DISPOSITION AND DEVELOPMENT AGREEMENT

by and between the

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT,

AGENCY,

and

BUENA CLINTON CENTER,

DEVELOPER

DISPOSITION AND DEVELOPMENT AGREEMENT

by and between the

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

and

BUENA CLINTON CENTER

TABLE OF CONTENTS

ATTACHMENTS

DISPOSITION AND DEVELOPMENT AGREEMENT

THIS AGREEMENT is entered into by and between the GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT (the "Agency") and BUENA CLINTON CENTER, a California Limited Partnership (the "Developer"). The Agency and the Developer hereby agree as follows:

I. [§100] SUBJECT OF AGREEMENT

A. [§101] Purpose of Agreement

The purpose of this Agreement is to effectuate the Redevelopment Plan (as hereinafter defined) for the Buena Clinton Project (the "Project") by providing for the disposition and development of certain property situated within the Project Area (the "Project Area") of the Project. This Agreement and the carrying out of the activities hereinafter described will additionally benefit and further the implementation of the Garden Grove Community Project (as amended by Ordinance No. 1760, adopted June 9, 1981) by removing or alleviating conditions that constitute a blight upon the Garden Grove Community Project as well as the Buena Clinton Project Area. That portion of the Project Area to be developed pursuant to this Agreement (the "Site") is depicted on the "Site Map", which is attached hereto as Attachment No. 1 and incorporated herein by reference. This Agreement is entered into for the purpose of developing the Site and not for speculation in land holding. Completing the development on the Site pursuant to this Agreement and the acquisition by the Agency of that certain real property to be conveyed by the Agency to the Developer is in the vital and best interest of the City of Garden Grove, California (the "City") and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements under which the Project has been undertaken.

B. [§102] The Redevelopment Plan

The Redevelopment Plan for the Project was approved and adopted by Ordinance No. 1742 of the City Council of the City of Garden Grove; said ordinance and the Redevelopment Plan as so approved (the "Redevelopment Plan") are incorporated herein by reference.

C. [§103] The Site

The Site is that portion of the Project Area designated on the Site Map (Attachment No. 1) and described in the "Legal Description", which is attached hereto as Attachment No. 2 and is incorporated herein by reference. The Site consists of the "Agency Phase I Portion," the "Residual Phase I Portion," the "Agency Phase II Portion," and the "Residual Phase II Portion," all as respectively designated on the Site Map (Attachment No. 1). The "Agency Phase I Portion" and the "Residual Phase I Portion" collectively constitute the "Phase I Area." The "Agency Phase II Portion" and the "Residual Phase II Portion" collectively constitute the "Phase II Area."

D. [§104] Parties to the Agreement

1. [§105] The Agency

The Agency is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Chapter 2 of the Community Redevelopment Law of the State of California. The principal office of the Agency is located at City Hall, 11391 Acacia Parkway, Garden Grove, California, 92640. The mailing address of the Agency is Post Office Box 3070, Garden Grove, California, 92642.

"Agency", as used in this Agreement, includes the Garden Grove Agency for Community Development and any assignee of or successor to its rights, powers and responsibilities.

2. [§106] The Developer

The Developer is Buena Clinton Center, a California Limited Partnership, in which Stan Smolin ("Smolin") and John W. Casey, Jr. ("Casey") are the general partners. The principal office of the Developer for the purposes of this Agreement is 12666 Brookhurst, Suite 110, Garden Grove, California, 92640. The mailing address of the Developer for the purposes of this Agreement is Post Office Box 5128, Garden Grove, California, 92645.

3. [§107] Prohibition Against Change in Ownership, Management and Control of Developer

(a) The qualifications and identity of the Developer are of particular concern to the City and the Agency. It is because of those qualifications and identity

that the Agency has entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement except as expressly set forth herein.

The Developer shall not assign all or any part of this Agreement or any rights hereunder or add additional general partners without the prior written approval of the Agency. The Agency shall not unreasonably withhold its approval of an assignment or use of a partnership which includes Smolin and Casey as general partners, provided that: (1) the assignee partnership shall expressly assume the obligations of the Developer pursuant to this Agreement in writing satisfactory to the Agency; (2) the original Developer shall remain fully responsible for the performance and liable for the obligations of the Developer pursuant to this Agreement; (3) any guarantees provided to assure the performance of the Developer's obligations under this Agreement shall remain in full force and effect; and (4) the assignee (or expanded partnership) is financially capable of performing the duties and discharging the obligations it is assuming. The Developer shall promptly notify the Agency in writing of any and all changes whatsoever in the identity of the persons in control of the Developer and the degree thereof.

In the event that, contrary to or pursuant to the provisions of this Agreement, the Developer does sell, transfer, convey, subdivide or assign any part of the Site or the buildings or structures thereon prior to the issuance of a Certificate of completion for the Site, the Agency shall be entitled to increase the purchase price paid by the Developer for the Site by the amount that the consideration payable for such assignment or transfer is in excess of the purchase price paid by the Developer plus the Developer's cost of improvements and development, including carrying charges and costs related thereto; such amount shall constitute the "Differential Amount". The consideration payable for such assignment or transfer to the extent it is in excess of the amount so authorized, shall belong and be paid to the Agency and until so paid the Agency shall have a lien on the Site and any part involved for such amount.

In the absence of specific written agreement by the Agency, no such transfer, assignment or approval by the Agency shall be deemed to relieve the Developer or any other party from any obligation under this Agreement.

All of the terms, covenants and conditions of this Agreement shall be binding upon and shall inure to the benefit of the Developer and the permitted successors and

assigns of the Developer. Whenever the term "Developer" is used herein, such term shall include any other permitted successors and assigns as herein provided.

The restrictions of this Section 107(a) shall terminate and be of no further force and effect upon issuance by the Agency of a Certificate of Completion for all improvements to be provided by the Developer pursuant to this Agreement as described in Section 323 of this Agreement.

(b) Developer shall only sell, transfer, convey or assign the Site as a whole and is not permitted to subdivide the Site for the duration of the Redevelopment Plan without prior consent of the Agency.

E. [§108] Good Faith Deposit

The Developer has, prior to or simultaneously with the execution of this Agreement by the Agency, delivered to the Agency a good faith deposit in the amount of Two Hundred Forty Four Thousand Dollars ($244,000) (the "Good Faith Deposit"), of which the amount of Sixty Nine Thousand Dollars ($69,000) (the "Cash Amount") shall be paid in the form of a cashier's check or certified check, and of which the amount of One Hundred Seventy Five Thousand Dollars ($175,000) (the "Letter of Credit Amount") shall be tendered in the form of an unconditional letter of credit in favor of the Agency which shall be a sight draft payable upon presentment of a demand executed by the Director of the Agency, in form and by a bank acceptable to the Agency and its legal counsel. The Developer shall also deliver to the Agency a certified or cashier's check in the additional amount of Thirty Four Thousand Five Hundred Dollars ($34,500) (the "Additional Deposit") not later than the time established therefor in the Schedule of Performance (Attachment No. 3). The Cash Amount, the Additional Deposit and the Letter of Credit Amount together constitute the Good Faith Deposit. The Good Faith Deposit constitutes security for the performance of the obligations of the Developer to be performed pursuant to this Agreement, or its retention by the Agency as liquidated damages in accordance with Sections 612 and 611(c) of this Agreement. The Agency shall have no obligation to earn interest on the Good Faith Deposit. Any interest earned on the Good Faith Deposit shall be credited to the party entitled to the retention or return of the Good Faith Deposit, whichever is applicable.

In the event the Phase I Conveyance is not completed on or before October 1, 1986, other than for cause solely the fault of the Agency (and not any third party) and not caused or contributed to by the Developer, the Cash Amount shall be

retained by the Agency as liquidated damages. The Agency and the Developer agree that in the event the Developer fails to acquire the Phase I Area on or before October 1, 1986, the Agency will sustain damages which are extremely difficult and impractical to fix; such damages would include loss of potential lease or sale revenues, loss of potential property tax revenues, the continued blighting influences resulting from the failure or delay in redeveloping the Site, and the failure to realize potential employment opportunities. The parties agree that an amount equal to the sum of the Cash Amount and the Additional Deposit shall, in the event of the failure of the Developer to acquire the Phase I Area on or before October 1, 1986, be retained by the Agency as liquidated and agreed damages and as its property without any deduction, offset, or recoupment whatsoever.

Developer

Agency

If this Agreement is not sooner terminated, the Cash Amount shall be applied toward the "Phase I Price" as hereafter defined in Section 201 of this Agreement.

If this Agreement has not sooner been terminated, the Letter of Credit Amount and, if the Phase I Area is conveyed on or before October 1, 1986, the Additional Deposit shall be returned to Developer concurrent with the conveyance of the Phase II Area to the Developer.

The Agency shall have no obligation to earn interest on the Good Faith Deposit. In the event interest is earned on the Good Faith Deposit, such interest shall be retained by or paid to the party retaining or receiving the Good Faith Deposit pursuant to the provisions of Sections 108, 611 and 612 of this Agreement, as applicable.

II. [§200] ASSEMBLY OF THE SITE

A. [§201] <u>Acquisition and Disposition of the Site</u>

(a) As of the execution of this Agreement, the Agency holds fee title or options to purchase all of the Agency Phase I Portion and the Agency Phase II Portion. It is the mutual understanding of the parties that the Phase I Area consists of approximately One Hundred Twenty-Seven Thousand Seven Hundred Eighty-Nine (127,789) square feet gross area, and that the Phase II Area consists of approximately Two Hundred Fifteen Thousand Seven Hundred Seventy-Four (215,774) square feet gross area. The Agency shall at its cost designate and retain an independent surveyor or engineer to determine precisely the area of each of the Phase I Area and the Phase II Area.

(b) Provided that the Developer is not in default of this Agreement, the Agency agrees to make offers to acquire the Residual Phase I Portion and the Residual Phase II Portion and to conduct appropriate proceedings with respect to the acquisition of the Residual Phase I Portion and the Residual Phase II Portion commencing at the respective times established therefor in the Schedule of Performance (Attachment No. 3). The Developer acknowledges that this Agreement shall not affect in any manner the conduct of any public hearings or any actions which may by taken in the course of or at the conclusion of such hearings by the Agency or the City Council with respect to possible acquisition of the Residual Phase I Portion or the Residual Phase II Portion, and that each such body retains full discretion as appropriate for such proceedings.

(c) Subject to and conditioned upon the acquisition of the Site by the Agency by the time established therefor in the Schedule of Performance (Attachment No. 3), in accordance with and subject to all of the terms, covenants and conditions of this Agreement, the Agency agrees to sell and the Developer agrees to purchase the Phase I Area for a sum equal to the product of (i) $5.40 and (ii) the number of gross square feet determined pursuant to subsection (a) to constitute the Phase I Area (approximately Six Hundred Ninety Thousand Dollars [$690,000]) (the "Phase I Price"). The conveyance by the Agency to the Developer of the Phase I Area shall constitute the "Phase I Conveyance."

(d) Provided that the Developer is fully implementing this Agreement and is not in default of this Agreement, at the time established therefor in the Schedule of Performance (Attachment No. 3), in accordance with and subject to all of the terms, covenants and conditions of this Agreement, the Agency shall sell and the Developer shall purchase the Phase II Area for a sum equal to the product of (i) $5.40 and (ii) the number of gross square feet determined pursuant to subsection (a) to constitute the Phase II Area (approximately One Million One Hundred Sixty-Five Thousand Two Hundred Dollars [$1,165,200]) (the "Phase II Price") if escrow for the Phase II Area closes on or before February 12, 1987 (provided that such date shall be extended to such extent as delays may be caused by the Agency), or the sum equal to the product of (i) $5.94 and (ii) the number of gross square feet determined pursuant to subsection (a) to constitute the Phase II Area (approximately One Million Two Hundred Eighty-One Thousand Seven Hundred Dollars [$1,281,700]) if escrow closes after February 12, 1987; provided that such date shall be extended to such extent as delays may be caused by the Agency. The conveyances by the Agency to the Developer of the Phase II Area shall constitute

the Phase II Conveyance. The Phase I Conveyance and the Phase II Conveyance shall collectively constitute the "Conveyances."

(e) In the event the Phase II Area is not acquired by the Developer within eighteen (18) months after the Agency executes the Agreement, the Good Faith Deposit shall be retained by the Agency as liquidated damages, and the purchase price for the Phase II Area shall be increased (but shall not be subject to being decreased) to fair market value as determined by an independent appraiser selected and retained by the Agency. The Agency and the Developer agree that in the event the Developer fails to acquire the Phase II Area within eighteen months after the execution of this Agreement by the Agency, the Agency will sustain damages which are extremely difficult and impractical to fix; such damages would include the loss of potential lease or sale revenues, loss of property tax revenues, the continued blighting influences resulting from the failure or delay in redeveloping all of the Site, and the failure to realize potential employment opportunities. The parties agree that the Good Faith Deposit shall be retained by the Agency as liquidated and agreed damages and as its property without any deduction, offset, or recoupment whatsoever in the event the Developer fails to acquire the Phase II Area within eighteen months of the execution of the Agreement by the Agency.

Developer

Agency

In the event the foregoing liquidated damage provision is held to be unenforceable, the Good Faith Deposit shall be deemed to have been paid in consideration of the development rights afforded the Developer pursuant to this Agreement.

(f) In addition to the consideration set forth in this Section 201, the Developer shall pay all of those costs, charges, fees and expenses as hereafter expressly provided to be paid by Developer pursuant to this Agreement and shall, at its cost, provide all of the improvements required by this Agreement to be provided by the Developer (the "Developer Improvements").

B. [§202] Escrow

(a) The Agency agrees to open an escrow (the "Phase I Escrow") with Transamerica Title Insurance Company, or with another mutually agreeable escrow company (the "Escrow Agent"),

by the time established therefor in the Schedule of Performance (Attachment No. 3). The escrow described in this Section 202(a) shall be referred to as the "Phase I Escrow," and the conveyance provided for in this Section 202(a) shall be referred to as the "Phase I Conveyance." This Agreement constitutes the joint basic escrow instructions of the Agency and the Developer for the Conveyance, and a duplicate original of this Agreement shall be delivered to the Escrow Agent upon the opening of the Phase I Escrow. The Agency and the Developer shall provide such additional escrow instructions as shall be necessary for and consistent with this Agreement. The Escrow Agent is hereby empowered to act under this Agreement, and the Escrow Agent, upon indicating within five (5) days after the opening of the Escrow its acceptance of the provisions of this Section 202(a), in writing, delivered to the Agency and the Developer, shall carry out its duties as Escrow Agent hereunder.

Upon delivery of the "Grant Deed" (as hereafter defined) to the Escrow Agent by the Agency pursuant to Section 206 of this Agreement, the Escrow Agent shall record such Deed when title can be vested in the Developer in accordance with the terms and provisions of this Agreement. The Developer shall accept conveyance of title or possession of the Phase I Area as provided in the Schedule of Performance (Attachment No. 3). The Escrow Agent shall pay any applicable transfer tax. Any insurance policies covering the Phase I Area or any parcel are not to be transferred.

The Developer shall pay in escrow to the Escrow Agent the following fees, charges and costs promptly after the Escrow Agent has notified the Developer of the amount of such fees, charges and costs, but not earlier than ten (10) days prior to the scheduled date for closing the Escrow:

1. One-half (1/2) of the escrow fee; and

2. That portion of the premium for the title insurance policy to be paid by the Developer as set forth in Section 208 of this Agreement.

The Developer shall also deposit with the Escrow Agent any balance due as all or part of the Phase I Price by the time established therefor in the Schedule of Performance (Attachment No. 3). Upon request therefor by the Developer, the Agency shall confirm to the Escrow Agent the amount of the Cash Amount to be credited against the Phase I Price.

The Agency shall pay in escrow to the Escrow Agent the following fees, charges and costs promptly after the Escrow Agent has notified the Agency of the amount of such fees, charges and costs, but not earlier than ten (10) days prior to the scheduled date for closing the Escrow:

1. Costs necessary to place title to the Phase I Area in the condition for conveyance required by the provisions of this Agreement;

2. One-half (1/2) of the escrow fee;

3. Cost of drawing the deed;

4. Recording fees;

5. Notary fees;

6. Any State, County or City documentary stamps;

7. Any transfer tax;

8. That portion of the premium for the title insurance policy to be paid by the Agency as set forth in Section 208 of this Agreement; and

9. Ad valorem taxes, if any, upon the Phase I Area for any time prior to transfer of title.

The Agency shall timely and properly execute, acknowledge and deliver a deed in substantially the form of the "Grant Deed" (which is attached to this Agreement as Attachment No. 4 and is incorporated herein), together with an estoppel certificate certifying that the Developer has completed all acts (except deposit of the Phase I Price) necessary to entitle the Developer to such conveyance, if such be the fact.

The Escrow Agent is authorized to:

1. Pay, and charge the Agency and Developer, respectively, for any fees, charges and costs payable under this Section 202 of this Agreement. Before such payments or charges are made, the Escrow Agent shall notify the Agency and the Developer of the fees, charges and costs necessary to clear title and close the Escrow.

2. Disburse funds and deliver the deed and other documents to the parties entitled thereto when the conditions of this Escrow have been fulfilled by the Agency and the Developer. Funds deposited as part of the Purchase Price shall not be disbursed by the Escrow Agent unless and until the Escrow Agent has recorded the Grant Deed (Attachment No. 4) and has delivered to the Developer and (if requested by the Agency) the Agency, respectively, a title insurance policy insuring title and conforming to the requirements of Section 208 of this Agreement.

3. Record any instruments delivered through this Escrow, if necessary or proper, to vest title in the Developer in accordance with the terms and provisions of this Agreement.

All funds received in this Escrow shall be deposited by the Escrow Agent, with other escrow funds of the Escrow Agent in an interest earning general escrow account or accounts with any state or national bank doing business in the State of California. Such funds may be transferred to any other general escrow account or accounts. All disbursements shall be made by check of the Escrow Agent. All adjustments are to be made on the basis of a thirty (30) day month.

If this Escrow is not in condition to close on or before the time for conveyance established in Section 203 of this Agreement, either party who then shall have fully performed the acts to be performed before the conveyance of title may, in writing, demand from the Escrow Agent the return of its money, papers or documents deposited with the Escrow Agent. No demand for return shall be recognized until ten (10) days after the Escrow Agent shall have mailed copies of such demand to the other party or parties at the address of its or their principal place or places of business. Objections, if any, shall be raised by written notice to the Escrow Agent and to the other party within the ten (10) day period, in which event the Escrow Agent is authorized to hold all money, papers and documents with respect to the Site until instructed by a mutual agreement of the parties or by a court of competent jurisdiction. If no such demands are made, the Escrow shall be closed as soon as possible.

The Escrow Agent shall not be obligated to return any such money, papers or documents except upon the written instructions of both the Agency and the Developer or until the party entitled thereto has been determined by a final decision of a court of competent jurisdiction.

Any amendment to these Escrow instructions shall be in writing and signed by both the Agency and the Developer. At the time of any amendment, the Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

All communications from the Escrow Agent to the Agency or the Developer shall be directed to the addresses and in the manner established in Section 501 of this Agreement for notices, demands and communications between the Agency and the Developer.

The liability of the Escrow Agent in the capacity as escrow holder with respect to the Phase I Conveyance is limited to performance of the obligations imposed upon it under Sections 202(a) and 204 to 208, inclusive, of this Agreement.

(b) Provided that this Agreement has not been sooner terminated, the Agency agrees to open an escrow (the "Phase II Escrow") with the Escrow Agent by the time established therefor in the Schedule of Performance (Attachment No. 3), to effectuate the Phase II Conveyance.

The escrow described in this Section 202(b) shall be referred to as the "Phase II Escrow", and the conveyance provided for in this Section 202(b) shall be referred to as the "Phase II Conveyance". This Agreement constitutes the joint basic escrow instructions of the Agency and the Developer for the Conveyance, and a duplicate original of this Agreement shall be delivered to the Escrow Agent upon the opening of the Phase II Escrow. The Agency and the Developer shall provide such additional escrow instructions as shall be necessary for and consistent with this Agreement. The Escrow Agent is hereby empowered to act under this Agreement, and the Escrow Agent, upon indicating within five (5) days after the opening of the Escrow its acceptance of the provisions of this Section 202(b), in writing, delivered to the Agency and the Developer, shall carry out its duties as Escrow Agent hereunder.

Upon delivery of the "Grant Deed" (as hereafter defined) to the Escrow Agent by the Agency pursuant to Section 206 of this Agreement, the Escrow Agent shall record such Deed when title can be vested in the Developer in accordance with the terms and provisions of this Agreement. The Developer shall accept conveyance of title or possession of the Phase II Area as provided in the Schedule of Performance (Attachment No. 3). The Escrow Agent shall pay any applicable transfer tax. Any insurance policies covering the Phase II Area or any parcel are not to be transferred.

The Developer shall pay in escrow to the Escrow Agent the following fees, charges and costs promptly after the Escrow Agent has notified the Developer of the amount of such fees, charges and costs, but not earlier than ten (10) days prior to the scheduled date for closing the Escrow:

1. One-half (1/2) of the escrow fee; and

2. That portion of the premium for the title insurance policy to be paid by the Developer as set forth in Section 208 of this Agreement.

The Developer shall also deposit with the Escrow Agent any balance due as all or part of the Phase II Price by the time established therefor in the Schedule of Performance (Attachment No. 3).

The Agency shall pay in escrow to the Escrow Agent the following fees, charges and costs promptly after the Escrow Agent has notified the Agency of the amount of such fees, charges and costs, but not earlier than ten (10) days prior to the scheduled date for closing the Escrow:

1. Costs necessary to place title to the Phase II Area in the condition for conveyance required by the provisions of this Agreement;

2. One-half (1/2) of the escrow fee;

3. Cost of drawing the deed;

4. Recording fees;

5. Notary fees;

6. Any State, County or City documentary stamps;

7. Any transfer tax;

8. That portion of the premium for the title insurance policy to be paid by the Agency as set forth in Section 208 of this Agreement; and

9. Ad valorem taxes, if any, upon the Phase II Area for any time prior to transfer of title.

The Agency shall timely and properly execute, acknowledge and deliver a deed in substantially the form of the "Grant Deed" (which is attached to this Agreement as Attachment No. 4 and is incorporated herein), together with an estoppel certificate certifying that the Developer has completed all acts (except deposit of the Phase II Price) necessary to entitle the Developer to such conveyance, if such be the fact.

The Escrow Agent is authorized to:

1. Pay, and charge the Agency and Developer, respectively, for any fees, charges and costs payable under this Section 202 of this Agreement. Before such payments or charges are made, the Escrow Agent shall notify the Agency and the Developer of the fees, charges and costs necessary to clear title and close the Escrow.

2. Disburse funds and deliver the deed and other documents to the parties entitled thereto when the conditions of this Escrow have been fulfilled by the Agency and the Developer. Funds deposited as part of the Phase II Price shall not be disbursed by the Escrow Agent unless and until the Escrow Agent has recorded the Grant Deed (Attachment No. 4) and has delivered to the Developer and (if requested by the Agency) the Agency, respectively, a title insurance policy insuring title and conforming to the requirements of Section 208 of this Agreement.

3. Record any instruments delivered through this Escrow, if necessary or proper, to vest title in the Developer in accordance with the terms and provisions of this Agreement.

All funds received in this Escrow shall be deposited by the Escrow Agent, with other escrow funds of the Escrow Agent in an interest earning general escrow account or accounts with any state or national bank doing business in the State of California. Such funds may be transferred to any other general escrow account or accounts. All disbursements shall be made by check of the Escrow Agent. All adjustments are to be made on the basis of a thirty (30) day month.

If this Escrow is not in condition to close on or before the time for conveyance established in Section 203 of this Agreement, either party who then shall have fully performed the acts to be performed before the conveyance of title may, in writing, demand from the Escrow Agent the return of its money, papers or documents deposited with the Escrow Agent. No demand for return shall be recognized until ten (10) days after the Escrow Agent shall have mailed copies of such demand to the other party or parties at the address of its or their principal place or places of business. Objections, if any, shall be raised by written notice to the Escrow Agent and to the other party within the ten (10) day period, in which event the Escrow Agent is authorized to hold all money, papers and documents with respect to the Site until instructed by a mutual agreement of the parties or by a court of competent jurisdiction. If no such demands are made, the Escrow shall be closed as soon as possible.

The Escrow Agent shall not be obligated to return any such money, papers or documents except upon the written instructions of both the Agency and the Developer or until the party entitled thereto has been determined by a final decision of a court of competent jurisdiction.

Any amendment to these Escrow instructions shall be in writing and signed by both the Agency and the Developer. At the time of any amendment, the Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

All communications from the Escrow Agent to the Agency or the Developer shall be directed to the addresses and in the manner established in Section 501 of this Agreement for notices, demands and communications between the Agency and the Developer.

The liability of the Escrow Agent in the capacity as escrow holder with respect to the Phase II Conveyance is limited to performance of the obligations imposed upon it under Sections 202(b) and 204 to 209, inclusive, of this Agreement.

C. [§203] Conveyance of Title and Delivery of Possession

Subject to any extensions of time mutually agreed upon between the Agency and the Developer, the Conveyances shall be completed on or prior to the respective dates specified therefor in the Schedule of Performance (Attachment No. 3). Said Schedule of Performance (Attachment No. 3) is subject to revision from time to time as mutually agreed upon in writing between the Developer and the Agency. The Agency and the Developer agree to perform all acts necessary to conveyance of title in sufficient time for title to be conveyed in accordance with the foregoing provisions.

Possession shall be delivered to the Developer concurrently with the conveyance of title, except that limited access may be permitted before conveyance of title as permitted in Section 212 of this Agreement. The Developer shall accept title and possession on or before the respective dates established in the Schedule of Performance (Attachment No. 3) for the Conveyances.

D. [§204] Form of Deed for the Conveyances

Upon acquisition by the Agency, the Agency shall convey to the Developer title to the Phase I Area and thereafter the Phase II Area, excepting therefrom mineral rights, in the condition provided in Section 205 of this Agreement by grant deed substantially in the form of the Grant Deed (Attachment No. 4); provided that limited non-industrial uses shall be permitted to the extent allowed pursuant to Section 401 with respect to the Phase II Area, only.

E. [§205] Condition of Title

The Agency shall convey to the Developer fee simple merchantable title to the Phase I Area and thereafter the Phase II Area, excepting therefrom mineral rights, free and clear of all recorded or unrecorded liens, encumbrances, covenants, assessments, easements, leases and taxes, except for covenants and easements of record at the time of execution of this Agreement which the Developer has approved in writing, the Redevelopment Plan, the provisions contained in the Grant Deed (Attachment No. 4) and such other encumbrances to which the Developer may consent. The condition of title shall be compatible with and not preclude development of the "Developer Improvements" (as hereafter defined), and the Developer shall review easements prior to and as a condition of closing consistent with the foregoing. The parties shall act reasonably in evaluation of any encumbrances and shall act diligently and promptly to conform the condition of title to that required for the Developer to proceed with development of the Developer Improvements. In no event shall the Developer be required to accept title subject to a deed of trust or mortgage.

The Agency shall reserve and except from the Conveyances all interest of the Agency in oil, gas, hydrocarbon substances and minerals of every kind and character lying more than 500 feet below the surface, together with the right to drill into, through, and to use and occupy all parts of the Site lying more than 500 feet below the surface thereof for any and all purposes incidental to the exploration for and production of oil, gas, hydrocarbon substances or minerals from said site or other lands, but without, however, any right to use either the surface of the Site or any portion thereof within 500 feet of the surface for any purpose or purposes whatsoever.

In the event an order to immediate possession is obtained with respect to any portion of the Site and the Title Company agrees to issue a title insurance policy conforming to Section 208 of this Agreement, the Agency may transfer or convey title at such time notwithstanding the pendency of eminent domain proceedings; the Developer shall accept such conveyance and shall thereupon fully perform.

F. [§206] Time for and Place of Delivery of Deed

Subject to any mutually agreed upon extension of time, the Agency shall deposit the Grant Deed (Attachment No. 4) with the Escrow Agent on or before the date established for the date of the Phase I Conveyance or the Phase II Conveyance, whichever is applicable, pursuant to the Schedule of Performance (Attachment No. 3).

G. [§207] Recordation of Deed

The Escrow Agent shall file the Grant Deed for recordation among the land records in the Office of the County Recorder for Orange County, and shall delivery the Phase I Price (concurrent with the Phase I Conveyance) and the Phase II Price (concurrent with the Phase II Conveyance) to the Agency after delivery to the Developer of a title insurance policy insuring title in conformity with Section 208 of this Agreement.

H. [§208] Title Insurance

Concurrently with recordation of the Grant Deed (Attachment No. 4) conveying title to the Phase I Area or the Phase II Area, whichever is applicable, Transamerica Title Insurance Company (the "Title Company") shall provide and deliver to Developer a title insurance policy issued by the Title Company insuring that the title to the Phase I Area or the Phase II Area, whichever is applicable, is vested in Developer in the condition required by Section 205 of this Agreement. The Title Company shall provide the Agency with a copy of the title insurance policy and the title insurance policy shall be for the amount of the Phase I Price (with respect to the Phase I Area) or the Phase II Price (with respect to the Phase II Area). The Agency shall bear that amount equal to the cost of a standard CLTA policy for the Phase I Price or the Phase II Price, whichever is applicable. All additional costs incurred for or related to such title insurance shall be borne solely by the Developer. The Developer may, at its option and at its cost, obtain coverage in excess of such amounts and may obtain endorsements or an ALTA policy.

I. [§209] Taxes and Assessments

Ad valorem taxes and assessments, if any, on the Phase I Area or the Phase II Area levied, assessed or imposed for any period commencing prior to conveyance of title, shall be borne by Agency, and any of such taxes imposed after conveyance of title thereto (and ad valorem taxes and assessments, if any, on the Phase I Area or the Phase II Area) shall be borne by the Developer. All other taxes on the Site, whenever assessed, shall be borne by the Developer.

J. [§210] Occupants of the Site

Possession of the Phase I Area or the Phase II Area (as applicable) shall be delivered to the Developer and title shall be conveyed to it with no possessory rights or possession by others.

K. [§211] Condition of the Site

The Developer assumes all responsibility for soils and subsurface conditions at the Site, and for any demolition (except as set forth in paragraph (a) of part V of the Scope of Development [Attachment No. 5]) necessary for the provision of the Developer Improvements. The Agency makes no representations or warranties concerning the Site, its suitability for the use intended by the Developer, or the surface or subsurface conditions of the Site. If the soil conditions of the Site are not in all respects entirely suitable for the use or uses to which the Site will be put, then it is the sole responsibility and obligations of Developer to take such action as may be necessary to place the Site in a condition entirely suitable for the development of the Site.

L. [§212] Preliminary Work

Prior to the conveyance of title, upon acquisition of possessory right by the Agency, representatives of Developer shall have the right of access to all portions of the Site with respect to which the Agency holds fee title or rights to possession at all reasonable times for the purpose of obtaining data and making surveys and tests necessary to carry out this Agreement.

Any preliminary work undertaken on the Site by Developer prior to conveyance of title thereto shall be done only after written consent of the Agency, which consent shall not be unreasonably withheld, and at the sole expense of Developer.

The Developer shall save and protect the Agency and the City against any claims resulting from all preliminary work, access or use of the Site undertaken pursuant to this Section 212. Copies of data, surveys and tests obtained or made by the Developer on the Site pursuant to this Section 212 shall be filed with the Agency within fifteen (15) days after receipt by the Developer. Any preliminary work by the Developer shall be undertaken only after securing any necessary permits from the appropriate governmental agencies.

M. [§213] Conditions Precedent to the Phase I Conveyance

Prior to and as conditions to the close of escrow for the Phase I Conveyance, the Developer shall complete each of the following by the respective times established therefor in the Schedule of Performance (Attachment No. 3):

1. the Developer executes the Grant Deed (Attachment No. 4);

2. the Developer pays to escrow the Phase I Price;

3. the Developer shall not be in default of this Agreement and shall have obtained building permits for the Phase I Improvements;

4. the Developer provides proof satisfactory to the Agency that the Developer has obtained a binding loan commitment (for each of construction and permanent financing) for all of the Phase I Improvements;

5. the Developer has paid to the Agency the Good Faith Deposit; and

6. The Developer provides proof of insurance (certificates) conforming to Section 308 of this Agreement.

The foregoing items numbered 1 to 6, inclusive, together constitute the "Conditions Precedent to the Phase I Conveyance."

N. [§214] Conditions Precedent to the Phase II Conveyance

Prior to and as conditions to the close of escrow for the Phase II Conveyance, the Developer shall complete each of the following by the respective times established therefor in the Schedule of Performance (Attachment No. 3):

1. the Developer satisfies all of the Conditions Precedent to the Phase I Conveyance (including without limitation payment of the Good Faith Deposit);

2. the Developer shall not be in default of this Agreement and shall have obtained building permits for the Phase II Improvements;

3. the Developer provides proof satisfactory to the Agency that the Developer has obtained a binding loan commitment (for each of construction and permanent financing) for all of the Phase II Improvements;

4. the Developer shall have completed all infrastructure and foundations for all buildings required to be constructed as Phase I Improvements;

5. if completed, the Phase I Improvements shall include not less than Fifty Thousand (50,000) square feet gross floor area of space (within buildings, fully enclosed); and

6. the Developer shall present to the Agency a fully-executed lease between the Developer and Carr-Griff, Inc., a California corporation ("Carr-Griff") for 50,000 square feet gross floor area of enclosed space only for industrial uses (as hereinafter defined in Section 401) or such other uses as may hereafter be approved in writing by the Agency at its sole and absolute discretion, upon request therefor by the Developer, which lease shall require that Carr-Griff actively recruit and give reasonable preference to Buena Clinton residents in the conduct of its operations on the Site.

The foregoing items numbered 1 to 6, inclusive, together constitute the "Conditions Precedent to the Phase II Conveyance."

O. [§215] Zoning of the Site

Zoning of the Site at the time of conveyance thereof, shall be such as to permit development of the future site and construction of improvements thereon in accordance with the provisions of this Agreement and the use, operation and maintenance of such improvements.

The Developer shall be responsible to make appropriate application to the City of Garden Grove to satisfy all provisions of the California Subdivision Map Act (Government Code Section 66410, et seq.) and local enactments pursuant thereto applicable with respect to the development of the Site.

III. [§300] DEVELOPMENT OF THE SITE

A. [§301] Development of the Site by the Developer

1. [§302] Scope of Development

The Site shall be developed as provided in the "Scope of Development," which is attached hereto as Attachment No. 5 and is incorporated herein. Development shall

additionally be consistent with the "Concept Plan," which is attached hereto as Attachment No. 7, and is incorporated herein by reference.

The development shall include any plans and specifications submitted to Agency for approval, and shall incorporate or show compliance with all applicable mitigation measures.

2. [§303] Site Plan

(a) By the time set forth therefor in the Schedule of Performance (Attachment No. 3), the Developer shall prepare and submit to the City/Agency for their approval a Site Plan and related documents which conform to requirements of the Development Services Department of the City and which contain the overall plan for development of the Phase I Area in sufficient detail to enable the City/Agency to evaluate the proposal for conformity to the requirements of this Agreement. The Phase I Area shall be developed as established in this Agreement and such documents except as changes may be mutually agreed upon between the Developer and the Agency. Any such changes shall be within the limitations of the Scope of the Development (Attachment No. 5).

(b) By the time set forth therefor in the Schedule of Performance (Attachment No. 3), the Developer shall prepare and submit to the City/Agency for their approval a Site Plan and related documents which conform to requirements of the Development Services Department of the City and which contain the overall plan for development of the Phase II Area in sufficient detail to enable the Agency to evaluate the proposal for conformity to the requirements of the Garden Grove Municipal Code and this Agreement. The Phase II Area shall be developed as established in this Agreement and such documents except as changes may be mutually agreed upon between the Developer and the Agency. Any such changes shall be within the limitations of the Scope of the Development (Attachment No. 5).

3. [§304] Construction Drawings and Related Documents

(a) By the time set forth therefor in the Schedule of Performance (Attachment No. 3), the Developer shall prepare and submit to the City/Agency in form suitable for plan check, construction drawings, landscape plan, and related documents for development of the Phase I Area. Any items so submitted and approved in writing by the City/Agency shall not be subject to subsequent disapproval. Any items disapproved shall be revised and resubmitted within fifteen (15) days of disapproval.

The landscaping, and finish grading plans shall be prepared by a professional landscape architect who may be the same firm as the Developer's architect or a civil engineer. Within the times established in the Schedule of Performance (Attachment No. 3), the Developer shall submit to the City/Agency for approval the name and qualifications of its landscape architect or civil engineer.

During the preparation of all drawings and plans, staff of the City/Agency and the Developer shall hold regular progress meetings to coordinate the preparation of, submission to, and review of drawings, plans and related documents by the City. The staff of City/Agency and the Developer shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to the Agency can receive prompt and speedy consideration.

(b) By the time set forth therefor in the Schedule of Performance (Attachment No. 3), the Developer shall prepare and submit to the City/Agency in form suitable for plan check, construction drawings, landscape plan, and related documents for development of the Phase II Area. Any items so submitted and approved in writing by the City/Agency shall not be subject to subsequent disapproval. Any items disapproved shall be revised and resubmitted within fifteen (15) days of disapproval.

The landscaping, and finish grading plans shall be prepared by a professional landscape architect who may be the same firm as the Developer's architect or a civil engineer. Within the times established in the Schedule of Performance (Attachment No. 3), the Developer shall submit to the City/Agency for approval the name and qualifications of its landscape architect or civil engineer.

During the preparation of all drawings and plans, staff of the City/Agency and the Developer shall hold regular progress meetings to coordinate the preparation of, submission to, and review of drawings, plans and related documents by the City/Agency. The staff of City/Agency and the Developer shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to the Agency can receive prompt and speedy consideration.

(c) The Developer shall make formal plan check submittal for Phases I and II by the respective times established therefor in the Schedule of Performance (Attachment No. 3).

4. [§305] Review and Approval of Plans, Drawings, and Related Documents

The Planning Commission shall hold a public hearing covering the Site Plan for Phases I and II by the respective times established therefor in the Schedule of Performance (Attachment No. 3).

The City/Agency shall have the right of architectural and planning review of all plans and submissions including any changes therein. The Developer acknowledges that due to the importance and sensitivity of assuring excellence and stability of the Site Plan, the City/Agency may approve, disapprove, or partially approve the Site Plan at its sole and absolute discretion.

Provided that the submissions by the Developer are made timely and are complete, the City/Agency shall approve or disapprove the plans, drawings and related documents referred to in Sections 303 and 304 of this Agreement within the times established in the Schedule of Performance (Attachment No. 3). Failure by the City/Agency to either approve or disapprove within the times established in the Schedule of Performance (Attachment No. 3) shall be deemed an approval. Any disapproval shall state in writing the reasons for disapproval. The Developer, upon receipt of a disapproval based upon powers reserved by the City/Agency hereunder, shall revise such portions and resubmit to the Agency as soon as possible after receipt of the notice of disapproval and in no event later than such times established therefor in the Schedule of Performance (Attachment No. 3).

For purposes of determining the performance of the Developer pursuant to this Agreement, an incomplete application or submission shall constitute a failure to make such application or submission. In the event that the Developer exceeds the time allotted pursuant to the Schedule of Performance (Attachment No. 3) for the tendering of any application, submittal, or revision thereto, such circumstance shall not extend any times by which performance by the Developer is required pursuant to this Agreement.

If the Developer desires to make any substantial changes in the construction plans after their approval by the City/Agency, the Developer shall submit the proposed change to the Agency for its approval. If the construction plans, as modified by the proposed change, conform to the requirements of Section 305 of this Agreement and the Scope of Development (Attachment No. 5) the City/Agency shall approve the proposed change and notify the Developer in writing within 30 days after

submission to the City/Agency. Such change in construction plans shall, in any event, be deemed approved by the Agency unless rejected, in whole or in part, by written notice thereof by the Agency to the Developer, setting forth the reasons therefor, and such rejection shall be made within said 30-day period.

5. [§306] Cost of Construction

The cost of demolition, site preparation, and developing the Site and constructing all improvements thereon shall be borne by the Developer, except for the work expressly set forth in the Agreement to be performed by the Agency or others.

The Agency shall develop those certain off-site improvements referenced in the Scope of Development (Attachment No. 5) by the time established therefor in the Schedule of Performance (Attachment No. 3).

6. [§307] Construction Schedule

After each of the Phase I Conveyance or the Phase II Conveyance, the Developer shall promptly begin and thereafter diligently prosecute to completion the construction of the Phase I Improvements or the Phase II Improvements (whichever is applicable) and the development of the Site. The Developer shall begin and complete all construction and development within the times specified in the Schedule of Performance (Attachment No. 3).

7. [§308] Bodily Injury and Property Damage Insurance

The Developer shall defend, assume all responsibility for and hold the Agency, its officers and employees, harmless from, all claims or suits for, and damages to, property and injuries to persons, including accidental death (including attorneys fees and costs), which may be caused by any of the Developer's activities under this Agreement, whether such activities or performance thereof be by the Developer or anyone directly or indirectly employed or contracted with by the Developer and whether such damage shall accrue or be discovered before or after termination of this Agreement. The Developer shall take out and maintain until the second anniversary of the issuance of a Certificate of Completion with respect to all of the Developer Improvements a comprehensive liability policy in the amount of Two Million Dollars ($2,000,000) combined single limit policy, including contractual liability, as shall protect the Developer, City and Agency from claims for such damages.

The Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on a form of the insurance carrier setting forth the general provisions of the insurance coverage. This countersigned certificate shall name the City and the Agency and their respective offices, agents, and employees as additional insureds under the policy. The certificate by the insurance carrier shall contain a statement of obligation on the part of the carrier to notify City and the Agency of any material change, cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such material change, cancellation or termination. Coverage provided hereunder by the Developer shall be primary insurance and not contributing with any insurance maintained by the Agency or City, and the policy shall contain such an endorsement. The insurance policy or the certificate of insurance shall contain a waiver of subrogation for the benefit of the City and the Agency. The required certificate shall be furnished by the Developer at the time set forth therefor in the Schedule of Performance (Attachment No. 3).

The Developer shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that any contractor with whom it has contracted for the performance of work on the Site or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law.

The obligations set forth in this Section shall remain in effect only until a final Certificate of Completion has been furnished for all of the Developer Improvements as hereafter provided in Section 322 of this Agreement.

8. [§309] City and Other Governmental Agency Permits

Before commencement of construction or development of any buildings, structures or other works of improvement upon the Site or within the Project Area, the Developer shall, at its own expense, secure or cause to be secured any and all permits which may be required by the City or any other governmental Agency affected by such construction, development or work. It is understood that the Developer's obligation is to pay all necessary fees and to timely submit to the City final drawings with final corrections to obtain a building permit; the Agency will, without obligation to incur liability or expense therefor, use its best efforts to expedite issuance of building permits and certificates of occupancy for construction that meets the requirements of the City Code.

9. [§310] Rights of Access

For the purpose of assuring compliance with this Agreement, representatives of the Agency and the City shall have the right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including, but not limited to, the inspection of the work being performed in constructing the improvements, so long as they comply with all safety rules. Such representatives of the Agency or of the City shall be those who are so identified in writing by the Executive Director of the Agency. The Agency shall hold the Developer harmless from any bodily injury or related damages arising out of the activities of the Agency and the City as referred to in this Section 310.

The Developer shall place and maintain on the Site one sign of size and copy approved by the Agency indicating the respective parts of the Developer and the Agency in the Project. The cost of the sign shall be borne solely by the Developer.

10. [§311] Local, State and Federal Laws

The Developer shall carry out the construction of the improvements in conformity with all applicable laws, including all applicable federal and state labor standards, provided, however, Developer and its contractors, successors, assigns, transferees, and lessees are not waiving their rights to contest any such laws, rules or standards.

11. [§312] Antidiscrimination During Construction

The Developer, for itself and its successors and assigns, agrees that in the construction of the improvements provided for in this Agreement, the Developer will not discriminate against any employee or applicant for employment because of race, color, creed, religion, age, sex, marital status, handicap, national origin or ancestry.

B. [§313] Taxes, Assessments, Encumbrances and Liens

The Developer shall pay when due all ad valorem taxes and assessments on the Site and levied subsequent to a conveyance of title to the Site. Prior to issuance of a Certificate of Completion pursuant to Section 322, the Developer shall not place or allow to be placed on the Site or any part thereof any mortgage, trust deed, encumbrance or lien

other than as expressly allowed by this Agreement. The Developer shall remove or have removed any levy or attachment made on any of the Site or any part thereof, or assure the satisfaction thereof within a reasonable time but in any event prior to a sale thereunder. Nothing herein contained shall be deemed to prohibit the Developer from contesting the validity or amounts of any tax assessment, encumbrance or lien, nor to limit the remedies available to the Developer in respect thereto.

C. [§314] Prohibition Against Transfer of the Site, the Buildings or Structures Thereon and Assignment of Agreement

Prior to the issuance by the appropriate governmental authority of a Certificate of Completion (pursuant to Section 322 of this Agreement) as to any building or structure, the Developer shall not, except as permitted by this Agreement, without prior approval of the Agency, make any total or partial sale, transfer, conveyance, assignment or lease of the whole or any part of the Site or of the buildings or structures on the Site. This prohibition shall not be deemed to prevent the granting of temporary or permanent easements or permits to facilitate the development of the Site or to prohibit or restrict the leasing of any part or parts of a building or structure for occupancy for a term commencing upon completion.

D. [§315] Mortgage, Deed of Trust, Sale and Lease-Back Financing; Rights of Holders

1. [§316] No Encumbrances Except Mortgages, Deeds of Trust, or Sale and Lease-Back for Development

Mortgages, deeds of trust and sales and leases-back are to be permitted before completion of the construction of the improvements, but only for the purpose of securing loans of funds to be used for financing the acquisition of the Site, the construction of improvements on the Site, and any other purposes necessary and appropriate in connection with development under this Agreement. The Developer shall notify the Agency in advance of any mortgage, deed of trust or sale and lease-back financing, if the Developer proposes to enter into the same before completion of the construction of the improvements on the Site. The words "mortgage" and "trust deed" as used hereinafter shall include sale and lease-back. The Developer shall not enter into any such conveyance for financing without the prior written

approval of the Agency, which approval Agency agrees to give if any such conveyance for financing is given to a responsible financial or lending institution or other acceptable person or entity and such lender shall be deemed approved unless rejected in writing by the Agency within fifteen (15) days after notice thereof is given to the Agency.

2. [§317] Holder Not Obligated to Construct Improvements

The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated by the provisions of this Agreement to construct or complete the improvements or to guarantee such construction or completion; nor shall any covenant or any other provision in the deed for the Site be construed so to obligate such holder. Nothing in this Agreement shall be deemed to construe, permit or authorize any such holder to devote the Site to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

3. [§318] Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure

With respect to any mortgage or deed of trust granted by Developer as provided herein, whenever the Agency shall deliver any notice or demand to Developer with respect to any breach or default by the Developer in completion of construction of the improvements, the Agency shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement a copy of such notice or demand. Each such holder shall (insofar as the rights of the Agency are concerned) have the right, at its option, within thirty (30) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the improvements (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations to the Agency by written agreement satisfactory to the Agency. The holder, in that event, must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates, and submit evidence satisfactory to the Agency that it has the qualifications and financial responsibility necessary to perform such obligations. Any such holder

properly completing such improvement shall be entitled, upon compliance with the requirements of Section 322 of this Agreement, to a Certificate of Completion (as therein defined).

4. [§319] Failure of Holder to Complete Improvements

In any case where, thirty (30) days after default by the Developer in completion of construction of improvements under this Agreement, the holder of any mortgage or deed of trust creating a lien or encumbrance upon the Site or any part thereof has not exercised the option to construct, or if it has exercised the option and has not proceeded diligently with construction, the Agency may purchase the mortgage or deed of trust by payment to the holder of the amount of the unpaid mortgage or deed of trust debt, including principal and interest and all other sums secured by the mortgage or deed of trust. If the ownership of the Site or any part thereof has vested in the holder, the Agency, if it so desires, shall be entitled to a conveyance from the holder to the Agency upon payment to the holder of an amount equal to the sum of the following:

a. The unpaid mortgage or deed of trust debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);

b. All expenses with respect to foreclosure;

c. The net expense, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Site or part thereof;

d. The costs of any improvements made by such holder; and

e. An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Agency; less

f. Any income derived by the lender from operations conducted on the Site (the receipt of principal and interest payments in the ordinary course of the lender's business shall not constitute income for the purposes of this subsection f).

5. [§320] Right of the Agency to Cure Mortgage or Deed of Trust Default

In the event of a mortgage or deed of trust default or breach by the Developer prior to the completion of the construction of the improvements on the Site or any part thereof and the holder of any mortgage or deed of trust has not exercised its option to construct, the Agency may cure the default. In such event, the Agency shall be entitled to reimbursement from the Developer of all proper costs and expenses incurred by the Agency in curing such default. The Agency shall also be entitled to a lien upon the Site to the extent of such costs and disbursements. Any such lien shall be subject to the construction financing mortgages or deeds of trust.

E. [§321] Right of the Agency to Satisfy Other Liens on the Site After Title Passes

After the conveyance of title and prior to the completion of construction, and after the Developer has had written notice and has failed after a reasonable time, but in any event not less than fifteen (15) days, to challenge, cure, adequately bond against, or satisfy any liens or encumbrances on the Site which are not otherwise permitted under this Agreement, the Agency shall have the right but no obligation to satisfy any such liens or encumbrances.

F. [§322] Certificate of Completion

Promptly after completion of all construction and development required by this Agreement to be completed by the Developer upon the Site in conformity with this Agreement, the Agency shall furnish the Developer with a Certificate of Completion upon written request therefor by the Developer. Such Certificate shall be substantially in the form of Attachment No. 6 hereto. The Agency shall not unreasonably withhold any such Certificate of Completion. Such Certificate of Completion shall be a conclusive determination of satisfactory completion of the construction required by this Agreement upon the Site and the Certificate of Completion shall so state. The Agency may also furnish the Developer with a Certificate of Completion for portions of the improvements upon

the Site as they are properly completed and ready to use if the Developer is not in default under this Agreement. After recordation of such Certificate of Completion, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest therein shall not (because of such ownership, purchase, lease or acquisition), incur any obligation or liability under this Agreement except that such party shall be bound by any covenants contained in the Grant Deed (Attachment No. 4), lease, mortgage, deed of trust, contract, other instrument or transfer, or other documents establishing covenants on the Site in accordance with the provisions of Section 401 of this Agreement which shall be applicable according to its terms.

A Certificate of Completion of construction for the entire improvement and development of the Site shall be in such form as to permit it to be recorded in the Recorder's Office of Orange County.

If the Agency refuses or fails to furnish a Certificate of Completion for the Site, or part thereof, after written request from the Developer, the Agency shall, within thirty (30) days of written request therefor, provide the Developer with a written statement of the reasons the Agency refused or failed to furnish a Certificate of Completion. The statement shall also contain Agency's opinion of the actions of the Developer must take to obtain a Certificate of Completion. If the reason for such refusal is confined to the immediate availability of specific items of materials for landscaping, the Agency will issue its Certificate of Completion upon the posting of a bond by the Developer with the Agency in an amount representing a fair value of the work not yeat completed. If the Agency shall have failed to provide such written statement within said thirty (30) day period, the Developer shall be deemed entitled to the Certificate of Completion.

Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the improvements, or any part thereof. Such Certificate of Completion is not a notice of completion as referred to in the California Civil Code, Section 3093.

IV. [§400] USE OF THE SITE

A. [§401] Uses

The Developer covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Site or any part thereof, that during construction and

thereafter, the Developer, such successors and such assignees, shall devote the Site to "Conforming Industrial Uses" (as hereinafter defined in Exhibit A to the Scope of Development, Attachment No. 5) with not more than ten percent (10%) of the gross building area on the Site to be used for retail sales of products produced on the Site, all as hereinafter provided in Exhibit A to the Scope of Development (Attachment No. 5); the Developer further covenants that uses shall additionally conform to the Redevelopment Plan, the Grant Deed (Attachment No. 4) and this Agreement and that the Developer, its successors and assigns, shall use best efforts to provide and cause to be provided employment opportunities to residents of Buena Clinton in the construction of the Developer Improvements and in the conduct of activities on the Site after completion of the Developer Improvements for the periods of time specified therein. The foregoing covenants shall run with the land. The Developer agrees and acknowledges that it shall use best efforts to assure that uses conducted on the Site are uses which maximize employment opportunities for residents of Buena Clinton.

The Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, age, handicap, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, 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, subtenants, sublessees or vendees of the Site. The foregoing covenants shall run with the land.

The Developer shall refrain from restricting the rental, sale or lease of the Site on the basis of race, color, creed, religion, sex, marital status, handicap, national origin or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, age, handicap, national origin or ancestry in the sale, lease, sublease, transfer,

use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

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

"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, handicap, age, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased."

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, age, handicap, ancestry or national origin, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises."

B. [§402] Maintenance of the Site

The Developer shall maintain the improvements on the Site in conformity with the Garden Grove Municipal Code and shall keep the Site free from any accumulation of debris or waste materials.

The Developer shall also maintain the landscaping required to be planted under the Scope of Development (Attachment No. 5) in a healthy condition. If, at any time, Developer fails to maintain said landscaping, and said condition is not corrected after expiration of thirty (30) days from the date of written notice from the Agency, either the Agency or the City may perform the necessary landscape maintenance and Developer shall pay such costs as are reasonably incurred for such maintenance.

Issuance of a Certificate of Completion by the Agency shall not affect Developer's obligations under this Section 402; such obligations shall remain in effect until the termination of the Redevelopment Plan.

C. [§403] Rights of Access

The Agency, for itself and for the City and other public agencies, at their sole risk and expense, reserves the right to enter the Site or any part thereof at all reasonable times for the purpose of construction, reconstruction, maintenance, repair or service of any public improvements or public facilities located on the Site. Any such entry shall be made only after reasonable notice to Developer, and Agency shall indemnify and hold Developer harmless from any costs, claims, damages or liabilities pertaining to any entry.

D. [§404] Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction

The covenants established in this Agreement and the deeds shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Agency, its successors and assigns, as to those covenants which are for its benefit. The covenants, contained in this Agreement and the Deeds shall remain in effect until the termination date of the Redevelopment Plan. The covenants against racial discrimination shall remain in perpetuity.

The Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own rights and for the purposes of

protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. The Agreement and the covenants shall run in favor of the Agency, without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Site or in the Project Area. The Agency shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled.

V. [§500] GENERAL PROVISIONS

A. [§501] Notices, Demands and Communications Between the Parties

Written notices, demands and communications between the Agency and the Developer shall be sufficiently given if delivered by hand (and a receipt therefor is obtained or is refused to be given) or dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Agency and the Developer. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section 501.

Any written notice, demand or communication shall be deemed received immediately if delivered by hand and shall be deemed received on the tenth day from the date it is postmarked if delivered by registered or certified mail.

B. [§502] Conflicts of Interest

No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested. No member, official or employee of the Agency shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the Agency, or for any amount which may become due to the Developer or successor or on any obligations under the terms of this 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.

C. [§503] Enforced Delay; Extension of Times of Performance

In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; acts or omissions of the other party; acts or failures to act of the City of Garden Grove or any other public or governmental Agency or entity (other than the acts or failures to act of the Agency which shall not excuse performance by the Agency); or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Agency and Developer.

Developer is not entitled pursuant to this Section 503 to an extension of time to perform because of past, present, or future difficulty in obtaining suitable temporary or permanent financing for the acquisition or development of the Site.

D. [§504] Nonliability of Officials and Employees of the Agency

No member, official or employee of the Agency or the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the Agency (or the City) or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement.

E. [§505] Inspection of Books and Records

The Agency has the right at all reasonable times to inspect the books and records of the Developer pertaining to employment and conduct of uses on the Site as pertinent to the

purposes of this Agreement. The Developer also has the right at all reasonable times to inspect the public records of the Agency pertaining to the Site as pertinent to the purposes of the Agreement.

VI. [§600] DEFAULTS AND REMEDIES

A. [§601] Defaults--General

Subject to the extensions of time set forth in Section 503, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction or remedy with diligence.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, and except for Sections 319 and 321 of this Agreement, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

B. [§602] Legal Actions

1. [§603] Institution of Legal Actions

In addition to any other rights or remedies and subject to the restrictions in Section 601, either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Orange, State of California, in an appropriate municipal court in that county, or in the Federal District Court in the Central District of California.

2. [§604] Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

3. [§605] Acceptance of Service of Process

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

In the event that any legal action is commenced by the Agency against the Developer, service of process on the Developer shall be made by personal service upon a corporate officer of the Developer and shall be valid whether made within or without the State of California or in such other manner as may be provided by law.

C. [§606] Rights and Remedies Are Cumulative

Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

D. [§607] Inaction Not a Waiver of Default

Any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

E. [§608] Remedies and Rights of Termination Prior to Conveyances

1. [§609] Damages.

If either party defaults with regard to any of the provisions of this Agreement, the non-defaulting party shall serve written notice of such default upon the defaulting party. If the default is not cured or commenced to be cured by the defaulting party within thirty (30) days after service of the notice of default (or within such other period as is set forth herein), the defaulting party shall be liable to the other party for any damages caused by such default. Notwithstanding the foregoing, the Agency shall not be liable in damages for the failure to acquire the Site provided that the Agency makes reasonable efforts to acquire the Site by means of voluntary purchase.

2. [§610] Specific Performance

If either party defaults under any of the provisions of this Agreement, the non-defaulting party shall serve written notice of such default upon the defaulting party. If the default is not cured by the defaulting party within thirty (30) days of service of the notice of default, or such other time limit as may be set forth herein with respect to such default, the non-defaulting party at its option may thereafter (but not before) commence an action for specific performance of terms of this Agreement.

3. [§611] Termination by the Developer

In the event that:

(a) The Agency has not acquired title to all parcels of real property within the Phase I Area by the date established in the Schedule of Performance (Attachment No. 3) for the Phase I Conveyance and any such failure is not cured within thirty (30) days after written demand by the Developer; or

(b) The Agency does not tender conveyance of the Phase I Area or possession thereof, in the manner and condition, and by the date established in the Schedule of Performance (Attachment No. 3) for the Phase I Conveyance, and any such failure shall not be cured within thirty (30) days after written demand by the Developer; or

(c) The Agency has not acquired title to all of the parcels of real property within the Phase II Area by the date established in the Schedule of Performance (Attachment No. 3) for the Phase II Conveyance and any such failure is not cured within thirty (30) days after written demand by the Developer; or

(d) The Agency does not tender conveyance of the Phase II Area, or possession thereof, in the manner and condition and by the date established in the Schedule of Performance (Attachment No. 3) for the Phase II Conveyance, and any such failure shall not be cured within thirty (30) days after written demand by the Developer;

Then, at the option of the Developer, upon written notice thereof to the Agency, all provisions of this Agreement concerning the Phase II Area shall terminate and be of no further force and effect, the Letter of Credit Amount (and, if the Phase I Conveyance was effected on or before October 1, 1986), the Cash Amount and the Additional Deposit shall be returned to the Developer, and, if the Phase I Conveyance has occurred, all provisions of this Agreement concerning the Phase I Area shall remain in full force and effect; thereafter, neither the Agency nor the Developer shall have any further rights against or liability to the other with respect to the Phase II Area pursuant to this Agreement. In the event of termination pursuant to Sections 611(a) or (b), the Good Faith Deposit shall be returned to the Developer, and thereafter neither the Agency nor the Developer shall have any further rights against or liability to the other with respect to the Site or otherwise pursuant to this Agreement.

4. [§612] Termination by the Agency

In the event that prior to the Conveyances:

(a) The Developer (or any successor in interest) assigns or attempts to assign the Agreement or any rights therein or in the Site in violation of this Agreement; or

(b) There is a change in the ownership of the Developer contrary to the provisions of Section 107(a) hereof; or

(c) The Developer does not submit the Good Faith Deposit (or any portion thereof) by the respective times established therefor in the Schedule of Performance (Attachment No. 3); or

(d) The Developer does not submit certificates of insurance, construction plans, drawings and related documents as required by this Agreement, in the manner and by the dates respectively provided in this Agreement therefor any such default or failure shall not be cured within forty-five (45) days after the date of written demand therefor by the Agency; or

(e) The Developer fails to execute the Grant Deed (Attachment No. 4) by the time established in the Schedule of Performance (Attachment No. 3) for the Phase I Conveyance or the Phase II Conveyance; or

(f) The Developer fails to satisfy the Conditions Precedent to the Phase I Conveyance by the time established therefor in the Schedule of Performance (Attachment No. 3); or

(g) The Developer does not take title to the Phase I Area under tender of conveyance by the Agency pursuant to this Agreement and such failure is not cured within thirty (30) days of demand therefor by the Agency; or

(h) The Developer fails to satisfy the Conditions Precedent to the Phase II Conveyance by the time established therefor in the Schedule of Performance (Attachment No. 3); or

(i) The Developer does not take title to the Phase II Area upon tender of conveyance by the Agency pursuant to this Agreement and such failure is not cured within thirty (30) days of demand therefor by the Agency;

then, at the option of the Agency, upon written notice thereof to the Developer, the Good Faith Deposit shall be retained by the Agency; this Agreement shall be terminated (except that, in the event the Phase I Conveyance has occurred, all provisions of this Agreement concerning the Phase I Area shall remain in full force and effect), and thereafter (except as otherwise provided with respect to the continued efficacy of provisions relating to the Phase I Area in the event the Phase I Conveyance has occurred) neither party shall have any further rights against the other under this Agreement or with respect to the Site. In the event of termination of this Agreement pursuant to this Section 612, the Agency will sustain damages which are extremely difficult and impractical to fix; such damages would include the loss of potential lease or sale revenues, loss of property tax revenues, the continued blighting influences resulting from the failure or delay in redeveloping all of the Site, and the failure to realize employment opportunities. The parties agree that the Good Faith Deposit shall be retained by the Agency as liquidated and agreed damages and as its property without any deduction, offset, or recoupment whatsoever, and the Agreement is terminated pursuant to Section 612.

Developer

Agency

In the event the foregoing liquidated damages provision is held to be unenforceable, the Agency shall be entitled to proceed with all remedies provided at law or equity.

F. [§613] Remedies of the Parties for Default After Passage of Title and Prior to Completion of Construction

1. [§614] Termination and Damages

After conveyance of said title and prior to the recordation of a Certificate of Completion, if either the Developer or the Agency defaults with regard to any of the provisions of this Agreement, the nondefaulting party shall serve written notice of such default upon the defaulting party. If the default is not cured by the defaulting party within thirty (30) days after service of the notice of default, the defaulting party shall be liable to the other party for any damages caused by such default.

2. [§615] Action for Specific Performance

If either the Developer or the Agency defaults under any of the provisions of this Agreement after the conveyance of title and prior to the recordation of a Certificate of Completion for the improvements and development to be made thereon, the nondefaulting party shall serve written notice of such default upon the defaulting party. If the default is not commenced to be cured by the defaulting party within thirty (30) days after service of the notice of default, the nondefaulting party at its option may institute an action for specific performance of the terms of this Agreement.

G. [§616] Reentry and Revesting of Title in the Agency After the Conveyances

The Agency has the additional right, at its option, to reenter and take possession of each of the Phase I Area and the Phase II Area, with all improvements thereon, and terminate and revest in the Agency the estate conveyed to the Developer if after conveyance of title and prior to the issuance of the Certificate of Completion, the Developer (or its successors in interest) shall:

1. Fail to start the construction of the improvements as required by this Agreement for a period of forty-five (45) days after written notice thereof from the Agency; or

2. Abandon or substantially suspend construction of the improvements required by this Agreement for a period of forty-five (45) days after written notice thereof from the Agency; or

3. Transfer or suffer any involuntary transfer of the Phase I Area or the Phase II Area, or any part thereof, in violation of this Agreement.

Such right to reenter, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit:

1. Any mortgage or deed of trust permitted by this Agreement; or

2. Any rights or interests provided in this Agreement for the protection of the holders of such mortgages or deed of trust.

The rights established in this Section 616 shall not apply to individual parts or parcels of the Site on which the improvements to be constructed thereon have been completed in accordance with the Agreement and for which a Certificate of Completion has been recorded therefor as provided in Section 322.

The Grant Deed (Attachment No. 4) shall contain appropriate reference and provision to give effect to the Agency's right as set forth in this Section 616, under specified circumstances prior to recordation of the Certificate of Completion, to reenter and take possession of the Phase I Area and the Phase II Area (whichever is affected), with all improvements thereon, and to terminate and revest in the Agency the estate conveyed to the Developer.

Upon the revesting in the Agency of title to the Phase I Area and/or the Phase II Area as provided in this Section 616, the Agency shall, pursuant to its responsibilities under state law, use its best efforts to resell the Phase I Area and/or the Phase II Area as soon and in such manner as the Agency shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan, as it may be amended, to a qualified and responsible party or parties (as determined by the Agency) who will assume the obligation or making or completing the improvements, or such other improvements in their stead as shall be satisfactory to the Agency and in accordance with the uses specified for such Phase I Area and/or the Phase II Area or part thereof in the Redevelopment Plan. Upon such resale of the Phase I Area and/or the Phase II Area, the proceeds thereof shall be applied:

1. First, to reimburse the Agency, on its own behalf or on behalf of the City, for all costs and expenses incurred by the Agency, including, but not limited to, any expenditures by the Agency or the City in connection with the recapture, management and resale of the Phase I Area and/or the Phase II Area or part thereof (but less any income derived by the Agency from the Phase I Area and/or the Phase II Area or part thereof in connection with such management); all taxes, assessments and water or sewer charges with respect to the Phase I Area and/or the Phase II Area or part thereof which the Developer has not paid (or, in the event the Phase I Area and/or the Phase II Area is exempt from taxation or assessment or such charges during the period of ownership thereof by the Agency, an amount, if paid, equal to such taxes, assessments, or charges as would have been payable if such area were not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Phase I Area and/or the Phase II Area or part thereof at the time of revesting of title thereto in the Agency, or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part thereof on the Phase I Area and/or the Phase II Area, or part thereof; and any amounts otherwise owing the Agency, the Developer and its successor or transferee; and in the event additional proceeds are thereafter available, then

2. Second, to reimburse the Developer, its successor or transferee, up to the amount equal to the sum of (a) the Phase I Price paid to the Agency by the Developer for the Phase I Area or the Phase II Price for the Phase II Area, whichever is applicable, (b) the costs incurred for the development of the Phase I Area or the Phase II Price for the Phase II Area, whichever is applicable, and for the improvements existing on the Site at the time of the reentry and repossession, less (c) any gains or income withdrawn or made by the Developer from the Phase I Area or the Phase II Area (whichever is applicable) or the improvements thereon.

Any balance remaining after such reimbursements shall be retained by the Agency as its property.

The rights established in this Section 616 are to be interpreted in light of the fact that the Agency will convey the the Phase I Area and the Phase II Area to the Developer for development, and not for speculation in undeveloped land.

VII. [§700] SPECIAL PROVISIONS

A. [§701] Submission of Documents to the Agency for Approval.

Whenever this Agreement requires the Developer to submit plans, drawings or other documents to the Agency for approval, which shall be deemed approved if not acted on by the Agency within the specified time, said plans, drawings or other documents shall be accompanied by a letter stating that they are being submitted and will be deemed approved unless rejected by the Agency within the stated time. If there is not time specified herein for such Agency action, the Developer may submit a letter requiring Agency approval or rejection of documents within thirty (30) days after submission to the Agency or such documents shall be deemed approved.

B. [§702] Real Estate Commissions

The Developer represents to the Agency that it has not engaged the services of any finder or broker and that it is not liable for any real estate commissions, broker's fees, or finder's fees which may accrue by means of the acquisition of the Site, and agrees to hold harmless the Agency from such commissions or fees as are alleged to be due from the party making such representations.

C. [§703] Successors In Interest

The terms, covenants, conditions and restrictions of this Agreement shall extend to and shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the Developer.

Upon the termination of the restrictions imposed by Section 107 of this Agreement, which terminate upon the issuance by the Agency of a Certificate of Completion for the entire Site, all of the terms, covenants, conditions and restrictions of this Agreement which do not terminate upon the issuance by the Agency of the Certificate of Completion for the entire Site shall be deemed to be, and shall, constitute terms, covenants, conditions and restrictions running with the land.

D. [§704] Amendments to this Agreement

Developer and Agency agree to mutually consider reasonable requests for amendments to this Agreement which may be made by lending institutions, or Agency's counsel or financial consultants, provided said requests are consistent with this Agreement and would not substantially alter the basic business terms included herein.

E. [§705] Memorandum of Agreement

Concurrent with executing this Agreement, the Developer shall execute the "Memorandum of Agreement" which is attached hereto as Attachment No. 8 and is incorporated herein by reference. The Agency shall, at its option, at any time of its choosing, cause the Memorandum of Agreement (Attachment No. 8) to be recorded among the official records of the County of Orange.

VIII. [§800] ENTIRE AGREEMENT, WAIVERS

This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement includes pages 1 through 46 and Attachments 1 through 8, which constitutes the entire understanding and agreement of the parties.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

Time is of the essence with respect to each and every provision of this Agreement.

All waivers of the provisions of this Agreement must be in writing by the appropriate authorities of the Agency and the Developer, and all amendments hereto must be in writing by the appropriate authorities of the Agency and the Developer.

Each individual signing below represents and warrants that he has the authority to execute this Agreement on behalf of and bind the party he purports to represent.

In any circumstance where under this Agreement either party is required to approve or disapprove any matter, approval shall not be unreasonably withheld.

IX. [§900] TIME FOR ACCEPTANCE OF AGREEMENT BY AGENCY

This Agreement, when executed by the Developer and delivered to the Agency, must be authorized, executed and delivered by the Agency on or before thirty (30) days after signing and delivery of this Agreement by Developer or this Agreement shall be void, except to the extent that the Developer shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement. The date of this Agreement shall be the date when it shall have been signed by the Agency.

IN WITNESS WHEREOF, the Agency and the Developer have signed this Agreement on the respective dates set forth below.

March 20, , 1986

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

By _____
Chairman

"AGENCY"

ATTEST:

_____
Secretary

Approved: 3/3/86

APPROVED AS TO FORM:

_____
Stradling, Yocca, Carlson & Rauth,
Special Counsel to the Agency

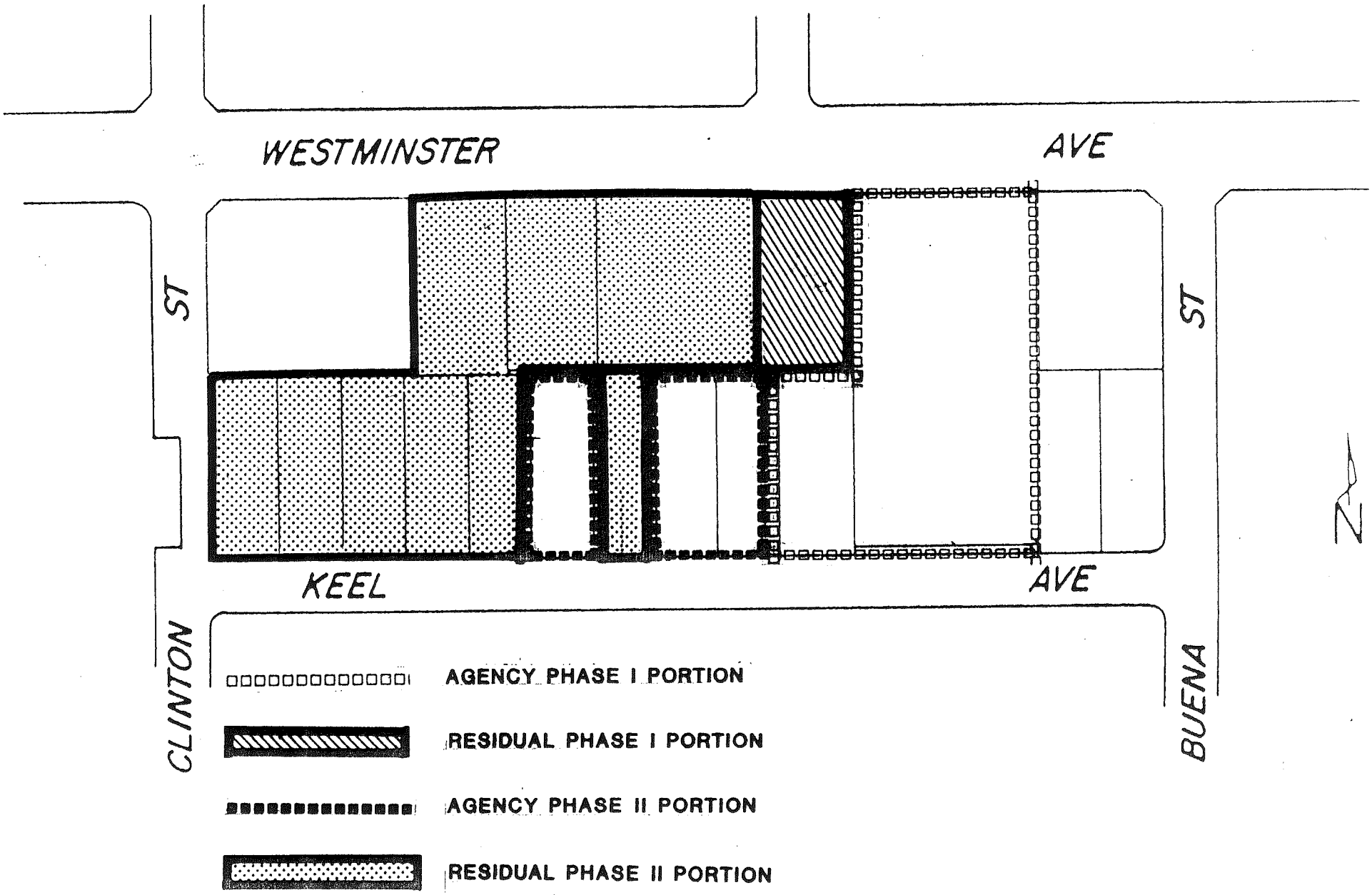
BUENA CLINTON CENTER, a California Limited Partnership

By: _____
Stan Smolin, General Partner

By: _____
John W. Casey, Jr., General Partner

"DEVELOPER"

BUENA CLINTON CENTER



ATTACHMENT NO. 1
Page 1 of 2

BUENA CLINTON CENTER
PHASING PLAN

ATTACHMENT NO. 2

LEGAL DESCRIPTION

PHASE 1

LOT 10 OF TRACT NO. 3337, AS PER MAP RECORDED IN BOOK 132, PAGES 33 THROUGH 36 INCLUSIVE OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF ORANGE AND THAT PORTION OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 5 SOUTH, RANGE 10 WEST IN RANCHO LAS BOLSAS AS PER MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS. RECORDS OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF LOT 101 OF SAID TRACT NO. 3337; THENCE NORTH 0° 26' 45" WEST ALONG THE WEST LINE OF SAID LOT AND ITS NORTHERLY PROLONGATION 463.41 FEET TO THE CENTERLINE OF WESTMINSTER AVENUE AS SHOWN ON THE MAP OF SAID TRACT 3337; THENCE SOUTH 89° 47' 05" WEST ALONG SAID CENTERLINE 321.00 FEET; THENCE SOUTH 0° 26' 45" EAST 255.00 FEET TO THE NORTHLINE OF LOT 9 OF SAID TRACT NO. 3337; THENCE NORTH 89° 47' 05" EAST ALONG SAID NORTHLINE TO THE NORTHWEST CORNER OF LOT 10 OF SAID TRACT; THENCE SOUTH 0° 26' 45" EAST ALONG THE WESTLINE OF SAID LOT 10 TO THE SOUTHWEST CORNER THEREOF; THENCE NORTH 89° 45' 20" EAST 298.00 FEET TO THE POINT OF BEGINNING.

PHASE II

PARCEL 1

THE NORTH 255.00 FEET OF THE EAST 400.00 FEET OF THE WEST 770.00 FEET OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN RANCHO LAS BOLSAS AS PER MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF ORANGE:

EXCEPT THERE FROM THE EAST 110.00 FEET THEREOF.

PARCEL 2

THE EASTERLY 100. FEET OF THAT PORTION OF THE NORHTWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 1 OF TRACT NO. 3337, AS SHOWN ON A MAP RECORDED IN BOOK 132, PAGES 33 THROUGH 36 INCLUSIVE OF SAID MISCELLANEOUS MAPS; THENCE ALONG THE BOUNDARY OF SAID TRACT NO. 3337, NORTH 0 DEGREES 26' 45" WEST 187.93 FEET, NORTH 44 DEGREES 40' 10" EAST 24.09 FEET AND NORTH 0 DEGREES 12' 55" WEST 50.00 FEET TO THE NORTH LINE OF SAID SECTION 10; THENCE NORTH 89 DEGREES 47' 05" EAST 255.00 FEET ALONG SAID EASTERLY LINE TO THE NORTHERLY LINE OF SAID TRACT NO. 3337; THENCE SOUTH 89 DEGREES 47' 05" WEST 340.00 FEET TO THE POINT OF BEGINNING.

PARCEL 3

LOTS 1 THROUGH 9 INCLUSIVE OF TRACT NO. 3337 AS PER MAP RECORDED IN BOOK 132, PAGES 33 TO 36 INCLUSIVE OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF ORANGE.

ATTACHMENT NO. 3

SCHEDULE OF PERFORMANCE

I. GENERAL PROVISIONS

1.	Execution of Agreement by Agency. The Agency shall approve and execute this Agreement, and shall deliver one (1) copy thereof to the Developer.	Not later than thirty (30) days after the date of approval and submission of three (3) copies of this Agreement by the Developer.
2.	Submission of Cash Amount and the Letter of Credit Amount. Developer shall submit the Cash Amount and the Letter of Credit Amount.	Prior to approval of this Agreement by Agency.
3.	Submittal of Site Plan Drawings. Developer shall prepare and submit to the Agency the Site Plan.	(a) Phase I: Within thirty (30) days after approval of the Agreement by the Agency. (b) Phase II: Within two hundred forty (240) days after approval of the Agreement by Agency.
4.	Submittal of the Additional Deposit. Developer shall submit the Additional Deposit.	Within 30 (3) days after approval of the Agreement.
5.	Planning Commission Review. Planning Commission holds hearing and reviews Site Plan.	Within sixty (60) days after Site Plan submitted in form complete for applicable City processing for Phase I or Phase II, whichever is applicable.
6.	City/Agency Review of Site Plan. City/Agency approve or disapprove the Site Plan.	Within thirty (30) days after Planning Commission hearing.

II. CONSTRUCTION DOCUMENTS AND BUILDING PERMIT

7.	Plan Check Submittal. Developer shall submit to the Agency complete Construction (working) Drawings and a Final Landscaping Plan, Sign Program, and Finish Grading Plan in form ready for plan check.	Within fifteen (15) days after Agency approval of the Site Plan with respect to Phase I or Phase II, whichever is applicable.
8.	Initial City/Agency Review. Agency or City conducts initial review of documents submitted pursuant to item 7, above, and advises Developer as to (i) whether submittal is complete and (ii) whether submittal is satisfactory, unsatisfactory, or requires supplement or revision.	Within ten (10) days after Agency or City receives all materials referenced in item 7, above.
9.	Developer Supplemental Submission. Developer submits documents satisfying Agency/ City requirements determined pursuant to item 8, above.	Within ten (10) days after notification by Agency/City pursuant to item 8, above.
10.	City/Agency Review. Agency or City reviews or approves or disapproves plan check submittal materials.	Within ten (10) days after submittal pursuant to item 9, above.
11.	Obtaining of Building Permits. Developer shall obtain all building and other permits needed to commence construction of the Developer Improvements. Agency shall provide appropriate assistance to Developer as requested from time to time in dealing with all City agencies.	(a) Phase I: not later than July 1, 1986. (b) Phase II: not later than February 12, 1987.

III. SITE ASSEMBLAGE

12.	Opening of Escrow. Agency shall open Escrow for sale of the Phase I Area and Phase II Area to Developer.	(a) Phase I: on or before May 1, 1986. (b) Phase II: on or before December 31, 1986.

13.	Site Negotiations. The Agency commences negotiations for the acquisition of the Site.	Within sixty (60) days after the approval of this Agreement provided that Developer is not in default of the Agreement.
14.	Conditions Precedent. Developer shall satisfy all of the Conditions Precedent to Conveyances.	(a) Phase I: not later than June 27, 1986. (b) Phase II: not later than February 9, 1987.
15.	Deposit of Purchase Price. Developer shall deposit into the Escrow the Phase I Price or the Phase II Price.	Not less than two (2) business days prior to the close of escrow.
16.	Demolition. Agency demolishes structure at or above the surface on the Site.	Prior to the Phase I Conveyance.
17.	Conveyances. Agency conveys Phase I and thereafter Phase II to Developer.	(a) Phase I: not later than July 1, 1986, provided that (i) the Developer has satisfied the Conditions Precedent to the Phase I Conveyance, and (ii) the Agency acquires the Phase I Area. (b) Phase II: not later than February 12, 1987, provided that (i) the Developer has satisfied the Conditions Precedent to the Phase II Conveyance, and (ii) the Agency acquires the Phase II Area.
IV.	CONSTRUCTION PHASE	
18.	Commencement of Construction. Developer shall commence construction of the Phase I Improvements and the Phase II Improvements.	(a) Phase I: not later than thirty (30) days after the Phase I Conveyance. (b) Phase II: not later than thirty (30) days after the Phase II Conveyance.
19.	Completion of Construction. Developer shall complete construction of all of the Developer Improvements.	(a) Phase I: not later than six (6) months after the earlier of (i) the Phase I Conveyance or (ii) the commencement of construction. (b) Phase II: not later than six (6) months after the earlier of (i) the Phase II Conveyance or (ii) the commencement of construction.

WHEN RECORDED MAIL TO:

City of Garden Grove
P.O. Box 3070
Garden Grove, CA 92642

RECORDING REQUESTED BY
TRANSAMERICA TITLE CO.

86-340444

EXEMPT
C14

RECORDED IN OFFICIAL RECORDS
OF ORANGE COUNTY, CALIFORNIA

8 50 AM AUG - 4 '86

Lee A Branch COUNTY RECORDER

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MAIL TAX STATEMENTS TO:

Buena Clinton Center
12666 Brookhurst, Suite 110
Garden Grove, CA 92640

DOCUMENTARY TRANSFER TAX $ 760.10

XX ..... Computed on the consideration or value of property conveyed; OR
..... Computed on the consideration or value less liens or encumbrances remaining at time of sale.

City of Garden Grove
Signature of Declarant or Agent determining tax – Firm Name

AP# 198-111-05; 06; 10 and 11

GRANT DEED

Free Recording Requested
Government Code Section 6103

For a valuable consideration receipt of which is hereby acknowledged,

The GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic, of the State of California, herein called "Grantor" acting to carry out the Redevelopment Plan, herein called "Redevelopment Plan" for the Buena Clinton Redevelopment Project, herein called "Project", under the Community Redevelopment Law of California, hereby grants to BUENA CLINTON CENTER, a California Limited Partnership, herein called "Grantee," the real property hereinafter referred to as "Property", described in Exhibit A attached hereto and incorporated herein, subject to the existing easements, restrictions and covenants or record described there.

TA 80-341 SP

1. Grantor excepts and reserves from the conveyance herein described all interest of the Grantor in oil, gas, hydrocarbon substances and minerals of every kind and character lying more than 500 feet below the surface, together with the right to drill into, through, and to use and occupy all parts of the Property lying more than 500 feet below the surface thereof for any and all purposes incidental to the exploration for and production of oil, gas, hydrocarbon substances or minerals from said site or other lands, but without, however, any right to use either the surface of the Property or any portion thereof within 500 feet of the surface for any purpose or purposes whatsoever.

2. Said Property is conveyed in accordance with and subject to the Redevelopment Plan which was approved and adopted by Ordinance No. 1742 of the City Council of the City of Garden Grove, and a Disposition and Development Agreement entered into between Grantor and Grantee dated March 20, 1986 (the "DDA"), a copy of which is on file with the Grantor at its offices as a public record and which is incorporated herein by reference.

3. The Grantee shall devote the Property only to the development permitted and the uses specified in the applicable provisions of the Redevelopment Plan for the Project (or any amendments thereof approved pursuant to paragraph 11 of this Grant Deed), and this Grant Deed, whichever document is more restrictive.

4. The Property is conveyed to grantee at a purchase price, herein called "Purchase Price", determined in accordance with the uses permitted. Therefore, Grantee hereby covenants and agrees for itself, its successors, its

Attachment No. 4

assigns, and every successor in interest to the Property that the Grantee, such successors and such assigns, shall develop, maintain, and use the Property only as follows:

(a) Grantee shall develop the Property for industrial uses as required by the DDA, and with parking conforming to the requirements of the Garden Grove City Code.

(b) Grantee shall maintain the improvements on the Property in conformity with the Garden Grove Municipal Code and shall keep the Property free from any accumulation of debris or waste materials. Grantee shall also maintain the required landscaping in a healthy condition.

If, at any time, Grantee fails to maintain the said landscaping, and said condition is not corrected after expiration of five (5) days from the date of written notice from the Grantor, either the Grantor, or the City of Garden Grove may perform the necessary maintenance and Grantee shall pay such costs as are reasonably incurred for such maintenance.

(c) Grantee shall only sell, transfer or convey the Property as a whole and is not permitted to subdivide the Property for the duration of the Redevelopment Plan without the prior approval of the Grantor, or the City of Garden Grove if the Agency is no longer in existence at the date of request for approval.

5. Prior to recordation of a Certificate of Completion issued by the Grantor for the improvements to be constructed on the Property:

(a) The Grantee shall not make any sale, transfer, conveyance, subdivision or assignment of the Property or any part thereof or any interest therein, without the prior written consent of the Grantor except as permitted by paragraph 5(b) of this Grant Deed. In the event that the Grantee does sell, transfer, convey, or assign any part of the Property, buildings, or structures thereon prior to the recordation of a Certificate of Completion, the Grantor shall be entitled to increase the Purchase Price paid by the Grantee by the amount that the consideration payable for such assignment or transfer is in excess of the Purchase Price paid by the Grantee, plus the cost of improvements, including carrying charges. The consideration payable for the assignment or transfer, to the extent it is in excess of the amount so authorized, shall belong and be paid to the Grantor and until so paid the Grantor shall have a lien on the Property and any part involved for such amount. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Property.

(b) The Grantee shall not place or suffer to be placed on the Property any lien or encumbrance other than mortgages, deeds of trust, or any other form of conveyance required for financing of the acquisition of the Property, the construction of improvements on the Property, and any other expenditures necessary and appropriate to develop the Property. The Grantee shall not enter into any such conveyance for financing without prior written approval of Grantor. No approval will be given for a conveyance of the property to finance the construction or improvements on real property other than the real property described in Exhibit A hereto.

6. Prior to recordation of any Certificate of Completion issued by Grantor for the improvements to be constructed on the Property:

(a) The Grantor shall have the right at its option to reenter and take possession of the Property hereby conveyed with all improvements thereon and to terminate and revest in the Grantor the Property hereby conveyed to the Grantee if the Grantee (or its successors in interest) shall:

(i) Fail to commence the construction of the improvements as required by paragraph 4(a) of this Grant Deed for a period of 45 days after written notice thereof from the Grantor, provided that Grantee shall not have obtained an extension or postponement to which Grantee may be entitled; or

(ii) Abandon or substantially suspend construction of the improvements for a period of 45 days after written notice thereof from the Grantor, provided that Grantee shall not have obtained an extension or postponement to which Grantee may be entitled; or

(iii) Transfer, or suffer an involuntary transfer of, the Property, or any part thereof in violation of this Grant Deed.

(b) The right to reenter, repossess, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid, or limit:

(i) Any mortgage or deed of trust or other security interest permitted by paragraph 5(b) of this Grant Deed; or

(ii) Any rights or interests provided for the protection of the holders or such mortgages or deed of trust or other security interests.

(c) The right to reenter, repossess, terminate and revest with respect to the Property shall terminate when the Certificate of Completion regarding the improvements to be constructed under paragraph 4 on the Property has been recorded by the Grantor.

(d) In the event title to the Property or any part thereof is revested in the Grantor as provided in this paragraph 6, the Grantor shall, pursuant to its responsibilities under State law, use its best efforts to resell the Property or any part thereof as soon and in such manner as the Grantor shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan to a qualified party or parties (as determined by the Grantor) who will assume the obligation of making or completing the improvements or such other improvements in their stead as shall be satisfactory to the Grantor and in accordance with the uses specified for such Property or part thereof in the Redevelopment Plan. Upon such resale of the Property the proceeds thereof shall be applied:

(i) First, to reimburse the Grantor, on its own behalf or on behalf of the City of Garden Grove, for all costs and expenses incurred by the Grantor, including but not limited to, salaries to personnel engaged in such action (but excluding Grantor's general overhead expense), in connection with the recapture, management, and resale of the Property or part thereof (but less any income derived by the Grantor from the Property or part thereof in connection with such management); all taxes, assessments, and water and sewer charges with respect to the Property or part thereof (or, in the event the Property is exempt from taxation or assessment or such charges during the period of ownership thereof by the Grantor), an amount, if paid, equal to such taxes, assessments, or charges, as determined by the County assessing official, as would have been payable if the Property were not so exempt; any payments made or necessary to be made to discharge any encumbrances or liens existing on the Property or part thereof at the time of revesting of title thereto in the Grantor or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Grantee, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part thereof on the Property or part thereof; and any amounts otherwise owed to the Grantor by the Grantee and its successor or transferee; and

(ii) Second, to reimburse the Grantee, its successor or transferee, up to the amount equal to the sum of (1) the Purchase Price paid to the Grantor by the Grantee for the Property (or allocable to the part thereof); (2) the costs incurred for the development of the Property and for the improvements existing on the Property at the time or reentry and repossession, less (3) any gains or income withdrawn or made by the Grantee from the Property or the improvements thereon.

(iii) Any balance remaining after such reimbursements shall be retained by the Grantor.

(e) To the extent that this right of reverter involves a forfeiture, it must be strictly interpreted against the Grantor, the party for whose benefit it is created. This right is to be interpreted in light of the fact that the Grantor hereby conveys the Property to the Grantee for development and not for speculation in undeveloped land.

7. The Grantee agrees for itself and any successor in interest not to discriminate upon the basis of race, color, creed or national origin in the sale, lease, or rental or in the use or occupancy of the Property hereby conveyed or any part thereof. Grantee 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, 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, sublessees, or vendees in the Property. The foregoing covenants shall run with the land.

8. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest permitted by paragraph 5(b) of this Grant Deed; provided, however, that any subsequent owner of the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

9. All covenants contained in this Grant Deed shall be covenants running with the land. The covenants contained in paragraphs 5 and 6 and Grantee's obligation to develop the improvements on the Property provided in paragraph 4(a) of this Grant Deed shall terminate and shall become null and void upon recordation of a Certificate of Completion issued by Grantor for the Property. Grantee's obligation to maintain and use the improvements constructed only for industrial use as provided in paragraph 4(a) shall continue in effect until Dec. 31, 2010 (the termination date of the Redevelopment Plan). Every covenant contained in this Grant Deed against discrimination contained in paragraph 7 of this Grant Deed shall remain in perpetuity.

10. All covenants without regard to technical classification or designation shall be binding for the benefit of the Grantor, and such covenants shall run in favor of the Grantor for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all 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.

11. Both before and after recordation of a Certificate of Completion, both Grantor, its successors and assigns, and Grantee and the successors and assigns of Grantee in and to all or any part of the fee title to the Property shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, easements or restrictions contained in this Grant Deed without the consent of any tenant, lessee, easement holder, licenses, mortgagee, trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Property. The covenants contained in this Grant Deed, without regard to technical classification shall not benefit or be enforceable by any owner of any other real property within or outside the Project Area, or any person or entity having any interest in any other such realty. Any amendments to the Redevelopment Plan which change the uses or development permitted on the

Property, or otherwise change any of the restrictions or controls that apply to the Property, shall require the written consent of Grantee or the successors and assigns of Grantee in and to all or any part of the fee title to the Property, but any such amendment shall not require the consent of any tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Property.

12. Except for paragraph 6, the covenants contained in this Grant Deed shall be construed as covenants running with the land and not as conditions which might result in forfeiture of title.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized, this 25 day of JULY, 1986.

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

By: Dilbert Powell
DIRECTOR

ATTEST:

Carolyn Morris
Secretary

The undersigned Grantee accepts title subject to the covenants hereinabove set forth.

BUENA CLINTON CENTER, a California Limited Partnership

By: _____
Stan Smolin, General Partner

By: _____
John W. Casey, Jr., General Partner

02-14-86
0911k/2012/35

86-340411

STATE OF CALIFORNIA)
) -s.
COUNTY OF ORANGE)

On this 25 day of JULY, 1986, before me, a Notary Public, personally appeared DELBERT L. POWERS and CAROLYN MORRIS, known to me to be the Director and Secretary, respectively, of the GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public agency created under California state law, and known to me to be the persons who executed the within instrument on behalf of said Agency and acknowledged to me that said Agency executed the same pursuant to authorization of the Board of said Agency.

OFFICIAL SEAL
NOTARY PUBLIC
A. J. MORALES
Orange County California
Exp. May 14,1990

Notary Public in and for said State.

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On JULY 25, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared Stan Smolin and John W. Casey, Jr., personally known to me or proved to me on the basis of satisfactory evidence to be the persons who executed the within instrument as General Partners of the partnership that executed the within instrument, and acknowledged to me that such partnership executed the same.

WITNESS my hand and official seal.

OFFICIAL SEAL
NOTARY PUBLIC
A. J. MORALES
Orange County California
Exp. May 14,1990

02-14-86
0911k/2012/35

86-340444

EXHIBIT A

LOT 10 OF TRACT NO. 3337, AS PER MAP RECORDED IN BOOK 132, PAGES 33 THROUGH 36 INCLUSIVE OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF ORANGE AND THAT PORTION OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 5 SOUTH, RANGE 10 WEST IN RANCHO LAS BOLSAS AS PER MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS. RECORDS OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF LOT 101 OF SAID TRACT NO. 3337; THENCE NORTH 0° 26' 45" WEST ALONG THE WEST LINE OF SAID LOT AND ITS NORTHERLY PROLONGATION 463.41 FEET TO THE CENTERLINE OF WESTMINSTER AVENUE AS SHOWN ON THE MAP OF SAID TRACT 3337; THENCE SOUTH 89° 47' 05" WEST ALONG SAID CENTERLINE 321.00 FEET; THENCE SOUTH 0° 26' 45" EAST 255.00 FEET TO THE NORTHLINE OF LOT 9 OF SAID TRACT NO. 3337; THENCE NORTH 89° 47' 05" EAST ALONG SAID NORTHLINE TO THE NORTHWEST CORNER OF LOT 10 OF SAID TRACT; THENCE SOUTH 0° 26' 45" EAST ALONG THE WESTLINE OF SAID LOT 10 TO THE SOUTHWEST CORNER THEREOF; THENCE NORTH 89° 45' 20" EAST 298.00 FEET TO THE POINT OF BEGINNING.

RECORDING REQUESTED BY
TRANSAMERICA TITLE CO.

87-556475

RECORDED IN OFFICIAL RECORDS
OF ORANGE COUNTY, CALIFORNIA

11 10 AM OCT 2'87

Lee A. Branch COUNTY RECORDER

Recording Requested by:
Grantor

When Recorded return to and
Mail Tax Statements to:

$19.00
C10

Garden Grove Agency
for Community Development
P.O. Box 3070
Garden Grove, CA 92647

SURVEY
MON. FUND
FEE $20.00

DOCUMENTARY TRANSFER TAX $ 1,256.75

XX Computed on the consideration or value of property conveyed; OR
..... Computed on the consideration or value less liens or encumbrances remaining at time of sale.

the undersigned declares
Signature of Declarant or Agent determining tax – Firm Name

PAID
DOC TRANSFER TAX
LEE A. BRANCH
ORANGE CO. RECORDER

GRANT DEED

For a valuable consideration receipt of which is herby acknowledged.

The GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic, of the state of California, herein called "Grantor" acting to carry out the Redevelopment Plan, herein called "Redevelopment Plan" for the Buena Clinton Redevelopment Project, herein called "Project", under the Community Redevelopment Law of California, hereby grants to BUENA CLINTON CENTER II, a California Limited Partnership, herein called "Grantee," the real property hereinafter referred to as "Property", described in Exhibit A attached hereto and incorporated herein, subject to the existing easements, restrictions and covenants or record described there.

1. Grantor excepts and reserves from the conveyance herein described all interest of the Grantor in oil, gas, hydrocarbon substances and minerals of every kind and character lying more than 500 feet below the surface, together with the right to drill into, through, and to use and occupy all parts of the Property lying more than 500 feet below the surface thereof for any and all purposes incidental to the exploration for and production of oil, gas, hydrocarbon substances or minerals from said site or other lands, but without, however, any right to use either the surface of the Property or any portion thereof within 500 feet of the surface for any purpose or purposes whatsoever.

2. Said Property is conveyed in accordance with and subject to the Redevelopment Plan which was approved and adopted by Ordinance No. 1742 of the City Council of the City of Garden Grove, and a Disposition and Development Agreement entered into between Grantor and Grantee dated MARCH 20, 1986 (the "DDA"), a copy of which is on file with the Grantor at its offices as a public record and which is incorporated herein by reference.

3. The Grantee shall devote the Property only to the development permitted and the uses specified in the applicable provisions of the Redevelopment Plan for the Project (or any amendments thereof approved pursuant to paragraph 11 of this Grant Deed), and this Grant Deed, whichever document is more restrictive.

4. The Property is conveyed to grantee at a purchase price, herein called "Purchase Price", determined in accordance with the uses permitted. Therefore, Grantee hereby covenants and agrees for itself, its successors, its

assigns, and every successor in interest to the Property that the Grantee, such successors and such assigns, shall develop, maintain, and use the Property only as follows:

(a) Grantee shall develop the Property for industrial uses as required by the DDA, and with parking conforming to the requirements of the Garden Grove City Code.

(b) Grantee shall maintain the improvements on the Property in conformity with the Garden Grove Municipal Code and shall keep the Property free from any accumulation of debris or waste materials. Grantee shall also maintain the required landscaping in a healthy condition.

If, at any time, Grantee fails to maintain the said landscaping, and said condition is not corrected after expiration of five (5) days from the date of written notice from the Grantor, either the Grantor, or the City of Garden Grove may perform the necessary maintenance and Grantee shall pay such costs as are reasonably incurred for such maintenance.

(c) Grantee shall only sell, transfer or convey the Property as a whole and is not permitted to subdivide the Property for the duration of the Redevelopment Plan without the prior approval of the Grantor, or the City of Garden Grove if the Agency is no longer in existence at the date of request for approval.

5. Prior to recordation of a Certificate of Completion issued by the Grantor for the improvements to be constructed on the Property:

(a) The Grantee shall not make any sale, transfer, conveyance, subdivision or assignment of the Property or any part thereof or any interest therein, without the prior written consent of the Grantor except as permitted by paragraph 5(b) of this Grant Deed. In the event that the Grantee does sell, transfer, convey, or assign any part of the Property, buildings, or structures thereon prior to the recordation of a Certificate of Completion, the Grantor shall be entitled to increase the Purchase Price paid by the Grantee by the amount that the consideration payable for such assignment or transfer is in excess of the Purchase Price paid by the Grantee, plus the cost of improvements, including carrying charges. The consideration payable for the assignment or transfer, to the extent it is in excess of the amount so authorized, shall belong and be paid to the Grantor and until so paid the Grantor shall have a lien on the Property and any part involved for such amount. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Property.

(b) The Grantee shall not place or suffer to be placed on the Property any lien or encumbrance other than mortgages, deeds of trust, or any other form of conveyance required for financing of the acquisition of the Property, the construction of improvements on the Property, and any other expenditures necessary and appropriate to develop the Property. The Grantee shall not enter into any such conveyance for financing without prior written approval of Grantor. No approval will be given for a conveyance of the property to finance the construction or improvements on real property other than the real property described in Exhibit A hereto.

6. Prior to recordation of any Certificate of Completion issued by Grantor for the improvements to be constructed on the Property:

(a) The Grantor shall have the right at its option to reenter and take possession of the Property hereby conveyed with all improvements thereon and to terminate and revest in the Grantor the Property hereby conveyed to the Grantee if the Grantee (or its successors in interest) shall:

(i) Fail to commence the construction of the improvements as required by paragraph 4(a) of this Grant Deed for a period of 45 days after written notice thereof from the Grantor, provided that Grantee shall not have obtained an extension or postponement to which Grantee may be entitled; or

(ii) Abandon or substantially suspend construction of the improvements for a period of 45 days after written notice thereof from the Grantor, provided that Grantee shall not have obtained an extension or postponement to which Grantee may be entitled; or

(iii) Transfer, or suffer an involuntary transfer of, the Property, or any part thereof in violation of this Grant Deed.

(b) The right to reenter, repossess, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid, or limit:

(i) Any mortgage or deed of trust or other security interest permitted by paragraph 5(b) of this Grant Deed; or

(ii) Any rights or interests provided for the protection of the holders or such mortgages or deed of trust or other security interests.

(c) The right to reenter, repossess, terminate and revest with respect to the Property shall terminate when the Certificate of Completion regarding the improvements to be constructed under paragraph 4 on the Property has been recorded by the Grantor.

(d) In the event title to the Property or any part thereof is revested in the Grantor as provided in this paragraph 6, the Grantor shall, pursuant to its responsibilities under State law, use its best efforts to resell the Property or any part thereof as soon and in such manner as the Grantor shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan to a qualified party or parties (as determined by the Grantor) who will assume the obligation of making or completing the improvements or such other improvements in their stead as shall be satisfactory to the Grantor and in accordance with the uses specified for such Property or part thereof in the Redevelopment Plan. Upon such resale of the Property the proceeds thereof shall be applied:

(i) First, to reimburse the Grantor, on its own behalf or on behalf of the City of Garden Grove, for all costs and expenses incurred by the Grantor, including but not limited to, salaries to personnel engaged in such action (but excluding Grantor's general overhead expense), in connection with the recapture, management, and resale of the Property or part thereof (but less any income derived by the Grantor from the Property or part thereof in connection with such management); all taxes, assessments, and water and sewer charges with respect to the Property or part thereof (or, in the event the Property is exempt from taxation or assessment or such charges during the period of ownership thereof by the Grantor), an amount, if paid, equal to such taxes, assessments, or charges, as determined by the County assessing official, as would have been payable if the Property were not so exempt; any payments made or necessary to be made to discharge any encumbrances or liens existing on the Property or part thereof at the time of revesting of title thereto in the Grantor or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Grantee, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part thereof on the Property or part thereof; and any amounts otherwise owed to the Grantor by the Grantee and its successor or transferee; and

(ii) Second, to reimburse the Grantee, its successor or transferee, up to the amount equal to the sum of (1) the Purchase Price paid to the Grantor by the Grantee for the Property (or allocable to the part thereof); (2) the costs incurred for the development of the Property and for the improvements existing on the Property at the time or reentry and repossession, less (3) any gains or income withdrawn or made by the Grantee from the Property or the improvements thereon.

(iii) Any balance remaining after such reimbursements shall be retained by the Grantor.

(e) To the extent that this right of reverter involves a forfeiture, it must be strictly interpreted against the Grantor, the party for whose benefit it is created. This right is to be interpreted in light of t: fact that the Grantor hereby conveys the Property to the Grantee for development and not for speculation in undeveloped land.

7. The Grantee agrees for itself and any successor in interest not to discriminate upon the basis of race, color, creed or national origin in the sale, lease, or rental or in the use or occupancy of the Property hereby conveyed or any part thereof. Grantee 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, 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, sublessees, or vendees in the Property. The foregoing covenants shall run with the land.

8. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest permitted by paragraph 5(b) of this Grant Deed; provided, however, that any subsequent owner of the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

9. All covenants contained in this Grant Deed shall be covenants running with the land. The covenants contained in paragraphs 5 and 6 and Grantee's obligation to develop the improvements on the Property provided in paragraph 4(a) of this Grant Deed shall terminate and shall become null and void upon recordation of a Certificate of Completion issued by Grantor for the Property. Grantee's obligation to maintain and use the improvements constructed only for industrial use as provided in paragraph 4(a) shall continue in effect until Dec. 31, 2021 (the termination date of the Redevelopment Plan). Every covenant contained in this Grant Deed against discrimination contained in paragraph 7 of this Grant Deed shall remain in perpetuity.

10. All covenants without regard to technical classification or designation shall be binding for the benefit of the Grantor, and such covenants shall run in favor of the Grantor for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all 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.

11. Both before and after recordation of a Certificate of Completion, both Grantor, its successors and assigns, and Grantee and the successors and assigns of Grantee in and to all or any part of the fee title to the Property shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, easements or restrictions contained in this Grant Deed without the consent of any tenant, lessee, easement holder, licenses, mortgagee, trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Property. The covenants contained in this Grant Deed, without regard to technical classification shall not benefit or be enforceable by any owner of any other real property within or outside the Project Area, or any person or entity having any interest in any other such realty. Any amendments to the Redevelopment Plan which change the uses or development permitted on the

Property, or otherwise change any of the restrictions or controls that apply to the Property, shall require the written consent of Grantee or the successors and assigns of Grantee in and to all or any part of the fee title to the Property, but any such amendment shall not require the consent of any tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Property.

12. Except for paragraph 6, the covenants contained in this Grant Deed shall be construed as covenants running with the land and not as conditions which might result in forfeiture of title.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized, this 9th day of July, 1987.

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

AM By: Dilbert L. Powers

Director

ATTEST:

AM Carolyn Morris
Secretary

The undersigned Grantee accepts title subject to the covenants hereinabove set forth.

BUENA CLINTON CENTER II
A California Limited Partnership

By: Stan Smolin
Stan Smolin, General Partner

By: John W. Casey
John W. Casey, Jr., General Partner

87-556475

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On this 9th day of JULY, 1987 before me, the undersigned, a Notary Public in and for said State, personally appeared DELBERT L. POWERS & CAROLYN MORRIS, known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument as the Director & Secretary respectively (insert title of the officer) of the Garden Grove Agency for Community Development and acknowledged to me that the Garden Grove Agency for Community Development executed it.

OFFICIAL SEAL
NOTARY PUBLIC
A. J. MORALES
Orange County California
Exp. May 14,1990

Signature of Notary Public
A.J. MORALES

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On Sept 30, 1987, before me, the undersigned, a Notary Public in and for said State, personally appeared Stan Smolin and John W. Casey, Jr., personally known to me or proved to me on the basis of satisfactory evidence to be the persons who executed the within instrument as General Partners of the partnership that executed the within instrument, and acknowledged to me that such partnership executed the same.

WITNESS my hand and official seal.

OFFICIAL SEAL
NOTARY PUBLIC
A J. MORALES
Orange County California
Exp. May 14,1990

A J. MORALES

02-14-86
0911k/2012/35

EXHIBIT "A" 87-556475

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF ORANGE, CITY OF GARDEN GROVE AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

LOTS 1 TO 9 OF TRACT NO. 3337, AS SHOWN ON A MAP RECORDED IN BOOK 132, PAGES 33 TO 36 INCLUSIVE OF MISCELLANEOUS MAPS, RECORDS OF SAID COUNTY.

EXCEPTING THEREFROM ALL UNDERGROUND WATER LYING BENEATH THE HEREIN DESCRIBED TRACT, BUT WITHOUT THE RIGHT OF ENTRY TO THE SURFACE THEREOF FOR THE PURPOSE OF PROCURING WATER, AS CONVEYED TO THE CITY OF GARDEN GROVE, BY DEED RECORDED AUGUST 23, 1960 IN BOOK 5386, PAGE 268 OF OFFICIAL RECORDS.

PARCEL 2:

THE NORTH 255.00 FEET OF THE EAST 290.00 FEET OF THE WEST 661.56 FEET OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS IN THE COUNTY RECORDER'S OFFICE OF SAID ORANGE COUNTY, CALIFORNIA.

PARCEL 3:

THE EASTERLY 100.00 FEET OF THAT PORTION OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS IN THE COUNTY RECORDER'S OFFICE OF SAID ORANGE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 1 OF TRACT 3337, AS SHOWN ON A MAP RECORDED IN BOOK 132, PAGES 33 TO 36 INCLUSIVE OF MISCELLANEOUS MAPS; THENCE ALONG THE BOUNDARY OF SAID TRACT NO. 3337, NORTH 0° 26' 45" WEST 187.93 FEET; NORTH 44° 40' 10" EAST 24.09 FEET AND NORTH 0° 12' 55" WEST 50.00 FEET TO THE NORTH LINE OF SAID SECTION 10; THENCE NORTH 89° 47' 05" EAST 322.73 FEET TO THE EASTERLY LINE OF THE WESTERLY 370.00 FEET OF THE NORTHWEST QUARTER; THENCE SOUTH 0° 26' 45" EAST 255.00 FEET ALONG SAID EASTERLY LINE TO THE NORTHERLY LINE OF SAID TRACT NO. 3337; THENCE SOUTH 89° 47' 05" WEST 340.00 FEET TO THE POINT OF BEGINNING.

ATTACHMENT NO. 5

SCOPE OF DEVELOPMENT

I. GENERAL DESCRIPTION

The Site, the Phase I Area, and the Phase II Area are specifically delineated on the Site Map (Attachment No. 1) and the Legal Description (Attachment No. 2) pursuant to Section 104 of this Agreement. The Site consists of approximately Three Hundred Forty-Three Thousand Five Hundred Sixty (343,560) Square Feet, located in the Buena Clinton Project Area.

II. DEVELOPMENT

(a) As the Phase I Improvements, in addition to those improvements referenced in Part IV of this Scope of Development (Attachment No. 5), the Developer shall develop on the Phase I Area a building or building of not less than Fifty Thousand (50,000) square feet of gross floor area, suitable for operation by Carr-Griff of industrial uses conforming to all applicable City Codes. All such space shall consist of buildings fully enclosed and under roof, unless the Agency hereafter allows deviation from such requirement in a writing referencing this Scope of Development (Attachment No. 5). Such buildings shall be constructed of masonry, concrete, concrete block, or such other materials as may hereafter be approved by the Agency; prefabricated metal components shall not be utilized on exterior walls.

All of the improvements to be provided by the Developer as part of Phase I constitute the "Phase I Improvements."

The Developer shall commence and complete the Phase I Improvements by the respective times established therefor in the Schedule of Performance (Attachment No. 3).

The Developer shall provide parking on the Phase I Area in conformity with the Redevelopment Plan and City requirements.

(b) As the Phase II Improvements, the Developer shall develop on the Phase II Area a building or buildings including not less than Eighty-Five Thousand (85,000) square feet of gross floor area of industrial building space conforming to all applicable City codes. All such space shall consist of

buildings fully enclosed and under roof, unless the Agency allows deviation from such requirement in a writing referencing this Scope of Development (Attachment No. 5). Such buildings shall be constructed of masonry, concrete, concrete block, or such other materials as may hereafter be approved by the Agency; prefabricated metal components shall not be utilized on exterior walls.

All of the improvements to be provided by the Developer as part of Phase II collectively constitute the "Phase II Improvements."

The Developer shall commence and complete the Phase II Improvements by the respective times established therefor in the Schedule of Performance (Attachment No. 3).

The Developer shall provide parking on the Phase II Area in conformity with the Redevelopment Plan and City requirements.

(c) The Phase I Improvements and the Phase II Improvements collectively constitute the Developer Improvements.

The design and configuration of the parking facilities shall be compatible with adjacent and nearby uses, as reasonably determined by the Agency.

III. DEVELOPMENT STANDARDS

All development on the Site, and operations thereon, shall conform to the Specific Plan; in addition, if a Planned Unit Development is approved with respect to the Site, development on the Site shall conform to the standards set forth in the Planned Unit Development. The following development standards shall also apply to the Developer Improvements:

A. Building Setbacks. Minimum building setbacks for buildings and parking areas shall be as required by the Redevelopment Plan and approved by the Agency, and shall conform to the Garden Grove City Code.

B. Building Coverage. The amount of land within the Site covered by buildings shall be as required by the Redevelopment Plan and local zoning.

C. Building Height. Buildings shall not exceed the height as may be required by the Redevelopment Plan and local zoning.

D. Vehicular Access. The placement of vehicular driveways shall be coordinated with the needs of proper street traffic flow. In the interest of minimizing traffic congestion, the Agency will control the number and location of curb breaks for access to the Site for off-street parking and truck loading. All access driveways shall require written approval of the Agency.

E. Loading. Adequate loading and unloading space shall be provided as approved by the Agency. Loading spaces visible from streets shall be landscaped or screened to prevent an unsightly or barren appearance. Said requirements shall also conform to Garden Grove City Code.

F. Signs. Signs shall be limited in size, subdued and otherwise designed to contribute positively to the environment. Signs identifying the building use will be permitted, but their height, size, location, color, lighting and design will be subject to Agency and City approval, and signs must conform to the Garden Grove City Code.

G. Screening. All outdoor storage of materials or equipment shall be enclosed or screened to the extent and in the manner required by the Agency and the City.

H. Landscaping. The Developer shall provide and maintain landscaping within the public rights-of-way and within setback area along all street frontages and conforming with the Design Concept Drawings as approved by the Agency.

Landscaping shall consist of trees, shrubs and installation of an automatic irrigation system adequate to maintain such plant material. The type and size of trees to be planted, together with a landscaping plan, shall be subject to the Agency approval prior to planting.

I. Utilities. All utilities on the Site shall be underground or enclosed at Developer's expense.

J. Painting. All exterior walls shall be painted by the Developer with color(s) subject to prior Agency approval.

K. Building Design. Buildings shall be constructed such that the Developer Improvements be of high architectural quality, and shall be effectively and aesthetically designed. The Project as set forth in the Agreement is of the utmost importance to the Agency, and shall establish a precedent for high quality development standards for the Buena Clinton area. The Developer shall develop the project according to high architectural standards.

IV. PUBLIC IMPROVEMENTS AND UTILITIES

A. The Developer, at its own cost and expense, shall provide or cause to be provided the following public improvements within the time set forth for the completion of the Phase I Improvements in the Schedule of Performance (Attachment No. 3):

1. Improvement as required by the City by resurfacing, rebuilding or new construction of the existing streets, alleys or other public rights-of-way (including catch basins, curbs and gutters, drive and curb cuts, and drives between the property line of the Site and the public rights-of-way) abutting on the Site. No street widening is anticipated in connection with the Site.

2. Installation of street lighting, signs and fire hydrants in connection with the Site as may be required.

3. Installation of public sidewalks along the frontage of the public streets abutting on the Site or within the rights-of-way lines of such public streets, and appropriate street landscaping which the Agency or City might require.

4. Installation or relocation by the public utility companies of such sewers, drains, water and gas distribution lines, electric, telephone and telegraph lines, and all other public utility lines, installations and facilities as are necessary to be installed or relocated on or in connection with the Site by reason of the redevelopment contemplated by the Redevelopment Plan and the development of the Site; the Agency shall not be responsible for, nor bear any portion of the cost of, installing the necessary utility connections within the boundaries of the Site between the improvements to be constructed by the Developer and the water, sanitary sewer, and storm drains, mains or other public utilities owned by the City or by any public utility company within or without such boundaries, or electric, gas, telephone or other public lines owned by a public utility

company within or without such boundaries, and the Developer shall secure any permits required for any such installation without expense to the Agency.

Those of the improvements required to be provided by the Developer pursuant to this part IV of the Scope of Development (Attachment No. 5) constitute the "Off-Site Improvements."

V. DEMOLITION AND SOILS

(a) The Agency agrees that, conditioned upon its acquisition of the Site in conformity with this Agreement, the Agency shall demolish structures at or above the surface on the Site on or before the time established therefor in the Schedule of Performance (Atttachment No. 5).

(b) The Developer assumes all responsibility for subsurface conditions and (subject to the completion of the demolition activities of the Agency pursuant to paragraph V(a), above) surface conditions at the Site, and with respect to the suitability of the Site for the Developer Improvements and the operation of uses permitted thereon. If the surface and subsurface conditions are not entirely suitable for such development, the Developer shall at its cost take all actions necessary to render the Site entirely suitable for such development. The Developer has undertaken all investigation of the Site it has deemed necessary and has not received or relied upon any representations of the Agency, the City, or their respective officers, agents and employees. The Developer shall undertake at its cost all demolition required in connection with the development of the Developer Improvements.

EXHIBIT A

1. The following uses shall be considered to constitute "Conforming Industrial Uses": those uses allowed in the CM Heavy Commercial Limited Industrial Zone and the M-1 Limited Industrial Zone pursuant to the Garden Grove Municipal Code as in effect as of the execution of this Agreement; provided that such uses shall further be limited to those uses allowed pursuant to any Planned Unit Development as may be approved by the City with respect to the Site.

2. Notwithstanding the foregoing, not more than ten percent (10%) of the gross building area on the Site may be used for retail sales of products produced on the Site.

Attachment No. 6

Recording Requested by:

When Recorded Return to and
Mail Tax Statements to:

PARTIAL CERTIFICATE OF COMPLETION FOR CONSTRUCTION AND DEVELOPMENT

WHEREAS, by Grant Deed dated July 25, 1986 and recorded on August 4, 1986 as No. 86-340444 of Orange, California, the Garden Grove Agency for Community Development, a public body, corporate and politic, hereinafter referred to as "Agency," conveyed to Buena Clinton Center, a California limited partnership, hereinafter referred to as the "Developer," certain real property situated in the City of Garden Grove, California described on Exhibit "1" attached hereto and made a part hereof all pursuant to a certain Disposition and Development Agreement between Agency and the Developer dated as of March 20, 1986 and on file with the Agency (the "Agreement"); and

WHEREAS, the Agreement provides that the Agency may furnish a partial Certificate of Completion if appropriate to evidence that the Developer has completed a certain portion of improvements required to be completed by the Developer pursuant to the Agreement; and

WHEREAS, such certificate shall be conclusive determination of satisfactory completion of that certain construction and development referenced in such certificate; and

WHEREAS, the Agency has conclusively determined that the construction and development of the Phase I Improvements required by the Agreement and referenced in the Grant Deed has been satisfactorily completed; and

WHEREAS, the issuance of this Certificate of Completion does not modify, excuse or affect the obligation of the Developer to complete the Phase II Improvements as required by the Agreement and the Grant Deed or any and all other executory obligations of the Developer pursuant to the Agreement; and

WHEREAS, Paragraph 6 of the aforementioned Grant Deed contains a condition subsequent providing for revesting in event of violation of the provisions set out in said Deed after conveyance and prior to recordation of the Certificate of Completion.

NOW THEREFORE,

1. As provided in said Grant Deed, the Agency does hereby certify that the construction and development of the Phase I Improvements has been fully and satisfactorily performed and completed.

2. Said condition subsequent has been fully and satisfactorily performed and is of no further force or effect by reason thereof, as it pertains to the Phase I Improvements.

3. Nothing contained in this instrument shall modify in any other way any other provisions of said Deed or the Agreement.

4. Developer is not released from any of its executory obligations pursuant to the Dispostion and Development Agreement between the Agency and Developer dated March 20, 1986, such obligations remaining in full force and effect. The condition subsequent contained in Paragraph 6 of the Grant Deed shall remain unless and until a certificate of Completion is provided for all the Developer Improvements, including without limitation the Phase II Improvements.

IN WITNESS WHEREOF, the Agency has executed this certificate this 30th day of January, 1987.

GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT

By Robert L. Powers P.D.

ATTEST:

Lucie Smith
Deputy Secretary

EXHIBIT 1

LEGAL DESCRIPTION

PHASE 1

LOT 10 OF TRACT NO. 3337, AS PER MAP RECORDED IN BOOK 132, PAGES 33 THROUGH 36 INCLUSIVE OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF ORANGE AND THAT PORTION OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 5 SOUTH, RANGE 10 WEST IN RANCHO LAS BOLSAS AS PER MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS. RECORDS OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF LOT 101 OF SAID TRACT NO. 3337; THENCE NORTH 0° 26' 45" WEST ALONG THE WEST LINE OF SAID LOT AND ITS NORTHERLY PROLONGATION 463.41 FEET TO THE CENTERLINE OF WESTMINSTER AVENUE AS SHOWN ON THE MAP OF SAID TRACT 3337; THENCE SOUTH 89° 47' 05" WEST ALONG SAID CENTERLINE 321.00 FEET; THENCE SOUTH 0° 26' 45" EAST 255.00 FEET TO THE NORTHLINE OF LOT 9 OF SAID TRACT NO. 3337; THENCE NORTH 89° 47' 05" EAST ALONG SAID NORTHLINE TO THE NORTHWEST CORNER OF LOT 10 OF SAID TRACT; THENCE SOUTH 0° 26' 45" EAST ALONG THE WESTLINE OF SAID LOT 10 TO THE SOUTHWEST CORNER THEREOF; THENCE NORTH 89° 45' 20" EAST 298.00 FEET TO THE POINT OF BEGINNING.

PROJECT TOTALS

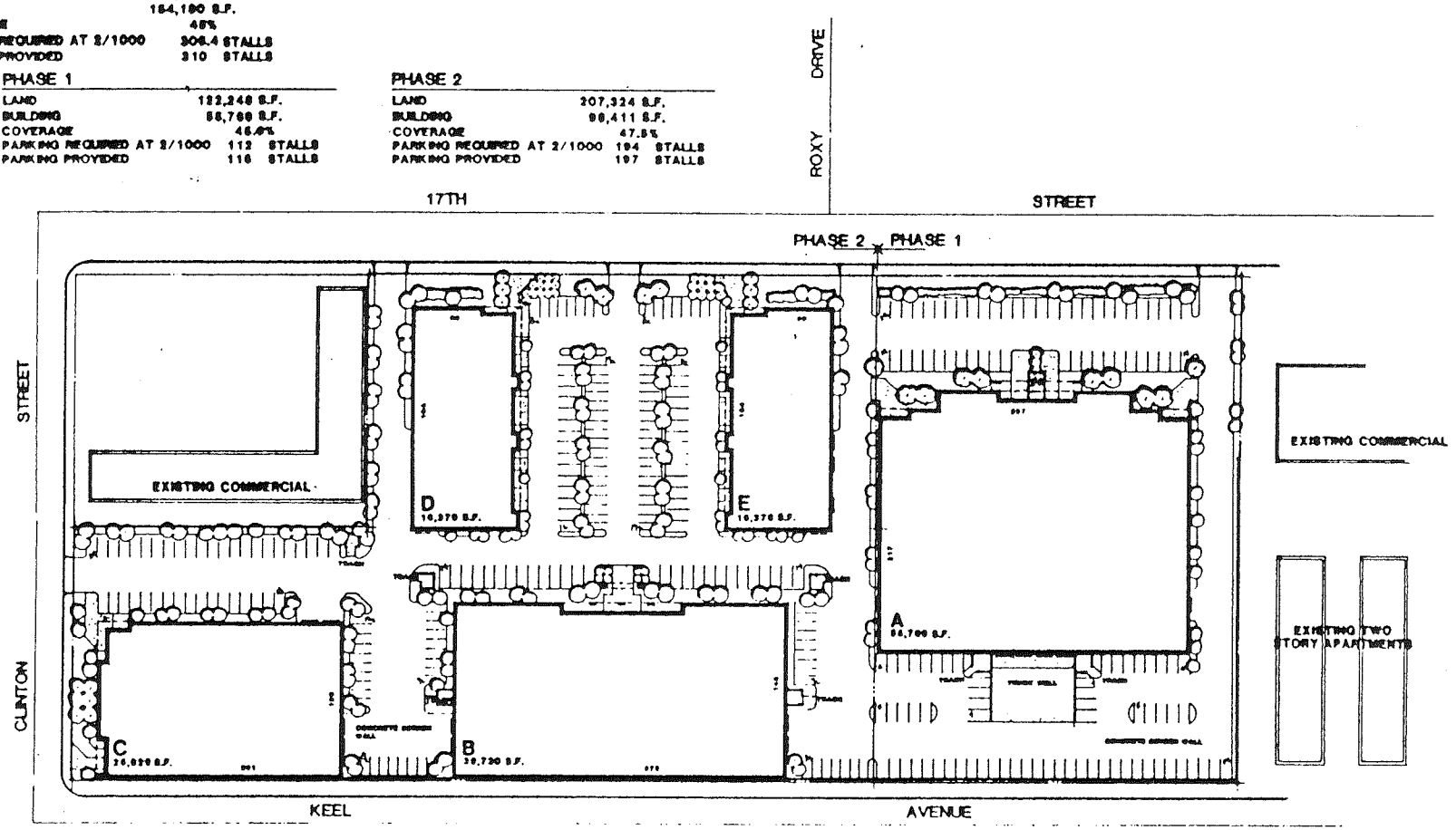
LAND	343,568 S.F. (7.9 ACRES)
BUILDING	154,190 S.F.
COVERAGE	45%
PARKING REQUIRED AT 2/1000	308.4 STALLS
PARKING PROVIDED	310 STALLS

PHASE 1

LAND	122,248 S.F.
BUILDING	55,780 S.F.
COVERAGE	46.6%
PARKING REQUIRED AT 2/1000	112 STALLS
PARKING PROVIDED	116 STALLS

PHASE 2

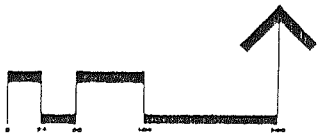
LAND	207,324 S.F.
BUILDING	98,411 S.F.
COVERAGE	47.5%
PARKING REQUIRED AT 2/1000	194 STALLS
PARKING PROVIDED	197 STALLS



ILLUSTRATIVE SITE PLAN

CITY OF GARDEN GROVE
BUENA - CLINTON INDUSTRIAL / LIGHT MFG. CENTER

A SMOLIN DEVELOPMENT



HASTINGS LUNDSTROM ARCHITECTS

86-340445

Recording Requested By
and When Recorded Mail to:

Garden Grove Agency for
Community Development
11391 Acacia Parkway
Garden Grove, California 92640

EXEMPT
C14

Free Recording Requested
Government Code SEction 6103

MEMORANDUM OF AGREEMENT

This is a Memorandum ("Memorandum") of Agreement as more particularly provided for in that certain Disposition and Development Agreement ("Agreement") entered into on March 20 1986, by and between the Garden Grove Agency for Community Development ("Agency") and Buena Clinton Center, A California Limited Partnership ("Developer"), concerning the following described real property ("Site") located in the City of Garden Grove, County of Orange, State of California:

See Exhibit A, attached hereto and incorporated herein by reference.

Subject to the Agreement, upon acquisition of the Site, the Agency is to convey the Site to the Developer and the Developer shall develop the Site, all as more particularly described in the Agreement; said Agreement, which is on file as a public record with the Agency at 11391 Acacia Parkway, Garden Grove, California, is incorporated herein by reference.

This Memorandum is prepared for the purpose of recordation and is not a complete summary of the Agreement. Provisions of this Memorandum shall not be used to interpret the provisions of the Agreement. In the event of conflict between this Memorandum and the provisions of the Agreement, the provisions of the Agreement shall control.

GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT

By: _____
DIRECTOR

ATTEST:

_____
Secretary

TA 90254/SP

02-14-86
0911k/2012/35

86-34J445

Buena Clinton Center, a California Limited Partnership, consents to the recordation of this Memorandum of Agreement.

BUENA CLINTON CENTER, a
California Limited Partnership

By: _____
Stan Smolin, General Partner

By: _____
John W. Casey, Jr., General Partner

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On 7-25-, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared Stan Smolin and John W. Casey, Jr., personally known to me or proved to me on the basis of satisfactory evidence to be the persons who executed the within instrument as General Partners of the partnership that executed the within instrument, and acknowledged to me that such partnership executed the same.

WITNESS my hand and official seal.

OFFICIAL SEAL
NOTARY PUBLIC
A. J. MORALES
Orange County California
Exp. May 14,1990

_____

STATE OF CALIFORNIA)
) -s.
COUNTY OF ORANGE)

On this 25 day of JULY, 1986, before me, a Notary Public, personally appeared DELBERT L POWERS and CAROLYN MORRIS, known to me to be the _____ Director and _____ Secretary, respectively, of the GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public agency created under California state law, and known to me to be the persons who executed the within instrument on behalf of said Agency and acknowledged to me that said Agency executed the same pursuant to authorization of the Board of said Agency.

OFFICIAL SEAL
NOTARY PUBLIC
A. J. MORALES
Orange County California
Exp. May 14,1990

_____
Notary Public in and for said State.

EXHIBIT A
LEGAL DESCRIPTION

86-340445

PHASE 1

LOT 10 OF TRACT NO. 3337, AS PER MAP RECORDED IN BOOK 132, PAGES 33 THROUGH 36 INCLUSIVE OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF ORANGE AND THAT PORTION OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 5 SOUTH, RANGE 10 WEST IN RANCHO LAS BOLSAS AS PER MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS. RECORDS OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF LOT 101 OF SAID TRACT NO. 3337; THENCE NORTH 0° 26' 45" WEST ALONG THE WEST LINE OF SAID LOT AND ITS NORTHERLY PROLONGATION 463.41 FEET TO THE CENTERLINE OF WESTMINSTER AVENUE AS SHOWN ON THE MAP OF SAID TRACT 3337; THENCE SOUTH 89° 47' 05" WEST ALONG SAID CENTERLINE 321.00 FEET; THENCE SOUTH 0° 26' 45" EAST 255.00 FEET TO THE NORTHLINE OF LOT 9 OF SAID TRACT NO. 3337; THENCE NORTH 89° 47' 05" EAST ALONG SAID NORTHLINE TO THE NORTHWEST CORNER OF LOT 10 OF SAID TRACT; THENCE SOUTH 0° 26' 45" EAST ALONG THE WESTLINE OF SAID LOT 10 TO THE SOUTHWEST CORNER THEREOF; THENCE NORTH 89° 45' 20" EAST 298.00 FEET TO THE POINT OF BEGINNING.

PHASE II

PARCEL 1

THE NORTH 255.00 FEET OF THE EAST 400.00 FEET OF THE WEST 770.00 FEET OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN RANCHO LAS BOLSAS AS PER MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF ORANGE:

EXCEPT THERE FROM THE EAST 110.00 FEET THEREOF.

PARCEL 2

THE EASTERLY 100. FEET OF THAT PORTION OF THE NORHTWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 1 OF TRACT NO. 3337, AS SHOWN ON A MAP RECORDED IN BOOK 132, PAGES 33 THROUGH 36 INCLUSIVE OF SAID MISCELLANEOUS MAPS; THENCE ALONG THE BOUNDARY OF SAID TRACT NO. 3337, NORTH 0 DEGREES 26' 45" WEST 187.93 FEET, NORTH 44 DEGREES 40' 10" EAST 24.09 FEET AND NORTH 0 DEGREES 12' 55" WEST 50.00 FEET TO THE NORTH LINE OF SAID SECTION 10; THENCE NORTH 89 DEGREES 47' 05" EAST 255.00 FEET ALONG SAID EASTERLY LINE TO THE NORTHERLY LINE OF SAID TRACT NO. 3337; THENCE SOUTH 89 DEGREES 47' 05" WEST 340.00 FEET TO THE POINT OF BEGINNING.

PARCEL 3

LOTS 1 THROUGH 9 INCLUSIVE OF TRACT NO. 3337 AS PER MAP RECORDED IN BOOK 132, PAGES 33 TO 36 INCLUSIVE OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF ORANGE.