement**"). A copy of the Agreement is on file with the City and is available for inspection and copying by interested persons as a public record of the City at the City's offices located at 2175 Cherry Avenue, Signal Hill, California 90755, during the City's regular business hours.

The Agreement affects the real property described in Exhibit A attached to this Notice of Agreement (the "**Property**"). The meaning of defined terms, indicated by initial capitalization, used in this Notice of Agreement shall be the same as the meaning ascribed to such terms in the Agreement.

PLEASE TAKE FURTHER NOTICE that the Agreement contains certain development covenants running with the land of the Property and other agreements between the Developer and the City affecting the Property, as set forth below (all section references are to the Agreement):

Section 4.1 of the Agreement provides:

4.1 **Developer Covenant to Undertake Project**. The Developer covenants, for itself, its successors and assigns, to and for the exclusive benefit of the City, that the Developer shall commence and complete the development of the Project on the Property within the time period for such actions set forth in the Schedule of Performance. The Developer covenants and agrees for itself, its successors, and assigns, that the Property shall be improved and developed with the Project in substantial conformity with the terms and conditions of this Agreement, the Scope of Development, the Schedule of Performance, any and all plans, specifications and similar development documents required by this Agreement, except for such changes as may be mutually agreed upon in writing by and among the Parties, and all applicable laws, regulations, orders and conditions of each Governmental Agency with jurisdiction over the Property or the Project. The covenants of this Section 4.1 shall run with the land of the Property until the earlier of the date of recordation of the Certificate of Completion or the fifteenth (15th) anniversary of the date of the Close of Escrow.

Section 5.1 of the Agreement provides:

5.1 **Covenant to Maintain Property on Tax Rolls**. The Developer for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that:

5.1.1 The entire Property shall remain on the County secured real property tax rolls for twenty years from the date of issuance of a certificate of occupancy for the Project. the full term of this Agreement.

5.1.2 The Developer shall pay all property tax bills with respect to the Property and all improvements thereon on or before the last day for the timely payment of each property tax installment on each December 10 and April 10 during such time period and to timely pay all supplemental tax bills regarding the Property issued by the County. The Developer further covenants and agrees to provide to the City, on or before July 31 of each year, commencing in the calendar year following the calendar year in which a Certificate of Completion is recorded and in each calendar year, thereafter, for the full term of this covenant: (i) a true and correct copy of all property tax assessment notices, property tax bills and property tax assessment correspondence by and between the Developer and the County regarding the Property and all improvements thereon, with respect to the preceding fiscal year of the County, and (ii) cancelled checks issued by the Developer in payment of all property tax payments that are made to the County regarding the Property and all improvements thereon (or other reasonably acceptable evidence of such payment), with respect to the preceding County fiscal year.

5.1.3 The covenants of this Section 5.1 shall run with the land of the Property, shall be enforceable against the Developer and its successors and assigns, and shall be covenants set forth in the Grant Deed.

Section 5.2 of the Agreement provides:

5.2 **No Conveyance to Tax Exempt Entity**. The Developer for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that:

5.2.1 The Developer shall not use or otherwise sell, transfer, convey, assign, lease, leaseback or hypothecate the Property, the Project, or any portion of any of the foregoing to any entity or person, or for any use of the Property, the Project, or any portion of any of the foregoing, that is partially or wholly exempt from the payment of real or personal property taxes or that would cause the exemption of the payment of all or any portion of real or personal property taxes otherwise assessable regarding the Property, the Project, or any portion of any of the foregoing, without the prior written consent of the City, which may be withheld in the City's sole and absolute discretion for a period of 20 years from the date of issuance of the certificate of completion for the Project by the City.

Section 5.3 of the Agreement provides:

5.3 **Maintenance Condition of the Property**. The Developer for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that:

5.3.1 The areas of the Property that are subject to public view (including all existing and future improvements, paving, walkways, landscaping, exterior signage and ornamentation) shall be maintained in good repair and a neat, clean and orderly condition, ordinary wear and tear excepted. If there is an occurrence of an adverse condition on any area of the Property that is subject to public view in contravention of the general maintenance standard described above (a "Maintenance Deficiency"), then the City shall notify the Developer in writing of the Maintenance Deficiency. If the Developer fails to cure or commence and diligently pursue to cure the Maintenance Deficiency within thirty (30) days of its receipt of notice of the Maintenance Deficiency, the City shall have the right to enter the Property and perform all acts necessary to cure the Maintenance Deficiency, or to take any other action at law or in equity that may then be available to the City to accomplish the abatement of the Maintenance Deficiency. Any sum expended by the City for the abatement of a Maintenance Deficiency on the Property pursuant to this Section 5.4.1 shall become a lien on the Property, as applicable. If the amount of the lien is not paid within thirty (30) days after written demand for payment from the City to the Developer, the City shall have the right to enforce the lien in the manner provided in Section 5.4.3.

5.3.2 Graffiti, as this term is defined in Government Code Section 38772, that has been applied to any exterior surface of a structure or improvement on the Property that is visible from any public right-of-way adjacent or contiguous to the Property, shall be removed by the Developer by either painting over the evidence of such vandalism with a paint that has been color-matched to the surface on which the paint is applied, or graffiti may be removed with solvents, detergents or water, as appropriate. If any such graffiti is not removed within ninety-six (96) hours following the time of the discovery of the graffiti, the City shall have the right to enter the Property and remove the graffiti, without notice to the Developer. Any sum reasonably expended by the City for the removal of graffiti from the Property pursuant to this Section 5.4.2, shall be a lien on the Property. If the amount of the lien is not paid within thirty (30) days after written demand to the Developer from the City, the City shall have the right to enforce its lien in the manner provided in Section 5.4.3.

5.3.3 The Parties further mutually understand and agree that the rights conferred upon the City under this Section 5.4 expressly include a grant by the Developer of a security interest in the Property with the power to establish and enforce a lien or other encumbrance against the Property or any portion thereof, in the manner provided under Civil Code Sections 2924, 2924b and 2924c, to secure the obligations of the Developer and it successors under Section 5.4.1 or Section 5.4.2, including the reasonable attorneys' fees and costs of the City associated with the abatement of a Maintenance Deficiency or removal of graffiti. For the purposes of the preceding sentence the words "reasonable attorneys' fees and costs of the City" mean and include the salaries, benefits and costs of the City Attorney and the lawyers employed in the Office of the City Attorney.

5.3.4 The provisions of this Section 5.4, shall be a covenant running with the land of the Property, shall be enforceable against the Developer and its successors and assigns, and shall be covenants set forth in the Grant Deed. Nothing in the foregoing provisions of this Section 5.3 shall be deemed to preclude the Developer from making any alteration, addition, or other change to any structure or improvement or landscaping on the Property, provided that any such changes comply with applicable zoning and building regulations of the City.

Section 5.4 of the Agreement provides:

5.4 **Obligation to Refrain from Discrimination**. The Developer for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that:

5.4.1 There shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall the Developer, 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, sub-tenants, sub-lessees or vendees of the Property. The covenant of this Section 5.4 shall run with the land of the Property and shall be enforceable against the Developer and its successors and assigns in perpetuity and be a covenant in the Grant Deed and the Notice of Agreement.

5.4.2 The covenant of this Section 5.4 shall run with the land of the Property in perpetuity, shall be enforceable against the Developer and its successors and assigns, and shall be covenants set forth in the Grant Deed.

This NOTICE OF AGREEMENT is dated as of _____, 2026, and has been executed on behalf of the Developer and the City by and through the signatures of their authorized representative(s) set forth below. This Notice of Agreement may be executed in counterparts and when fully executed each counterpart shall be deemed to be one original instrument.

CITY:

THE CITY OF SIGNAL HILL
a California municipal corporation

Dated: _____, 2026

By: _____
City Manager

ATTEST:

_____
City Clerk

APPROVED AS TO LEGAL FORM:

BEST BEST & KRIEGER LLP

By: _____
City Attorney

DEVELOPER:

Signal Hill Petroleum, a California limited liability company

Dated: _____ By: _____
[TITLE]

[ALL SIGNATURES MUST BE NOTARY ACKNOWLEDGED]

EXHIBIT A
TO
NOTICE OF AGREEMENT

Legal Description of Property

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

PARCEL 1:

THE SOUTH HALF OF LOT 2 AND ALL OF LOT 3 IN BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 105 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL AND GAS RIGHTS IN AND TO SAID LAND, TOGETHER WITH THE RIGHT TO ENTER IN AND UPON SAID LAND AND ERECT THEREON ALL NECESSARY DERRICKS, RIGS, PIPE LINES AND OTHER MACHINERY PROPER FOR THE EXTRACTION AND RECOVERY OF OIL, GAS, PETROLEUM, OR OTHER HYDROCARBON SUBSTANCES FROM SAID LAND, AND TO DRILL FOR, BORE FOR, REMOVE, EXTRACT AND SAVE SAID SUBSTANCES THEREFROM AS GRANTED TO FARMERS AND MERCHANTS TRUST COMPANY, A CORPORATION, IN DEED RECORDED AUGUST 31, 1921 IN BOOK 477, PAGE 73 OF OFFICIAL RECORDS, AS TO THE SOUTH ONE-HALF OF LOT 2 AND THE NORTH ONE-HALF OF LOT 3.

ALSO EXCEPT THEREFROM ALL OF THE OIL AND GAS RIGHTS IN AND TO SAID LAND, TOGETHER WITH THE RIGHT TO ENTER IN AND UPON SAID LAND, AND ERECT THEREON ALL NECESSARY DERRICKS, RIGS, PIPE LINES AND OTHER MACHINERY PROPER FOR THE EXTRACTION AND RECOVERY OF OIL, GAS, PETROLEUM, OR OTHER HYDROCARBON SUBSTANCES FROM SAID LAND, AND TO DRILL, BORE, REMOVE, EXTRACT AND SAVE SAID SUBSTANCES THEREFROM AS CONVEYED TO FARMERS AND MERCHANTS TRUST COMPANY, A CORPORATION, AS TRUSTEE, BY DEED DATED JULY 20, 1921, RECORDED IN BOOK 412, PAGE 189 OF OFFICIAL RECORDS, UPON THE TERMS THEREIN PROVIDED, AS TO THE SOUTH ONE-HALF OF LOT 3.

APN: 7214-005-903; 7214-005-904

PARCEL 2:

THE NORTH HALF OF LOT 2 IN BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 105 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 7214-005-901

PARCEL 3:

THE EAST 155 FEET OF LOT 1, BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 105 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND BELOW THE DEPTH OF 500 FEET WITH NO RIGHT OF ENTRY UPON THE SURFACE THEREOF, TOGETHER WITH ALL RIGHTS, ISSUES AND PROFITS THEREFROM, AS RESERVED BY DEED RECORDED DECEMBER 12, 2003 AS INSTRUMENT NO. 03-3755388 OF OFFICIAL RECORDS.

APN: 7214-005-902

LOT 6 IN BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 105 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, GAS AND GAS RIGHTS AS GRANTED TO FARMERS AND MERCHANTS TRUST COMPANY, A CORPORATION, IN THE DEED RECORDED AUGUST 03, 1921 AS INSTRUMENT NO. 705, IN BOOK 145, PAGE 256, BOOK OF LEASES.

SAID INTEREST WAS PURPORTEDLY QUITCLAIMED BY DEED RECORDED NOVEMBER 13, 1986 AS INSTRUMENT NO. 86-1562372 OF OFFICIAL RECORDS.

APN: 7214-005-900

EXHIBIT F
TO
DISPOSITION AND DEVELOPMENT AGREEMENT

Form of Official Action of Developer

CERTIFICATION OF LLC AUTHORITY

The undersigned members of Signal Hill Petoleum, a California limited liability company (the "**LLC**"), do certify that we are all of the members of the LLC and that there are no other members.

We further certify that any one (1) of the following named persons, individually:

[INSERT NAMES]

be, and they are, authorized and empowered for and on behalf of and in the name of the LLC to execute and deliver that certain 2026 Disposition and Development Agreement, dated _____, 2026, between the City of Signal Hill, a California charter city, ("**City**") and the LLC (the "**Agreement**"), to purchase certain real property located in the City of Signal Hill, California, as specifically described in the Agreement, and all other documents to be executed by the LLC in connection with the transactions contemplated in the Agreement, and to take all actions that may be considered necessary to conclude the transactions contemplated in the Agreement and perform the other obligations of the LLC pursuant to the Agreement.

The authority conferred shall be considered retroactive, and any and all acts authorized in this document that were performed before the execution of this Certificate are approved and ratified. The authority conferred shall continue in full force and effect until the City of Signal Hill, a California charter city shall have received notice in writing from the LLC of the revocation of this Certificate.

We further certify that the activities covered by the foregoing certifications constitute duly authorized activities of the LLC; that these certifications are now in full force and effect; and that there is no provision in any document under which the LLC is organized and/or that governs the LLC's continued existence, limiting the power of the undersigned to make the certifications set forth in this certificate, and that such certifications are in conformity with the provisions of all such documents.

LLC Members:

_____

_____

EXHIBIT G
TO
DISPOSITION AND DEVELOPMENT AGREEMENT

Form of Certificate of Completion

[Attached Behind This Page]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

_____
_____
_____
_____
Attention:

Exempt from Recording fee
pursuant to Gov't Code § 27383

CITY OF SIGNAL HILL
CERTIFICATE OF COMPLETION

I, Carlo Tomaino, City Manager of the City of Signal Hill (the "City") certify that:

Section 1. The Project required to be constructed in accordance with that certain 2026 Disposition and Development Agreement, dated _____, 2026 ("DDA"), between the City and Signal Hill Petroleum, a California limited liability company (the "**Developer**"), on that certain real property specifically described in the legal description(s) attached to this Certificate of Completion as **Exhibit A** (the "**Property**"), is complete in accordance with the provisions of the Agreement.

This Certificate of Completion constitutes conclusive evidence of the City's determination of the Developer's satisfaction of its obligation under the Agreement to construct and install the Project on the Property, including any and all buildings, parking areas, landscaping areas and related improvements necessary to support or meet any requirements applicable to the Project and its use and occupancy on the Project, whether or not such improvements are located on or off the Property or on other property subject to the Agreement. Notwithstanding any provision of this Certificate of Completion, the City may enforce any covenant surviving this Certificate of Completion in accordance with the terms and conditions of the Agreement and the Grant Deed by which the Property was conveyed to the Developer by the City under the Agreement. The Agreement is an official record of the City and a copy of the Agreement may be inspected at the City's office located at 2175 Cherry Avenue, Signal Hill, California 90755, during the City's regular business hours.

DATED AND ISSUED this _____ day of _____, _____.

THE CITY OF SIGNAL HILL
a California municipal corporation

By: _____
City Manager

EXHIBIT A
TO
CERTIFICATE OF COMPLETION

Legal Description of the Property

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

PARCEL 1:

THE SOUTH HALF OF LOT 2 AND ALL OF LOT 3 IN BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 105 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL AND GAS RIGHTS IN AND TO SAID LAND, TOGETHER WITH THE RIGHT TO ENTER IN AND UPON SAID LAND AND ERECT THEREON ALL NECESSARY DERRICKS, RIGS, PIPE LINES AND OTHER MACHINERY PROPER FOR THE EXTRACTION AND RECOVERY OF OIL, GAS, PETROLEUM, OR OTHER HYDROCARBON SUBSTANCES FROM SAID LAND, AND TO DRILL FOR, BORE FOR, REMOVE, EXTRACT AND SAVE SAID SUBSTANCES THEREFROM AS GRANTED TO FARMERS AND MERCHANTS TRUST COMPANY, A CORPORATION, IN DEED RECORDED AUGUST 31, 1921 IN BOOK 477, PAGE 73 OF OFFICIAL RECORDS, AS TO THE SOUTH ONE-HALF OF LOT 2 AND THE NORTH ONE-HALF OF LOT 3.

ALSO EXCEPT THEREFROM ALL OF THE OIL AND GAS RIGHTS IN AND TO SAID LAND, TOGETHER WITH THE RIGHT TO ENTER IN AND UPON SAID LAND, AND ERECT THEREON ALL NECESSARY DERRICKS, RIGS, PIPE LINES AND OTHER MACHINERY PROPER FOR THE EXTRACTION AND RECOVERY OF OIL, GAS, PETROLEUM, OR OTHER HYDROCARBON SUBSTANCES FROM SAID LAND, AND TO DRILL, BORE, REMOVE, EXTRACT AND SAVE SAID SUBSTANCES THEREFROM AS CONVEYED TO FARMERS AND MERCHANTS TRUST COMPANY, A CORPORATION, AS TRUSTEE, BY DEED DATED JULY 20, 1921, RECORDED IN BOOK 412, PAGE 189 OF OFFICIAL RECORDS, UPON THE TERMS THEREIN PROVIDED, AS TO THE SOUTH ONE-HALF OF LOT 3.

APN: 7214-005-903; 7214-005-904

PARCEL 2:

THE NORTH HALF OF LOT 2 IN BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 105 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 7214-005-901

PARCEL 3:

THE EAST 155 FEET OF LOT 1, BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 105 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND BELOW THE DEPTH OF 500 FEET WITH NO RIGHT OF ENTRY UPON THE SURFACE THEREOF, TOGETHER WITH ALL RIGHTS, ISSUES AND PROFITS THEREFROM, AS RESERVED BY DEED RECORDED DECEMBER 12, 2003 AS INSTRUMENT NO. 03-3755388 OF OFFICIAL RECORDS.

APN: 7214-005-902

LOT 6 IN BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 105 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, GAS AND GAS RIGHTS AS GRANTED TO FARMERS AND MERCHANTS TRUST COMPANY, A CORPORATION, IN THE DEED RECORDED AUGUST 03, 1921 AS INSTRUMENT NO. 705, IN BOOK 145, PAGE 256, BOOK OF LEASES.

SAID INTEREST WAS PURPORTEDLY QUITCLAIMED BY DEED RECORDED NOVEMBER 13, 1986 AS INSTRUMENT NO. 86-1562372 OF OFFICIAL RECORDS.

APN: 7214-005-900

SHP Property

Lot: 3 Block: E Abbreviated Description: LOT:3 BLK:E CITY:REGION/CLUSTER: 26/26816 *TR=RESUB OF BLKS D & E OF THE CRESCENT HTS TR*S 60 FT (EX OF ST) OF LOT 3 BLK E City/Muni/Twp: REGION/CLUSTER: 26/26816
APN: 7214-006-019

Lot: 6 Block: E Abbreviated Description: LOT:6 BLK:E CITY:REGION/CLUSTER: 26/26816 *TR=RESUB OF BLKS D & E OF THE CRESCENT HTS TR*(EX OF ST) OF LOT 6 BLK E City/Muni/Twp: REGION/CLUSTER: 26/26816
7214-006-020

Lot: 1,2 Block: E Abbreviated Description: LOT:1,2 BLK:E CITY:REGION/CLUSTER: 26/26610 M B 5-105 EX OF ST LOTS 1 AND 2 AND N 60 FT EX OF ST OF LOT 3 BLK E City/Muni/Twp: REGION/CLUSTER: 26/26610
7214-006-021

Lot: 5 Block: E Abbreviated Description: LOT:5 BLK:E CITY:REGION/CLUSTER: 26/26816 RESUB OF BLKS D AND E OF THE CRESCENT HTS TR LOT 5 BLK E City/Muni/Twp: REGION/CLUSTER: 26/26816
7214-006-014

Lot: 4 Block: E Abbreviated Description: LOT:4 BLK:E CITY:REGION/CLUSTER: 26/26816 *TR=RESUB OF BLKS D&E OF THE CRESCENT HTS TR*(EX OF STS) LOT 4 BLK E City/Muni/Twp: REGION/CLUSTER: 26/26816
7214-006-015

LOT 4 IN BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, AT PAGE 105 OF MAPS, RECORDS OF LOS ANGELES COUNTY, EXCEPT THEREFROM, ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES BELOW A DEPTH OF 500 FEET FROM THE SURFACE THEREOF.

APN: 7214-005-010

LOT 5 IN BLOCK "D" OF THE RESUBDIVISION OF BLOCKS "D" AND "E" OF THE CRESCENT HEIGHTS TRACT, IN THE CITY OF SIGNAL HILL, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, AT PAGE 105 OF MAPS, RECORDS OF LOS ANGELES COUNTY, EXCEPTING THEREFROM, ALL THOSE RIGHTS TO PRODUCE AND OPERATE AND TO EXTRACT OIL AND GAS FROM THAT CERTAIN OIL AND GAS WELL KNOWN AS CROSWELL #2 LOCATED ON THE DEMISED PREMISES IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THAT CERTAIN OIL AND GAS LEASE RECORDED IN BOOK 932 PAGE 70 OF OFFICIAL RECORDS OF LOS ANGELES, COUNTY AS MODIFIED.

APN: 7214-005-011

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

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

WITNESS my hand and official seal.

_____
Notary Public