MEETING DATE: 02/04/08

AGENDA ITEM: Joint City Council/Redevelopment Agency Public Hearing for Consideration of the Sale of Property at 12803-12823 Washington Boulevard to Axis Mundi RE II, LLC; and a Disposition and Development Agreement for the Construction of a Retail/Office Commercial Structure and Public Parking

## ATTACHMENTS

**RESOLUTION NO. 2008-R**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CULVER CITY, CALIFORNIA, APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CULVER CITY REDEVELOPMENT AGENCY AND AXIS MUNDI RE II, LLC AND MAKING CERTAIN FINDINGS WITH RESPECT TO SUCH DISPOSITION AND DEVELOPMENT AGREEMENT.

WHEREAS, the Culver City Redevelopment Agency ("Agency") is engaged in activities necessary to implement the Redevelopment Plan ("Plan") for the Culver City Redevelopment Project Area (the "Redevelopment Project"), and has acquired certain property to effectuate the Plan;

WHEREAS, the Agency has adopted a Five Year Implementation Plan for the Redevelopment Project, in accordance with Section 33490 of the California Community Redevelopment Law (Health & Safety Code 33000 *et seq.*) ("CRL") (the "Implementation Plan");

WHEREAS, the Agency has negotiated a Disposition and Development Agreement ("Agreement") with Axis Mundi RE II, LLC ("Developer") relative to the purchase, sale and development of property located on the four contiguous properties that span the north side of Washington Boulevard, bounded by Meier Street to the east and Moore Street to the west (the "Property"), in the City of Culver City, California, which is located within the Redevelopment Project ("Project"). The rear of the Property is bounded by an alley within the City of Los Angeles;

WHEREAS, a joint public hearing has been duly called, noticed and advertised as required by law for February 4, 2008, at 7:00 p.m. in the City Council

Chambers of the City of Culver City, 9770 Culver City Boulevard, Culver City, California, as contemplated by the CRL, and such requirements have been complied with;

WHEREAS, pursuant to Section 33433 of the CRL, the Agency has prepared a summary ("33433 Summary") and has made the 33433 Summary available for public inspection in accordance with the CRL;

WHEREAS, the Agreement contains all the provisions, terms, conditions and obligations required by state and local law and a copy of the Agreement and the 33433 Summary have been available for public review and copying at the City Clerk's office as required by the CRL;

WHEREAS, the sale of the Property is consistent with the Implementation Plan; and,

WHEREAS, the City Council of the City of Culver City has duly considered all terms and conditions of the proposed Agreement, and believes that it is in the best interests of the Redevelopment Project, the City of Culver City and the health, safety, and welfare of its residents, and in accordance with the public purposes and provisions of applicable State and local law and requirements.

NOW, THEREFORE, the City Council of the City of Culver City, California, DOES HEREBY RESOLVE as follows:

1. The City Council hereby finds and determines that all recitals set forth in this resolution are true and correct and incorporated herein in full by this reference.

2. The City Council has reviewed and approves the 33433 Summary.

3. The City Council finds and determines that the consideration to be received by the Agency for the sale of Property is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the Agreement for, among other reasons, the reasons set forth in the 33433 Summary.

4. The City Council finds and determines that the sale of the Property will assist in the elimination of blight for, among other reasons, the reasons set forth in the 33433 Summary.

5. The City Council finds and determines that the sale of the Property is consistent with the Implementation Plan adopted pursuant to CRL Section 33490.

6. The City Council has reviewed and hereby approves the sale of the Property to Developer as set forth in the Agreement.

7. The City Council hereby approves the Agreement in substantially the form presented at this meeting or with such non-substantive changes and amendment as may be approved by the City Manager and the City Attorney.

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8. In making the findings and determinations herein, the City Council has considered all testimony presented at the noticed public hearing, all written evidence presented, and the entire record prepared by Agency and City staff.

APPROVED and ADOPTED this _____ day of __________ 2008.

______________________________
ALAN CORLIN, MAYOR
City of Culver City, California

ATTEST:

______________________________
CHRISTOPHER ARMENTA, City Clerk

APPROVED AS TO FORM:

______________________________
CAROL A. SCHWAB, City Attorney

# DISPOSITION AND DEVELOPMENT AGREEMENT

by and between

THE CULVER CITY REDEVELOPMENT AGENCY,

AGENCY,

and

AXIS MUNDI RE II, LLC

DEVELOPER

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## DEFINITIONS

DISPOSITION AND DEVELOPMENT AGREEMENT

This Disposition and Development Agreement (the "Agreement") is entered into by and between THE CULVER CITY REDEVELOPMENT AGENCY (the "Agency"), and AXIS MUNDI RE II, LLC, a California limited liability company (the "Developer"). This Agreement is dated, for reference purposes, as of the date the Agency executes this Agreement. The Agency and the Developer agree as follows:

I. [§ 100] SUBJECT OF AGREEMENT

A. [§ 101] Purpose of the Agreement

The purpose of this Agreement is to effectuate the Redevelopment Plan for the Culver City Redevelopment Project (the "Redevelopment Plan") by providing for the disposition and development of the hereinafter defined Site with a high quality 37,300 square foot commercial/office condominium building (the "Project"), including 6,260 square feet of commercial/retail space, eighty-nine (89) subterranean parking spaces, and, subject to the provisions of Section 701 below, thirty-nine (39) on-grade parking spaces, which shall be metered for public use and shall be the subject of a "Public Parking Easement Agreement" between Developer and the City of Culver City ("City") in accordance with the provisions of Sections 701-705 below. The development of the Site pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state, and local laws and requirements.

B. [§ 102] The Redevelopment Plan

This Agreement is subject to the provisions of the Redevelopment Plan, which was approved and adopted pursuant to Ordinance No. 98-014 on November 23, 1998, and lawfully amended thereafter. The Redevelopment Plan is incorporated herein by reference and made a part hereof as though fully set forth herein. The proposed Project is consistent with the Redevelopment Plan.

Any amendments hereafter to the Redevelopment Plan (as so approved and adopted) which change the uses or development permitted on the Site as proposed in this Agreement, or otherwise change the restrictions or controls that apply to the Site, or otherwise affect the Developer's obligations or rights with respect to the Site, shall require the written consent of the Developer. Amendments to the Redevelopment Plan, applying to other property in the Culver City Redevelopment Project Area, shall not require the consent of the Developer.

C. [§ 103] The Redevelopment Project Area

The Culver City Redevelopment Project area ("Project Area") is located in the City. The exact boundaries of the Project Area are specifically and legally described in the Redevelopment Plan.

D. [§ 104] The Site

The "Site" includes that portion of the Project Area generally described as the four contiguous properties that span the north side of Washington Boulevard, bounded by Meier Street to the east and Moore Street to the west. The rear of the Site is bounded by an alley within the City of Los Angeles. The Site is illustrated and designated on the "Site Map," which is incorporated herein and attached hereto as Attachment No. 1, and as more precisely described in the "Legal Description," which is incorporated herein and attached hereto as Attachment No. 2. Agency is fee owner of the Site. This Agreement sets forth the terms and conditions by which Agency will convey the Site to the Developer and the Developer will develop and use the Site.

E. [§ 105] Parties to the Agreement

1. [§ 106] 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 9770 Culver City Boulevard, Culver City, California 90232-0507.

"Agency" as used in this Agreement includes the Culver City Redevelopment Agency and any assignee of or successor to its rights, powers and responsibilities.

2. [§ 107] Developer

Developer is a California limited liability company, composed of two members, Walter N. Marks Realty Company, a California corporation ("Marks") and James Suhr & Associates, LLC, a California limited liability company ("Suhr"). The principal office of the Developer is 8758 Venice Boulevard, Suite 101, Los Angeles, California 90034. Wherever the term "Developer" is used herein, such term shall include any permitted nominee, assignee or successor in interest as herein provided.

F. [§ 108] Prohibition Against Change In Ownership Management and Control of Developer

The Developer represents and agrees that its purchase of the Site and its other undertakings pursuant to this Agreement are, and that the Site will be used, for the purpose of redevelopment of the Site and not for speculation in land holding. The Developer further recognizes that, in view of:

1. the importance of the redevelopment of the Site to the general welfare of the community;

2. the processes that have been followed by law and by the government for the purpose of making such redevelopment possible; and

3. the fact that a change in ownership or control of the Developer or of a substantial part thereof, or any other act or transaction involving or resulting in a significant change in ownership or control of the Developer or the degree thereof, is for practical purposes a transfer or disposition of the Site or part thereof owned by the Developer;

the qualifications and identity of the Developer, and its principals, are of particular concern to the community and the Agency. The Developer further recognizes that it is because of such qualifications and identity that the Agency is entering 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 without the prior written approval of the Agency. The Agency acknowledges that the Developer may desire to obtain equity participation to assist in financing its activities under this Agreement. The Agency (by its Executive Director, or his designee) hereby agrees to approve the inclusion of such equity participation by the Developer, whether by addition to the Developer entity, assignment of this Agreement to a new entity of which the equity participant is a part, or similar mechanism, provided that the Executive Director (or his designee) determines that: (1) the original Developer retains the controlling ownership and/or management position in the changed entity; (2) the changed entity is at least comparable in all material respects (including experience, character and financial capability) to the Developer (and any guarantors) before the change; and (3) the change is otherwise consistent with this Agreement. The documents implementing any such change shall be satisfactory and subject to the prior written approval of the Executive Director (or his designee), which approval shall not be unreasonably withheld, conditioned or delayed.

Notwithstanding anything to the contrary set forth in this Section 108 or elsewhere in this Agreement, Developer shall have the right to assign its rights under this Agreement and to convey the Site to any entity (a) in which Marks and/or Suhr, or an affiliate of Marks and/or Suhr, is a managing member or (b) in which Marks and/or Suhr, or an affiliate of Marks and/or Suhr, is responsible for the development of the Site. As used in this Agreement, the term "affiliate" shall mean an entity controlling, controlled by or under common control with the entity to which the term applies, whether by ownership, contract or voting control.

Except for assignments duly approved by the Agency or permitted as provided above, the Developer represents and agrees for itself, and any successor in interest of itself, that prior to issuance by the Agency of a Certificate of Completion and without the prior written approval of the Agency, there shall be no significant change in the ownership of the Developer or in the relative proportions thereof, or with respect to the identity of the parties in control of the Developer or the degree thereof, by any method or means.

The Developer shall promptly notify the Agency of any and all changes whatsoever in the identity of the parties in control of the Developer or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. Subject to the notice and cure provisions in Sections 501 through 512, below, this Agreement may be terminated by the Agency if there is any significant change (voluntary or involuntary) in membership, management or control, of the Developer (other than such changes occasioned by the death or incapacity of any individual or as approved by the Agency or permitted as provided above) prior to issuance of a Certificate of Completion for the Site as hereinafter provided.

The restrictions of this Section 108 shall terminate upon issuance by the Agency of a Certificate of Completion for the entire Site as described in Section 324.

## II. [§ 200] DISPOSITION OF THE SITE

### A. [§ 201] Sale and Purchase

In accordance with and subject to all the terms, covenants, and conditions of this Agreement, the Agency agrees to sell to the Developer and the Developer agrees to purchase the Site as shown on the Site Map (Attachment No. l) and as more precisely described in the Legal Description (Attachment No. 2).

The Developer shall pay to the Agency as the total purchase price for the Site, THREE MILLION TWO HUNDRED THOUSAND DOLLARS AND NO CENTS ($3,200,000.00) (the "Purchase Price") in accordance with the following schedule:

1. First Deposit - Developer shall deposit ONE HUNDRED AND SIXTY THOUSAND DOLLARS AND NO CENTS ($160,000.00) ("First Deposit") into escrow upon opening of escrow. The First Deposit shall be held in an interest bearing account for the Developer until close of escrow ("Developer's Escrow Account"), as defined in Section 213(e).

2. Second Deposit - Developer shall deposit SIX HUNDRED AND FORTY THOUSAND DOLLARS AND NO CENTS ($640,000.00) ("Second Deposit") into the Developer's Escrow Account upon Developer's procurement of development entitlements in accordance with the Schedule of Performance (Attachment No. 3). The Second Deposit shall be non-refundable.

3. Final Deposit - Developer shall deposit TWO MILLION FOUR HUNDRED THOUSAND DOLLARS AND NO CENTS ($2,400,000.00)("Final Deposit") into the Developer's Escrow Account no later that two (2) working days prior to the close of escrow. The Final Deposit shall be non-refundable.

All interest accruing thereon ("Developer Interest") shall be credited to the Developer. All other funds received into escrow shall be deposited by the Escrow Agent in a general escrow account with any state or national bank doing business in the State of California and reasonably approved by the Developer and the Agency, and may be combined in such with other escrow funds of the Escrow Agent.

### B. [§ 202] Escrow

The Agency agrees to open an escrow for conveyance of the Site with Jimmy Morada of First American Title Insurance Company, located at 520 N. Central Avenue, 8th Floor, Glendale, California 91203, or such other escrow company or escrow agent as may be acceptable to both the Agency and the Developer (the "Escrow Agent"), within the time provided in the Schedule of

Performance, which is incorporated herein and attached hereto as Attachment No. 3. Sections 104-107 and 200-217 inclusive of this Agreement shall constitute the joint escrow instructions of the Agency and the Developer, and a duplicate original of this Agreement shall be delivered to the Escrow Agent upon the opening of the escrow. The Agency and the Developer shall provide such additional escrow instructions consistent with this Agreement as shall be necessary. The Escrow Agent hereby is empowered to act under such instructions, and upon indicating its acceptance thereof in writing, delivered to the Agency and to the Developer upon opening of the escrow, the Escrow Agent shall carry out its duties as Escrow Agent hereunder. If there is any inconsistency between such additional instructions and this Agreement, then this Agreement shall control.

Upon delivery of the Grant Deed for the Site to the Escrow Agent by the Agency pursuant to Section 206 of this Agreement, the Escrow Agent shall record such Grant Deed in accordance with these escrow instructions, provided that the title to the Site can be vested in the Developer in accordance with the terms and provisions of this Agreement. The Escrow Agent shall buy, affix, and cancel any transfer stamps required by law. Any insurance policies governing the Site 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, at least two (2) working days, but not earlier than ten (10) days, prior to the scheduled date for the conveyance of the Site:

1. One-half of the escrow fee;

2. The premium for the ALTA extended coverage title insurance policy as well as any extended coverage or special endorsements to be paid by the Developer as set forth in Section 208 of this Agreement.

The Developer shall also deposit the Purchase Price and/or proof of payment of the Purchase Price for the Site with the Escrow Agent in accordance with the provisions of Section 207 of this Agreement.

The Agency shall pay, through debit(s) against the Purchase Price, the following fees, charges and costs promptly after the Escrow Agent has notified the Agency of the amount of such fees, charges and costs, at least two (2) working days, but not earlier than ten (10) days, prior to the scheduled date for the conveyance of the Site:

1. One-half of the escrow fee;

2. Costs necessary to place the title to the Site in the condition for conveyance required by the provisions of this Agreement;

3. Cost of drawing the Grant Deed;

4. Recording fees;

5. Notary fees;

6. Any State, County, or City documentary stamps or transfer tax;

7. The premium attributable to the cost of a CLTA policy of title insurance for the Site in the full amount designated by Developer pursuant to Section 208, below; and

8. The "Environmental Credit" (as hereinafter defined).

The Agency shall timely and properly execute, acknowledge and deliver a Grant Deed in substantially the form established in Section 204 of this Agreement, conveying to the Developer title to the Site in accordance with the requirements of Section 205 of this Agreement, together with an estoppel certificate certifying that the Developer has completed all acts (except deposit of the Purchase Price and/or proof of payment of the Purchase 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 the Developer, respectively, for any fees, charges and costs payable under this Section 202 of this Agreement. Before such payments 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 Grant Deed and other documents to the parties entitled thereto when the conditions of this escrow have been fulfilled by the Agency and the Developer. The Purchase Price shall not be disbursed by the Escrow Agent unless and until it has recorded the Grant Deed to the Site, and has delivered to the Developer 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 the escrow instructions portion of this Agreement (Sections 104-107 and 200-217).

If this escrow is not in condition to close with respect to the Site 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 the return of its money, papers, or documents from the Escrow Agent. No demand for return shall be recognized until ten (10) days after the Escrow Agent (or the party making such demand) shall have mailed copies of such demand to the other party or parties at the address of its principal place of business. Objections, if any, shall be raised by written notice to the Escrow Agent and to the other party within the 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, upon failure thereof, by a court of competent jurisdiction. If no such demands are made, the escrow shall be closed as soon as possible.

If objections are raised as above provided for, 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. If no such objections are made within said 10-day period, the Escrow Agent shall immediately return the demanded money, papers, or documents.

Any amendment to the 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 601 of this Agreement for notices, demands, and communications between the Agency and the Developer.

The liability of the Escrow Agent under this Agreement is limited to performance of the obligations imposed upon it under Sections 104 to 107 and Sections 200 to 217, inclusive, of this Agreement.

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

Subject to any mutually agreed upon extension of time, conveyance to the Developer of title to the Site in accordance with the provisions of Section 205 of this Agreement shall be completed on or prior to the date specified in the Schedule of Performance (Attachment No. 3) or such later date mutually agreed to in writing by the Agency and the Developer and communicated in writing to the Escrow Agent.

Except as otherwise provided herein, possession of the Site shall be delivered to the Developer concurrently with the conveyance of title. The Developer shall accept title and possession to the Site on the date established therefor in this Section 203.

D. [§ 204] Form of Deed

The Agency shall convey to the Developer title to the Site in the condition provided in Section 205 of this Agreement by "Grant Deed" in a form to be mutually agreed upon by the Agency and the Developer consistent with this Agreement and substantially in the form incorporated herein and attached hereto as Attachment No. 5. The Grant Deed to the Site shall contain covenants necessary or desirable to carry out this Agreement.

E. [§ 205] Condition of Title

The Agency shall convey to the Developer fee simple merchantable title to the Site free and clear of all liens, encumbrances, assessments, easements, leases and taxes; except those which are set forth in this Agreement and included in the Grant Deed, and those which are otherwise consistent with this Agreement and which are acceptable to the Developer. Title to the Site shall be subject to the exclusion therefrom (to the extent now or hereafter validly excepted and reserved by the parties named in deeds, leases and other documents of record) of all 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 the Site, but without, however, any right to use or disturb either the surface of the Site or any portion thereof within 500 feet of the surface for any purpose or purposes whatsoever.

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

Subject to any mutually agreed upon extension of time, the Agency shall deposit the Grant Deed for the Site with the Escrow Agent on or before the date established for the conveyance of the Site in the Schedule of Performance (Attachment No. 3).

G. [§ 207] Payment of the Purchase Price and Recordation of the Deed

The Escrow Agent shall deliver the Purchase Price plus Agency Interest to the Agency immediately following the delivery to the Developer of a title insurance policy insuring title in conformity with Section 208 of this Agreement and the filing of the Grant Deed for recordation among the land records in the Office of the County Recorder for Los Angeles County.

H. [§ 208] Title Insurance

Concurrently with recordation of the Grant Deed, First American Title Company or another title insurance company satisfactory to the Agency and the Developer ("Title Co.") shall provide and deliver to the Developer an ALTA extended coverage title insurance policy issued by Title Co., insuring that title to the Site is vested in the Developer in the condition required by Section 205 of this Agreement. The Title Co. shall provide the insurance policy and the title insurance policy shall be in the amount of the Purchase Price of the Site or in such greater amount as the Developer may specify as hereinafter provided.

Concurrently with the issuance of the title policy for the Site, the Title Co. shall, if requested by the Developer, provide the Developer with an endorsement to insure the amount of the Developer's estimated construction costs of the improvements to be constructed thereon or on the Site.

The Developer shall pay for all premiums including those for any extended coverage or special endorsements which it requests, in excess of the amount the Agency is required to contribute pursuant to Section 202 above.

I. [§ 209] Taxes and Assessments

Ad valorem taxes and assessments, if any, on the Site, and taxes upon this Agreement or any rights hereunder, levied, assessed or imposed for any period, commencing after conveyance of title or possession of the Site to the Developer, shall be borne by the Developer. Ad valorem taxes and assessments levied, assessed or imposed for any period prior to conveyance of title to the Site to the Developer shall be paid by the Agency.

J. [§ 210] Occupants of the Site

Agency agrees that title to the Site shall be conveyed free of any possession or right of possession except that of the Developer, unless waived by the Developer in writing.

K. [§ 211] Zoning of the Site

The Agency agrees that the zoning applicable to the Site at the time of conveyance of the Site shall be such as to permit development of the Site and construction of improvements thereon in accordance with the provisions of this Agreement and the use, operation and maintenance of such improvements.

L. [§ 212] Condition of the Site

DEVELOPER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN AGENCY IS SELLING AND DEVELOPER IS PURCHASING THE SITE ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT DEVELOPER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM AGENCY, ITS INDIVIDUAL MEMBERS, AGENTS, ATTORNEYS OR BROKERS AS TO ANY MATTERS CONCERNING THE SITE, INCLUDING WITHOUT LIMITATION: (a) the quality, nature, adequacy, and physical condition of soils, geology and any groundwater; (b) the existence, quality, nature, adequacy and physical condition of utilities serving the Site; (c) the development potential of the Site, and the Site's use, merchantability, or fitness, or the suitability, value or adequacy of the Site for any particular purpose; (d) the zoning or other legal status of the Site or any other public or private restrictions on use of the Site; (e) the compliance of the Site with any applicable codes, laws, regulations, statutes, ordinances, covenants, conditions and restrictions of any governmental or quasi-governmental entity or of any other person or entity; (f) the presence of "Hazardous Substances" (as defined in Section 213, below) on, under or about the Site or the adjoining or neighboring property; (g) the quality of any labor and materials used in any improvements; and (h) the condition of title to the Site.

If the condition of the Site is not in all respects entirely suitable for the use or uses contemplated by this Agreement, then it is the sole responsibility and obligation of Developer to place the Site in all respects in a condition entirely suitable for the development thereof, solely at Developer's expense. Notwithstanding the foregoing, the Agency hereby agrees to provide Developer with a credit toward the Purchase Price, at the close of escrow, equal to fifty percent (50%) of the Phase 2 environmental testing that was performed at the Site on or after December 19, 2007, by SCS Engineers (the "Environmental Credit"), up to a maximum amount not to exceed Twenty-Five Thousand Dollars ($25,000). At least five (5) working days prior to close of escrow, Developer shall advise the Escrow Agent and the Agency of the amount of the Environmental Credit and will provide the Escrow Agent and the Agency with invoices supporting the Environmental Credit.

M. [§ 213] Hazardous Substances

a. Hazardous Substances Defined

"Hazardous Substance," as used in this Agreement means any substance, material or waste which is or becomes regulated by the United States government, the State of California, or any local or other governmental authority, including, without limitation, any material, substance or waste which is (i) defined as a "hazardous waste," "acutely hazardous waste," "restricted hazardous waste," or "extremely hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code; (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code; (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code; (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code; (v) petroleum; (vi) asbestos; (vii) a polychlorinated biphenyl; (viii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Code of Regulations, Chapter 20; (ix) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act (33 U.S.C. Section 1317); (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act (42 U.S.C. Section 6903); (xi) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601); or (xii) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any governmental requirements is defined as "hazardous" or is harmful to the environment or capable of posing a risk of injury to public health and safety. "Hazardous Substances" do not include materials customarily used in the construction, development, operation or maintenance of real estate, provided such substances are used in accordance with all laws.

b. Developer's Warranty

Developer hereby represents and warrants that the development, construction and uses of the Site permitted under this Agreement shall comply with all applicable environmental laws.

c. Environmental Indemnity

Effective upon the close of escrow, Developer agrees to indemnify, defend and hold harmless Agency and City and their respective members, officers, agents, employees, contractors and consultants, in accordance with the Environmental Indemnity, which is incorporated herein and attached hereto as Attachment No. 6.

d. Developer's Release

By execution of this Agreement and except as to (i) Agency's obligation to provide the Environmental Credit as set forth in Section 212, above, and (ii) any action, demand, or claim by a third party, raised or asserted prior to close of escrow, including a governmental agency, relating to "Pre-Existing Hazardous Materials" (as defined in the Environmental Indemnity), Developer hereby waives, releases and discharges the Agency, the City, and their respective members, officers, employees, agents, contractors and consultants, from any and all present and future claims, demands, suits, legal and administrative proceedings, and from all liability for damages, losses, costs, liabilities, fees and expenses (including, without limitation, attorneys' fees) arising out of or in any way connected with the Agency's or Developer's use, maintenance, ownership or operation of the Site, any Hazardous Substances on the Site, or the existence of Hazardous Substances contamination in any state on the Site, however the Hazardous Substances came to be placed there, except that arising out of the negligence or willful misconduct of the Agency or its employees, officers or agents. Developer acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

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

To the extent of the release set forth in this Section 213, Developer hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

e. Site Access During Due Diligence Period

Developer shall have up to sixty (60) days from opening of escrow (the "Due Diligence Period") to inspect the Site, in accordance with the terms and conditions of the Right of Entry Agreement, which is incorporated herein and attached hereto as Attachment No. 8.

In the event Developer finds the Site unsatisfactory for any reason during the Due Diligence Period, Developer shall notify Agency and Escrow Agent, in writing, prior to expiration of the Due Diligence Period. Developer's failure to notify Agency of its decision to terminate escrow will be deemed to be Developer's approval of the Site and decision to proceed to the close of escrow. If Developer elects to terminate the escrow, then Developer and Agency shall thereafter have no obligation to each other (except as otherwise set forth herein), Developer will, subject to any restrictions set forth in such reports and/or studies, deliver to Agency a copy of all reports and studies commissioned or prepared by Developer (other than internal financial analyses and/or financial projections prepared by Developer, and Developer shall be entitled to the return of its First Deposit. In the event of a cancellation of escrow, Developer and Agency shall each pay one-half of any escrow cancellation fees.

N. [§ 214]Submission of Evidence of Financing

Within the times established therefor in the Schedule of Performance (Attachment No. 3), the Developer shall submit to the Agency evidence satisfactory to the Agency that the Developer has obtained firm and binding commitments for financing necessary for the acquisition and development of the Site in accordance with this Agreement, including the Method of Financing and Project Budget incorporated herein and attached hereto as Attachment No. 7 and Attachment No. 7A, respectively.

The Developer's first submission of such evidence of financing ("First Submission") shall include:

1. A copy of the commitment or commitments obtained by the Developer for the mortgage loan or loans (for both construction financing and take out financing, if a condition to funding the construction loan) to assist in financing the cost of the improvements to be developed on the Site in accordance with the Scope of Development ("Construction Loan"), certified by the Developer to be a true and correct copy or copies thereof. The commitment for financing shall be in such

form and content acceptable to the Agency as reasonably evidences a firm commitment normally issued by an institutional lender.

2. The form of the Developer's proposed contract for the construction of the improvements on the Site, with the estimated construction cost for such improvements.

3. Copies of the Developer's proposed construction loan documents, including but not limited to the loan agreement, guarantee, if any, note and trust deed.

The Developer's second submission of such evidence of financing ("Second Submission") shall include:

1. A copy of the contract between the Developer and the general contractor for the construction of the improvements on the Site, certified by the Developer to be a true and correct copy thereof, and any performance and payment bonds related thereto ("Bonds").

2. Copies of the Developer's Construction Loan documents, including but not limited to the loan agreement, guarantee, if any, note and trust deed, pertaining to the Site in final form to be closed prior to commencement of construction on the Site. In the event that the Construction Loan documents do not require Bonds, and Developer fails to provide the Bonds on its own accord, then Developer shall cause to be executed and delivered to the Agency an agreement executed by Marks and Suhr, guaranteeing the performance of this Agreement ("Guarantee"). Such Guarantee shall be in a form reasonably acceptable to the Agency, Marks and Suhr.

3. Documentary evidence satisfactory to the Agency of sources of equity capital sufficient to demonstrate that the Developer has adequate funds legally committed to cover the difference, if any, between construction cost minus financing authorized by the Construction Loan.

The Agency shall approve or disapprove each such submission of evidence of financing within the times established in the Schedule of Performance. Such approval shall not be unreasonably withheld, conditioned or delayed. Failure of the Agency to approve or disapprove any such evidence of financing within such time shall be deemed an approval. If the Agency shall disapprove any such evidence of financing, the Agency shall do so by written notice to the Developer stating the reasons for such disapproval.

O. [§ 215] Conditions Precedent to Commencement of Construction Prior to Conveyance

a. The following are conditions precedent to the Developer's commencement of construction of any improvements on the Site prior to close of escrow for conveyance of the Site to the Developer. Subject to the notice and cure provisions of Sections 501 through 512, inclusive, of this Agreement and to the enforced delay provisions of Section 604 of this Agreement, the Agency at its option may terminate this Agreement pursuant to Section 511 if any of the conditions precedent set forth below are not satisfied by the Developer or waived in writing by the Agency within the time limits set forth in the Schedule of Performance (Attachment No. 3).

1. Developer's submission of Evidence of Financing in accordance with Section 214.

2. Completion of all City approvals and permits required for Developer to develop the Site in accordance with Section 312 and the Scope of Development (Attachment No. 4), including issuance of a building permit.

3. Completion of all approvals and permits required from governmental entities other than the City required for Developer to develop the Site in accordance with Section 312 and the Scope of Development (Attachment No. 4).

4. Developer's submittal to the Agency of proof of insurance, in accordance with Section 310.

5. Developer's execution, acknowledgement, and delivery to the Agency of the Environmental Indemnity (Attachment No. 6).

6. Developer's execution, acknowledgement, and delivery to the Agency of the Assignment of Agreements, incorporated herein and attached hereto as Attachment No. 11.

7. Developer's deposit of the First Deposit and Second Deposit into escrow, in accordance with Section 201.

8. Developer's provision of an ALTA survey in accordance with Section 801.

9. Developer's acknowledgement, and delivery to the Agency of the Subterranean Encroachment Agreement (Attachment No. 10) in accordance with Section 803.

10. Developer shall not be in default of any of its obligations under this Agreement.

P. [§ 216] Conditions Precedent to Conveyance

a. The following are conditions precedent to the Agency's obligation to close escrow and convey the Site to the Developer. Subject to the notice and cure provisions of Sections 501 through 512, inclusive, of this Agreement and to the enforced delay provisions of Section 604 of this Agreement, the Agency at its option may terminate this Agreement pursuant to Section 511 if any of the conditions precedent set forth below are not satisfied by the Developer or waived in writing by the Agency within the time limits set forth in the Schedule of Performance (Attachment No. 3).

1. Developer's execution and delivery to the Agency of the Public Parking Easement Agreement (Attachment No. 9) in accordance with Section 702.

2. Developer's deposit of the Final Deposit into escrow, in accordance with Section 201.

3. Developer's compliance with all conditions of the Right of Entry Agreement (Attachment No. 8).

4. Suhr's and Mark's execution and delivery to the Agency of the Guarantee, if required by Section 214.

5. Developer shall not be in default of any of its obligations under this Agreement.

At least two (2) working days prior to the close of escrow, Developer shall promptly execute, have acknowledged, as applicable, and delivered to Escrow Agent all documents required under this Section.

b. The following are conditions precedent to the Developer's obligation to close escrow. Subject to the notice and cure provisions of Sections 501 through 512, inclusive, of this Agreement and to the enforced delay provisions of Section 604 of this Agreement, the Developer at its option may terminate this Agreement pursuant to Section 510 if any of the conditions precedent set forth below are not satisfied by the Agency or waived in writing by the Developer within the time limits set forth in the Schedule of Performance (Attachment No. 3).

1. Agency's delivery of title in accordance with Section 205.

2. Agency's execution, acknowledgement, and delivery to the Developer of the Grant Deed (Attachment No. 5) in recordable form, in accordance with Section 204.

3. Agency's and City's execution, acknowledgement, and delivery to the Developer of the Subterranean Encroachment Agreement (Attachment No. 10) in accordance with Section 803.

4. There have been no material adverse changes in the condition of the Site, such that Agency can deliver the Site to Developer at closing in the same condition in existence as of the expiration of the Due Diligence Period. The discovery and/or release of Pre-existing Hazardous Materials on the Site shall constitute a material adverse change.

5. Agency shall not be in default of any of its obligations under this Agreement.

At least two (2) working days prior to the close of escrow, Agency shall promptly execute, have acknowledged, as applicable, and delivered to Escrow Agent all documents required under this Section.

Q. [§217] Recordation of Documents

Agency and Developer, respectively, agree to perform all acts necessary to recordation and delivery of such documents in sufficient time for escrow to be closed in accordance with the foregoing provisions.

a. The following documents shall be recorded in the following order ("Recorded Documents"):

| **ORDER OF RECORDATION** | **DOCUMENT NAME** |
|---|---|
| 1. | Subterranean Encroachment Agreement |
| 2. | Grant Deed |
| 3. | Public Parking Easement Agreement |
| 4. | Permitted Mortgage Instruments (Construction Lender) per Section 318 |

b. All documents to be recorded shall be recorded in the Office of the Los Angeles County Registrar-Recorder/County Clerk ("County Recorder").

III. [§ 300] DEVELOPMENT OF THE SITE

A. [§ 301] Responsibilities of Developer

1. [§ 302] Scope of Development

The Site and improvements on the Site ("Improvements") shall be developed in accordance with and within the limitations established in the Scope of Development incorporated herein and attached hereto as Attachment No. 4.

2. [§ 303] Schematic Level Drawings

The Developer shall prepare and submit Schematic Level Drawings and related documents for the development of the Site to the Agency for review and written approval within the time established in the Schedule of Performance (Attachment No. 3). Schematic Level Drawings shall include a site plan and floor plans, elevations and sections, showing the Improvements as they are to be developed and constructed on the Site.

The Site shall be developed as established in the Schematic Level Drawings and related 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 Development (Attachment No. 4).

3. [§ 304] Landscaping and Grading Plans

The Developer shall prepare and submit to the Agency for its approval preliminary and final landscaping and preliminary and finish grading plans for the Site. Those plans shall be prepared and submitted within the times established in the Schedule of Performance (Attachment No. 3). The landscaping plans shall include a lighting program which highlights the design of components of the development including but not limited to building facades, architectural detail, landscaping and sculpture.

The landscaping plans shall be prepared by a licensed landscape architect and the grading plans shall be prepared by a licensed civil engineer. Such landscape architect and/or civil engineer may be the same firm as the Developer's architect. Within the time established in the Schedule of Performance, the Developer shall submit to the Agency for approval the name and qualifications of its architect, landscape architect, and civil engineer.

4. [§ 305] Construction Drawings and Related Documents for the Site

The Developer shall prepare and submit construction drawings and related documents (collectively called the "Drawings") for the development pertaining to the Site to the Agency for review (including but not limited to architectural review), and written approval within the times established in the Schedule of Performance (Attachment No. 3). Such construction drawings and related documents shall be submitted in three stages: Design Development Drawings, 50% Construction Drawings, and Final Construction Drawings. Final Construction Drawings are hereby defined as those in sufficient detail to obtain a building permit.

Approval of progressively more detailed drawings and specifications will be promptly granted by the Agency if developed as a logical evolution of drawings or specifications theretofore approved. Any items so submitted and approved by the Agency shall not be subject to subsequent disapproval.

During the preparation of all drawings and plans the Agency and the Developer shall hold regular progress meetings to coordinate the preparation of, submission to, and review of construction plans and related documents by the Agency. The 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.

If any revisions or corrections of plans or Drawings approved by the Agency shall be required by any government official, agency, department or bureau having jurisdiction over the development of the Site, the Developer and the Agency shall reasonably cooperate in efforts to incorporate the revisions or corrections into the plans or Drawings or develop a mutually acceptable alternative.

5. [§ 306] Agency Approval of Plans, Drawings, and Related Documents

Subject to the terms of this Agreement, the Agency shall have the right of review (including without limitation architectural review) of all plans and submissions, including any proposed changes therein. The Agency shall approve or disapprove the plans, drawings and related documents referred to in Section 303, 304 and 305 of this Agreement within the times established in the Schedule of Performance (Attachment No. 3). Failure by the Agency to either approve or disapprove within the times established in the Schedule of Performance shall be deemed an approval. Any disapproval shall state in writing the reasons for disapproval and the changes which the Agency requests to be made. Such reasons and such changes must be consistent with the Scope of Development (Attachment No. 4) and any items previously approved or deemed approved hereunder. The Developer, upon receipt of a disapproval based upon powers reserved by the Agency hereunder, shall revise the plans, drawings and related documents, and shall resubmit to the Agency as soon as possible after receipt of the notice of disapproval.

If the Developer desires to make any substantial change in the Final Construction Drawings after their approval, such proposed change shall be submitted to the Agency for approval. If the Final Construction Drawings, as modified by the proposed change, conform to the requirements of Section 305 of this Agreement and the Scope of Development, the proposed change shall be approved and the Developer shall be notified in writing within fifteen (15) days after submission. Such change in the construction plans shall, in any event, be deemed approved unless rejected, in whole or in part, by written notice thereof setting forth in detail the reasons therefor, and such rejection shall be made within said fifteen (15) day period.

6. [§ 307] Cost of Construction

The cost of developing the Site and constructing all improvements thereon, including all cost overruns, shall be borne by the Developer.

7. [§ 308] Schedule of Performance

The Developer shall begin and complete all construction and development within the times specified in the Schedule of Performance incorporated herein and attached hereto as Attachment No. 3. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and the Agency.

During periods of construction, the Developer shall submit to the Agency a written report of the progress of the construction when and as reasonably requested by the Agency. The report shall be in such form and detail as may be reasonably required by the Agency and shall include a reasonable number of construction photographs (if requested) taken since the last report by the Developer.

8. [§ 309] Indemnification During Construction; Bodily Injury and Property Damage Insurance

As a material part of the consideration for this Agreement, and to the maximum extent permitted by law, during the period from the date of this Agreement through issuance of a Certificate of Completion of the Improvements, Developer shall indemnify, protect, defend and hold harmless the Agency and City, and their respective officers, employees, agents, and representatives (the "Indemnitees"), with counsel reasonably acceptable to Agency and/or City, from and against any and all loss, liability, damage, claim, cost and expense (including reasonable attorneys' fees, court and litigation costs and fees of expert witnesses) resulting or arising from or in any way connected to this Agreement including but not limited to the following, provided, however, Developer shall not be responsible for (and such indemnity shall not apply to) any loss, liability, damage, claim, cost or expense arising to the extent of the negligence or willful misconduct of the Indemnitees or material breach of this Agreement by any of the Indemnitees:

1. Developer's development, marketing, sale or use of the Site in any way;

2. Any plans or designs for Improvements prepared by or on behalf of Developer, including without limitation any errors or omissions with respect to such plans or designs;

3. Any loss or damage to Agency resulting from any inaccuracy in or breach of any representation or warranty of Developer, or resulting from any breach or default by Developer under this Agreement; and

4. Any loss or damage to Agency and/or City described in Section 310 of this Agreement.

The foregoing indemnities shall not terminate upon the issuance of the Certificate of Completion but shall survive all applicable causes of action that accrued during the indemnification period.

9. [§ 310] Insurance

a. Insurance policies in effect prior to completion of the Improvements Developer shall maintain in effect and deliver to Agency duplicate originals or appropriate certificates and endorsements of the following insurance policies:

Builder's Risk Policies: At all times prior to issuance of the Certificate of Completion, Developer shall maintain or cause to be maintained a policy or policies of insurance against physical loss or damage to the Site (except for land) and the Improvements thereon, resulting from fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in special causes of loss property coverage form policies. Such insurance shall be maintained in an amount not less than one hundred percent of the replacement value of the Improvements on the Site, as defined below.

Property Policies: Upon issuance of the Certificate of Completion for the Site, Developer shall maintain or cause to be maintained a policy or policies of insurance against physical loss or damage to the Site (except for land) and the Improvements thereon.

Liability Insurance: At all times prior to issuance of the Certificate of Completion, Developer shall maintain or cause to be maintained commercial general liability insurance, to protect against loss from liability imposed by law for damages on account of personal injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Site and the business of Developer on the Site, or in connection with the operation thereof, resulting directly or indirectly from any acts or activities of Developer, or any person acting for Developer, or under its respective control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person occurring on or about the Site, or in connection with the operation thereof, caused directly or indirectly by or from acts or activities of Developer, or any person acting for Developer, or under its control or direction, all subject to the terms, conditions, exclusions, definitions and other provisions of the policy or policies reasonably acceptable to the Agency. Such property damage and personal injury insurance shall also provide for and protect Agency and/or City against incurring any legal cost in defending such claims or suits. Such personal injury and property damage insurance shall be maintained in full force and effect until issuance of the Certificate of Completion in the following amounts: commercial general liability in a general aggregate amount of not less than $2,000,000 million. Developer agrees that provisions of this paragraph as to maintenance of insurance shall not be construed as limiting in any way the extent to which Developer may be held responsible for the indemnification of Agency and/or City or the payment of damages to persons or property resulting from Developer's activities, activities of its tenants or the activities of any other person or persons for which Developer is otherwise responsible.

Automobile Insurance: At all times prior to issuance of the Certificate of Completion, Developer shall maintain or cause to be maintained automobile insurance, maintained in full force and effect in an amount of not less than $2,000,000 million per accident.

Workers' Compensation Insurance: At all times prior to issuance of the Certificate of Completion, Developer shall maintain or cause to be maintained workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the workers' compensation laws now in force in California, or any laws hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such workers' compensation insurance shall cover all persons employed by Developer in connection with the Site and shall cover liability within statutory limits for compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death in connection with the Site or the operation thereof by Developer. Notwithstanding the foregoing, Developer may, in compliance with the laws of the State of California and in lieu of maintaining such insurance, self-insure for workers' compensation in which event Developer shall deliver to Agency evidence that such self-insurance has been approved by the appropriate State authorities.

All policies, endorsements, or certificates of insurance shall provide that such policies shall not be canceled without at least ten (10) days prior written notice to Agency. Developer shall provide written notice to Agency in the event of any reduction or limitation in coverage at least thirty (30) days prior to such reduction or limitation. All fire and liability insurance policies (excluding automobile and workers' compensation) shall name the Agency and City, and their respective officers, employees, contractors and agents, as additional insureds, or loss payable parties as their interests may appear.

b. Developer agrees to timely pay all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. Developer agrees to submit binders, endorsements, and certificates evidencing such insurance to Agency. Within thirty days, if practicable, but in any event prior to expiration of any such policy, a binder evidencing renewal or replacement coverage, or copies of renewal policies, endorsements, or certificates evidencing the existence thereof, shall be submitted to Agency. All insurance herein provided for under this paragraph b. shall be provided by insurers authorized to do business in the State of California and rated A-VI or better.

c. If Developer fails or refuses to procure or maintain insurance as required by this Agreement, Agency and/or City shall have the right, at Agency's and/or City's election, and upon ten days prior notice to Developer, to procure and maintain such insurance. The premiums paid by Agency and/or City shall be treated as a loan, due from Developer, to be paid on the first day of the month following the date on which the premiums were paid or, at Agency's and/or City's election, credited against any monies owed by the Agency and/or City to Developer. Agency and/or City shall give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s).

d. Upon and after issuance of the Certificate of Completion for the Site, the Developer shall be subject to the indemnity and insurance provisions in the Ground Lease.

10. [§ 311] Antidiscrimination During Construction

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

11. [§ 312] Local, State, and Federal Laws

a. Developer hereby agrees to carry out development, construction (as defined by applicable law) and operation of any improvements on the Site, including, without limitation, any and all public works (as defined by applicable law), in conformity with all applicable Federal and State labor laws, including, without limitation, the payment of State prevailing wages.

b. Developer hereby expressly acknowledges and agrees that neither City nor Agency has ever previously affirmatively represented to Developer or its contractor(s) for the Improvements in writing or otherwise, in a call for bids or otherwise, that the work to be covered by the bid or contract is not a "public work," as defined in Section 1720 of the Labor Code. Developer hereby agrees that Developer shall have the obligation to provide any and all disclosures, representations, statements, rebidding, and/or identifications which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer hereby agrees that Developer shall have the obligation to provide and maintain any and all bonds to secure the payment to contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer hereby agrees that Developer shall have the obligation, at Developer's sole cost, risk and expense, to obligate any party as may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer shall indemnify, protect, defend and hold harmless the Agency, City and their respective officers, employees, contractors and agents, with counsel reasonably acceptable to Agency and City, from and against any and all loss, liability, damage, claim, cost, expense, and/or "increased costs" (including labor costs, penalties, reasonable attorneys fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development, construction (as defined by applicable law) and/or operation of the Improvements, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Developer of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages); (2) the implementation of Sections 1726 and 1781 of the Labor Code, as the same may be enacted, adopted or amended from time to time, or any other similar law; (3) failure by Developer to provide any required disclosure, representation, statement, rebidding and/or identification which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; (4) failure by Developer to provide and maintain any and all bonds to secure the payment to contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; and/or (5) failure by Developer to obligate any party as may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law.

c. It is agreed by the parties that, in connection with the development, construction (as defined by applicable law) and operation of the Improvements, including, without limitation, any public work (as defined by applicable law), Developer shall bear all risks of payment or non payment of state prevailing wages and/or the implementation of Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, and/or any other provision of law. "Increased costs" as used in this Section shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time.

d. The foregoing indemnity shall survive termination of this Agreement and shall continue after issuance of the Certificate of Completion.

12. [§ 313] City and Other Governmental Agency Permits

Before commencement of construction or development of any buildings, structures or other work of improvement upon any portion of the Site, 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. The Agency shall provide all reasonable assistance to the Developer in securing these permits; provided, however, that Developer understands and Agrees that any Agency approvals shall not constitute or guarantee approvals required by the City or any other governmental agency.

13. [§ 314] Rights of Access

Representatives of the Agency and the City shall have the reasonable 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. Such representatives of the Agency or the City shall be those who are so identified in writing by the Executive Director of the Agency (or his designee).

B. [§ 315] Responsibilities of the Agency

The Agency shall not be responsible for performing any of the work specified in the Scope of Development (Attachment No. 4).

C. [§ 316] Taxes, Assessments, Encumbrances and Liens

The Developer shall pay when due all real estate taxes and assessments assessed and levied on or against the Site and each portion thereof, including the Site subsequent to the conveyance of title or possession thereto. The Developer shall not place, or allow to be placed, on the Site or any portion thereof, any mortgage, trust deed, encumbrance or lien not authorized by this Agreement. The Developer shall remove, or shall have removed, any levy or attachment made on the Site (or any portion thereof), except those created by work of the Agency, or shall assure the satisfaction thereof within a reasonable time but in any event prior to a sale thereunder. Developer shall refrain from appealing, challenging or contesting in any manner the validity or amount of any tax assessment, encumbrance or lien on the Site; provided, however, that such prohibition shall not apply to an appeal, challenge or contesting of the erroneous initial assessment for property tax purposes of the Site in the fiscal year of the completion of the Project to be constructed pursuant to this Agreement, and further provided that in the absence of transfer of ownership or new construction Developer shall not be prohibited from appealing, challenging or contesting any increases in assessment of the Site for property tax purposes over and above the current 2% per annum permitted amount.

The covenants of the Developer set forth in this Section 316 relating to the placement of any unauthorized mortgage, trust deed, encumbrance, or lien, shall remain in effect only until a Certificate of Completion of construction has been recorded with respect to the Site or the portion thereof upon which any unauthorized mortgage, trust deed, encumbrance or lien might be placed.

D. [§ 317] Prohibition Against Transfer

Prior to the recordation by the Agency of a Certificate of Completion (referred to in Section 325 of this Agreement), the Developer shall not, except as permitted by this Agreement, assign or attempt to assign this Agreement or any right herein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Site or the improvements thereon (collectively, "Transfer"), without prior written approval of the Agency. This prohibition shall not apply to the Site (or portion thereof) subsequent to the recordation of the Certificate of Completion with respect thereto; provided, however, that any Transfer occurring upon or after the Agency's issuance of a Certificate of Completion shall not release (i) the Developer from any Obligations under the Environmental Indemnity (Attachment No. 6) that arose prior to the date of the Transfer and/or (ii) Developer's obligations to construct the Improvements in accordance with the Scope of Development (Attachment No. 4), including latent or patent defects, for a period of ten (10) years from the issuance of the Certificate of Completion. Nothing in this Agreement shall create a cause of action in favor of Agency for latent or patent defects in any structures other than the Public Parking Spaces.

. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Site, nor shall it prohibit granting any security interests expressly described in this Agreement for financing the acquisition and development of the Site nor shall it prohibit Developer's taking security deposits from prospective purchasers of condominium units constructed, or to be constructed, on the Site; provided, however, that conveyance of any property interest in the Site to those prospective purchasers does not occur prior to the Agency's issuance of a Certificate of Completion.

Except as permitted by this Agreement, in the event that the Developer does assign this Agreement or any of the rights herein, or does sell, transfer, convey or assign the Site (or portion thereof), or the buildings or structures thereon, prior to the issuance of the Certificate of Completion pertaining thereto, 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 sale, transfer, conveyance or assignment of the Site (or portion thereof) is in excess of the Purchase Price paid by the Developer for the Site, plus the cost of improvements and development theretofore made to the Site. The consideration payable for such sale, transfer, conveyance or assignment 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. Any such lien shall be subordinate and subject to mortgages, deeds of trust, or other security instruments executed for the sole purpose of obtaining funds to purchase and develop the Site (or portion thereof) as authorized herein.

In the absence of specific written agreement by the Agency, no such sale, transfer, conveyance or assignment of this Agreement or the Site (or any portion thereof), or approval by the Agency of any such sale, transfer, conveyance or assignment, shall be deemed to relieve the Developer or any other party from any obligations under this Agreement.

E. [§ 318] Security Financing; Rights of Holders

1. [§ 319] No Encumbrances Except Mortgages, Deeds of Trust, Conveyances and Leases-Back or Other Conveyance for Financing for Development

Notwithstanding Section 316, after conveyance of title to the Site to the Developer, mortgages, deeds of trust, conveyances and leases-back, or any other form of conveyance required for any reasonable method of financing are permitted before the recordation of the Certificate of Completion (referred to in Section 325 of this Agreement), but only for the purpose of securing loans of funds to be used for financing construction of the Improvements on the Site, and any other expenditures necessary and appropriate to develop the Site under this Agreement. The Developer shall notify the Agency in advance of any mortgage, deed of trust, conveyance and lease-back, or other form of conveyance for financing if the Developer proposes to enter into the same before the recordation of the Certificate of Completion. The Developer shall not enter into any such conveyance for financing without the prior written approval of the Agency, which approval the Agency agrees to give if any such conveyance is (i) given to a responsible financial or lending institution or other acceptable person or entity and (ii) in accordance the Method of Financing (Attachment No. 7) and Project Budget (Attachment No. 7A) ("Permitted Mortgage Instruments"). Such lender shall be deemed approved unless rejected in writing by the Agency within fifteen (15) working days after receipt of notice thereof by the Agency. Such lender approved by the Agency pursuant to this Section 318, shall not be bound by any amendment, implementation, or modification to this Agreement subsequent to its approval without such lender giving its prior written consent.

In any event, the Developer shall promptly notify the Agency of any mortgage, deed of trust, conveyance and lease-back, or other financing, conveyance, encumbrance or lien that has been created or attached to the Site (or portion thereof) prior to completion of the construction of the improvements thereon whether by voluntary act of the Developer or otherwise.

The words "mortgage" and "deed of trust" as used herein include all other appropriate modes of financing real estate acquisition, construction, and land development.

2. [§ 320] Holder Not Obligated to Construct Improvements

The holder of any mortgage, deed of trust or other security interest authorized by this Agreement shall in no way be obligated by the provisions of this Agreement to construct or complete the improvements or to guarantee such construction or completion; nor shall any covenants or any other provision in the Grant Deed for the Site be so construed as to so obligate such holder. Nothing in this Agreement shall be deemed or construed to 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. [§ 321] Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders; Right to Cure

Whenever the Agency shall deliver any notice or demand to the 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, deed of trust or other security interest 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 ninety (90) 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 security interest debt and the lien of its security interest. If such default shall be a default which can only be remedied or cured by such holder upon obtaining possession, such holder shall seek to obtain possession with diligence and continuity through a receiver or otherwise, and shall remedy or cure such default within ninety (90) days after obtaining possession; provided that in the case of a default which cannot with diligence be remedied or cured, or the remedy or cure of which cannot be commenced within such 90-day period, such holder shall have such additional time as reasonably necessary to remedy or cure such default with diligence and continuity; and provided further that such holder shall not be required to remedy or cure any non-curable default of the Developer. 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 related, and submit evidence satisfactory to the Agency that it has the qualifications and/or financial responsibility necessary to perform such obligations. Any such holder properly completing such improvements shall be entitled, upon written request made to the Agency, to a Certificate of Completion from the Agency.

4. [§ 322] Failure of Holder to Complete Improvements

In any case where, six months after the Agency has delivered to such holder a notice of default by the Developer in completion of construction of improvements under this Agreement, the holder of any mortgage, deed of trust or other security interest creating a lien or encumbrance upon the Site (or portion thereof) has not exercised the option to construct, or if it has exercised the option but has not proceeded diligently with construction, the Agency may purchase the mortgage, deed of trust or other security interest by payment to the holder of the amount of the unpaid debt, plus any accrued and unpaid interest and other charges properly payable under the mortgage, deed of trust or other security interest. If the ownership of the Site (or portion 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, deed of trust or other security interest 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 ownership or management of the Site (or portion thereof), such as insurance premiums and real estate taxes.

d. The cost of any improvements made by such holder.

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.

5. [§ 323] Right of Agency to Cure Mortgage, Deed of Trust, or Other Security Interest Default

In the event of a default or breach by the Developer of a mortgage, deed of trust or other security interest with respect to the Site (or any portion thereof) prior to the issuance of a Certificate of Completion therefor by the Agency, and the holder has not exercised its option to complete the development, the Agency may cure the default prior to completion of any foreclosure. In such event, the Agency shall be entitled to reimbursement from the Developer of all costs and expenses incurred by the Agency in curing the default. The Agency shall also be entitled to a lien upon the Site (or portion thereof) to the extent of such costs and disbursements. Any such lien shall be subordinate and subject to mortgages, deeds of trust, or other security instruments executed for the sole purpose of obtaining funds to purchase and develop the Site (or portion thereof) as authorized herein.

F. [§ 324] Right of the Agency to Satisfy Other Liens on the Property After Title Passes

Prior to the recordation of the Certificate of Completion (referred to in Section 325 of this Agreement), and after the Developer has had a reasonable time to challenge, cure or satisfy any liens or encumbrances on the Site (or portion thereof), the Agency shall have the right to satisfy any such liens or encumbrances; provided, however, that nothing in this Agreement shall require the Developer to pay or make provisions for the payment of any tax, assessment, lien or charge so long as the Developer in good faith shall contest the validity or amount thereof, and so long as such delay in payment shall not subject the Site (or any portion thereof) to forfeiture or sale.

G. [§ 325] Certificate of Completion

Promptly after completion of all construction and development to be completed by the Developer upon the Site in accordance with this Agreement, the Agency shall furnish the Developer with a Certificate of Completion upon written request therefor by the Developer. The Agency shall not unreasonably withhold any such Certificate of Completion. Such Certificate of Completion shall be, and shall so state, conclusive determination of satisfactory completion of the construction required by this Agreement upon the Site, and of full compliance with the terms hereof with respect to the Site. The Agency may also furnish the Developer with a Certificate of Completion for portions of the improvements upon the Site as are properly completed and ready to use if the Developer is not in default under this Agreement. After the recordation of the 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 deed, lease, mortgage, deed of trust, contract or other instrument of transfer which shall include the provisions of Section 400 through 404 (inclusive) of this Agreement. Except as otherwise expressly provided herein, neither the Agency nor any other person, after the recordation of the Certificate of Completion, shall have any rights, remedies or controls that it would otherwise have or be entitled to exercise under this Agreement with respect to the Site (or portion thereof), as a result of a default in or breach of any provision of this Agreement, and the respective rights and obligations of the parties with reference to the Site (or portion thereof) shall be limited thereafter to those set forth in the documents recorded pursuant to this Agreement.

The Certificate of Completion shall be in such form as to permit it to be recorded in the Office of the Recorder of Los Angeles County.

If the Agency refuses or fails to furnish a Certificate of Completion for the Site after written request from the Developer, the Agency shall, within ten (10) days of the written request, provide the Developer with a written statement which details the reasons the Agency refused or failed to furnish a Certificate of Completion. The statement shall also contain the Agency's opinion of the action the Developer must take to obtain a Certificate of Completion. If the reasons for such refusal are confined to the immediate unavailability of specific items or 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 yet completed. If the Agency shall have failed to provide such written statement within said 10-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 a mortgage, or any insurer of a mortgage securing money loaned to finance the improvements, nor any part thereof. Such Certificate of Completion is not notice of completion as referred to in Section 3093 of the California Civil Code.

IV. [§ 400] USE OF THE SITE

A. [§ 401] Uses

Subject to the provisions of Section 325 above, 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, its successors and assignees shall devote the Site to the uses specified in the Redevelopment Plan, the Scope of Development, and the Grant Deed. Though the Developer intends to develop the Site as a commercial/office/condominium building, the Agency hereby acknowledges that the Developer retains the right to lease, rather then sell, all or any portion of the commercial/retail space within the building.

B. [§ 402] Maintenance of the Site

The Developer shall maintain the improvements on the Site 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 in a healthy condition.

C. [§ 403] Obligation to Refrain from Discrimination

The Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Site or any part thereof, there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, sexual orientation, marital status, race, color, creed, religion, 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.

D. [§ 404] Form of Nondiscrimination and Nonsegregation Clauses

Developer shall refrain from restricting the rental, sale or lease of the Site on the basis of race, color, religion, ancestry, national origin, sex, or marital status 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 any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

Notwithstanding the paragraph, with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall also apply to the above paragraph.

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:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

Notwithstanding the above paragraph, with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the above paragraph.

3. In contracts entered into by the Agency relating to the sale, transfer, or leasing of land or any interest therein acquired by the Agency within any survey area of redevelopment project the foregoing provisions in substantially the forms set forth shall be included and the contracts shall further provide that the foregoing provisions shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the instrument.

E. [§ 405] Effect and Duration of Covenants

The covenants established in this Agreement shall, without regard to technical classification and designation, be binding on the Developer and any successor in interest to the Site or any part thereof for the benefit and in favor of the Agency, its successors and assigns, and the City. Such covenants as are to survive the issuance of the Certificate of Completion by the Agency shall be as contained in the Grant Deed (Attachment No. 5) and shall remain in effect for the periods specified therein.

F. [§ 406] Rights of Access - Public Improvements and Facilities

The Agency reserves the right to enter the Site or any part thereof at all reasonable times and with as little interference as possible, for the purposes 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 the Developer, and the Agency shall indemnify and hold the Developer harmless from any claims or liabilities, including attorneys' fees, court and litigation costs and fees of expert witnesses, pertaining to such entry, except to the extent of Developer's negligence or willful misconduct. Any damage or injury to the Site resulting from such entry shall be promptly repaired at the sole expense of the Agency.

V. [§ 500] DEFAULTS, REMEDIES AND TERMINATION

A. [§ 501] Defaults – General

Subject to the extensions of time set forth in Section 604, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who fails or delays must immediately commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence, and during any period of curing shall not be in default.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either 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.

B. [§ 502] Legal Actions

1. [§ 503] Institution of Legal Actions

In addition to any other rights or remedies, 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 Los Angeles, State of California, in any other appropriate court of that county, or in the Federal District Court in the Southern District of California.

2. [§ 504] Applicable Law

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

3. [§ 505] 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 Executive Director or Chair of the Agency, 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 member of Developer and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

C. [§ 506] Rights and Remedies are Cumulative

Except with respect to rights and remedies expressly declared to be exclusive 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. [§ 507] Damages

If either party 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 within ten (10) days after receipt of the notice of default if an obligation to pay money, or within thirty (30) days after the notice of default otherwise, or if such default (other than the payment of money) is of a type which is not capable of being cured within thirty (30) days, then if the default is not commenced to be cured within thirty (30) days after service of the notice of default and such cure is not cured promptly in a continuous and diligent manner within a reasonable period of time after commencement, but in any event no longer than ninety (90) days unless a longer period is agreed to, in writing, by the nondefaulting party, the nondefaulting party may thereafter (but not before) commence an action for damages against the defaulting party with respect to such default.

E. [§ 508] Specific Performance

If either party 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 within ten (10) days after receipt of the notice of default if an obligations to pay money, or within thirty (30) days after the notice of default otherwise, or if such default (other than the payment of money) is of a type which is not capable of being cured within thirty (30) days, then if the default is not commenced to be cured within thirty (30) days after service of the notice of default and such cure is not cured promptly in a continuous and diligent manner within a reasonable period of time after commencement, but in any event no longer than ninety (90) days unless a longer period is agreed to, in writing, by the nondefaulting party, the nondefaulting party, at its option, may thereafter (but not before, unless necessary to prevent immediate harm) commence an action for specific performance of the terms of this Agreement pertaining to such default.

F. [§ 509] Remedies and Rights of Termination

1. [§ 510] Termination by Developer

In addition to the other rights and remedies set forth in this Agreement, in the event that prior to the conveyance of title to the Site to the Developer:

a. the Agency, despite being in a position to do so, does not tender conveyance of title to the Site, or possession thereof, to the Developer in the manner and condition, and by the date provided in this Agreement; or

b. if any default under Section 510(a) of this Agreement shall not be cured within thirty (30) days after the date of written demand by the Developer;

then this Agreement shall, at the option of the Developer, be terminated with respect to the Site, by written notice thereof to the Agency and, notwithstanding Section 201, Developer shall be entitled to a full refund of any deposits made by Developer into escrow, pursuant to this Agreement.

2. [§ 511] Termination by Agency

In addition to the other rights and remedies set forth in this Agreement, in the event that prior to the conveyance of title to the Site to the Developer:

a. .the Developer shall fail to submit to the Agency any submission of evidence of financing commitments referred to in Section 214 of this Agreement with respect to the Site, within the time established therefor in the Schedule of Performance (Attachment No. 3); or

b. the Developer (or any successor in interest) assigns or attempts to assign this Agreement or any right herein, or in the Site or any portion thereof in violation of this Agreement; or

c. there is substantial change in the ownership of the Developer, or with respect to the identity of the parties in control of the Developer, or the degree thereof contrary to the provisions of Sections 107 and 108 hereof; or

d. the Developer shall fail to satisfy the conditions precedent to commencement of construction in accordance with Section 215 or transfer of the Site in accordance with Section 216; or

e. the Developer shall otherwise fail to timely pay or reimburse the Agency for any costs or expenses incurred by the Agency with respect to the Site which are to be borne by the Developer under this Agreement; or

f. the Developer does not deliver to the Agency any submission of plans, drawings, and related documents as required by this Agreement by the date respectively provided in this Agreement therefor; or

g. the Developer does not pay the Purchase Price and take title to the Site under a tender of conveyance by the Agency pursuant to this Agreement; or

h. if any default of Section 511(a)- (g) shall not be cured within thirty (30) days after the date of written demand by the Agency, or if Developer has commenced to cure any such default within such thirty (30) day period and diligently pursues the cure thereof, then if any such default shall not be cured within sixty (60) days after the date of the written demand by the Agency;

then this Agreement and any rights of the Developer, or any assignee or transferee, in this Agreement, as it pertains to the Site, shall, at the option of the Agency, be terminated by written notice to the Developer. In the event of termination under this Section, in addition to any remedies authorized herein, Agency shall have the right, its option, to exercise its rights under the Assignment of Agreements, incorporated herein and attached hereto as Attachment No. 11, and reenter and take immediate possession of the Site and any improvements thereon, in accordance with Section 512.

G. [§ 512] Right of Reentry

The Agency shall have the right, at its option, to reenter and take possession of the Site with all improvements thereon, and to terminate and revest in the Agency the estate theretofore conveyed to the Developer, if after conveyance of title and prior to the recordation of the Certificate of Completion pertaining to the Site (or portion thereof), the Developer (or its successors in interest) shall:

1. fail to commence construction of the improvements on the Site (or portion thereof) as required by this Agreement for a period of three (3) months after written notice to proceed from the Agency, provided that the Developer shall not have obtained an extension or postponement to which the Developer may be entitled pursuant to Section 604 hereof; or

2. abandon or substantially suspend construction of the improvements on the Site (or portion thereof) for a period of three (3) months after written notice of such abandonment or suspension from the Agency, provided that the Developer shall not have obtained an extension or postponement to which the Developer may be entitled pursuant to Section 604 hereof; or

3. assign or attempt to assign this Agreement, or any rights herein, or transfer, or suffer any involuntary transfer of the Site, or any part thereof, in violation of this Agreement, and such violation shall not be cured within thirty (30) days after the date of receipt of written notice thereof by the Agency to the Developer.

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

1. any Permitted Mortgage Instrument;

2. any rights or interests provided in this Agreement for the protection of the holders of such Permitted Mortgage Instruments.

The rights established in this Section 512 shall not apply to the Site if the improvements to be constructed thereon have been completed in accordance with this Agreement and a Certificate of Completion has been recorded therefor as provided in Section 325.

The Grant Deed to the Site shall contain appropriate reference and provision to give effect to the Agency's right, as set forth in this Section 512, under specified circumstances prior to the recordation of the Certificate of Completion, to re-enter and take possession of the Site, or any part thereof, 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 Site, or any part thereof, as provided in this Section 512, the Agency shall, pursuant to its responsibilities under state law, use its diligent and good faith efforts to resell the Site, or any part thereof, 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 to a qualified and responsible party or parties (as determined by the Agency), who will assume the obligation of 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 the Site, or any part thereof, in the Redevelopment Plan. Upon such resale of the Site, or any part thereof, the proceeds thereof shall be applied:

1. first, to reimburse the Agency on its own behalf or on behalf of the City of all costs and expenses incurred by the Agency, including but not limited to salaries to personnel engaged in such action, in connection with the recapture, management, and resale of the Site, or part thereof (but less any income derived by the Agency from the Site, or any part thereof, in connection with such management); all taxes, assessments and water and sewer charges with respect to the Site or part thereof incurred by the Agency; any payments made or necessary to be made 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 agreed improvements or any part thereof on the Site, or part thereof; and any amounts otherwise owing to the Agency by the Developer and its successor or transferee; and

2. second, to reimburse the Developer, its successor or transferee, up to the amount equal to (l) the sum of the Purchase Price paid to the Agency by the Developer for the Site, excluding the First Deposit; and (2) the costs incurred for the development of the Site, or part thereof, or for the construction of the agreed improvements thereon, if such costs were incurred in accordance with the Method of Financing (Attachment No. 7) and Project Budget (Attachment No. 7A), less (3) any gain or income withdrawn or made by the Developer therefrom or from the improvements thereon. For purposes of this paragraph the term "cost incurred" shall include direct, out-of-pocket expenses of development, but shall exclude Developer's overhead expenses, developer fees, and profit.

Any balance remaining after such reimbursements shall be retained by the Agency as its property. The Agency shall also be entitled to exercise all of its rights under the Assignment of Agreements (Attachment No. 11).

To the extent that the right established in this Section 512 involves forfeiture, it must be strictly interpreted against the Agency, the party for whose benefit it is created. The rights established in this Section 512 are to be interpreted in light of the fact that the Agency will convey the Site to the Developer for development and not for speculation in undeveloped land.

## VI. [§ 600] GENERAL PROVISIONS

### A. [§ 601] Notices, Demands, and Communications Between the Parties

Formal notices, demands, and communications between the Agency and the Developer shall be sufficiently given if delivered in person or dispatched by registered or certified mail, postage prepaid, return receipt requested, or by Federal Express or other similar overnight delivery service, to the principal offices of the Agency and the Developer, as designated in Sections 106 and 107 hereof. 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 601. Any written notice, demand or communication given by mail shall be deemed delivered two (2) working days after such mailing date; any written notice, demand or communication given by overnight delivery service shall be deemed delivered one (1) working day after the dispatch date; any delivery in person shall be deemed delivered when delivered to the party to whom it is addressed.

### B. [§ 602] 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 such member, official or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is, directly or indirectly, interested.

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. [§ 603] Nonliability of Agency Officials and Employees

No member, official, employee or consultant 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 to its successor, or on any obligations under the terms of this Agreement.

D. [§ 604] Enforced Delay: Extension of Time of Performance

In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war, insurrection, strikes, lock-outs, 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, or challenges to entitlements within applicable statute of limitations periods, unusually severe weather, inability to secure necessary labor, materials or tools, delays of any contractor, subcontractor or supplies, acts of the other party, acts or failure to act of the City or any other public or governmental agency or entity (other than that acts or failure to act of the Agency 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. 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 knowledge of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the Agency and the Developer.

E. [§ 605] 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 the Site as pertinent to the purposes of this Agreement for a period of ten (10) years from issuance of the Certificate of Completion.

F. [§ 606] Approvals

Except where this Agreement expressly provides for the approval of either party in its discretion, approvals required of the Agency or the Developer shall not be unreasonably withheld, conditioned or delayed. Without limiting the foregoing, the Agency's Executive Director shall have the authority to extend any date(s) set forth herein or refer the approval of said extensions to the Agency Board for approval.

G. [§ 607] Real Estate Commissions

The Agency shall not be liable for any real estate commissions, brokerage fees or finders fees which may arise herefrom. The Developer agrees to defend and hold the Agency harmless from any claim by any broker, agent of finder retained by the Developer. Each party represents to the other party that it has not incurred any liability for the payment of any real estate commission or brokerage or finder's fee in connection with this Agreement.

H. [§ 608] Facsimile Signatures

Signatures delivered by facsimile or e-mailed (in pdf format) shall be as binding as originals upon the parties so signing and delivering.

I. [§ 609] Working Days

As used in this Agreement, the term "working days" shall mean days other than Saturdays, Sundays, and legal holidays and closures observed by the Agency, and "days" means calendar days. If the time for performance of an obligation under this Agreement falls on other than a working day, the time for performance shall be extended to the next working day.

VII. [§ 700] SPECIAL PROVISIONS PERTAINING TO THE PUBLIC PARKING SPACES

A. [§ 701] Public Parking Spaces

Developer shall construct eighty-nine (89) subterranean parking spaces and thirty-nine (39) on-grade parking spaces which on-grade parking spaces shall be metered for public use ("Public Parking Spaces") on the Site in accordance with the Site Plan (Attachment No. 1) and the Scope of Development (Attachment No. 4); provided, however, notwithstanding anything set forth in this Agreement including, without limitation, the Site Plan and the Scope of Development, the final number of on-grade Public Parking Spaces on the Site shall be subject (i) to the final Drawings approved by the Developer and the Agency in accordance with the provisions of Sections 303-305 above and (ii) to any design requirements imposed by the City in connection with the Developer's processing of entitlements and/or permits with the City to develop the Site.

B. [§ 702] Public Parking Easement Agreement

Upon conveyance of the Site to Developer, Developer and the City shall execute and record a Public Parking Easement Agreement substantially in the form of Attachment No. 9 attached hereto and incorporated herein.

C. [§ 703] Maintenance of Public Parking Spaces

The Public Parking Spaces shall be maintained by Developer in accordance with the Public Parking Easement Agreement.

D. [§ 704] Installation and Maintenance of Parking Meters

City shall procure and install parking meters ("Parking Meters") for the Public Parking Spaces in accordance with the specifications set forth in the Scope of Development (Attachment No. 4) and City shall assume ownership and maintenance of the Parking Meters.

E. [§ 705] Tenant Use of Parking Spaces

In accordance with the provisions of the Public Parking Easement Agreement, Developer shall establish a vehicle identification system whereby tenants of the Project shall have the right, by displaying a sticker, placard and/or other identification device, to park, without charge, in up to eighteen (18) of the Public Parking Spaces.

VIII. [§ 800] SPECIAL PROVISIONS FOR SUBTERRANEAN ENCROACHMENT

A. [§ 801] Subterranean Encroachment

To complete the Improvements in accordance with the Scope of Development (Attachment No. 4), Developer desires a subterranean encroachment onto City property to construct the parking garage housing eighty-nine (89) underground parking spaces ("Encroachment"). As a condition to the conveyance of the Site, Developer shall provide an ALTA survey by a licensed civil engineer to ascertain the exact parameters of the Encroachment and the identity and location of any utilities located within the Encroachment area ("Utilities").

B. [§ 802] Payment of all Utility Relocation Costs

Developer covenants and agrees to pay Utility relocation costs, which costs shall be incorporated into the Project Budget (Attachment No. 7A).

C. [§ 803] Subterranean Encroachment Agreement

A Subterranean Encroachment Agreement, which is incorporated herein and attached hereto as Attachment No. 10, shall be recorded upon issuance of a building permit in accordance with the Schedule of Performance (Attachment No. 3) to allow for the encroachment onto the City's property of the parking garage housing the eighty-nine (89) underground parking spaces.

IX [§ 900] ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

This Agreement shall be executed in five duplicate originals each of which is deemed to be an original. This Agreement includes thirty-nine (39) pages and eleven (11) attachments which constitute 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 with respect to all or any part of the Site.

None of the terms, covenants, agreements or conditions set forth in this Agreement shall be deemed to be merged with the Grant Deed conveying title to the Site and this Agreement shall continue in full force and effect with respect to the Site until after recordation of a Certificate of Completion for the Site as provided in Section 324.

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

Agreement and any provisions hereof may only be amended by mutual written agreement by the Developer and the Agency.

X. [§ 1000] TIME FOR ACCEPTANCE OF AGREEMENT BY AGENCY; DATE OF AGREEMENT

This Agreement, when executed by the Developer and delivered to the Agency, must be authorized, executed and delivered by the Agency within sixty (60) days after this Agreement is

SIGNATURES ON NEXT PAGE

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signed by the Developer, or this Agreement may be terminated by the Developer on written notice to the Agency. The date of this Agreement shall be the date it is signed by the Agency.

**DEVELOPER**

AXIS MUNDI RE II, LLC, a California limited liability company

By: Walter N. Marks Realty Company, a California corporation, Member

Date:________________

By:________________________________
Walter N. Marks, III, President

By: James Suhr & Associates, LLC, a California limited liability company, Member

By:________________________________
James K. Suhr, Member

**CULVER CITY REDEVELOPMENT AGENCY**

Date:________________

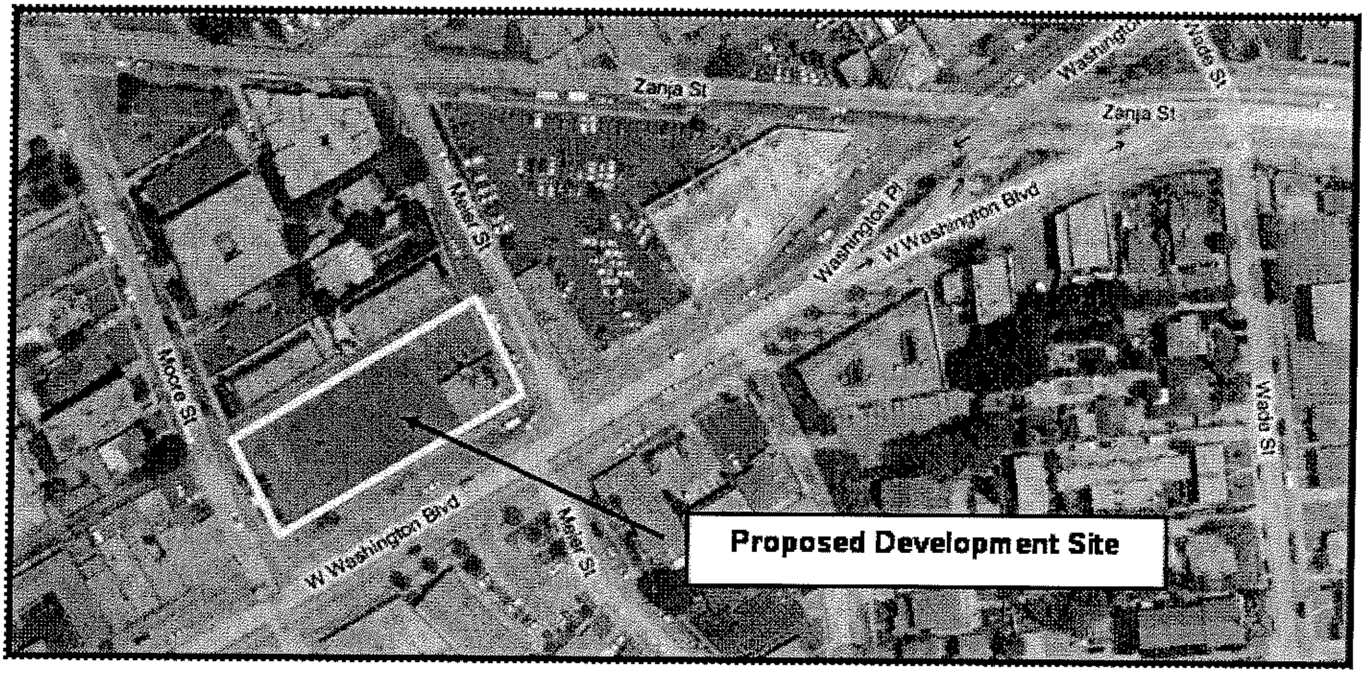
By:________________________________
Jerry Fulwood
Executive Director

APPROVED AS TO FORM:
KANE, BALLMER & BERKMAN

By: ________________________
Murray O. Kane
Agency General Counsel

ATTACHMENT NO. 1

SITE MAP



ATTACHMENT NO. 2

LEGAL DESCRIPTION

LOTS 55, 56, 57, 58, 59, 60, 61, 62 and 63 of TRACT NO. 5951, IN THE CITY OF CULVER CITY, AS PER MAP RECORDED IN BOOK 77 PAGE 72 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 4236-021-900; 4236-021-901; 4236-021-902 AND 4326-021-903

## ATTACHMENT NO. 3

## SCHEDULE OF PERFORMANCE

### I. GENERAL PROVISIONS

| | | |
|---|---|---|
| 1. | Opening of Escrow. Opening of escrow shall occur. | Within five (5) days of the Agency's execution of the DDA. |
| 2. | Submission - Architect, Landscape Architect and Civil Engineer. Developer shall submit to Agency for approval of the names and qualifications of its architect, landscape architect, and civil engineer. | Within seven (7) days of Agency execution of the DDA. |
| 3. | Approval - Architect, Landscape Architect and Civil Engineer. Agency shall approve or disapprove the architect, landscape architect, and civil engineer. | Within seven (7) days following receipt by the Agency. |

### II. ACQUISTION

| | | |
|---|---|---|
| 1. | Submission of First Deposit. Developer shall deposit into escrow the First Deposit in the amount of $160,000. | Within five (5) business days after execution of the DDA by the Agency and upon opening of Escrow. |
| 2. | Submission of Second Deposit. Developer shall deposit into escrow the Second Deposit in the amount of $640,000. | Upon obtaining all City entitlements for the Project ("Entitlements") but, in any case, no later than four (4) months prior to Close of Escrow. |
| 3. | Submission of Final Deposit. Developer shall deposit into escrow the Second Deposit in the amount of $2,400,000. | At least two (2) business days prior to Closing. |
| 4. | Close of Escrow. Developer shall satisfy all conditions precedent to conveyance in accordance with Section 216. | Within thirty (30) days following Developer's receipt of building permit, but in any case no later than **December 10, 2008**. |

## III. DEVELOPMENT

| | | |
|---|---|---|
| 1. | Submission – Schematic Level Drawings. Developer shall prepare and submit to Agency the Schematic Level Drawings for the Improvements on the Site. | Within thirty (30) days of execution of the DDA by the Agency. |
| 2. | Approval - Schematic Level Drawings. Agency shall approve or disapprove the Schematic Level Drawings for the Improvements on the Site. | Within seven (7) business days after receipt by Agency. |
| 3. | Submission - Preliminary Construction Drawings, and Preliminary Landscaping and Grading Plans. Developer shall prepare and submit to Agency preliminary construction drawings and preliminary landscaping and grading plans for the Improvements on the Site. | Within ninety (90) days after Agency's approval of Schematic Level Drawings. |
| 4. | Approval - Preliminary Construction Drawings, and Preliminary Landscaping and Grading Plans. Agency shall approve or disapprove the preliminary construction drawings and preliminary landscaping and grading plans for the Site. | Within fifteen (15) business days after receipt by Agency. |
| 5. | Submission - Final Construction Drawings and Landscaping and Finish Grading Plans. Developer shall prepare and submit the final construction drawings and specifications and the final landscaping and finish grading plans for the Improvements on the Site. | Within ninety (90) days after Agency's approval of the Preliminary Construction Drawings. |
| 6. | Approval - Final Construction Drawings and Landscaping and Finish Grading Plans. Agency shall approve or disapprove the final construction drawings and specifications and the final landscaping and finish grading plans for the Improvements on the Site. | Within seven (7) business days after receipt by Agency. |

| | | |
|---|---|---|
| 7. | First Submission of Evidence of Financing. Developer shall submit to Agency for approval the First Submission of evidence of financing in accordance with Section 214 of the DDA. | Within fifteen (15) days after Developer submits Final Construction Drawings to City Building Department for review. |
| 8. | Building Permit. Developer shall obtain a building permit for the Project. | Within ninety (90) days after Developer submits Final Construction Drawings to City Building Department for review, but in any case no later than one (1) month prior to Close of Escrow. |
| 9. | Approval of Financing. Agency shall approve or disapprove the First Submission of evidence of financing with respect to the Site, and shall so notify Developer. | With respect to the First Submission, within fifteen (15) business days after receipt of such submission by Agency. |
| 10. | Second Submission of Evidence of Financing. Developer shall submit to Agency for approval the Second Submission of evidence of financing in accordance with Section 214 of the DDA. | Within seventy-five (75) days after Agency's approval of the First Submission of Evidence of Financing. |
| 11. | Approval of Financing. Agency shall approve or disapprove the Second Submission of evidence of financing with respect to the Site, and shall so notify Developer. | With respect to the Second Submission, within fifteen (15) business days after receipt of such submission by Agency. |
| 12. | Site Mobilization. Developer shall commence Site mobilization. | Within seven (7) day after Developer's receipt of building permit for the Project, but in any case no earlier than Developer's payment of the Second Deposit into Escrow. |
| 13. | Site Preparation. Developer shall commence Site preparation, including utility relocation. | Within seven (7) days after Developer's contractor commences site mobilization. |
| 14. | Commencement of Construction/Site Excavation. Developer shall commence construction and Site excavation. | Within seven (7) day after Close of Escrow. |

| | | |
|---|---|---|
| 15. | Completion of Construction. Developer shall complete construction of all the Improvements on the Site in accordance with the DDA. | Within twenty-one (21) months after Developer's contractor commences construction. |

**ATTACHMENT NO. 4**

**SCOPE OF DEVELOPMENT**

This is the Scope of Development attached to the Disposition and Development Agreement ("DDA") by and between the Culver City Redevelopment Agency ("Agency") and Axis Mundi RE II, LLC ("Developer"). Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the DDA.

The Property is located at 12803, 12811, 12813, and 12823 W. Washington Boulevard, Culver City, California 90066 ("Site"). Developer shall construct on the Site a high quality 37,300 square foot commercial/office condominium building (the "Project"), including 6,260 square feet of commercial/retail space, eighty-nine (89) subterranean parking spaces for the owners/tenants of the building, and, subject to the provisions of Section 701 of the DDA, thirty-nine (39) on-grade parking spaces, which shall be metered for public use ("Public Parking Spaces") (collectively, the "Improvements"), in accordance with the DDA.

I. IMPROVEMENTS

The Improvements shall be of high architectural quality, well landscaped, and effectively and aesthetically designed in accordance with that certain set of conceptual plans provided by Developer, dated August 10, 2007 (the "Conceptual Plans"), which Conceptual Plans are hereby incorporated herein by reference and attached hereto as "Exhibit "A".

The shape, scale, exterior design, and exterior finish of the Improvements must be consonant with, visually as well as physically related to, and an enhancement to the adjacent neighborhood.

The Improvements shall be constructed in accordance with all federal, state, and/or local development regulations and/or agreements.

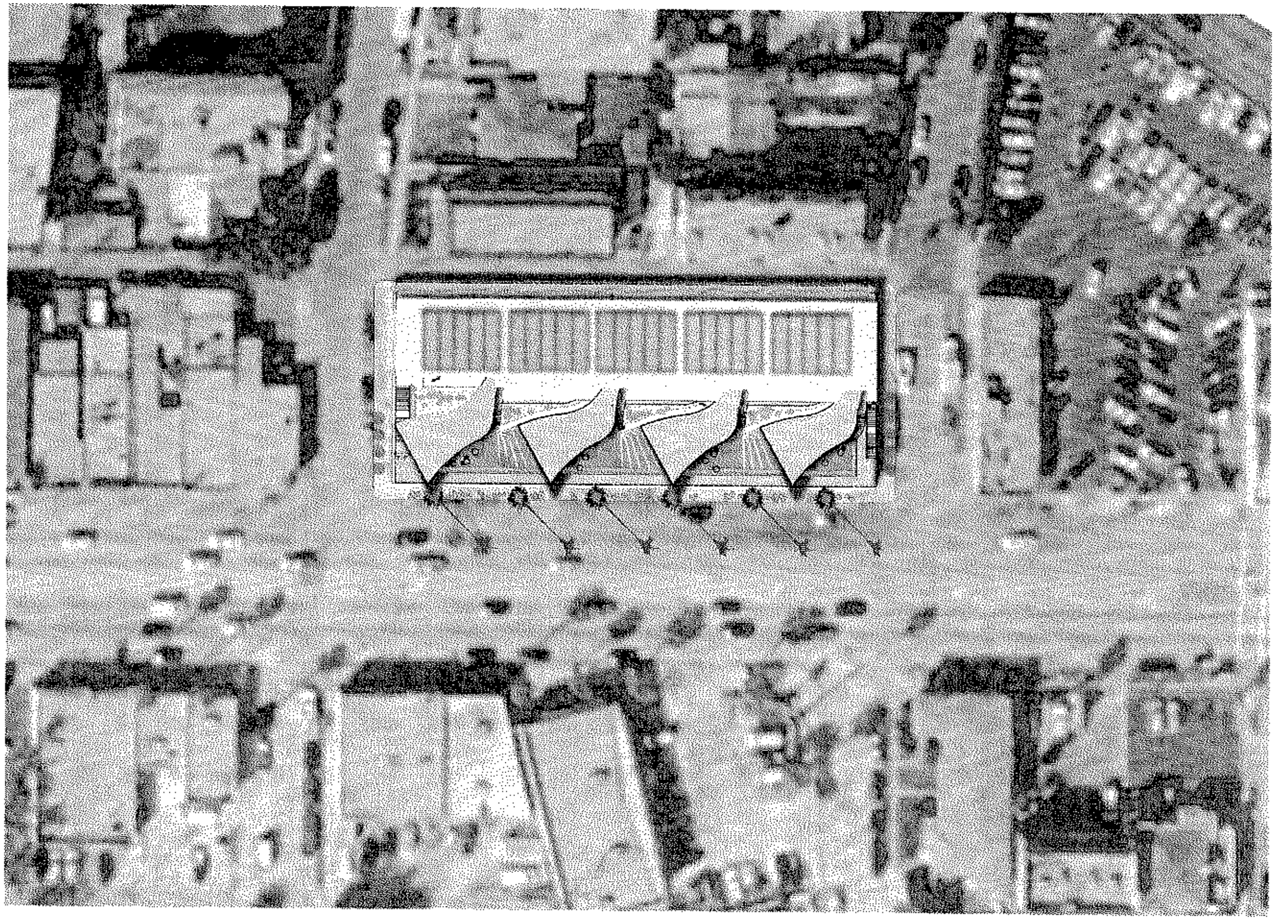
II. PUBLIC PARKING SPACES/PARKING METERS

Developer shall construct the Public Parking Spaces in accordance with all local requirements, including the specifications attached hereto as Exhibit "B". Developer shall incorporate any improvements reasonably acceptable to the Agency and the Developer to provide reasonable security for the Site. The Public Parking Spaces shall be operative from 7 am to 11 pm daily, including Saturdays and Sundays. The driveway exit(s) shall have a sensor to raise the gate to allow vehicles to leave after operative hours. The Public Parking Spaces shall have City approved poles for support of parking meter heads, which meter heads shall be procured and installed by the Agency and/or City after issuance of the Certificate of Completion. Developer shall include all improvements for the Public Parking Spaces in accordance with Sections 303 – 307 of the DDA.

## III. ENVIRONMENTAL REVIEW

Developer shall be responsible for causing the preparation of all California Environmental Quality Act ("CEQA") documents necessary for the entitlements for the Project and the development of the Improvements on the Site. The City shall be responsible for certification of any CEQA documentation in connection with the approval of the Project. Developer shall be responsible for the payment of all CEQA compliance costs and shall fully comply with all mitigation measures set forth in the Project entitlements.

Exhibit A



*context plan*

SCALE 1" = 60'-0"

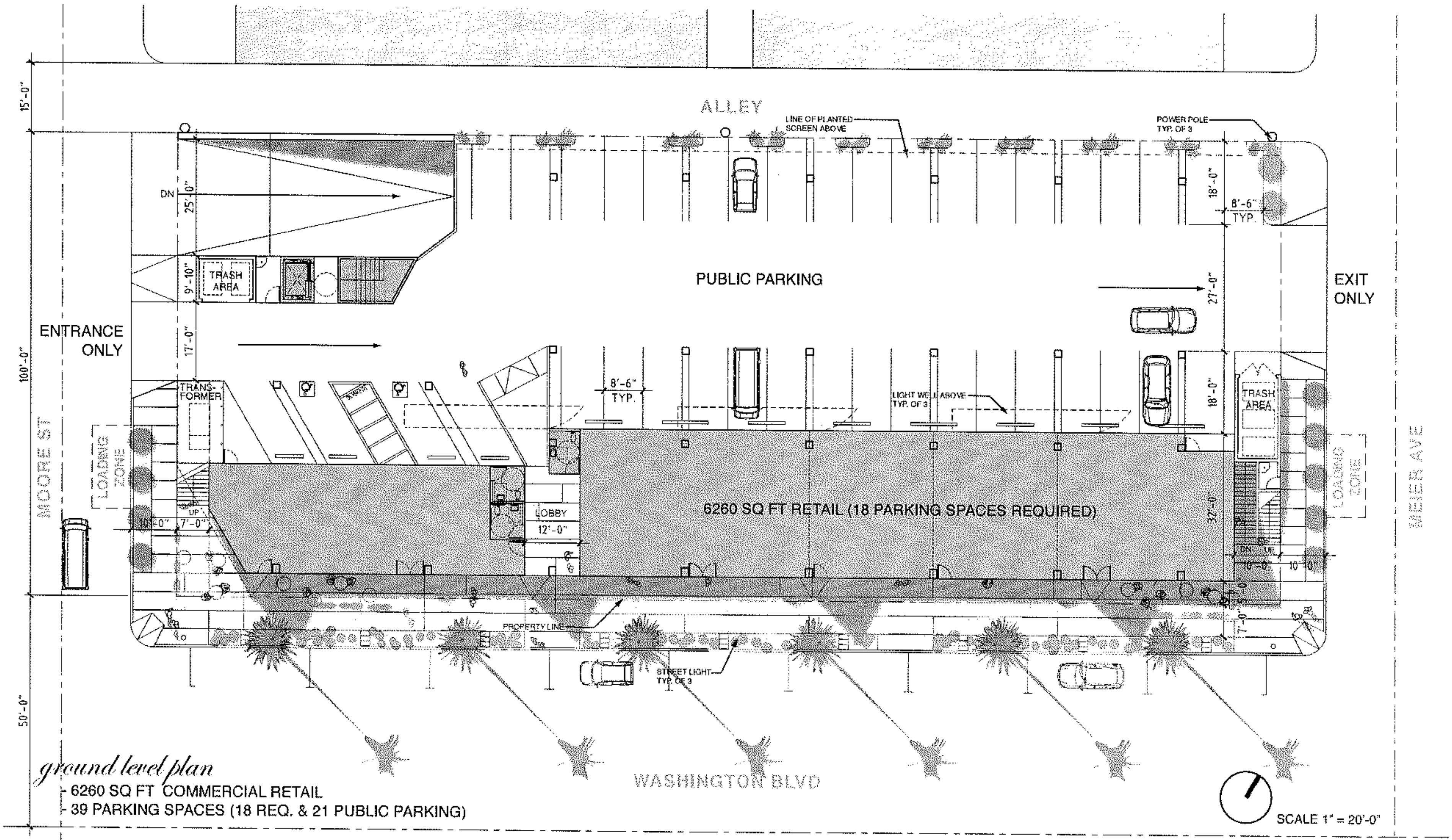
# 12803 WASHINGTON BLVD

AUGUST 10, 2007

DEVELOPER: JAMES K. SUHR & ASSOCIATES LLC
WALTER N. MARKS REALTY CO.

ARCHITECT: ROGER SHERMAN ARCHITECTURE

ASSOCIATE ARCHITECT: KILLEFER FLAMMING ARCHITECTS




*ground level plan*
- 6260 SQ FT COMMERCIAL RETAIL
- 39 PARKING SPACES (18 REQ. & 21 PUBLIC PARKING)

# 12303 WASHINGTON BLVD

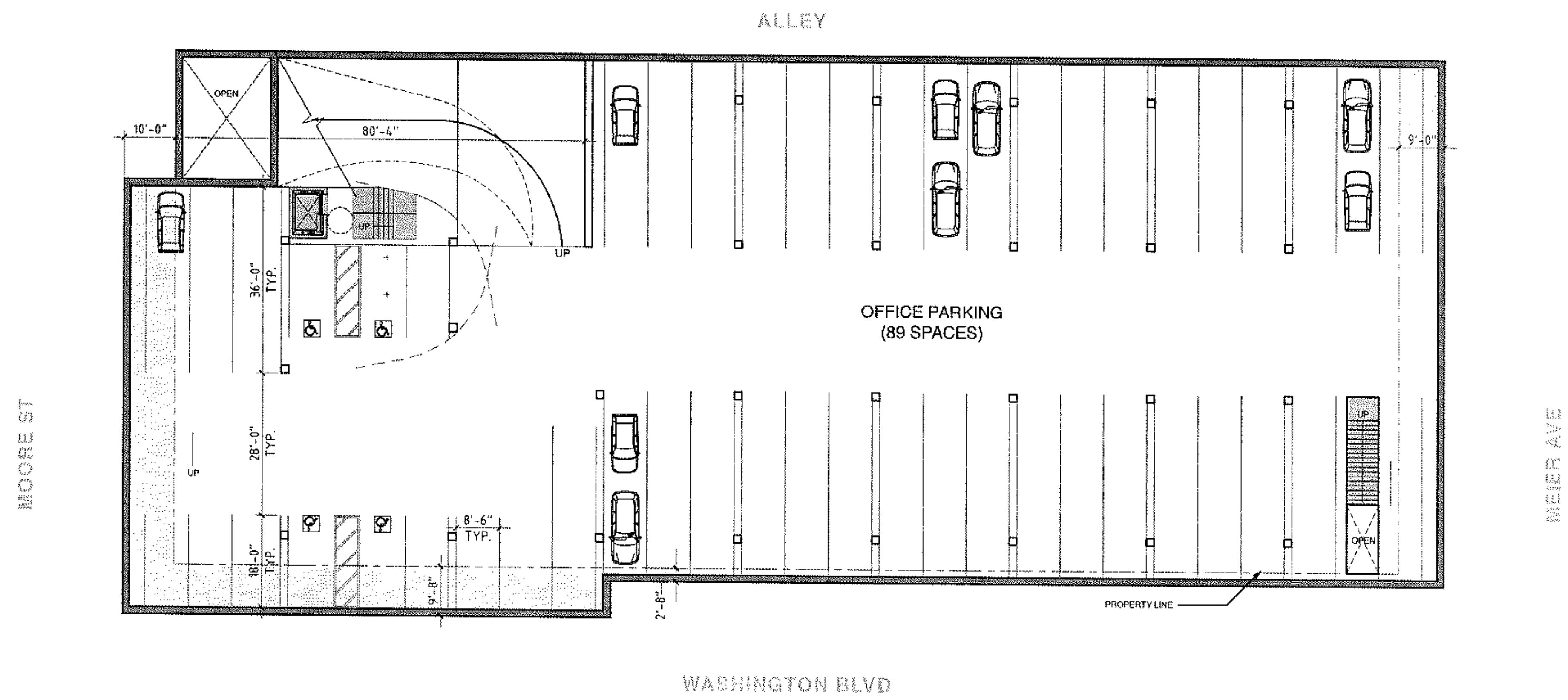
AUGUST 10, 2007

DEVELOPER: JAMES K. SUHR & ASSOCIATES LLC
WALTER N. MARKS REALTY CO.

ARCHITECT: ROGER SHERMAN ARCHITECTURE

ASSOCIATE ARCHITECT: KILLEFER FLAMMING ARCHITECTS

59.




*lower level plan*
89 PARKING SPACES (31150 SQ FT ALLOWABLE)

SCALE 1" = 20'-0"

# 12303 WASHINGTON BLVD

AUGUST 10, 2007

DEVELOPER: JAMES K. SUHR & ASSOCIATES LLC
WALTER N. MARKS REALTY CO.

ARCHITECT: ROGER SHERMAN ARCHITECTURE

ASSOCIATE ARCHITECT: KILLEFER FLAMMING ARCHITECTS

61.


*second level plan*

- (4) 1083 SQ FT OFFICE PAVILIONS
- 11,000 SQ FT OFFICE SPACE
- 500 SQ FT SERVICE CORE

SCALE 1" = 20'-0"

# 12803 WASHINGTON BLVD

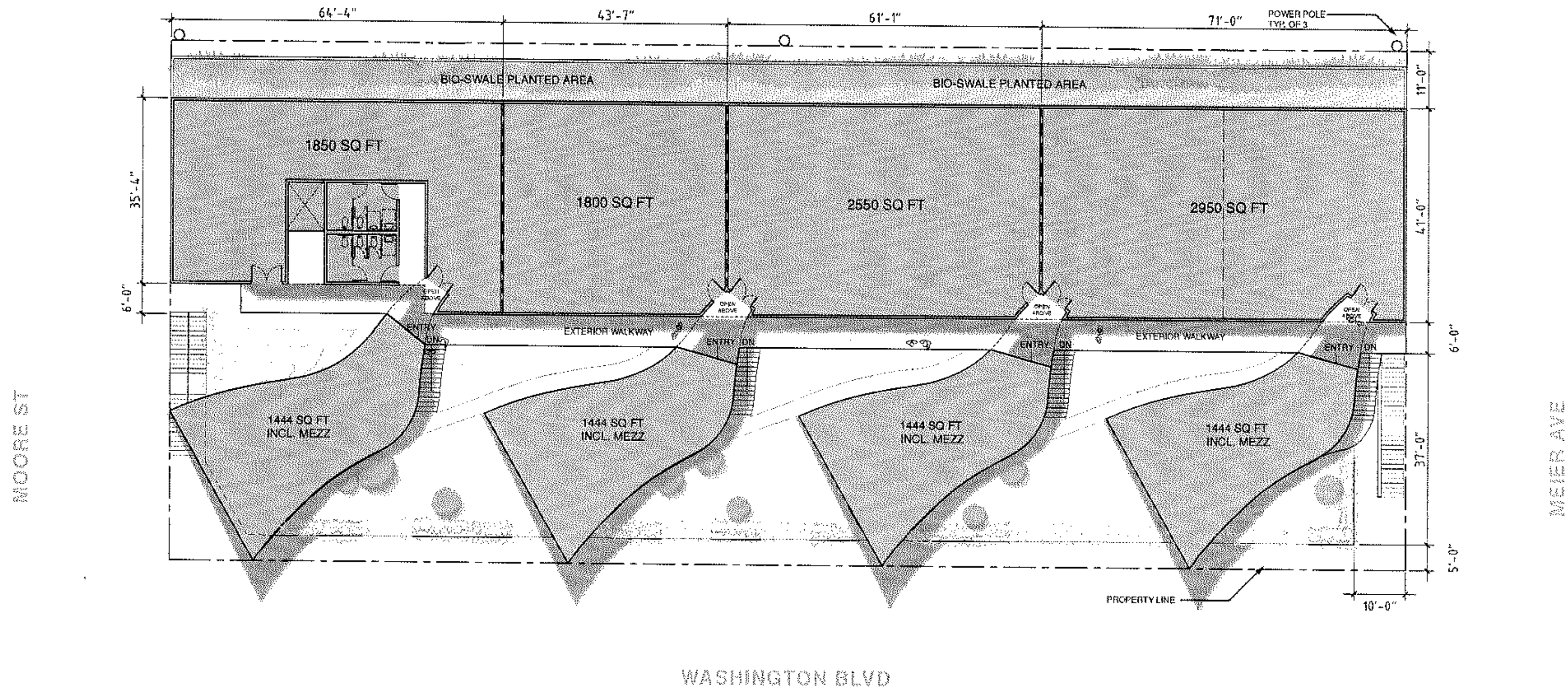
AUGUST 10, 2007

DEVELOPER: JAMES K. SUHR & ASSOCIATES LLC
WALTER N. MARKS REALTY CO.

ARCHITECT: ROGER SHERMAN ARCHITECTURE

ASSOCIATE ARCHITECT: KILLEFER FLAMMING ARCHITECTS

62.




*third level plan*

- (4) 1444 SQ FT OFFICE PAVILIONS (INCLUDING MEZZ)
- 9,000 SQ FT OFFICE SPACE
- 500 SQ FT SERVICE CORE

SCALE 1" = 20'-0"

# 12803 WASHINGTON BLVD

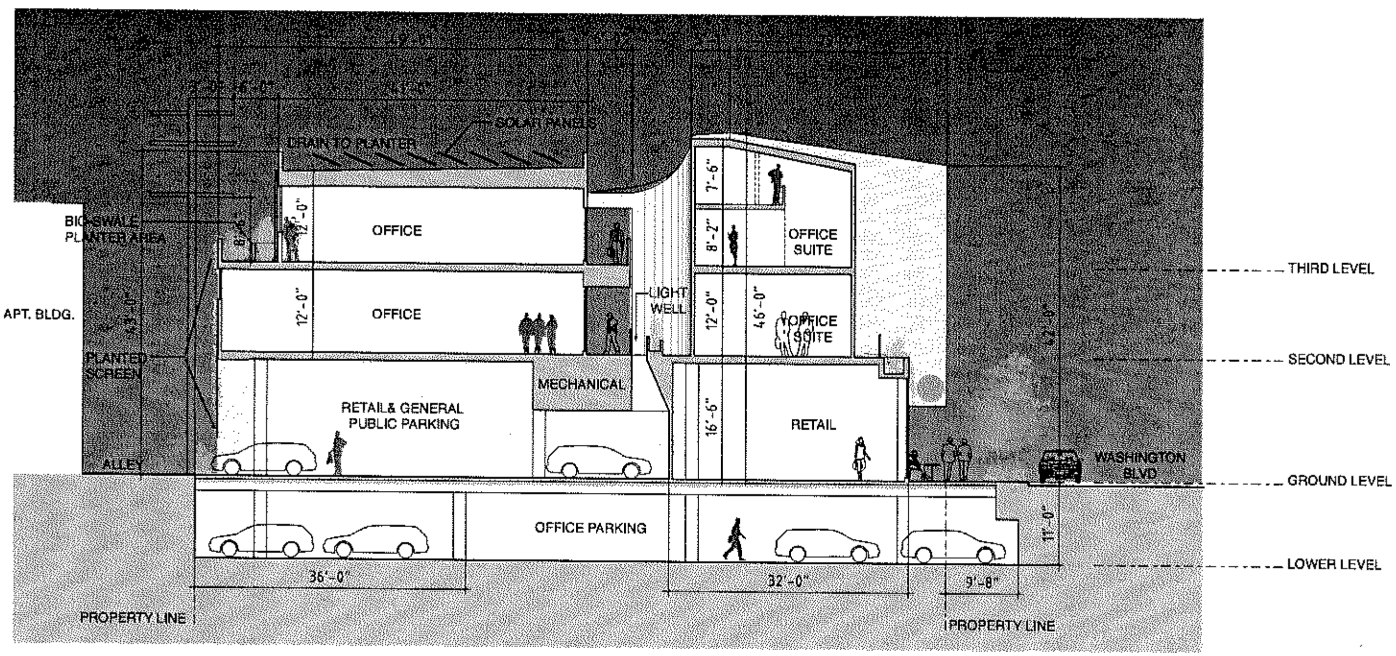
AUGUST 10, 2007

DEVELOPER: JAMES K. SUHR & ASSOCIATES LLC
WALTER N. MARKS REALTY CO.

ARCHITECT: ROGER SHERMAN ARCHITECTURE

ASSOCIATE ARCHITECT: KILLEFER FLAMMING ARCHITECTS

63.




*section thru washington blvd - alley*

31150 SQ FT TOTAL COMMERCIAL AT SECOND AND THIRD LEVELS

SCALE 1/16" = 1'-0"

# 12303 WASHINGTON BLVD

AUGUST 10, 2007

DEVELOPER: JAMES K. SUHR & ASSOCIATES LLC
WALTER N. MARKS REALTY CO.

ARCHITECT: ROGER SHERMAN ARCHITECTURE

ASSOCIATE ARCHITECT: KILLEFER FLAMMING ARCHITECTS

## EXHIBIT "B"

## SCOPE OF DEVELOPMENT

Description of the Site:
The site is located on the north side of Washington Boulevard between Meier Street and Moore Street. The site is generally level and approximately 100 feet by 240 feet in dimension. The site was formerly known as 12803-07, 12811, 12813 and 12823 Washington Boulevard

The General Plan designation for the site is General Corridor and the Zoning Designation is Commercial General.

Purpose:
The purpose of this Scope of Development is to augment standard Culver City Municipal Code development requirements to better insure development of the Site commensurate with the development opportunity afforded the Developer through this Agreement. The development character intended for the Site will likely help eliminate blighting influences in the area. To this purpose, the Agency hereby finds and declares it necessary to establish the special controls and restriction which are set forth herein. The development of the Site shall conform in all respects to the Municipal Code and this Scope of Development. In the event of conflicting requirements, the more restrictive shall apply.

Structure:
The structure shall consist of three stories with one level of underground parking. The underground level shall contain approximately 89 parking spaces mostly in tandem. Portions of the underground parking may encroach into the public right-of-way, subject to approval from the City of Culver City. The first floor shall contain approximately 6,260 square feet of retail/restaurant space, with outdoor dining provided along the Washington Boulevard sidewalk. The ground floor shall also contain approximately 39 metered parking spaces for public use from 7 a.m. to 11 p.m. daily. The second level consists of approximately 15,832 square feet of office space and service core, in a layout that can flexibly change the size of the individual office spaces to suit the occupants. Open space on the second level includes a sedum roof and pathways and stairways for circulation. The third level consists of approximately 15,276 square feet of office space and service core.

Landscaping:
Landscaping components shall consist of :

- Parkway landscaping along Washington Boulevard, Meier Street, and Moore Street
- Sedum roof on the second level
- Bioswale on the third level
- A planted green screen at the rear of the property
- All unbuilt setback areas not devoted to vehicular or pedestrian ways shall be landscaped.
- Landscaped area shall be maintained in a sightly and well-kept condition.

Energy Conservation:
The structure shall make use of light wells to bring natural light into interior spaces. The structure shall have roof mounted solar panels to generate electricity. Other features may be

incorporated to the extent feasible to maximize energy conservation through passive and active methods.

Signs:
All signs shall conform to a City approved Master Sign Program for the Site

Public art:
The public art component shall be incorporated into the structure.

Loading:
The Developer shall apply to the City for an off-site public loading zone within the public right-of-way on Meier Street.

Lighting:
The project shall be lit to adequate code standards without causing excessive glare or off-site light trespass. Use of full-cutoff exterior fixtures shall be required.

Architectural Design:
The development shall be consistent with, and substantially in conformance with the architectural drawings attached herein as the concept plan, as may be amended or revised as a condition of approval by the Planning Commission, City Council or Agency.

Parking:
The subterranean parking area shall be secured and for the exclusive use of the occupants of the office space. The ground floor parking area shall be used for public metered parking. Occupants of the retail space may occupy up to eighteen (18) parking spaces free of charge.

Tract Map:
The Developer shall prepare and record a Tract Map as approved by the City of Culver City and the County of Los Angeles. Said Map shall divide the Site into separate parcels appropriate for the development of the Site.

Agency and Developer agree that the above Scope of Development may be altered as necessary by the City of Culver City in order for the Developer to obtain entitlements and building permits.

**ATTACHMENT NO. 5**

OFFICIAL BUSINESS
Document entitled to free recording
per Government Code Section 6103

When Recorded Return to:

CULVER CITY REDEVELOPMENT
9770 Culver Boulevard
Culver City, California 90232-0507
Attn: John Fisanotti, Redevelopment Project Manager

SPACE ABOVE THIS LINE FOR RECORDING USE

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged the CULVER CITY REDEVELOPMENT AGENCY, a public body corporate and politic of the State of California, herein called "Grantor", acting to carry out the Redevelopment Plan for the Culver City Redevelopment Project, herein called "Redevelopment Plan", under the Community Redevelopment Law of the State of California, hereby grants to AXIS MUNDI RE II, LLC, a California limited liability company, herein called "Grantee", the real property, hereinafter referred to as the "Property", described in the document attached hereto, labeled Exhibit "A" and incorporated herein by this reference.

(1) Subject to the terms of that certain Subterranean Encroachment Agreement dated ___________, 2008, by and between the City of Culver City, Grantor and Grantee and being recorded prior to the recordation of this Grant Deed, Grantor accepts and reserves any existing street, proposed street, or portion of any street or proposed street lying outside the boundaries of the Property which might otherwise pass with a conveyance of the Property.

(2) Said Property is conveyed in accordance with and subject to the Redevelopment Plan, which was approved and adopted on November 23, 1998 by Ordinance No. 98-014 of the City Council of the City of Culver City, as amended, and the Disposition and Development Agreement (the "DDA") entered into by and between Grantor and Grantee on ___________, both of which documents are public records on file in the offices of the City Clerk of the City of Culver City and the Secretary of Grantor. DDA as used herein shall mean, refer to and include the DDA, as well as any riders, exhibits, addenda, implementation agreements, amendments and attachments thereto or other documents expressly incorporated by reference in the DDA. Any capitalized term not herein defined shall have the same meaning as the DDA.

(3) Subject to the provisions of paragraph (9) below, 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 Grantee, such successors and such assigns, shall develop, maintain, and use the Property only as follows:

(a) The Property shall be devoted only to the development and uses permitted by the Agency in the DDA until November 23, 2029.

(b) Grantee shall maintain the Improvements on the Property and in the public rights-of-way (curb to property line) on all sides of the Property, and shall keep the Property and such public rights-of-way free from any accumulation of debris or waste materials. Grantee shall also maintain the required landscaping on the Property and in such public rights-of-way in a healthy condition.

(4) Prior to the recordation of a Certificate of Completion issued by Grantor for the Improvements to be constructed on the Property or on any part thereof:

(a) Grantee shall not make any sale, transfer, conveyance or assignment of the Property or any part thereof or the buildings or structures thereon, without the prior written approval of Grantor, except as expressly permitted by the DDA. In the event that Grantee does sell, transfer, convey or assign any part of the Property or buildings or structures thereon, prior to the recordation of a Certificate of Completion, in violation of this Grant Deed, Grantor shall be entitled to increase the Purchase Price paid by Grantee by the amount that the consideration payable for such sale, transfer, conveyance or assignment is in excess of the Purchase Price paid by Grantee, and the cost of the Improvements and development theretofore made to the Property in accordance with the DDA. The consideration payable for such sale, transfer, conveyance or assignment to the extent it is in excess of the amount so authorized shall belong and be paid to Grantor and until paid 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, nor shall it prohibit granting any security interests permitted by paragraph (4)(b) of this Grant Deed for financing the acquisition and development of the Property. The lien created hereby shall be subordinate and subject to any such security interests.

(b) 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 permitted by the DDA. Grantee shall notify Grantor in advance of any such conveyance for financing if Grantee proposes to enter into the same prior to recordation of a Certificate of Completion for the Improvements to be constructed on the Property. Grantee shall not enter into any such conveyance for financing without prior written approval of Grantor, which approval Grantor agrees to give if any such conveyance is permitted by the DDA and with a responsible financial or lending institution or other acceptable person or entity.

(5) Prior to the recordation of a Certificate of Completion issued by Grantor for the improvements to be constructed on the Property or on any part thereof:

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

(i) Fail to commence construction of the Improvements on the Property, as required by the DDA for a period of three (3) months after written notice to proceed from Grantor, provided that Grantee shall not have obtained an extension or postponement to which Grantee may be entitled pursuant to the DDA; or

(ii) Abandon or substantially suspend construction of the Improvements on the Property for a period of three (3) months after written notice of such abandonment or suspension from Grantor, provided that Grantee shall not have obtained an extension or postponement to which Grantee may be entitled pursuant to the DDA; or

(iii) Assign or attempt to assign the DDA, or any rights therein, or transfer, or suffer any involuntary transfer of, the Property, or any part thereof, in violation of this Grant Deed, and such violation shall not be cured within thirty (30) days after the date of the receipt of written notice thereof by Grantor to Grantee.

(b) The right to reenter, repossess, terminate and revest, and the provisions below regarding the application of proceeds, 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 (4)(b) of this Grant Deed; or

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

(c) The right to reenter, repossess, terminate and revest shall not apply to the Property, or portions thereof, for which a Certificate of Completion has been issued by Grantor and recorded.

(d) In the event title to the Property or any part thereof is revested in Grantor as provided in this paragraph (5), Grantor shall, pursuant to its responsibilities under state law, use its diligent and good faith efforts to resell the Property, or any part thereof, as soon and in such manner as 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 Grantor) who will assume the obligation of making or completing the Improvements or such other improvements in their stead as shall be satisfactory to Grantor and in accordance with the uses specified for such Property or part thereof in the Redevelopment Plan. Upon such resale of the Property and satisfaction of obligations owed to the holder of any mortgage, deed of trust or other security interest authorized by the DDA, the proceeds thereof shall be applied:

(i) First, to reimburse Grantor, on its own behalf or on behalf of the City of Culver City for all costs and expenses incurred by Grantor, including but not limited to salaries to personnel engaged in such action, in connection with the recapture, management, and resale of the Property or part thereof (but less any income derived by 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 incurred by the Agency; any payments made or necessary to be made to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of Grantee, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the agreed improvements or any part thereof on the Property or part thereof; and any amounts otherwise owing to Grantor by Grantee and its successor or transferee; and

(ii) Second, to reimburse Grantee, its successor or transferee, up to the amount equal to: the sum of (l) the sum of the Purchase Price paid to Grantor for the Property, excluding the First Deposit; and (2) the costs incurred by Grantee for the development of the Property, or part thereof, or for the construction of the agreed improvements thereon, if such costs were incurred in accordance with the Method of Financing (Attachment No. 7 to the DDA) and Project Budget (Attachment No. 7A to the DDA); less (3) any gain or income withdrawn or made by Grantee from the Property (or such part thereof) or from the improvements thereon. For purposes of this paragraph the term "cost incurred" shall include direct, out-of-pocket expenses of development, but shall exclude Grantee's field and home office overhead expenses, developer fees, and profit.

Any balance remaining after such reimbursements shall be retained by the Agency as its property. The Agency shall also be entitled to exercise all of its rights under the Assignment of Agreements (Attachment No. 11 to the DDA).

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

(6) Grantee covenants and agrees for itself, its successors, its 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 sex, sexual orientation, marital status, race, color, creed, religion, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall Grantee itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. The foregoing covenants shall run with the land.

(7) All deeds, leases or contracts made relative to the Property, improvements thereon, or any part thereof, 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 any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

   Notwithstanding the paragraph, with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall also apply to the above paragraph.

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:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

Notwithstanding the above paragraph, with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the above paragraph.

3. In contracts entered into by the Agency relating to the sale, transfer, or leasing of land or any interest therein acquired by the Agency within any survey area of redevelopment project the foregoing provisions in substantially the forms set forth shall be included and the contracts shall further provide that the foregoing provisions shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the instrument.

(8) All conditions, covenants and restrictions contained in this Grant Deed shall be covenants running with the land, and shall, in any event, and without regard to technical classification or designation, legal or otherwise, be, to the fullest extent permitted by law and equity, binding for the benefit and in favor of, and enforceable by Grantor, its successors and assigns, and the City of Culver City and its successors and assigns, against Grantee, its successors and assigns, to or of the Property conveyed herein or any portion thereof or any interest therein, and any party in possession or occupancy of said Property or portion thereof.

(9) The conditions contained in paragraphs (4) and (5) of this Grant Deed shall terminate and become null and void upon recordation of a Certificate of Completion issued by Grantor for the Property or the applicable portion thereof. All other covenants in this Grant Deed shall remain in perpetuity, except as otherwise expressly provided herein.

(10) In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that Grantor shall be deemed a beneficiary of the agreements and covenants provided hereinabove both for and in its own right and also for the purposes of protecting the interests of the community. All covenants without regard to technical classification or designation shall be binding for the benefit of Grantor, and such covenants shall run in favor of Grantor for the entire period during which such covenants shall be in force and effect, without regard to whether Grantor is or remains an owner of any land or interest therein to which such covenants relate. Grantor shall have the right, in the event of any breach of any such agreement or covenant, to exercise all the rights and remedies, and to maintain any actions at law or suit in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant.

(11) 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 (4)(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.

(12) None of the terms, covenants, agreements or conditions heretofore agreed upon in writing in other instruments between the parties to this Grant Deed with respect to obligations to be performed, kept or observed by Grantee or Grantor in respect to said Property or any part thereof after this conveyance of said Property shall be deemed to be merged with this Grant Deed until such time as a Certificate of Completion issued by Grantor is recorded for the Property, or such part thereof, conveyed hereby.

(13) 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, except for the covenant and condition contained in paragraph (5) of this Grant Deed.

IN WITNESS WHEREOF, Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized this ____ day of ___________, 2008.

CULVER CITY REDEVELOPMENT AGENCY

Date:_________________

By:___________________________
Jerry Fulwood
Executive Director

APPROVED AS TO FORM:

KANE BALLMER & BERKMAN

By:____________________
Agency General Counsel

Grantee hereby accepts the written deed, subject to all of the matters hereinbefore set forth.

GRANTEE DEVELOPER

AXIS MUNDI RE II, LLC, a California limited liability company

By: Walter N. Marks Realty Company, a California corporation, Member

Date:________________

By:______________________________
Walter N. Marks, III, President

By: James Suhr & Associates, LLC, a California limited liability company, Member

By:______________________________
James K. Suhr, Member

State of California )
)
County of Los Angeles )

On ________________, 2008 before me, ____________________(here insert name of the officer), Notary Public, personally appeared ______________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

______________________________
Signature of Notary Public

[Seal]

State of California )
)
County of Los Angeles )

On ________________, 2008 before me, ____________________(here insert name of the officer), Notary Public, personally appeared ______________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

______________________________
Signature of Notary Public

[Seal]

EXHIBIT A

LEGAL DESCRIPTION

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

LOTS 55, 56, 57, 58, 59, 60, 61, 62 and 63 of TRACT NO. 5951, IN THE CITY OF CULVER CITY, AS PER MAP RECORDED IN BOOK 77 PAGE 72 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 4236-021-900; 4236-021-901; 4236-021-902 AND 4326-021-903

## ATTACHMENT NO. 6

## ENVIRONMENTAL INDEMNITY IN FAVOR OF THE CULVER CITY REDEVELOPMENT AGENCY

THIS ENVIRONMENTAL INDEMNITY (this "Indemnity"), dated ___________, 2008, is made by AXIS MUNDI RE II, LLC, a California limited liability company ("Developer"), in favor of THE CULVER CITY REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency").

WITNESSETH

WHEREAS, Agency and the Developer entered into that certain DISPOSITION AND DEVELOPMENT AGREEMENT, dated for reference purposes ___________, 2008 (the "DDA") for the purpose of Developer's development of the Site, as defined therein;

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual agreements hereinafter set forth, Developer hereby agrees as follows:

1. DEFINITIONS

For the purpose of this Indemnity, "Hazardous Materials" or "Hazardous Substances" shall include, but not be limited to, substances defined as "extremely hazardous substances," "hazardous substances," "hazardous materials," "hazardous waste" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 11001-11050; the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, et seq.; and those substances defined as "hazardous waste" in Section 25117 of the California Health and Safety Code, as "infectious waste" in Section 25117.5 of the California Health and Safety Code, or as "hazardous substances" in Section 25316 of the California Health and Safety Code or "hazardous materials" as defined in Section 353 of the California Vehicle Code; and in the regulations adopted and publications promulgated pursuant to said laws. Other capitalized terms used in this Indemnity shall have the meanings ascribed to them in the DDA with the same force and effect as if set forth in full below.

2. COVENANTS AND INDEMNITY

The following covenants, and indemnities are hereby given and made by Developer for the benefit of City and Agency:

2.1 Covenants.

(a) Developer covenants that it shall comply with any and all state and federal laws, regulations, and/or orders which may be promulgated, from time to time, with respect to the discharge and/or removal of Hazardous Materials. Developer shall be responsible for the costs of the removal of, or any other action required by law with respect to, any such Hazardous

Materials, and to keep the Site free of any lien imposed pursuant to any such laws, regulations, or orders.

(b) Developer covenants that the Site will not, while Developer is the developer thereof, be used for any activities involving, the use, generation, treatment, storage, release, or disposal of any Hazardous Materials, except for de minimis quantities used at the Site in compliance with all applicable environmental laws and used in connection with the routine construction, operation and maintenance of the Site.

(c) Except as provided in subsection (b), Developer further agrees that Developer shall not release or dispose of any Hazardous Materials at the Site in violation of environmental laws without the express written approval of the Agency or City and that any such release or disposal shall be effected in strict compliance with all applicable laws and all conditions, if any, established by the Agency or City.

(d) The City and Agency shall have the right, at any time prior to the issuance of a Certificate of Completion, to conduct an environmental audit of the Site at their expense, unless Hazardous Materials are found at levels exceeding allowable levels set forth by applicable environmental laws, then at Developer's sole cost and expense, and Developer shall cooperate in the conduct of any such environmental audit. Other than in an emergency, such audit shall be conducted only after prior notice of no less than seven (7) days has been given to Developer and allowing Developer to be present during any such audit.

(e) Developer shall not install, or permit to be installed, on the Site friable asbestos or any substance containing asbestos in violation of federal or state regulations respecting such material (collectively, "Asbestos Material"). Developer shall promptly either (i) remove or cause to be removed any Asbestos Material that are required to be removed by applicable laws and regulations, or (ii) otherwise comply with federal and state regulations regarding Asbestos Material, at Developer's sole cost and expense.

(f) Upon Developer's actual knowledge, Developer shall immediately advise the City and Agency in writing of any of the following: (i) any pending or threatened environmental claim against Developer or the Site, (ii) any condition or occurrence on the Site that (A) results in noncompliance by Developer with any applicable environmental law, (B) could reasonably be anticipated to cause the Site to be subject to any restrictions on the ownership, occupancy, use or transferability of the Site under any environmental law, or (C) could reasonably be anticipated to form the basis of an environmental claim against the Site or Developer.

2.2 Indemnity. Developer shall indemnify, protect, and hold the City and Agency harmless from and against any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements, or expenses (including, without limitation, attorneys' and experts' fees and disbursements) of any kind or of any nature whatsoever (collectively, the "Obligations") which may at any time be imposed upon, incurred by or asserted or awarded against the City and/or Agency and arising from or out of:

(a) The presence of any Hazardous Materials in violation of applicable laws on, in, under, or affecting all or any portion of the Site, except to the extent such Hazardous Materials were present on, in, under, or affected the Site prior to the date of conveyance of title to the Site to Developer pursuant to the DDA or migrated onto, in or under the Site from surrounding properties during the term of the DDA, so long as such migration was not caused by Developer (including Developer's unreasonable failure to act) or those for whom Developer is responsible ("Pre-existing Hazardous Materials");

(b) The breach of any covenant made by Developer in Section 2.1 hereof, except to the extent such covenant relates to Pre-existing Hazardous Materials; or

(c) Subject to the qualifications set forth in Section 2.3, below, Developer shall be liable for payment and performance of the Obligations to the full extent (but only to the extent) of the property and assets which constitute security for such Obligations. If default occurs in the timely and proper payment and performance of any such Obligations, any judicial proceedings brought by the City and Agency against Developer shall be limited to the protection and preservation of the Site, the preservation, enforcement and foreclosure of the liens, mortgages, assignments, rights and security interests securing such Obligations and enforcement and collection of such Obligations for which Developer remains directly liable. If there is a foreclosure of any such liens, mortgages, assignments, rights and security interests by power of sale or otherwise, no personal judgment for any deficiency thereon shall be sought or obtained by the City and/or Agency against Developer, or its partners, officers, directors, agents, limited partners and their affiliates attorneys, servants or employees.

2.3 Exceptions to Non-Recourse Liability. Notwithstanding the foregoing provisions of Section 2.2 or any other agreements,

(a) the City and/or Agency may recover personally from any person or entity:

(1) any damages, costs and expenses incurred by the City and/or Agency as a result of the negligence of such person or entity, involving, directly or indirectly, the use, generation, treatment, storage, release, or disposal of any Hazardous Materials in violation of environmental laws (other than Pre-existing Hazardous Materials) by such person or entity; provided, however, that neither Developer nor any partner, member, officer, director, agent, attorney, servant or employee of Developer shall have any personal liability if the act or omission complained of was performed in good faith and was not reckless, wanton, or grossly negligent, or constitutes intentional misconduct;

(2) any damages, costs and expenses incurred by the City and/or Agency as a result of fraud or any criminal act or acts of Developer or any partner, shareholder, officer, director or employee of Developer, or of any general partner of Developer relating to the use, generation, treatment, storage, release, or disposal of any Hazardous Materials at the Site; and

(3) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that the City and/or Agency, as applicable, shall pay the reasonable court costs and attorneys' fees of Developer or its related

parties if Developer or its related parties are the prevailing party in any such enforcement or collection action).

Notwithstanding anything to the contrary herein, Developer's members shall have no liability under the terms of this Indemnity.

3. DEVELOPER'S UNCONDITIONAL OBLIGATIONS

3.1 Unconditional Obligations. Except as provided in Section 6.10, below, Developer hereby agrees that the Obligations will be paid and performed in accordance with the terms of this Indemnity, regardless of any law, regulation, or order now or hereafter in effect in any jurisdiction affecting any of the Loan Documents or the DDA or affecting any of the rights of the City and/or Agency with respect thereto. The obligations of Developer hereunder shall be absolute and unconditional irrespective of:

(a) The validity, regularity, or enforceability of the DDA or any other instrument or document executed or delivered in connection therewith;

(b) Any alteration, amendment, modification, release, termination, or cancellation of the DDA, or any change in the time, manner, or place of payment of, or in any other term in respect of, all or any of the obligations of Developer contained in the DDA;

(c) Any consent to any departure from, any provision contained in the DDA;

(d) Any exculpatory provision in the DDA limiting the City's and/or Agency's recourse to the Site or a deficiency judgment against Developer;

(e) Any exchange, addition, subordination, or release of, or nonperfection of any lien on or security interest in the Site, Developer's obligations under the DDA, or any release, amendment, waiver of, or consent to any departure from any provision of, any other Developer guarantee given in respect of the DDA;

(f) The insolvency or bankruptcy of Developer, or of any indemnitor or guarantor under any other indemnity or guarantee given in respect of the DDA; or

(g) Any other circumstance that might otherwise constitute a defense available to, or a discharge of, Developer, or any other indemnitor or guarantor with respect to the DDA or any or all of the Obligations.

3.2 Continuation. Except as provided in 6.10, below, this Indemnity (a) is a continuing indemnity and shall remain in full force and effect until the satisfaction in full of all of the Obligations (notwithstanding the performance in full of the DDA); and (b) shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Agency upon the insolvency, bankruptcy, or reorganization of Developer or otherwise, all as though such payment had not been made. Notwithstanding the foregoing, if Developer transfers its interest in the Site in accordance with the terms of the DDA and the transferee agrees to assume Developer's ongoing indemnification obligation, Developer's indemnification obligation under this Indemnity shall be limited to Hazardous Materials (except for Pre-existing Hazardous Materials) that were present on, in, under, or affected the Site prior to the date of transfer.

3.3 Termination. Notwithstanding the payment (and performance) in full of all of the Obligations and the payment (or performance) in full of all of Developer's obligations under the Loan Documents or the DDA, this Indemnity shall not terminate if any of the following shall have occurred:

(a) the City and/or Agency is made liable in respect of any of the Obligations as a result of participating in the management or control of, taking possession of (whether personally, by agent or by appointment of a receiver), or taking title to the Site or any portion thereof, whether by termination of the DDA, foreclosure, deed in lieu of foreclosure, sale under power of sale or otherwise; or

(b) There has been a change, between the date hereof and the date on which all of the Obligations are paid and performed in full, in any Hazardous Materials laws, the effect of which may be to make a landlord, lender or mortgagee liable in respect of any of the Obligations, notwithstanding the fact that no event, circumstance, or condition of the nature described in paragraph (a) above ever occurred.

4. WAIVER

Developer hereby waives the following with respect to this Indemnity and the Obligations only:

(a) Any defense that Agency failed to act promptly and with diligence, or failed to provide notice or make a demand, regarding the discovery of any Hazardous Materials;

(b) All other notices, demands, and protests, and all other formalities of every kind, in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this Section 4, might constitute grounds for relieving Developer of its Obligations hereunder;

(c) Any requirement that the City and/or Agency exhaust any right or take any action against Developer or any other person or collateral, including the Agency's reversionary interest in the Site; and

(d) Any defense that may arise by reason of:

(1) The incapacity, lack of authority, death or disability of, or revocation hereof by, any person or persons;

(2) The failure of the City and/or Agency to file or enforce any claim against the estate (in probate, bankruptcy, or any other proceedings) of any person or persons; or

(3) Any defense based upon an election of remedies by the City and/or Agency, including, without limitation an election to proceed by nonjudicial foreclosure, or which

destroys or otherwise impairs the subrogation rights of the City and/or Agency or any other right of the City and/or Agency to proceed against Developer.

5. NOTICES

Any notice, demand, statement, request, or consent made hereunder shall be in writing and shall be personally served, mailed by first-class registered mail, return receipt requested, to the address set forth below or given by telecopier to the telecopier numbers stated below, with confirmations mailed by first class registered mail, return receipt requested to the address set forth below, of the party to whom such notice is to be given (or to such other address as the parties hereto, shall designate in writing):

AGENCY:

Culver City Redevelopment Agency
9770 Culver Boulevard
Culver City, CA 90232-0507
Attention: John Fisanotti
Phone: (310) 253-5760
Fax: (310) 253-5779

DEVELOPER:

AXIS MUNDI RE II, LLC
8758 Venice Boulevard, Suite 101
Los Angeles, CA 90034
Attention: Walter N. Marks, III
Phone: (310) 204-1865
Fax: (310) 836-2208

Any notice that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission; any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

6. MISCELLANEOUS

6.1 Developer shall make any payment required to be made hereunder in lawful money of the United States of America, and in same day funds, to the City and/or Agency at the addresses specified in Section 5 above.

6.2 No amendment of any provision of this Indemnity shall be effective unless it is in writing and signed by Developer and the Agency and no waiver of any provision of this Indemnity, and no consent to any departure by Developer from any provision of this Indemnity, shall be effective unless it is in writing and signed by the Agency, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

6.3 The rights and remedies of the City and/or Agency provided herein are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law.

6.4 Any provision of this Indemnity that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof and without affecting the validity or enforceability of such provision in any other jurisdiction.

6.5 Subject to Section 6.10, below, this Indemnity shall (a) be binding upon Developer, and Developer's successors and assigns; and (b) inure, together with all rights and remedies of the City and/or Agency hereunder, to the benefit of the City and Agency, its respective directors, officers, employees, and agents, any successors to the or the City's and Agency's interest in the Site, any other person who acquires any portion of the Site at a foreclosure sale or otherwise through the exercise of the or the City's and Agency's rights and remedies under the Loan Documents, any successors to any such person, and all directors, officers, employees, and agents of all of the aforementioned parties.

6.6 Developer hereby (a) irrevocably submits to the jurisdiction of any California or federal court sitting, in each instance, in Los Angeles County in any action or proceeding arising out of or relating to this Indemnity, (b) waives any defense based on doctrines of venue or forum *non conveniens* or similar rules or doctrines, and (c) irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such California or federal court. Developer irrevocably consents to the service of any and all process which may be required or permitted in any such action or proceeding to the person and address specified in Section 5, above. Developer agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

6.7 The title of this Indemnity and the captions used herein are inserted only as a matter of convenience and for reference and shall in no way define, limit, or describe the scope or the intent of this Indemnity or any of the provisions hereof.

6.8 This Indemnity shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of California applicable to contracts made and to be performed therein, except to the extent that the laws of the United States preempt the laws of the State of California.

6.9 This Indemnity may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute one agreement.

6.10 Notwithstanding anything in this Indemnity or in the DDA to the contrary, this Indemnity shall expire and be of no further force or effect following the date which is ten (10) years after the date that the Certificate of Completion is issued by the Agency. In the event Developer transfers its interest in the Site as described in Section 8.c of that certain Public Parking Easement Agreement known as Attached No. 9 to the DDA, Developer shall not be released from the Obligations that arose prior to the date of any such transfer, but Developer shall be released from the Obligations that arise subsequent to the date of such transfer.

IN WITNESS WHEREOF, Developer has duly executed this Indemnity as of the date set forth below.

**DEVELOPER**

AXIS MUNDI RE II, LLC

By: Walter N. Marks Realty Company,
a California corporation, Member

Date:________________, 2008

By:________________________________
Walter N. Marks, III, President

By: James Suhr & Associates, LLC,
a California limited liability company,
Member

Date:________________, 2008

By:________________________________
James K. Suhr, Member

EXHIBIT A

LEGAL DESCRIPTION OF THE SITE

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

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

LOTS 55, 56, 57, 58, 59, 60, 61, 62 and 63 of TRACT NO. 5951, IN THE CITY OF CULVER CITY, AS PER MAP RECORDED IN BOOK 77 PAGE 72 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 4236-021-900; 4236-021-901; 4236-021-902 AND 4326-021-903

## ATTACHMENT NO. 7

## METHOD OF FINANCING

This is the Method of Financing attached to the Disposition and Development Agreement, dated as of _______________ 2008, by and between the Culver City Redevelopment Agency, a public body, corporate and politic ("Agency"), and Axis Mundi RE II, LLC, a California limited liability company ("Developer") pertaining to the development of the Site (the "DDA"). DDA as used herein shall mean, refer to and include the DDA, as well as any riders, exhibits, addenda, implementation agreements, amendments and attachments thereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in the DDA. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the DDA.

1. **Total Development Cost**. Developer estimates that the cost of the development and construction of the Project (the "Development Costs") will be approximately $19,100,000, to be provided as follows in Section 2 of this Method of Financing.

2. **Sources of Financing**. Developer anticipates that the Development Costs shall be financed with a combination of loans and Developer's equity, as set forth in the following chart and as described below:

| Source of Funds | Construction | Permanent |
|---|---|---|
| Construction Financing | $13,400,000 | $[ N/A ] |
| Private Financing | $5,500,000 | $[ N/A ] |
| Developer Equity | $200,000 | $[ N/A ] |
| TOTAL FINANCING | $19,100,000 | $[ N/A ] |

2.1 **Construction Period Financing**

a. Construction Financing. Construction financing shall be obtained in the amount of approximately $13,400,000 from [insert name and address of lending institution].

b. Private Financing. Private financing shall be obtained in the amount of approximately $5,500,000 from [insert name and address of private lending source].

c. Developer's Equity. Equity from the Developer (the "Developer Equity"), consisting of the following:

(1) Approximately $200,000.

Developer shall be responsible for providing additional construction financing and permanent financing if, when and to the extent needed to pay for cost overruns and contingencies not otherwise funded by the foregoing sources of Project financing.

2.2 **Permanent Sources of Financing**

a. Permanent Financing. Permanent financing will not be obtained since the intent is to sell the condominium units to individual buyers.

3. **Project Budget.** Developer's current estimate of Development Costs is set forth in the Project Budget, incorporated herein by this reference and attached to the DDA as Attachment No. 7A (the "Project Budget"). The Project Budget may be subject to change from time-to-time. "Material changes" shall mean a deviation of greater than ten percent (10%) of the overall budget amount or twenty percent (20%) for any line item in the Project Budget. Material changes in the Project Budget shall be subject to the prior written approval by the Agency's Executive Director or his designee (which approval shall not be unreasonably withheld conditioned, or delayed), provided sufficient funds are available to pay all projected Development Costs. Upon Agency approval, the Project Budget shall be replaced by the approved revised Project Budget.

4. **Subordination**. Any deed of trust or instruments recorded against the Site to secure construction and/or permanent financing for the Project shall be subordinate to the Subterranean Encroachment Agreement and the Public Parking Easement Agreement.

ATTACHMENT NO. 7A

PROJECT BUDGET

| | |
|---|---|
| Land Costs | $ 3,200,000 |
| Construction Costs | $11,400,000 |
| Indirect Costs | $ 3,400,000 |
| Financing Costs | $ 1,100,000 |
| Total Project Costs = | $19,100,000 |

## ATTACHMENT NO. 8

## RIGHT OF ENTRY AGREEMENT

This RIGHT OF ENTRY AGREEMENT ("Agreement") is made as of this ______ day of_______________, 2008 (the "Effective Date"), by and between THE CULVER CITY REDEVELOPMENT AGENCY, a public body corporate and politic, (the "Agency"), and AXIS MUNDI RE II, LLC, a California limited liability company ("Licensee").

RECITALS

A. The Agency is the current owner of certain real property located at 12803-12823 W. Washington Boulevard in the City of Culver City, Los Angeles County, California, as more particularly shown on the site map attached hereto as Exhibit "A" (the "Property").

B. The Property is the subject of that certain Disposition and Development Agreement dated ____________, 2008 (the "DDA"), by and between the Agency and Licensee. DDA as used herein shall mean, refer to and include the DDA, as well as any riders, exhibits, addenda, implementation agreements, amendments and attachments thereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in the DDA. All capitalized terms not defined herein shall have the meaning set forth in the DDA, unless the context dictates otherwise.

C. Subject to the covenants and conditions set forth below, the parties desire to enter into this Agreement to provide Licensee with access to the Property for the purposes and in accordance with the terms and provisions set forth herein.

TERMS

1. Grant of License. The Agency hereby grants to Licensee a temporary, nonexclusive license and right of entry to perform the following acts on the Property (1) obtain soil samples and make surveys and tests necessary to determine the suitability of the Property for the development of the Project; (2) conduct reasonable investigations on and beneath the Property to determine the presence of Hazardous Materials; (3) conduct other studies reasonably approved by Agency Executive Director or designee as requested by Licensee to assess the feasibility of the Project, and (4) perform such other acts allowed under the DDA prior to conveyance of the Property, including commencement of construction of the Improvements but specifically excluding any excavation of the Property (collectively, the "Permitted Purpose"), subject to all licenses, easements, encumbrances and claims of title affecting the Property for the period of time set forth in this Agreement (the "License"). As used herein the phrase "Hazardous Materials" means any substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any governmental requirements is defined as "hazardous" or harmful to the environment. Licensee agrees that the Permitted Purpose shall be completed in accordance with any permits and authorization issued by the City or any other governmental entity having jurisdiction over the Property in connection with the Permitted Purpose. Licensee's or its duly authorized employees', agents', consultants', independent contractors' (collectively,

"Licensee's Representatives") use of the Property shall not unreasonably interfere with the use and enjoyment of the Property by the Agency or its directors, officers, members, employees, agents and independent contractors (collectively, "Agency's Representatives"), or anyone claiming under or through them. Licensee shall not permit any other party associated with Licensee, except Licensee's Representatives, to enter onto the Property during the term of this Agreement without the prior written consent of the Agency Executive Director or his designee, which may be withheld in his or her sole and absolute discretion. Licensee and Licensee's Representatives shall not perform any work other than the Permitted Purpose upon the Property.

2. Term. This Agreement shall commence upon the date the Agency executes this Agreement (the "Effective Date") and shall automatically expire upon the earliest to occur of: (i) conveyance of title to the Property to Licensee; (ii) termination of the DDA; or (iii) termination of this Agreement (the "Term").

3. No Possessory Interest. Licensee acknowledges and agrees that Agency's grant of this License to use the Property creates no possessory interest in the Property and any improvements thereon, either existing or constructed on the Property by Licensee after grant of this License, and therefore Licensee shall abandon the use of the Property without the necessity of a judicial proceeding by the Agency no later than the expiration of this Agreement, or, in the event of an earlier termination of this Agreement, Licensee shall abandon the use of the Property immediately upon such earlier termination. Licensee further acknowledges and agrees that any failure to abandon the use of the Property upon expiration or termination of this Agreement shall constitute a trespass. This Agreement is intended to be for a short term duration.

4. Purpose of Right of Entry. Subject to the provisions of this Agreement, Licensee and Licensee's Representatives may, during the Term, enter onto the Property at reasonable times to perform the Permitted Purpose in a good, substantial and workmanlike manner. Once undertaken, the Permitted Purpose shall be diligently pursued to completion.

5. Permits; Compliance with Laws and Regulations. Any and all work undertaken by Licensee pursuant to this Agreement shall be performed in conformance with all laws, ordinances, codes, and regulations of, or approved by, the applicable federal, state and local governments with respect to Licensee's or Licensee's Representatives use of and activities upon the Property. Licensee, at Licensee's sole cost and expense, shall obtain all required governmental permits and authorizations for Licensee's use of and activities upon the Property pursuant to this Agreement, and Licensee's use of and activities upon the Property shall be in conformance with any such permits and authorizations. Agency, in its capacity as owner of the Property, shall cooperate with Licensee in applying for such permits and authorizations, subject to the approval of Agency Executive Director or designee.

6. Reports and Studies. In consideration of the Agency's granting of this License, Licensee, shall promptly provide the Agency with a copy of all reports and test results arising from this License, without creating any liability for Licensee or the preparer of such reports.

7. Condition of the Property. The Property is licensed to Licensee in an "as is" condition, existing as of the Effective Date of this Agreement. Licensee shall not construct any temporary or permanent improvements or make any material changes to the Property as part of Licensee's use of the Property without Agency's prior written consent, which may be withheld in its sole and absolute discretion. Such prohibition on construction of improvements or material changes to the Property shall include but shall not be limited to any signs, paving, construction of fencing, retaining walls, buildings or structures, or the removal of any living trees.

8. Maintenance and Condition of the Property. Licensee shall at all times cause its use of and activities upon the Property to be conducted in a safe, neat and orderly fashion. Licensee shall be responsible for clean-up of the Property from any activities undertaken by Licensee or any Licensee Representative on the Property, including any improvements thereon, in compliance with all zoning, building, safety, health, environmental and other laws, codes, ordinances, regulations, orders, requirements, permits or authorizations of any federal, state or local government applicable to the Permitted Purpose.

9. Restoration of Site. Upon the termination or expiration of this Agreement, and provided that the Property has not been conveyed to Licensee, Licensee shall at its sole cost and expense, cause the Property to be restored from any damage or material change caused by Licensee or any Licensee Representative to substantially the same condition as the Property was in prior to Licensee's entry onto the Property under this Agreement. Within forty-eight (48) hours of the termination or expiration of this Agreement, and provided that the Property has not been conveyed to Licensee, Licensee shall at Licensee's sole cost and expense, remove, or cause to be removed, any garbage and debris on the Property caused by Licensee or any Licensee Representative and restore the Property to substantially the same condition as the Property was in prior to Licensee's entry onto the Property under this Agreement caused by activities of Licensee or any Licensee Representative.

10. Liens. Licensee shall not suffer or permit to be enforced against the Property, or any part thereof, any mechanics', materialmen's, contractors' or subcontractors' liens or any claim for damage arising from any work performed by Licensee or Licensee's Representatives or Licensee or Licensee's use of and activities upon the Property pursuant to this Agreement. Subject to any contest undertaken by Licensee in accordance with the requirements of this Section 10 to challenge payment, Licensee shall pay, or cause to be paid, all said liens, claims or demands before any action is brought to enforce the same against the Property within ten (10) days following written notice to Licensee. The Agency reserves the right at any time and from time to time to post and maintain on the Property, or any portion thereof or improvement thereon, such notices of non-responsibility as may be necessary to protect Agency against any liability for all such liens, claims or demands. In the event Licensee undertakes a contest of any lien, claim or demand to challenge payment, Licensee shall first deliver to the Agency bonds or other adequate security in form and amount approved in writing by Agency Executive Director or designee.

11. Indemnification. Licensee shall indemnify, defend and hold harmless the City of Culver City (the "City"), members of the City Council, the City's boards and commissions, the Agency Representatives, and the Agency from and against any and all losses, liabilities, damages, judgments, actions, costs, claims and expenses arising out of (i) any acts or omissions, negligence, fault or violation of law or ordinance in connection with the Property by Licensee or any Licensee Representatives entering or using the Property with the permission of Licensee; and (ii) Licensee's use of the Property pursuant to this Agreement. Notwithstanding the forgoing, Licensee has no obligations to indemnify the Agency, Agency Representatives and their officers, agents, contractors, employees and volunteers against the Agency's and Agency Representative's negligence or willful misconduct. Licensee shall give to the Agency prompt and timely written notice of any claim made or suit instituted related to the subject matter of this Agreement to its knowledge which may in any way directly or indirectly, contingently or otherwise affect either party. Approval of insurance policies by the Agency shall in no way affect or change the terms and conditions of the indemnification obligations of Licensee described herein.

12. Waiver of Subrogation. Licensee hereby waives any and every claim which arises or may arise in its favor and against the Agency during the term of this Agreement or any extension or renewal hereof for any and all loss or damage to Licensee's property, or property of Licensee's officers, representatives, employees, agents, subcontractors, patrons or invitees covered by valid and collectible property insurance policies only to the extent that such loss or damage is covered and paid under such insurance policies. Such waiver shall be in addition to, and not in derogation of, any other waiver or release contained in this Agreement.

13. Liability for Loss, Injury or Damage. In addition to any other assumption of liability set forth herein, and excluding any loss or damage to the extent resulting from the Agency's negligence or willful misconduct, Licensee agrees that it assumes the sole risk and responsibility for any damage, destruction or theft of Licensee's equipment, materials or personal property placed on the Property and for any injury to persons which occurs on the Property as a result of the permitted use licensed pursuant to Section 1, above, of this Agreement.

14. Insurance. Prior to commencing work, Licensee or the Licensee Representatives shall procure, maintain, and pay for insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work or services hereunder by Licensee, its agents, representatives, employees or subcontractors for the duration of this Agreement. The insurance requirements are set forth in Exhibit "B" attached hereto.

15. Termination. In the event that Licensee or Licensee's Representatives violate any of the terms or conditions set forth in this Agreement, the Agency Executive Director or designee, after giving Licensee written notice of such violation and a thirty (30) calendar day period within which to cure the same (which thirty (30) day period will be automatically extended if Licensee is diligently prosecuting such cure to completion), shall have the right to immediately terminate this Agreement by providing written notice

to Licensee of said termination. No termination or expiration of this Agreement shall relieve Licensee of performing any of its obligations required hereunder which expressly survive such termination or expiration.

16. Licensee as Independent Contractor. Licensee is, and at all times during the term of this Agreement shall be deemed to be, an independent contractor. Agency shall not be liable for any acts or omissions of Licensee, or its officers, representatives, employees, agents, subcontractors, patrons or invitees and nothing herein contained shall be construed as creating the relationship of employee and employer between Licensee and Agency. Licensee shall be solely responsible for all matters relating to payment of its employees, including payment of Social Security taxes, withholdings and payment of any and all federal, state and local personal income taxes, disability insurance, unemployment, and any other taxes for such employees, including any related assessments or contributions required by law or any other regulations governing such matters.

17. Assignability. Except for any permitted assignment as provided in the DDA, this Agreement may not be assigned or transferred without the express written consent of the Agency Executive Director (which may be withheld in his or her sole and absolute discretion), whether voluntarily or involuntarily, and Licensee shall not permit the use of the Property, or any part thereof, except in strict compliance with the provisions hereof, and any attempt to do otherwise shall be null and void. Any approved assignee of this Agreement shall enter into an assignment and assumption agreement in a form reasonably approved by the Agency Executive Director. No legal title or leasehold interest in the Property is created or vested on Licensee.

18. Governing Law. The laws of the State of California shall govern this Agreement.

19. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

20. Attorneys' Fees. If any action, proceeding, or arbitration arising out of or relating to this Agreement is commenced by either party to this Agreement, then the prevailing party shall be entitled to receive from the other party, in addition to any other relief that may be granted, the reasonable attorneys' fees, costs and expenses incurred in the action, proceeding or arbitration by the prevailing party.

21. Agency's Proprietary Capacity. Licensee agrees that Agency, in making and entering into this Agreement, is acting and shall be deemed to be acting solely in Agency's proprietary capacity for all purposes and in all respects; and nothing contained in this Agreement shall be deemed directly or indirectly to restrict or impair in any manner or respect whatsoever any of Agency's governmental powers or rights or the exercise thereof by Agency, whether with respect to the Property or Licensee's use thereof or otherwise. It is intended that Licensee shall be obligated to fulfill and comply with all reasonable requirements that may be imposed by any governmental agency or authority of the Agency exercising jurisdiction over the Property in its governmental capacity.

22. Authority to Sign. Licensee hereby represents that the persons executing this Agreement on behalf of Licensee have full authority to do so and to bind Licensee to perform pursuant to the terms and conditions of this Agreement.

23. Notice. Any notice, demand, statement, request, or consent made hereunder shall be in writing and shall be personally served, mailed by first-class registered mail, return receipt requested, to the address set forth below or given by telecopier to the telecopier numbers stated below, with confirmations mailed by first class registered mail, return receipt requested to the address set forth below, of the party to whom such notice is to be given (or to such other address as the parties hereto, shall designate in writing):

Agency:

Culver City Redevelopment Agency
9770 Culver Boulevard
Culver City, CA 90232-0507
Attention: John Fisanotti
Phone: (310) 253-5760
Fax: (310) 253-5779

Licensee:

AXIS MUNDI RE II, LLC
8758 Venice Boulevard, Suite 101
Los Angeles, CA 90034
Attention: Walter N. Marks, III
Phone: (310) 204-1865
Fax: (310) 836-2208

Any notice that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission; any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

24. Time Is of the Essence. Time is of the essence as to every term and condition of this Agreement.

25. Recordation. Neither party shall record this Agreement.

26. Severability. In the event that any provisions of this Agreement shall be held to be invalid, the same shall not affect in any respect whatsoever the validity of the remainder of the Agreement.

**[SIGNATURES ON NEXT PAGE]**

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the Effective Date.

**AGENCY**

CULVER CITY REDEVELOPMENT AGENCY

Date:________________, 2008

By:__________________________
Jerry Fulwood
Executive Director

APPROVED AS TO FORM:

KANE BALLMER & BERKMAN

By:____________________
Agency General Counsel

**LICENSEE**

Date:______________________, 2008

AXIS MUNDI RE II, LLC,
a California limited liability company

By: Walter N. Marks Realty Company, a California corporation, Member

By: ______________________________
Walter N. Marks, III, President

By: James Suhr & Associates, LLC, a California limited liability company, Member

By: ______________________________
James K. Suhr, Member

EXHIBIT "A"

SITE MAP

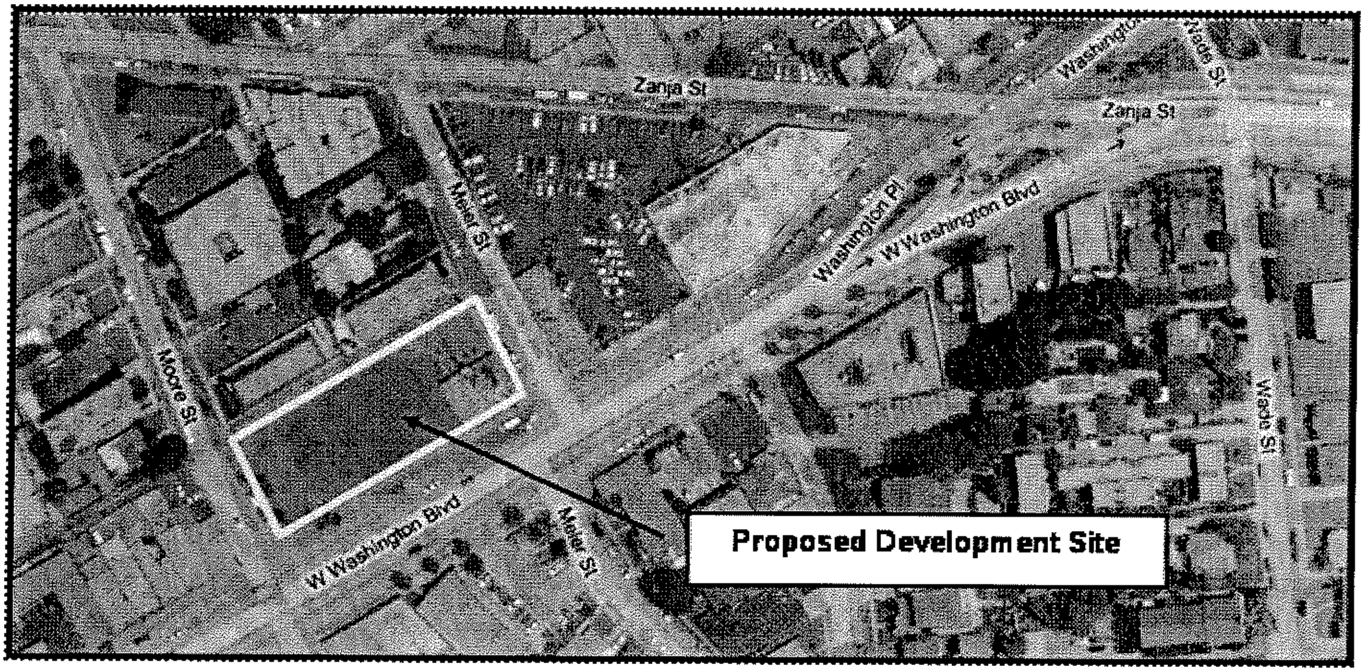


Exhibit "B"

INSURANCE REQUIREMENTS

A. Minimum Limits of Insurance. Licensee or Licensee's Representatives, shall maintain limits of no less than:

(1) Commercial General Liability.

Two Million Dollars ($2,000,000) combined single limit per occurrence for bodily injury and property damage. Licensee shall indicate whether coverage provided is on a "claims made" or "occurrence" basis.

(2) Automobile Vehicle Liability Insurance.

One Million Dollars ($1,000,000) combined single limit per accident for bodily injury or property damage. The limit shall include applicable umbrella coverages. The following coverage shall be included:

(a) Owned Vehicle (if any).

(b) Hired Vehicle.

(c) Non-owned Vehicle.

(3) Workers' Compensation and Employer's Liability.

Workers' Compensation limits as required by the Labor Code of the State of California and Employer's Liability limits of One Million Dollars ($1,000,000) per accident.

B. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by Agency, which approval shall not be unreasonably withheld.

C. Other Insurance Provisions.

(1) General Liability and Automobile Liability Coverage Only.

(a) The City of Culver City, members of its City Council, boards and commissions, Agency Representatives, and the Agency are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of Licensee; premises owned, leased, licensed or used by the Licensee; and premises on which Licensee is performing services, if any, on behalf of the Agency.

(b) Licensee's insurance coverage shall be primary insurance in respect to the City of Culver City, members of its City Council, boards and commissions, Agency Representatives, and the Agency. Any insurance or self-insurance maintained by the Agency shall be in excess of Licensee's insurance and shall not contribute with it.

(c) Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the City of Culver City, members of its City Council, boards and commissions, Agency Representatives, and the Agency.

(2) Workers' Compensation and Employer's Liability Coverage.

The insurer shall agree to waive all rights of subrogation against the City of Culver City, members of its City Council, boards and commissions, Agency Representatives, and the Agency for losses arising from work performed by Licensee for the City, pursuant to this Agreement.

(3) All Coverage.

Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be canceled, except after thirty (30) days prior written notice has been given to the Agency at the following address:

Culver City Redevelopment Agency
9770 Culver Boulevard
Culver City, CA 90232-0507
Attention: John Fisanotti

D. Acceptability of Insurers. Insurance is to be placed with insurers rated A: 6 or better by A.M. Best's rating service, unless otherwise approved by the City's Risk Manager.

E. Verification of Coverage. Licensee shall furnish Agency with certificates of insurance affecting coverage required by this Agreement. The certificates for each policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be on forms provided by Agency and are to be received and approved by Agency before work commences.

F. Licensee Contractors. Licensee shall provide to Agency certificates of insurance evidencing satisfactory compliance by each Licensee contractor with the insurance requirements stated herein.

## ATTACHMENT NO. 9

## PUBLIC PARKING EASEMENT AGREEMENT

OFFICIAL BUSINESS
Document entitled to free recording
per Government Code Section 6103

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

THE CULVER CITY REDEVELOPMENT AGENCY
9770 Culver Boulevard
Culver City, California 90232-0507
Attention: John Fisanotti

ABOVE SPACE FOR RECORDER'S USE ONLY

## PUBLIC PARKING EASEMENT AGREEMENT

THIS PUBLIC PARKING EASEMENT AGREEMENT ("Agreement") is made and entered into as of the ___ day of _____________, 2008, by and between AXIS MUNDI RE II, LLC, a California limited liability company ("Grantor"), and the CITY OF CULVER CITY, a public body, corporate and politic ("Grantee"). Grantor and Grantee are each sometimes referred to herein as a "Party" and, collectively, as the "Parties."

RECITALS

A. In accordance with that certain Disposition and Development Agreement entered into by and between Grantor and the Culver City Redevelopment Agency (the "Agency") as of ___________, 2008 (the "DDA"), the Agency conveyed title to Grantor of that certain real property located in the City of Culver City, County of Los Angeles, State of California, more particularly described on Exhibit "A" attached hereto (the "Property") for the purpose of developing a high quality 37,300 square foot commercial/office condominium building (the "Project"), including 6,260 square feet of commercial/retail space, eighty-nine (89) subterranean parking spaces for the owners/tenants of the building and, subject to adjustment based on final plans for the Project, thirty-nine (39) on-grade parking spaces (the "Public Parking Spaces") each of which is required by the DDA to be metered for public use.

B. DDA as used herein shall mean, refer to and include the DDA, as well as any riders, exhibits, addenda, implementation agreements, amendments and attachments thereto or other documents expressly incorporated by reference in the DDA.

C. In accordance with the provisions of the DDA and subject to the terms and conditions set forth in this Agreement, Grantor has agreed to provide for additional public parking within the City of Culver City (the "City") by providing the Public Parking Spaces. In addition, Grantor and Grantee have agreed to establish a vehicle identification system whereby ground level tenants of the Project will have the right, without charge, to park in up to eighteen (18) of the Public Parking Spaces.

D. The purpose of this Agreement will be to set forth the terms and conditions under which Grantor will grant to Grantee an easement for ingress and egress and parking in the Public Parking Spaces and to set forth the terms and conditions under which the "Public Parking Easement" (as hereinafter defined) and the "Parking Easement Area" (as hereinafter defined) may be used by the City and, except for the "Parking Meters" (as hereinafter defined), the Parking Easement Area and the Public Parking Spaces shall be maintained by the Grantor.

## AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and Grantee hereby agree as follows.

1. Public Parking Easement and Parking Easement Area. Subject to the terms and conditions set forth in this Agreement, Grantor hereby grants to Grantee an irrevocable, non-exclusive easement (the "Public Parking Easement") over, upon and across that portion of the Property described on Exhibit "B" attached hereto (the "Parking Easement Area") for ingress, egress and use of the Public Parking Spaces.

2. Tenant Permit Parking System. Grantor and Grantee shall establish a vehicle identification system (the "Tenant Permit Parking System") whereby ground level tenants of the Project shall have the right, by displaying a sticker, placard and/or other identification device, to park, without charge, in up to eighteen (18) of the Public Parking Spaces. Following the establishment of the Tenant Permit Parking System, Grantee shall advise the City's parking enforcement authorities of the Tenant Permit Parking System in order to ensure that tenants who properly display the agreed upon identification device are not cited.

3. Use and Maintenance of the Parking Easement Area. The use and maintenance of the Public Parking Easement and the Parking Easement Area shall be subject to the following terms and conditions:

a. Grantee shall procure and install parking meters or such alternative means of establishing a payment method for public parking, subject to Developer's reasonable approval (collectively, ("Parking Meters") for each of the Public Parking Spaces and shall own and maintain the Parking Meters. It is contemplated that the Parking Meters shall be in effect from 7:00am through 11:00 pm, daily, including Saturdays and Sundays. Subject to the provisions of Section 2 above, Grantee may establish, post, collect and retain such parking or use rates for parking in the Public Parking Spaces as Grantee may from time to time deem appropriate. All money collected in the Parking Meters shall constitute the property of the Grantee. Grantor shall install the poles for the Parking Meters.

b. Except as otherwise expressly set forth in this Agreement, Grantee shall not make any improvements, alterations, additions or changes to the Parking Easement Area, including the Public Parking Spaces, or any appurtenance thereto; provided, however, that Grantee is hereby authorized, in Grantee's sole and absolute discretion and without any obligation, to install any improvements to provide additional security for the Parking Easement Area reasonably acceptable to the Grantor ("Security Improvements"), upon Grantee's giving at least thirty (30) days advance notice to Grantor. Grantor's consent to the Security Improvements shall not be unreasonably denied, conditioned or delayed.

c. Except for the Parking Meters, Grantor shall, without cost or expense to Grantee, maintain and repair the Parking Easement Area, including the Public Parking Spaces, and all appurtenances thereto (including landscaping, lighting and signage) in a manner consistent with Grantor's operation of the Project. Grantor shall keep the Parking Easement Area reasonably free of debris, waste and graffiti. Grantee shall have the sole responsibility for operating, maintaining, repairing and replacing the Parking Meters.

d. Grantor's obligation to maintain and repair the Parking Easement Area, including the Public Parking Spaces, shall include, but not be limited to the following:

(1) Maintaining the surface of all automobile and pedestrian areas level, smooth and evenly covered with the type of surfacing materials originally installed thereon or such substitute therefor as shall be in all respects equal thereto or better in quality, appearance and durability;

(2) Maintaining such appropriate entrance, exit and directional signs, markers and lighting as shall reasonably be required; provided, however, no signage shall be permitted in the Public Parking Spaces other than (i) signs identifying the Public Parking Spaces, (ii) warning and safety lights and signs, and (iii) directional signs;

(3) Cleaning lighting fixtures and relamping and/or reballasting as needed;

(4) Repainting striping, markers, directional signs, and the like, as necessary to maintain the same in quality condition;

(5) Maintaining access between the Property and public rights-of-way, including streets, sidewalks, curbs, gutters, driveways, signs and poles, curb painting and markings;

(6) Maintaining surface and storm lateral drainage systems;

(7) Maintaining and repairing in a first-quality condition (including painting and cleaning) all exterior surfaces, all private improvements and all public improvements to the curbline;

(8) Maintaining landscaping consistent with the custom and practice generally applicable to comparable parking facilities in the City, including, without limitation, watering/irrigation; fertilization; mowing; edging; trimming of grass; tree and shrub pruning, trimming and shaping of trees and shrubs to maintain a natural and healthy appearance, road visibility, and irrigation coverage; replacement, as needed, of all plant materials; control of weeds in all planters, shrubs, lawns, ground covers or other planted areas; and staking for support of trees; and

(9) Maintaining all sidewalks, paths-of-travel and other paved areas in and around the Public Parking Spaces in a clean and weed-free condition; including, without limitation, maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from improvements and landscaping; clearance and cleaning of all areas on which maintenance operations are performed to ensure that all cuttings, weeds, leaves and other debris are properly disposed of in a timely and reasonable manner.

e. Subject to Grantee's approval, which shall not be unreasonably denied, conditioned, or delayed, Grantor may, from time to time, reasonably limit the use of the Parking Easement Area, including the Public Parking Spaces, in order to accommodate maintenance, security, repairs and restoration of any portion of the Parking Easement Area and/or to prevent the establishment of prescriptive rights. Except in cases of emergency, Grantor shall provide at least thirty (30) days advance notice to Grantee prior to undertaking any maintenance, repairs, installations, replacements or restorations within the Parking Easement Area.

f. If Grantee gives written notice to Grantor that Grantor has failed to perform any repairs and/or maintenance which are Grantor's obligations to perform under this Section 3, and such notice describes the deficiencies claimed by Grantee, Grantor shall correct, remedy or cure such deficiency within thirty (30) days after receipt of such notice, or such longer period of time as is reasonably necessary, given the circumstances; provided, however, that if Grantee notifies Grantor that such deficient repair and/or maintenance is an urgent matter relating to public health and safety, Grantor shall commence to cure, or shall cause such cure to be commenced, within forty-eight (48) hours following the submission of Grantee's deficiency notice and shall proceed to cure such deficiency as soon as possible thereafter, using all commercially reasonable efforts.

g. Grantor shall provide, without cost and expense to the Grantee, all utility services necessary for or supplied to the Project, which may include, without limitation, power, gas, water, telephone, and all other utility services.

h. The location of the "as-built" improvements within the Project, including any driveways providing pedestrian and vehicular ingress to and egress from the Property and the Public Parking Spaces shall determine the exact location of the Parking Easement Area and the Public Parking Spaces.

i. The use and exercise of the Public Parking Easement by Grantee and Grantee's permittees and invitees shall be subject to rules and regulations established by the mutual consent of Grantor and Grantee; provided, however, such rules and regulations shall not conflict with the terms and conditions of this Agreement or materially diminish the utility of the Public Parking Easement or the use of the Public Parking Spaces. Such rules and regulations may reasonably limit or otherwise restrict access to the Parking Easement Area and the time, manner and scope of use of the Public Parking Easement and the Public Parking Spaces.

j. Grantor shall pay, or cause to be paid, as and when they become due and payable, and before any fine, penalty, interest or cost may be added thereto, or become due or be imposed by operation of law for the nonpayment thereof, all taxes, assessments, franchises, excises, license and permit fees, and other governmental levies and charges, general and special, ordinary and extraordinary, unforeseen and foreseen, of any kind and nature whatsoever which at any time may be assessed, levied, confirmed, imposed upon, or become due and payable out of or in respect of, or become a lien on the Property or any improvements constructed thereon or any part thereof or any appurtenance thereto.

k. Prior to either Party's exercise of any rights or obligations under this Agreement, each Party shall furnish to the other evidence of commercial general liability insurance, in form, coverage and with limits reasonably acceptable to the other Party but not less than one million dollars ($1,000,000.00). The above notwithstanding, the Grantee may submit as a substitute for the required form, a Certificate of Self Insurance with proper evidence of excess liability coverage. The other Party shall be named as an additional insured on the insuring Party's liability policy. The following language or its equivalent shall appear in each policy or the applicable certificate of insurance: "It is hereby understood and agreed that this policy is primary and noncontributing with any other valid and collectible insurance." Each policy shall be underwritten by insurance companies with a "Best's Key Rating Guide" rating of A or better and financial size of VIII or greater. Each policy shall contain an endorsement providing for an unqualified thirty (30) days advance written notice to the other Party prior to cancellation, termination or material reduction in coverage. Each Party shall provide a certified copy of such insurance policy to the other Party. Each Party shall cause its insurance obligation under this Section 3.k to survive any termination or expiration of this Agreement for a period of five (5) years.

l. Each Party (the "Indemnifying Party") shall be liable to the other Party (the "Indemnified Party") for any damage to the Property and/or the Project that may be sustained by reason of the negligence of the Indemnifying Party or the Indemnifying Party's permittees, invitees, agents, contractors, subcontractors, employees, officials, members and other representatives (the "Indemnifying Party's Representatives"). Each Indemnifying Party hereby agrees to protect, defend, indemnify and hold harmless the Indemnified Party and the Indemnified Party's permittees, invitees, agents, contractors, subcontractors, employees, officials, members and other representatives (the "Indemnified Party's Representatives") from and against any and all liabilities, claims, actions, damages, losses, expenses, judgments, demands and defense costs (including, without limitation, costs and fees of litigation, including attorney's fees and costs) (collectively, the "Indemnified Claims") caused by the Indemnifying Party's and/or any of the Indemnifying Party's Representative's willful misconduct or negligence or the Indemnifying Party's and/or any of the Indemnifying Party's Representative's failure to comply with any obligation contained in this Agreement; provided that no Indemnifying Party shall be required to indemnify an Indemnified Party or any Indemnified Party's Representatives for any Indemnified Claim to the extent caused by the negligence or willful misconduct of the Indemnified Party and/or any of the Indemnified Party's Representatives. Any insurance policy limits shall not act as a limitation upon the amount of indemnification to be provided pursuant to this Agreement. The indemnity provisions of this Section 3.l shall survive any expiration or termination of this Agreement.

m. If Grantor shall fail to pay and to discharge any mortgage, pledge, lien, charge, encumbrance or claim (collectively, "Liens"), for which the Property or any portion thereof has been pledged by Grantor as security, Grantee may (but shall not be obligated to) pay or discharge it, and the amount paid by Grantee and the amount of all costs, expenses, interest and penalties connected therewith, including attorney fees, together with interest at the rate of three percent (3%) over the prime rate of Wells Fargo Bank or comparable institution in the State of California on the date payment is made by Grantee, shall be deemed to be and shall be payable by Grantor to Grantee on demand.

n. Grantor reserves the right to develop and use the Property and the Project, including the Parking Easement Area, for any purpose not inconsistent with the Public Parking Easement.

o. Nothing herein shall prevent Grantor from transferring or encumbering any interest in the Property or the Project or any portion thereof.

4. Relocation of Public Parking Easement. In the event that Grantor desires to relocate the Parking Easement Area and/or the Public Parking Spaces, such relocation shall be allowed provided that each of the following conditions are satisfied:

a. Notice. The Grantor has notified the Grantee in accordance with the notice provisions of this Agreement.

b. Costs. The Grantor shall pay all costs relating to the relocation of the Public Parking Easement and the Parking Easement Area, including reconstruction of any improvements thereon, if necessary.

c. No Unreasonable Interference. The new location of the Parking Easement Area, including the Public Parking Spaces, shall not result in unreasonable interference with or diminution of the benefits or services provided by the Public Parking Easement, nor termination of the Public Parking Easement prior to completion of the relocation.

d. Supplementary Easement Agreement. Upon relocation of the Parking Easement Area and/or the Public Parking Spaces, Grantor and Grantee shall execute any amendment to this Agreement as shall be necessary to show the new location of the Parking Easement Area.

5. Right to Grant Easements. Nothing contained in this Agreement shall be deemed to prohibit or limit the right of Grantor to grant easements to any third party, including, without limitation, any governmental agency, public body and/or utility company for the construction, installation, operation, use, maintenance, relocation, modification, enlargement, replacement, removal, extension or alteration of streets or the installation of utilities and/or utility facilities including, without limitation, electrical power lines, transformers and transformer pads and other public services.

6. Termination By Grantee. Grantee shall have the right, upon not less than ninety (90) days prior written notice to Grantor, to terminate this Agreement, including the Public Parking Easement. If Grantee exercises its termination right in accordance with the provisions of this Section 6, Grantee shall execute and deliver to Grantor all documents reasonably required by Grantor, including, without limitation, a Quitclaim Deed, to terminate this Agreement, including the Public Parking Easement. Prior to the effective date of any such termination, Grantor shall

remove the Parking Meters from the Public Parking Spaces and repair any damage to the Parking Easement Area due to such removal. Except as set forth in Sections 3.k and 3.l above, as of the termination date, both Parties shall be freed and discharged of all further obligations hereunder.

7. Termination by Grantor.

a. In the event all, or any part, of the Project is so materially and adversely damaged or destroyed by fire or other casualty that Grantor elects to cease operation of the Project, then Grantor, in its sole discretion, shall have the right to terminate this Agreement, including the Public Parking Easement, by giving written notice to Grantee at any time within one hundred twenty (120) days following the date of such damage or destruction. If Grantor exercises its termination right in accordance with the provisions of this Section 7.a, this Agreement, including the Public Parking Easement, shall terminate on the date which is ninety (90) days after the delivery of Grantor's termination notice. Prior to the effective date of any such termination, Grantee shall, if requested by Grantor in writing, remove the Parking Meters and except as set forth in Sections 3.k and 3.l above, as of the termination date, both Parties shall be freed and discharged of all further obligations hereunder. If Grantor exercises its termination right in accordance with the provisions of this Section 7.a, Grantee shall execute and deliver to Grantor all documents reasonably required by Grantor, including, without limitation, a Quitclaim Deed, to terminate this Agreement, including the Public Parking Easement.

b. In the event Grantor elects to repair or restore such damaged or destroyed portions of the Project, then Grantee agrees that its right to use the Parking Easement Area and the Public Parking Spaces, may be temporarily suspended during Grantor's repair and/or restoration of the Project, in accordance with the provisions of Section 3(e) above.

8. Miscellaneous.

a. Notices. Any notice, consent or approval required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given upon (i) hand delivery, (ii) one (1) "Business Day" (as hereinafter defined) after being deposited with Federal Express or another reliable overnight courier service for next day delivery, (iii) upon facsimile transmission (except that if the date of such transmission is not a Business Day, then such notice shall be deemed to be given on the first Business Day following such transmission), or (iv) three (3) Business Days after being deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, and addressed as follows (or such other address as either party may from time to time specify in writing to the other):

If to Grantor:

Axis Mundi RE II, LLC
8758 Venice Boulevard
Los Angeles, California 90034
Attention: Walter N. Marks, III
Fax: 310/836-2208

If to Grantee:

Culver City Redevelopment Agency
9770 Culver Boulevard
Culver City, CA 90232

Attention: Executive Director
Fax: 310/253-5779

Notice of change of address shall be given by written notice in the manner detailed in this Section. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to constitute receipt of the notice, demand, request or communication sent.

b. Entire Agreement. This Agreement contains the entire agreement between the Parties with respect to the matters set forth herein, and supersedes all prior or contemporaneous agreements (whether oral or written) between the Parties with respect to the matters set forth herein.

c. Successors and Assigns. Grantor and Grantee hereby agree that the Property is and shall be held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to the limitations, restrictions, easements, covenants and conditions set forth in this Agreement and that all of the limitations, restrictions, easements, covenants and conditions set forth in this Agreement shall run with the land, shall be binding on and inure to the benefit of all parties having or acquiring any right, title or interest in the Property and each of their respective successors and assigns and shall be enforceable in accordance with applicable law, including, but not limited to, the law of contracts, easements, equitable servitudes and the provisions of Section 1468 of the California Civil Code; provided, however, upon the transfer by the Grantor of the Property, including, without limitation, the transfer by Grantor of Grantor's interest in the Property, to a condominium owners' association, Grantor shall be automatically released from its obligations and any liabilities under this Agreement arising subsequent to the date of such transfer and any such obligations and liabilities shall become the sole responsibility of the transferee who acquires an interest in the Property; provided, further, however, in no event shall any owner of one or more condominiums within the Property, other than Grantor or any "affiliate" (as hereinafter defined) of Grantor, have any obligation or liability in connection with the obligations set forth in this Agreement. As used in this Agreement, the term "affiliate" shall mean an entity controlling, controlled by or under common control with the entity to which the term applies, whether by ownership, contract or voting control.

d. Amendment. This Agreement may be modified only in a writing signed by the Parties in interest at the time of the modification.

e. Legal Action. Any Party may, in addition to any other rights or remedies, institute legal action to cure, correct or remedy any default, enforce any covenant or agreement herein, seek to enjoin any threatened or attempted violation hereof, or enforce by specific performance the obligations and rights of the Parties hereto.

f. Future Litigation Expenses.

(1) If any of the Parties brings an action or proceeding by reason of defaults, breaches, tortious acts, or otherwise arising out of this Agreement, the prevailing Party in such action or proceeding shall be entitled to its costs and expenses of suit including, but not limited to, reasonable attorneys' fees and expert witness fees.

(2) Attorneys' fees under this paragraph shall include reasonable attorneys' fees on any appeal and, in addition, a Party entitled to attorneys' fees shall be entitled to all other reasonable costs and expenses incurred in connection with such action. In addition to the foregoing award of attorneys' fees to the prevailing Party, the prevailing Party in any lawsuit shall be entitled to its reasonable attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement.

g. Severability. In case any one or more provisions set forth in this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, any such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been incorporated herein; provided that the deletion of such provision does not materially alter this Agreement.

h. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

i. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument. Any signature page may be detached from any counterpart and re-attached to another counterpart to make one full and complete executed agreement.

j. Authority. Each Party to this Agreement represents and warrants that it has authority to enter into this Agreement and to grant the rights and assume the obligations set forth in this Agreement. Each individual signing this Agreement represents and warrants that he or she has been authorized to do so by proper action of the Party on whose behalf he or she has signed.

k. Non-Liability of City Officials and Employees. No member, official, agent, legal counsel or employee of City shall be personally liable to Grantor or any of its successors in interest in the event of any default or breach by City or for any amount which may become due or on any obligation under the terms of this Agreement.

l. Captions. The captions of this Agreement are inserted for convenience and are not part of this Agreement.

m. No Third Party Beneficiary. This Agreement is entered into solely for the benefit of the Parties hereto and their successors and assigns. Other than the Parties hereto and their successors and assigns, no third party shall be entitled to directly or indirectly base any claim, or to have any right arising from or related to this Agreement.

n. Mutual Cooperation. The Parties shall take all further actions, including the execution of such additional documents, as shall be necessary to effectuate the purpose of this Agreement.

o. Facsimile Signatures. Signatures delivered by facsimile shall be as binding as originals upon the Parties so signing and delivering.

p. Business Days. As used herein, the term "Business Days" shall mean days other than Saturdays, Sundays, and legal holidays and closures observed by the Grantee, and "days" means calendar days. If the time for performance of an obligation under this Agreement falls on other than a Business Day, the time for performance shall be extended to the next Business Day.

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

**GRANTOR**

Date:________________________, 2008

AXIS MUNDI RE II, LLC,
a California limited liability company

By: Walter N. Marks Realty Company,
a California corporation, Member

By: ___________________________
Walter N. Marks, III, President

By: James Suhr & Associates, LLC,
a California limited liability company,
Member

By: ___________________________
James K. Suhr, Member

**GRANTEE**

CITY OF CULVER CITY

Date:___________, 2008

By:______________________________________
Jerry Fulwood
City Manager

APPROVED AS TO FORM:

KANE, BALLMER & BERKMAN

By: ___________________________
Special Counsel

State of California )
)
County of Los Angeles )

On __________________, 2008 before me, _____________________(here insert name of the officer), Notary Public, personally appeared ________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

_______________________________________

Signature of Notary Public

[Seal]

State of California )
)
County of Los Angeles )

On __________________, 2008 before me, _____________________(here insert name of the officer), Notary Public, personally appeared ________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

_______________________________________

Signature of Notary Public

[Seal]

State of California )
)
County of Los Angeles )

On __________________, 2008 before me, ______________________(here insert name of the officer), Notary Public, personally appeared _________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

______________________________________
Signature of Notary Public

[Seal]

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

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

LOTS 55, 56, 57, 58, 59, 60, 61, 62 and 63 of TRACT NO. 5951, IN THE CITY OF CULVER CITY, AS PER MAP RECORDED IN BOOK 77 PAGE 72 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 4236-021-900; 4236-021-901; 4236-021-902 AND 4326-021-903

///

EXHIBIT "B"

PARKING EASEMENT AREA

(To be completed during entitlement process.)

ATTACHMENT NO. 10

SUBTERRANEAN
ENCROACHMENT AGREEMENT

OFFICIAL BUSINESS
Document entitled to free recording
per Government Code Section 6103

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

THE CULVER CITY REDEVELOPMENT AGENCY
9770 Culver Boulevard
Culver City, California 90232-0507
Attention: John Fisanotti

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**SUBTERRANEAN
ENCROACHMENT AGREEMENT**

THIS SUBTERRANEAN ENCROACHMENT AGREEMENT ("Agreement") dated as of this _____ day of _________, 2008, is entered into by and between CITY OF CULVER CITY, a public body, corporate and politic ("Grantor"), THE CULVER CITY REDEVELOPMENT AGENCY, a public body, corporate and politic ("Grantee") and AXIS MUNDI RE II, LLC, a California limited liability company ("Obligor") with reference to the facts set forth below:

RECITALS

A. Grantor is the owner of certain real property in the City of Culver City, County of Los Angeles, State of California, more particularly described in Exhibit "A" attached hereto and made a part hereof (the "Grantor Property").

B. Grantee is the owner of that certain real property in the City of Culver City, County of Los Angeles, State of California, more particularly described in Exhibit "B" attached hereto and made a part hereof (the "Grantee Property"). The Grantor Property and the Grantee Property are adjacent parcels of property.

C. Grantee and Obligor have entered into that certain Disposition and Development Agreement, dated ____________, 2008 ("DDA"), which contemplates that Obligor shall develop Grantee's Property with a high quality 37,300 square foot commercial/office condominium building (the "Project"), including 6,260 square feet of commercial/retail space, eighty-nine (89) subterranean parking spaces for the owners/tenants of the building and, subject to adjustment based on final plans for the Project, thirty-nine (39) on-grade parking spaces, which shall be metered for public use ("Public Parking Spaces") (collectively, the "Improvements"). The eighty-nine (89) subterranean parking spaces will be located in a subterranean parking garage ("Parking Garage").

D. In connection with the construction of the Parking Garage on Grantee's Property, Obligor desires to excavate a certain portion of and erect certain structures upon and within the Grantor Property.

E. The parties now desire to enter into this Agreement to provide for certain rights with respect to such excavation and construction, and to provide also for the granting of certain rights over the Grantor Property in connection therewith.

NOW, THEREFORE, in consideration of the mutual promises herein contained, and for other good and valuable consideration, the parties hereto do hereby agree as follows:

1. Excavation of Grantor Property. Obligor intends to excavate within the following dimensions ____________________ below the present surface area of the Grantor Property ("Excavation Area"), commencing approximately __________________[date]. Obligor shall construct retaining walls, shoring, underpinning and any other structures, or undertake any other measures reasonably necessary to prevent loss of lateral support to the Grantee Property and Grantor Property or any structures thereon. Prior to recordation of this Agreement, Obligor shall provide Grantor and Grantee with a copy of the shoring plan for such work prior to the commencement thereof. Prior to recordation of this Agreement, Obligor shall also provide to Grantor and Grantee an ALTA survey of the Excavation Area performed by a California licensed civil engineer. Prior to recordation of this Agreement, Obligor shall obtain all required approvals and shall pay all expenses in connection with such activities, including, without limitation, payment for removal and relocation of any utilities located within the proposed Excavation Area and full compensation or indemnification of Grantor and Grantee for any property damage or personal injuries resulting therefrom. Grantor and Grantee hereby consent to such excavation and the protective measures described herein.

2. Grant of Tieback Easement. Grantor does hereby create, grant, and convey to Grantee an irrevocable, exclusive easement in, to, and under the __________________ [describe area] of the Grantor Property for the purpose of installing and maintaining approximately ________ tiebacks which are necessary to be installed in connection with the shoring system being constructed on the Grantor Property in conjunction with the construction by Obligor of the Parking Garage. Such easement shall be referred to herein as the "Tieback Easement". The tiebacks shall be installed at approximately __________(___) inches below ____________________ on the Grantor Property. Prior to completion of the Parking Garage, Obligor shall de-tension the tiebacks which shall remain on the Grantor Property within the area of the Tieback Easement.

3. Grant of Parking Garage Easement. Grantor does hereby create, grant, and convey to Grantee an irrevocable, exclusive easement in, to, and under the portion of the Grantor Property more specifically described in the attached Exhibit "C," attached hereto and made a part hereof, for the purpose of constructing, installing, maintaining, and using the Parking Garage. Such easement shall be referred to herein as the "Parking Garage Easement".

4. Indemnification. Obligor shall indemnify, defend and save Grantor and Grantee harmless from any and all costs, losses, liabilities or damages resulting from bodily injury, property damage or loss of business income suffered by Grantor, Grantee, or their respective tenants, guests, invitees, agents, representatives, or employees which may occur on the Grantor Property or Grantee Property in connection with the Obligor's activities within the Excavation Area or the grant of any easements hereunder, except to the extent such costs, losses, liability or damages are the result of the intentional or negligent actions of Grantor, Grantee or their respective tenants, guests, invitees, representatives, agents or employees.

5. Miscellaneous Provisions.

(a) All of the easements, rights and obligations and covenants, agreements and conditions contained in this Agreement shall be binding upon and shall inure to the benefit of Grantor, Grantee and Obligor, their respective heirs, successors and assigns, devisees, administrators, representatives, tenants and all other persons acquiring either the Grantor Property or the Grantee Property, or any portion thereof, or any interest therein, whether by operation of law or in any manner whatsoever and all of the easements, rights and obligations and covenants, agreements and conditions contained in this Agreement shall run with the land and shall be enforceable in accordance with applicable law, including, but not limited to, the law of contracts, easements, equitable servitudes and the provisions of Section 1468 of the California Civil Code.

(b) All of the provisions of this Agreement shall be covenants running with the land pursuant to applicable law.

(c) Nothing in this Agreement is intended nor shall it be construed as creating any rights in or for the benefit of the general public, and each owner of the properties affected hereby retains the right to take any action as may be reasonably necessary to avoid the accrual of any rights in the general public by easement, prescription, adverse possession, or otherwise with respect to the Grantor Property or the Grantee Property.

(d) In the event that any term, covenant, condition, provision, or agreement herein contained is held to be invalid, void or otherwise unenforceable by any court of competent jurisdiction, the fact that such term, covenant, condition, provision or agreement is invalid, void or otherwise unenforceable shall in no way affect the validity or enforceability of any other term, covenant, condition, provision or agreement herein contained.

(e) No breach of any term, covenant, condition, restriction, provision or agreement herein contained, nor the enforceability of any provision herein, shall affect, impair, defeat, or render invalid the lien or charge of any duly recorded mortgage or deed of trust made in good faith and for value encumbering either the Grantee Property or the Grantor Property, but all of said terms, covenants, conditions, restrictions, provisions and agreements shall be binding upon and effective against any person whose title to either of such properties is derived through foreclosure or trustee's sale.

(f) This Agreement is not intended to create a joint venture, partnership, or agency relationship between or among the parties hereto, nor is it intended to create joint ownership by the parties hereto of either the Grantee Property or the Grantor Property, nor is it intended to create or constitute a "condominium project" or other "common interest development" as defined by applicable law.

(g) This Agreement shall be governed by and construed in accordance with the laws of the State of California.

(h) The waiver of or failure to enforce any breach or violation of any covenant herein contained shall not be deemed to be a waiver or abandonment of such covenant, or any waiver of the right to enforce any subsequent breach or violation of such covenant.

(i) In the event of any litigation or dispute between the parties hereto or the institution of any action or proceeding to interpret or enforce this Agreement, or arising out of the subject matter of this Agreement or the transactions contemplated hereby, the prevailing party shall be entitled to recover its actual expenses, its actual attorneys' fees and costs, including professional or expert consultation or testimony, in-house counsel fees and paralegal fees.

SIGNATURES ON NEXT PAGE

SPACE LEFT INTENTIONALLY BLANK

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

**Grantor:**

CITY OF CULVER CITY,
a public, non-profit corporation

By: ______________________
Name: ______________________
Title: ______________________

By: ______________________
Name: ______________________
Title: ______________________

Date:______________

**Grantee:**

CULVER CITY REDEVELOPMENT AGENCY

By: ______________________
Jerry B. Fulwood
Executive Director

**Obligor**:

AXIS MUNDI RE II, LLC, a California limited liability company

By: Walter N. Marks Realty Company,
a California corporation, Member

By:______________________
Walter N. Marks, III, President

By: James Suhr & Associates, LLC,
a California limited liability company,
Member

By:______________________
James K. Suhr, Member

State of California )
)
County of Los Angeles )

On ________________, 2008 before me, ____________________(here insert name of the officer), Notary Public, personally appeared ______________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

______________________________
Signature of Notary Public

[Seal]

State of California )
)
County of Los Angeles )

On ________________, 2008 before me, ____________________(here insert name of the officer), Notary Public, personally appeared ______________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

______________________________
Signature of Notary Public

[Seal]

State of California )
)
County of Los Angeles )

On ________________, 2008 before me, ____________________(here insert name of the officer), Notary Public, personally appeared ______________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

____________________________________
Signature of Notary Public

[Seal]

EXHIBIT A

LEGAL DESCRIPTION OF GRANTOR PROPERTY

(To be completed during entitlement process.)

EXHIBIT B

LEGAL DESCRIPTION OF GRANTEE PROPERTY

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

LOTS 55, 56, 57, 58, 59, 60, 61, 62 and 63 of TRACT NO. 5951, IN THE CITY OF CULVER CITY, AS PER MAP RECORDED IN BOOK 77 PAGE 72 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 4236-021-900; 4236-021-901; 4236-021-902 AND 4326-021-903

EXHIBIT C

PARKING GARAGE EASEMENT

(To be completed during entitlement process.)

## ATTACHMENT NO. 11

## ASSIGNMENT OF AGREEMENTS

THIS ASSIGNMENT OF AGREEMENTS (Assignment), dated as of ____________, 2008, is made by AXIS MUNDI RE II, LLC, a California limited liability company ("Developer"), in favor of the CULVER CITY REDEVELOPMENT AGENCY ("Agency"), a public body, corporate and politic, its successors or assigns (collectively referred to as the "Agency"), in connection with that certain Disposition and Development Agreement, dated __________, 2008 ("DDA"). DDA as used herein shall mean, refer to and include the DDA, as well as any riders, exhibits, addenda, implementation agreements, amendments and attachments thereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in the DDA. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth for them in the DDA.

1. Assignment. As security for the performance in full of Developer's obligations under the DDA and the other documents and instruments executed by Developer in connection therewith, Developer hereby assigns and transfers to Agency all of its right, title and interest in and to:

(a) All purchase, construction, development, easement, service, supply, management, maintenance, landscaping, gardening, parking, engineering, consulting, and architectural contracts and agreements and all other similar contracts and agreements relating to the real property described in the DDA as the "Site," whoever the parties are to such contracts and agreements and whether such contracts and agreements are currently in existence or are subsequently entered into, including, but not limited to, the contracts described in Schedule 1 attached hereto and incorporated herein by this reference, together with all amendments, modifications, and supplements thereto and any collateral for any third party's performance under any of the contracts and agreements herein described.

(b) All permits, plans, specifications, surveys, drawings, and other technical descriptions of whatever nature now or hereafter existing that relate to the development, construction, reconstruction, restoration, decoration, repair, or replacement of any improvements on the Site ("Improvements"), including without limitation the plans and specifications for the Improvements including without limitation those prepared by Developer's "Contractor" (as defined in Attachment 2 to this Agreement), and all amendments, modifications, and supplements to any of the writings described in this subparagraph (b), (collectively referred to as the "Plans").

All of the writings described in subparagraphs (a) and (b) above are sometimes herein referred to collectively as the "Agreements." This Assignment of the Agreements is an absolute assignment thereof for security purposes, which shall become void and of no further force or effect upon Developer's performance in full of all of Developer's obligations under the DDA pertaining to the Site as evidenced by the issuance by Agency of a Certificate of Completion for the Site pursuant to the DDA.

2. Warranties and Representations. Developer warrants and represents that (a) it is the true owner of the interests under the Agreements; (b) except for any assignments in connection with any financing to acquire the Site and/or to construct the Improvements, it has not assigned or granted a security interest in any of the Agreements to any other person or entity except the Agency; (c) its interest in each of the Agreements is not subject to any claims, setoffs, encumbrances, or deductions; (d) the Agreements constitute valid and binding obligations of the parties thereto, are enforceable in accordance with their terms, subject to applicable law, and have not been amended except as disclosed to Agency; (e) it is not in default under the terms of any of the Agreements; and (f) all covenants, conditions, and agreements have been performed as required by the Agreements by all parties thereto, except those that are not due to be performed until after the date of this Assignment.

3. No Assumption by Agency of Developer's Covenants. Neither this Assignment nor any action or actions on the part of Agency shall constitute an assumption of any obligations on the part of Agency under the Agreements, and Developer shall continue to be liable for all obligations thereunder. Developer hereby agrees to punctually perform any and all obligations it may have under the Agreements, to take such steps as may be necessary or appropriate to secure performance by all other parties of their obligations under the Agreements and not to amend in a material manner, or terminate with or without cause, any of the Agreements without the express prior written consent of Agency in the Agency's reasonable discretion. Agency may, at its option, but shall not be obligated to, perform or discharge any obligation of Developer under any of the Agreements, at Developer's expense, in the event that Developer fails to do so. Agency shall notify Developer of any such actions as soon as reasonably practicable. Developer agrees to indemnify and hold Agency harmless against and from any loss, cost, liability, or expense (including without limitation actual attorney's and accountants' fees and expenses, based on itemized invoices for time and charges, court costs and investigation expenses) resulting from any failure of Developer to perform its obligations under the Agreements, unless any such loss, cost, liability or expense arises from or results from (a) the negligence or willful misconduct of Agency, its employees or agents, or (b) any other act or omission of Agency, its employees and agents, to the extent it is not covered by any insurance policy required to be and actually carried by Developer under the DDA. The obligation of Developer to obtain Agency approval of amendments or termination of the Agreements and the right of Agency to perform or discharge the obligations of Developer pursuant to this Section 3 shall terminate upon the issuance of the Certificate of Completion for the Site by Agency pursuant to the DDA.

4. Use of Plans. The Agency may use the Plans for any purpose relating to the Improvements, including, without limitation, inspections of construction and the completion of the Improvements. For the purpose of completing, maintaining, restoring, and otherwise dealing with the Improvements, Agency may reassign its right, title, and interest in the Plans to any persons or entities succeeding to the Agency's or Developer's interest in the Site or the Improvements thereon, in Agency's sole discretion without any requirements for the consent of Developer or Developer's Contractor or other party who prepared the Plans, and any such reassignment shall be valid and binding upon Developer and Developer's Contractor as fully as if each had expressly approved the same.

5. <u>No Approval of Plans</u>. Agency's acceptance of this Assignment shall not constitute approval of the Plans by Agency. Agency has no liability or obligation whatsoever in connection with the Plans and no responsibility for the adequacy thereof or for the construction of the Improvements. Subject to the provisions of the DDA, Agency has the right but not the duty to inspect the Improvements. No such inspection nor any failure by Agency to make objections after any such inspection shall constitute a representation by Agency that the Improvements are in accordance with the Plans or constitute a waiver of the Agency's right thereafter to insist that the Improvements be constructed in strict accordance with the Plans.

6. <u>Benefits Conditionally Retained by Developer</u>. Agency hereby grants Developer the right to continue to receive the benefits of, and exercise the rights under, the Agreements unless and until an uncured default occurs, in which event such rights may be revoked at any time thereafter at the option of Agency.

7. <u>Action by Agency Following Default</u>. Agency shall have the right, but not the obligation, at any time following the occurrence of a default under the DDA, subject to the applicable cure periods, without notice and without taking possession of the Improvements or any part thereof, to take in its name or in the name of Developer or otherwise such action as Agency may at any time or from time to time determine to be necessary to cure any default under the Agreements or to protect or exercise the rights of Developer or Agency thereunder, and may otherwise exercise any other rights or remedies Agency has under the DDA. Agency shall incur no liability if any action taken by it or on its behalf in good faith, pursuant to this Assignment, shall prove to be in whole or in part inadequate or invalid, and Developer agrees to indemnify and hold Agency free and harmless from and against any loss, costs, liability, or expense (including but not limited to reasonable attorneys' and accountants' fees and expenses, based on itemized invoices for time and charges, court costs and investigation expenses) in connection with its actions hereunder, unless such loss, cost, liability, or expense arises from or results from (a) the negligence or willful misconduct of Agency, its employees or agents, or (b) any other act or omission of Agency, its employees and agents, to the extent it is not covered by any insurance policy required to be and actually carried by Developer under the DDA.

8. <u>Power of Attorney</u>. Developer hereby irrevocably constitutes and appoints Agency its true and lawful agent and attorney-in-fact, with full power of substitution, to demand, receive, and enforce all rights of Developer under the Agreements, to modify, supplement, and terminate the Agreements, to give appropriate releases, receipts for or on behalf of Developer in connection with the Agreements, in the name, place, and stead of Developer or in Agency's name, with the same force and effect as Developer could do if this Assignment had not been made, which appointment shall be effective following the occurrence of a default, subject to applicable notice and cure periods. Developer authorizes any third party to exclusively rely on the certificate of an officer of the Agency for the establishment of a default and hereby waives and releases any claim Developer may have against such third party for such reliance. Developer hereby agrees to deliver to Agency, upon Agency's written demand, originals of all of the Agreements and such other instruments and documents as Agency may reasonably require in order to permit Agency's succession to the right, title, and interest of Developer in and to the Agreements as provided herein. It is hereby recognized that the power of attorney herein granted is coupled with an interest and is irrevocable.

9. Consents of Contract Parties. Prior to or concurrently with Developer's execution of this Assignment, Developer shall cause each of the parties, other than Developer, to any of the Agreements to execute and deliver to Agency a consent to this Assignment in the form attached hereto.

10. Binding Effect. This Assignment shall be binding upon Developer and Developer's heirs, executors, administrators, legal representatives, successors, and assigns, and shall inure to the benefit of Agency and its successors and assigns. The Agency may reassign its right, title, and interest in and to the Agreements in whole or in part, to any person or entities succeeding to Agency's or Developer's interest in the Site or the Improvements thereon, in Agency's sole discretion without any requirement for Developer's or any other party's consent, and any such reassignment shall be valid and binding upon Developer and the other parties to the Agreements as fully as if each had expressly approved the same.

11. Governing Law. This Assignment shall be governed by and construed under the laws of the State of California, except to the extent preempted by federal law, in which case federal law shall control.

12. Subordination. Agency hereby agrees that this Assignment shall be subordinate to any Permitted Mortgage Instruments and shall execute any documentation reasonably requested by Developer or by any lender under any of the Permitted Mortgage Instruments to confirm such subordination.

IN WITNESS WHEREOF, Developer has executed this Assignment as of the date first written above.

**DEVELOPER**

AXIS MUNDI RE II, LLC, a California limited liability company

By: Walter N. Marks Realty Company, a California corporation, Member

Date:________________

By:______________________________
Walter N. Marks, III, President

By: James Suhr & Associates, LLC, a California limited liability company, Member

By:______________________________
James K. Suhr, Member

**CULVER CITY REDEVELOPMENT AGENCY**

Date:_______________ By:_______________________________________
Jerry Fulwood
Executive Director

APPROVED AS TO FORM:
KANE, BALLMER & BERKMAN

By: ________________________
Agency General Counsel

SCHEDULE 1

List of Contracts Assigned

1. All architectural agreements or contracts by and between ______________("Contractors") and Developer relating to the Site (the "Contractor's Agreement").

2. All plans and specifications prepared by the Contractors under the terms of the Contractor's Agreement referred to above.

3. That certain construction agreement or contract for the construction of the Improvements, ______________, by and between ___________________and Developer (the "General Contract").

CONSENT FORMS

[Behind this page]

ATTACHMENT 1

Architect's Consent And Certification

The undersigned ("Architect") consents to the assignment ("Assignment") of the Agreement for Architectural Services ("Architectural Contract") dated ________, 2008 by Axis Mundi RE II, LLC, a California limited liability company (Owner"), pursuant to the Assignment of Agreements, dated __________, 2008 ("Assignment of Agreements"),to which reference is made for the definition of capitalized terms not otherwise defined in this Attachment, as follows:

1. CONTINUATION OF PERFORMANCE. On written notice to Architect of the Assignment, Architect will continue performance on behalf of the Culver City Redevelopment Agency ("Agency") under the Architectural Contract in accordance with the terms of it, provided that no default exists with respect to Owner's obligations under the Architectural Contract.

2. DISBURSEMENT OF FUNDS. The disbursement provisions, if any, in the Method of Financing, incorporated herein by this reference and attached to the Disposition and Development Agreement ("DDA") dated _____________, 2008, between the Agency and Owner (as "Developer"), shall apply regardless of any conflicting provisions in the Architectural Contract.

3. RIGHT TO PERFORM. On written notice to Architect of the Assignment, Agency may require Architect to continue to work under the Architectural Contract, and if, but only if, Agency requires the Architect to continue work under the Architectural Contract, Agency will perform the obligations of Owner under the Architectural Contract, and Architect will accept that performance in lieu of performance by Owner in satisfaction of Owner's obligations.

4. NOTICE AND CURE RIGHTS. Architect will not terminate the Architectural Contract on account of any default of Owner without written notice to Agency and first providing to Agency a reasonable opportunity, but not less that thirty (30) days, to affect a cure of the default. Nothing in this Agreement, however, will require Agency to cure any default of Owner under the Architectural Contract, but will only give Agency the option to do so. If the Agency elects not to cure the default, Architect will not be required to continue any work under the Architectural Contract except work for which it has been paid, and Agency will have the right to retain possession and use of the Plans.

5. OBLIGATION TO PERFORM. Regardless of any term or provision of its Architectural Contract, Architect will diligently continue to perform its services under the Architectural Contract, regardless of any dispute arising with the Owner or any other person or entity, so long as the undersigned Architect is paid for all work not in dispute in accordance with the terms of the Architectural Contract and no default exists with respect to Owner's obligations.

6. ARCHITECTS' REPRESENTATIONS, WARRANTIES, AND COVENANTS.

Architect represents, warrants, and covenants to Agency that:

(a) the Architectural Contract is valid and enforceable;

(b) there has been no prior assignment, amendment, or modification of the Architectural Contract of which Architect has notice or is aware;

(c) neither Architect nor, to the best of Architect's knowledge, Owner is in default under the Architectural Contract;

(d) all covenants, conditions, and agreements have been performed as required except those not due to be performed until after the date of this Assignment;

(e) $__________________ has been paid to Architect under the Architectural Contract and $__________________ has been earned but not paid as of this date;

(f) the amount allocated to the performance of Architect's services ($__________________) represents sufficient funds to complete the services of the Architect to be provided under the Architectural Contract, with all contemplated on-site and off-site work, including permits and tie-in charges; and

(g) Architect is duly licensed to conduct its business in the jurisdiction where the construction is to be performed and will maintain the license in full force throughout the life of the Architectural Contract.

7. SUBORDINATION. Architect's lien rights with respect to the Site for work done and materials supplied pursuant to the Architectural Contract or otherwise is and will at all times be subject and subordinate to the lien of any deed of trust on the Site in favor of Agency.

Dated:_______________ ARCHITECT:

BY:________________________________
Name

ATTACHMENT 2

Contractor's Consent And Certification

The undersigned ("Contractor") consents to the assignment ("Assignment") of the Agreement for Construction Services ("Construction Contract") dated ________, 2008 by Axis Mundi RE II, LLC, a California limited liability company ("Owner"), pursuant to the Assignment of Agreements, dated __________, 2008 ("Assignment of Agreements"), to which reference is made for the definition of capitalized terms not otherwise defined in this Attachment, as follows:

1. CONTINUATION OF PERFORMANCE. On written notice to Contractor of the Assignment, Contractor will continue performance on behalf of the Culver City Redevelopment Agency ("Agency") under the Construction Contract in accordance with the terms of it, provided that no default exists with respect to Owner's obligations under the Construction Contract.

2. DISBURSEMENT OF FUNDS. The disbursement provisions, if any, in the Method of Financing, incorporated herein by this reference and attached to the Disposition and Development Agreement ("DDA") dated ____________, between the Agency and Owner (as "Developer"), shall apply regardless of any conflicting provisions in the Construction Contract.

3. RIGHT TO PERFORM. On written notice to Contractor of the Assignment, Agency may require Contractor to continue to work under the Construction Contract, and if, but only if, Agency requires the Contractor to continue work under the Construction Contract, Agency will perform the obligations of Owner under the Construction Contract, and Contractor will accept that performance in lieu of performance by Owner in satisfaction of Owner's obligations.

4. NOTICE AND CURE RIGHTS. Contractor will not terminate the Construction Contract on account of any default of Owner without written notice to Agency and first providing to Agency a reasonable opportunity, but not less that thirty (30) days, to affect a cure of the default. Nothing in this Agreement, however, will require Agency to cure any default of Owner under the Construction Contract, but will only give Agency the option to do so. If the Agency elects not to cure the default, Contractor will not be required to continue any work under the Construction Contract except work for which it has been paid, and Agency will have the right to retain possession and use of the Plans.

5. OBLIGATION TO PERFORM. Regardless of any term or provision of its Construction Contract, Contractor will diligently continue to perform its services under the Construction Contract, regardless of any dispute arising with the Owner or any other person or entity, so long as the undersigned Contractor is paid for all work not in dispute in accordance with the terms of the Construction Contract and no default exists with respect to Owner's obligations.

6. CONTRACTORS' REPRESENTATIONS, WARRANTIES, AND COVENANTS.

Contractor represents, warrants, and covenants to Agency that:

(a) the Construction Contract is valid and enforceable;

(b) there has been no prior assignment, amendment, or modification of the Construction Contract of which Contractor has notice or is aware;

(c) neither Contractor nor, to the best of Contractor's knowledge, Owner is in default under the Construction Contract;

(d) all covenants, conditions, and agreements have been performed as required except those not due to be performed until after the date of this Assignment;

(e) $__________________ has been paid to Contractor under the Construction Contract and $__________________ has been earned but not paid as of this date;

(f) the amount allocated to the performance of Contractor's services ($__________________) represents sufficient funds to complete the services of the Contractor to be provided under the Construction Contract, with all contemplated on-site and off-site work, including permits and tie-in charges; and

(g) Contractor is duly licensed to conduct its business in the jurisdiction where the construction is to be performed and will maintain the license in full force throughout the life of the Construction Contract.

7. SUBORDINATION. Contractor's lien rights with respect to the Site for work done and materials supplied pursuant to the Construction Contract or otherwise is and will at all times be subject and subordinate to the lien of any deed of trust on the Site in favor of Agency.

Dated:_______________ CONTRACTOR:

BY:________________________________
Name

ATTACHMENT 3

Civil Engineer's Consent And Certification

The undersigned ("Civil Engineer") consents to the assignment ("Assignment") of the Agreement for Civil Engineering Services ("Civil Engineering Contract") dated ________, 2008 by Axis Mundi RE II, LLC, a California limited liability company (Owner"), pursuant to the Assignment of Agreements, dated __________, 2008 ("Assignment of Agreements"),to which reference is made for the definition of capitalized terms not otherwise defined in this Attachment, as follows:

1. CONTINUATION OF PERFORMANCE. On written notice to Civil Engineer of the Assignment, Civil Engineer will continue performance on behalf of the Culver City Redevelopment Agency ("Agency") under the Civil Engineering Contract in accordance with the terms of it, provided that no default exists with respect to Owner's obligations under the Civil Engineering Contract.

2. DISBURSEMENT OF FUNDS. The disbursement provisions, if any, in the Method of Financing, incorporated herein by this reference and attached to the Disposition and Development Agreement ("DDA") dated _____________, 2008, between the Agency and Owner (as "Developer"), shall apply regardless of any conflicting provisions in the Civil Engineering Contract.

3. RIGHT TO PERFORM. On written notice to Civil Engineer of the Assignment, Agency may require Civil Engineer to continue to work under the Civil Engineering Contract, and if, but only if, Agency requires the Civil Engineer to continue work under the Civil Engineering Contract, Agency will perform the obligations of Owner under the Civil Engineering Contract, and Civil Engineer will accept that performance in lieu of performance by Owner in satisfaction of Owner's obligations.

4. NOTICE AND CURE RIGHTS. Civil Engineer will not terminate the Civil Engineering Contract on account of any default of Owner without written notice to Agency and first providing to Agency a reasonable opportunity, but not less that thirty (30) days, to affect a cure of the default. Nothing in this Agreement, however, will require Agency to cure any default of Owner under the Civil Engineering Contract, but will only give Agency the option to do so. If the Agency elects not to cure the default, Civil Engineer will not be required to continue any work under the Civil Engineering Contract except work for which it has been paid, and Agency will have the right to retain possession and use of the Plans.

5. OBLIGATION TO PERFORM. Regardless of any term or provision of its Civil Engineering Contract, Civil Engineer will diligently continue to perform its services under the Civil Engineering Contract, regardless of any dispute arising with the Owner or any other person or entity, so long as the undersigned Civil Engineer is paid for all work not in dispute in accordance with the terms of the Civil Engineering Contract and no default exists with respect to Owner's obligations.

6. CIVIL ENGINEERS' REPRESENTATIONS, WARRANTIES, AND COVENANTS.

Civil Engineer represents, warrants, and covenants to Agency that:

(a) the Civil Engineering Contract is valid and enforceable;

(b) there has been no prior assignment, amendment, or modification of the Civil Engineering Contract of which Civil Engineer has notice or is aware;

(c) neither Civil Engineer nor, to the best of Civil Engineer's knowledge, Owner is in default under the Civil Engineering Contract;

(d) all covenants, conditions, and agreements have been performed as required except those not due to be performed until after the date of this Assignment;

(e) $_________________ has been paid to Civil Engineer under the Civil Engineering Contract and $_________________ has been earned but not paid as of this date;

(f) the amount allocated to the performance of Civil Engineer's services ($_________________) represents sufficient funds to complete the services of the Civil Engineer to be provided under the Civil Engineering Contract, with all contemplated on-site and off-site work, including permits and tie-in charges; and

(g) Civil Engineer is duly licensed to conduct its business in the jurisdiction where the construction is to be performed and will maintain the license in full force throughout the life of the Civil Engineering Contract.

7. SUBORDINATION. Civil Engineer's lien rights with respect to the Site for work done and materials supplied pursuant to the Civil Engineering Contract or otherwise is and will at all times be subject and subordinate to the lien of any deed of trust on the Site in favor of Agency.

Dated:_______________ CIVIL ENGINEER:

BY:________________________________
Name

CULVER CITY REDEVELOPMENT AGENCY

RESOLUTION NO. 2008-A___

A RESOLUTION OF THE CULVER CITY REDEVELOPMENT AGENCY, STATING FOR THE RECORD THAT THE AGENCY BOARD HAS REVIEWED AND CONSIDERED THE INFORMATION IN THE CERTIFIED FINAL PROGRAM SUBSEQUENT ENVIRONMENTAL IMPACT REPORT, DATED NOVEMBER 16, 1998 ("SEIR"), AND THE 21166 STUDY WITH RESPECT TO THE PROPOSED DISPOSITION AND DEVELOPMENT OF FOUR CONTIGUOUS PROPERTIES LOCATED WITHIN COMPONENT NO. 4 OF THE CULVER CITY REDEVELOPMENT PROJECT AREA

WHEREAS, on November 23, 1998, the City Council of the City of Culver City ("City Council") merged three existing project areas and added Component Area No. 4 to the merged project areas (all referenced collectively as "the Culver City Redevelopment Project Area") by passage of City Council Ordinance Nos. 98-014 and 198-015; and

WHEREAS, the Culver City Redevelopment Project area ("Project Area") consists of approximately 1,286 acres of mostly developed urban land and the Culver City Redevelopment Project was adopted to eliminate conditions of blight through the construction, revitalization, and/or upgrade of commercial, residential, and public properties and facilities within the Project Area; and

WHEREAS, the Redevelopment Plan for the Culver City Redevelopment Project ("Redevelopment Plan") was also adopted by Ordinance Nos. 98-014 and 98-015; and

WHEREAS, implementing activities under the Redevelopment Plan include the following activities ("Implementing Activities"):

- The execution of agreements with existing owners and tenants located in the Project Area, subject to the limitations and requirements provided by law and established rules governing owner and tenant participation adopted by the Agency;
- The acquisition of property (by eminent domain if necessary) as necessary to carry out the improvement plan throughout the Project Area;
- The management of property under the ownership and control of the Agency until resold;
- The relocation and re-housing of displaced occupants of acquired property;
- The demolition or removal of buildings and improvements;
- The installation, construction, expansion, addition, maintenance or reconstruction of streets, utilities and other public facilities and improvements;
- The rehabilitation and preservation of buildings and structures;

- The disposition and redevelopment of land by private developer and public agencies for the construction of new improvements in accordance with the Redevelopment Plan;
- The provision for low- and moderate-income housing; and
- The establishment and retention of controls, restrictions, and covenants running with the land so that property will continue to be used in accordance with the Redevelopment Plan; and

WHEREAS, the SEIR provides a program level assessment of the potential environmental effects of the Culver City Redevelopment Project; and

WHEREAS, the SEIR analyzed the environmental effects of the Implementation Activities to be carried out by the Agency within the Project Area; and

WHEREAS, in accordance with Table 1 (the Summary of Potentially Significant Impacts and Mitigation Measures) of the SEIR, the impacts of the Implementation Activities can be reduced to a less than significant level after the specified mitigation measures with the exception of a traffic impact at the intersection of Inglewood and Washington Boulevards; and

WHEREAS, the City Council certified the SEIR, adopted a statement of overriding considerations and a mitigation reporting and monitoring program by adopting Council Resolution No 98-107 on November 16, 1998; and

WHEREAS, the Culver City Redevelopment Agency the Culver City Redevelopment Agency ("Agency") is the current owner of four contiguous properties (collectively referenced as "the Property") located within Component No. 4 of the Project Area; and

WHEREAS, the Agency desires to enter into a Disposition and Development Agreement ("DDA") with Axis Mundi RE II, LLC, pertaining to the disposition and development of the Property, as an Implementing Activity of the Redevelopment Plan; and

WHEREAS, the DDA contemplates that the Property will be developed with a three story "environmentally friendly" green building with office and retail condominium use and restaurants, providing 21 metered public parking spaces at the ground level and 18 required parking spaces for the retail and restaurant uses ("the Project"); and

WHEREAS, Public Resources Code section 21166 ("Section 21166") provides that when an EIR has been certified for a project, no subsequent or supplemental EIR shall be required by the lead agency or by any responsible agency, unless one or more of the following events ("21166 Events") occurs:

(a) Substantial changes are proposed in the project which will require major revisions of the environmental impact report.

(b) Substantial changes occur with respect to the circumstances under which the project is being undertaken which will require major revisions in the environmental impact report.

(c) New information, which was not known and could not have been known at the time the environmental impact report was certified as complete, becomes available; and

WHEREAS, the Agency, as the lead agency, has conducted a secondary study to determine whether a subsequent or supplemental EIR is required for the Project pursuant to Section 21166 ("21166 Study"), the results of which are on file in the office of the City Clerk; and

WHEREAS, the Project is an Implementing Activity of the Redevelopment Plan and was considered in the SEIR; and

WHEREAS, after reviewing and considering the 21166 Study, the Agency Board has determined that none of the 21166 Events has occurred;

NOW THEREFORE, BE IT RESOLVED, by the Agency Board, as follows:

1. That the information contained in SEIR and the 21166 Study have been reviewed and considered by the Agency Board and it is determined that no substantial changes or new information within the meaning of Section 21166 would warrant any additional environmental review in connection with approval of the Project.

2. Upon the approval of the DDA by the City Council, the Executive Director of the Agency is directed to file a Notice of Determination [NOD] with the Clerk of the Recorder's Office at the County of Los Angeles regarding the Project.

PASSED AND ADOPTED THIS ______________ DAY OF _____________, 2008, BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

Resolution No. 2008-A__

CITY OF CULVER CITY, CALIFORNIA

______________________________

ATTEST:

______________________________
City Clerk

APPROVED AS TO FORM:

KANE BALLMER & BERKMAN

______________________________
Murray O. Kane, Special Counsel

CULVER CITY REDEVELOPMENT AGENCY

RESOLUTION NO. 2008-A___

A RESOLUTION OF THE CULVER CITY REDEVELOPMENT AGENCY, APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CULVER CITY REDEVELOPMENT AGENCY AND AXIS MUNDI RE II, LLC AND MAKING CERTAIN FINDINGS WITH RESPECT TO SUCH DISPOSITION AND DEVELOPMENT AGREEMENT

WHEREAS, the Culver City Redevelopment Agency ("Agency") is engaged in activities necessary to implement the Redevelopment Plan ("Plan") for the Culver City Redevelopment Project Area (the "Redevelopment Project"), and has acquired certain property to effectuate the Plan;

WHEREAS, the Agency has adopted a Five Year Implementation Plan for the Redevelopment Project, in accordance with Section 33490 of the California Community Redevelopment Law (Health & Safety Code 33000 *et seq.*) ("CRL") (the "Implementation Plan");

WHEREAS, the Agency has negotiated a Disposition and Development Agreement ("Agreement") with Axis Mundi RE II, LLC ("Developer") relative to the purchase, sale and development of property located on the four contiguous properties that span the north side of Washington Boulevard, bounded by Meier Street to the east and Moore Street to the west (the "Property"), in the City of Culver City, California, which is located within the Redevelopment Project ("Property"). The rear of the Property is bounded by an alley within the City of Los Angeles;

WHEREAS, a joint public hearing has been duly called, noticed and advertised as required by law for February 4, 2008, at 7:00 p.m. in the City Council Chambers of the City of Culver City, 9770 Culver City Boulevard, Culver City, California, as contemplated by the CRL, and such requirements have been complied with;

WHEREAS, pursuant to Section 33433 of the CRL, the Agency has prepared a summary ("33433 Summary") and has made the 33433 Summary available for public inspection in accordance with the CRL;

WHEREAS, the Agreement contains all the provisions, terms, conditions and obligations required by state and local law and a copy of the Agreement and the 33433 Summary have been available for public review and copying at the City Clerk's office as required by the CRL;

WHEREAS, the sale of the Property is consistent with the Implementation Plan;

WHEREAS, the Agency has duly considered all terms and conditions of the proposed Agreement, and believes that it is in the best interests of the Redevelopment Project and the City of Culver 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 law and requirements.

NOW, THEREFORE, the Culver City Redevelopment Agency, hereby resolves as follows:

1. The Agency hereby finds and determines that all recitals set forth in this resolution are true and correct and incorporated herein in full by this reference.

2. The Agency has reviewed and approves the 33433 Summary.

3. The Agency finds and determines that the consideration to be received by the Agency for the sale of Property is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the Agreement for, among other reasons, the reasons set forth in the 33433 Summary.

4. The Agency finds and determines that the sale of the Property will assist in the elimination of blight for, among other reasons, the reasons set forth in the 33433 Summary.

5. The Agency finds and determines that the sale of the Property is consistent with the Implementation Plan adopted pursuant to CRL Section 33490.

6. The Agency has reviewed and hereby approves the sale of the Property to Developer as set forth in the Agreement.

7. The Agency hereby approves the Agreement in substantially the form presented at this meeting or with such non-substantive changes and amendment as may be approved by the Executive Director of the Agency.

8. The Chairman of the Agency is hereby authorized to execute the Agreement on behalf of the Agency, in substantially the form presented to this meeting, or with such non-substantive changes and amendments as may be approved by the Executive Director of the Agency, provided that the City Council has first approved the Agreement.

9. The Chairman of the Agency or the Executive Director of the Agency (or their respective designees) are hereby authorized, on behalf of the Agency, to sign all documents necessary and appropriate to carry out and implement the Agreement, and to administer the Agency's obligations, responsibilities and duties to be performed thereunder.

10. In making the findings and determinations herein, the Agency has considered all testimony presented at the noticed public hearing, all written evidence presented, and the entire record prepared by Agency and City staff.

Resolution No. 2008-A__

PASSED AND ADOPTED THIS ______________ DAY OF ____________, 2008, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSENT:
ABSTAIN:

CULVER CITY REDEVELOPMENT AGENCY

____________________________

ATTEST:

____________________________
Agency Secretary

APPROVED AS TO FORM:

KANE BALLMER & BERKMAN

____________________________
Murray O. Kane, Special Counsel to the Agency

Attachment No. 5

# A SUMMARY REPORT
# PURSUANT TO SECTION 33433 OF THE CALIFORNIA HEALTH AND SAFETY CODE FOR THE SALE OF THE BALDWIN MOTEL BLOCK LOCATED AT 12801-12823 WASHINGTON BOULEVARD IN CULVER CITY, CALIFORNIA

The following Summary Report has been prepared pursuant to Section 33433 of the California Health and Safety Code. The report sets forth certain details of the proposed Disposition and Development Agreement (Agreement) between the Culver City Redevelopment Agency (Agency) and James Suhr and Associates, LLC (Developer). The purpose of the Agreement is to effectuate the Redevelopment Plan for Component Area No. 4 of the Redevelopment Project Area (Redevelopment Plan).

The Agreement requires Agency to convey the properties located at 12803, 12805, 12807, 12811, 12813 and 12823 Washington Boulevard, and bounded by Meier Street to the east, Moore Street Washington Boulevard to the south and an alley to the north (Site), to the Developer for the subsequent development of a 37,410 square foot commercial building, consisting of 6,260 square feet of retail/restaurant space on the ground floor, and 31,150 square feet of office condominiums on the second and third floors; on-site parking to be provided consists of 39 spaces at grade and 89 spaces in tandem one floor below grade the (Project). The Site includes 24,043 square feet of land area, which equates to .55 acres.

## I. COST OF THE AGREEMENT TO THE AGENCY

The proposed Agreement requires the Agency to sell the Site to the Developer for the near-term development of the Project. The Agency began assembling the Site in 2004 and completed the acquisitions in January 2006. The Agency did not fund any of the implementation costs with bond proceeds, and as such, no interest costs have been incurred by the Agency.

The Agency's costs are presented in the following table.

| | |
|---|---|
| Real Property Acquisition | $3,612,608 |
| Relocation * | 286,220 |
| Demolition, Hazardous Materials Abatement, Site Clearance and Rough Grading* | 180,000 |
| Property Management, Security, Maintenance and Utilities | 19,238 |
| Consultants * | 137,997 |
| Total Agency Cost | $4,236,063 |

The Agency revenues associated with the Project are comprised of the following:

| | |
|---|---|
| Land Sales Proceeds | $3,200,000 |
| Rental Income (3/05 – 3/06) | 26,897 |
| Sale of Motel Fixtures and Equipment | 450 |
| Total Agency Revenue | $3,227,347 |

The Agency costs are estimated at $4,236,063 and the Agency revenues are estimated at $3,227,347. The resulting net Agency costs total $1,008,716.

## II. ESTIMATED VALUE OF THE INTERESTS TO BE CONVEYED DETERMINED AT THE HIGHEST USE PERMITTED BY THE REDEVELOPMENT PLAN

Section 33433 of the California Health and Safety Code requires the Agency to identify the value of the interests being conveyed at the highest use allowed by the Redevelopment Plan. The valuation must be based on the assumption that the property is vacant, and that near-term development is required; the valuation does not take into consideration any extraordinary restrictions being imposed on the development by the Agency.

The permitted land use in the Redevelopment Plan specifies Commercial Corridor as the permitted type. The proposed project, which is consistent with the nature and size of permitted uses under the Redevelopment Plan represents the highest and best use of the property.

## III. ESTIMATED REUSE VALUE OF THE INTERESTS TO BE CONVEYED

The Agreement requires the Developer to develop a 37,410 square foot commercial building with one level of subterranean parking and a surface level public parking lot. The Agency engaged Lea & Associates to determine the Site's re-use value according to the terms and conditions for the sale and development of the Site, as described in the Agreement. In a report dated January 16, 2008, Lea & Associates set the re-use value of the Site at $3,125,000 ($130.00 per square foot of land area).

## IV. CONSIDERATION RECEIVED AND COMPARISON WITH THE ESTABLISHED VALUE

The Agreement requires the Developer to purchase the Site for $3,200,000. This compensation is slightly higher than the $3,125,000 value determined by Lea & Associates as the reuse value of the Site. Thus, it can be concluded that the

Agency is receiving fair compensation for the interests being conveyed to the Developer.

## V. ELIMINATION OF BLIGHT/COMPLIANCE WITH THE AB 1290 IMPLEMENATION PLAN

Development of the Site as proposed will continue the Agency's efforts to eliminate blight in Component Area No. 4 of the Culver City Merged Redevelopment Project adopted on November 23, 1998. The prior uses on the Site consisted of the Baldwin Motel (12 units), two four-unit residential apartment buildings, and a commercial property with three businesses: a restaurant, a bar and a neighborhood-serving market.

The Site was selected for redevelopment because the motel and apartment structures exhibit significant physical deterioration and deferred maintenance. Moreover, the buildings on the block were not attractive or inviting, and were operated primarily by marginal economic concerns. In addition high incidences of criminal activity at the Baldwin Motel led to a high number of police calls at the Site.

In the report to the City Council for the Culver City Redevelopment Plan, dated October 1998, all four parcels of the Site were listed as having economic factors, as well as factors that prevent or hinder the viable use of the buildings or lots. Due to the physical limitations of the individual properties, such as limited depth and inadequate parking, developers expressed little interest in the area. In order to create a feasible, more economically viable development site, consolidation by the Agency of the entire block was necessary.

The Agency's objectives in acquiring the Site for redevelopment were to convert generally old, deteriorating and incompatible land uses into one larger parcel to facilitate the development of the highest and best use for the Site. The redevelopment of the Site is intended to enhance the area by removing blighted property and improving it with new desired commercial uses, and additional public parking. Consistent with the regulations for the area, the Site will be redeveloped with land uses that are more attractive, compatible and safer for the area.

Through a coordinated program of new construction, rehabilitation, and supportive land uses, the Redevelopment Plan goals and the AB 1290 Implementation Plan goals of eliminating blight and incompatible land uses will be accomplished by the Project. The proposed Agreement will implement the goals of the Redevelopment Plan for Component Area No. 4 by facilitating the appropriate redevelopment of underutilized sites with a project in compliance with the existing land use designation and also provide additional public parking.

# 21166 STUDY/ENVIRONMENTAL CHECKLIST

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**PROJECT DESCRIPTION:**

The Project is a three story "environmentally friendly" green building with office and retail condominium use and restaurants, providing 39 metered public parking spaces for on-site and off-site users.

The Project provides 6,250 square feet of retail and restaurant space and 31,150 square feet of office condominium space at the 2$^{nd}$ and 3$^{rd}$ levels. The Project is environmentally friendly in that it includes solar panels, photovoltaics, "green roof", natural lighting to the subterranean parking level, natural cooling and renewable green building construction. The Project is "community friendly" in that it provides the public benefit of public parking, beyond what is required for the project and incorporates public art in a unique building design.

**APPLICANT:**

Axis Mundi RE II, LLC, a California limited liability company
8758 Venice Boulevard, Suite 101
Los Angeles, California 90034

**LEAD AGENCY:**
Culver City Redevelopment Agency
9770 Culver Boulevard
Culver City, CA 90232

**CONTACT PERSON AND TELEPHONE:**
John Fisanotti, Redevelopment Project Manager (310) 253-5767

**PROJECT LOCATION:**

The Project is located on four contiguous properties (formerly 12803-07, 12811, 12813 and 12823 Washington Boulevard) which span the north side of Washington Boulevard, on the block between Meier Street on the east and Moore Street on the west (the "Property"). The rear of the Property is bordered by an alley in the City of Los Angeles. The Property has 24,100 gross square feet, and after a required corner radius dedication has a net developable area of 23,947 square feet.

**BACKGROUND:**

Culver City was incorporated as a charter city on September 20, 1917. Culver City is a 4.9 square mile city with a population of 40,792. Culver City is located in Los Angeles County approximately 9 miles west of the City of Los Angeles civic center. Culver City's coastal setting and Mediterranean climate provides an attractive living environment. Located on the west side of Los Angeles, Culver City is conveniently located to beaches, Los Angeles International Airport, employment centers and upscale neighborhoods.

The Culver City Redevelopment Agency was founded in 1971 and in that year, established its first two Redevelopment Projects. These were known as the Slauson-Sepulveda Redevelopment Project No. 1, and the Jefferson-Overland Redevelopment Project No. 2. In 1975, the Washington-Culver Redevelopment Project No. 3 was also established. On November 23, 1998, the three projects were amended and merged by passage of City Council Ordinance No. 98-014 and the merged project was re-named as the Culver City Redevelopment Project. The three former project areas became Component Area numbers 1, 2 and 3 respectively within the Culver City Redevelopment Project. On November 23, 1998, the City Council added the new, non-contiguous territory to the Culver City Redevelopment Project by passage of City Council Ordinance No. 98-015. The added territory is known collectively as Component Area No. 4. The Property is located within Component Area 4.

The Culver City Redevelopment Project area ("Project Area") consists of approximately 1,286 acres of mostly developed urban land. The Culver City Redevelopment Project was adopted to eliminate conditions of blight through the construction, revitalization, and/or upgrade of commercial, residential, and public properties and facilities within the Redevelopment Project Area. Redevelopment activities supported by the Culver City Redevelopment Project are authorized through July 2014 in Component Area No. 1, December 2014 in Component Area No. 2, November 2018 in Component Area No. 3, and November 2029 in Component Area No. 4.

A Redevelopment Plan for the Culver City Redevelopment Project ("Redevelopment Plan") was also adopted by Ordinance No. 98-014. Implementing activities under the Redevelopment Plan include the following activities ("Implementing Activities"):

- The execution of agreements with existing owners and tenants located in the Project Area, subject to the limitations and requirements provided by law and established rules governing owner and tenant participation adopted by the Agency;
- The acquisition of property (by eminent domain if necessary) as necessary to carry out the improvement plan throughout the Project Area;
- The management of property under the ownership and control of the Agency until resold;
- The relocation and re-housing of displaced occupants of acquired property;
- The demolition or removal of buildings and improvements;
- The installation, construction, expansion, addition, maintenance or reconstruction of streets, utilities and other public facilities and improvements;
- The rehabilitation and preservation of buildings and structures;

- The disposition and redevelopment of land by private developer and public agencies for the construction of new improvements in accordance with the Redevelopment Plan;
- The provision for low- and moderate-income housing; and
- The establishment and retention of controls, restrictions, and covenants running with the land so that property will continue to be used in accordance with the Redevelopment Plan.

The Culver City Redevelopment Agency ("Agency") is the current owner of the Property. Subject to the approval of the City Council of Culver City after a public hearing, the Agency proposes to sell the Property to Axis Mundi RE II, LLC ("Developer") in consideration for the Developer's agreement to develop the Project on the Property in accordance with the terms and conditions of a Disposition and Development Agreement ("DDA"). Agency staff believes the Project has the potential to be a major economic catalyst in the west Washington area, thus implementing the goals of Redevelopment Plan for the Culver City Redevelopment Project.

**CEQA HISTORY:**

The Culver City Redevelopment Plan Amendment and Merger Certified Final Program Subsequent Environmental Impact Report (the, "SEIR") was adopted by the City Council in 1998. The SEIR provide a program-level assessment of the potential environmental effects of the merger and expansion of the Culver City Redevelopment Project. The SEIR analyzed the Implementation Activities to be carried out by the Agency within the Culver City Redevelopment Project.

The analysis within the SEIR focused upon the following topics:

- Land Use and Planning
- Traffic and Circulation
- Air Quality
- Noise
- Population, Housing and Employment
- Geology, Soils and Seismicity
- Hydrology and Water Quality
- Biological Resources
- Cultural Resources
- Visual Quality and Aesthetics
- Public Services and Utilities
- Energy
- Toxic and Hazardous Materials

In accordance with Table 1 (the Summary of Potentially Significant Impacts and Mitigation Measures) of the SEIR, the impacts of the above implementation activities listed on the previous page could be reduced to a less than significant level after the specified mitigation measures with the exception of a traffic impact at the intersection of Inglewood and

Washington Boulevards. The City Council certified the SEIR, adopted a statement of overriding considerations and a mitigation reporting and monitoring program by adopting Council Resolution No 98-107 on November 16, 1998.

**GENERAL PLAN:**

The Culver City General Plan and Zoning Code guide development within Culver City. The General Plan Land Use Element was adopted in 1996. Land uses designations per the General Plan, and within the Culver City Redevelopment Project include: Residential (Low Density Single Family, Low Density Two-Family, Low Density Multiple Family, Medium Density Multiple Family, Planned Residential Development), Commercial (Regional Center, Community Serving Center, Neighborhood Serving Corridor, Downtown and General Corridor), Industrial (Light Industrial, Industrial Park, and Industrial), and Other (Studio, Institutional, Open Space).

**ZONING ORDINANCE:**

The Property is zoned Commercial General (CG). To the east (across Meier Street), south (across Washington Boulevard) and west (across Moore Street) the neighboring properties are also Commercial General. To the north (across the alley) is Multi-family Residential in the City of Los Angeles

**SUMMARY OF ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED**

The environmental factors potentially affected by this Project and analyzed in this document include:

A. Land Use
B. Population, Housing, and Employment
C. Traffic and Circulation
D. Air Quality
E. Public Services
F. Public Utilities
G. Geology and Seismicity
H. Flooding and Drainage
I. Noise
J. Historical and Cultural Resources
K. Biological Resources
L. Mandatory Findings of Significance

**ENVIRONMENTAL CHECKLIST AND DISCUSSION OF ENVIRONMENTAL EVALUATION**

As outlined in Public Resources Code section 21090(b), all public/private undertakings pursuant to or in furtherance of a redevelopment plan will be deemed to be a single project.

This 21166 Study/Environmental Checklist has been prepared following the guidance outlined in CEQA Guideline §15162 and Public Resources Code §21166. These sections indicate that no subsequent or supplemental EIR will be prepared for the project (once a previous EIR has been certified) unless the Lead Agency determines that, on the basis of substantial evidence in light of the whole record, one or more of the following elements are identified:

1. Substantial changes are proposed in the project that will require major revisions of the SEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;

2. Substantial changes occur with respect to the circumstance under which the project is undertaken which will require major revisions of the SEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or

3. New information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time of SEIR was certified as complete, shows any of the following:

   - The project will have one or more significant effects not discussed in the SEIR;
   - Significant effects previously examined will be substantially more severe than shown in the SEIR;
   - Mitigation measures or alternatives found not to be feasible would in fact be feasible, and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative; or
   - Mitigation measures or alternatives which are considerably different that those analyzed in the SEIR would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.

The proposed Project is an implementing activity of the Redevelopment Plan. Upon completion of this 21166 Study/Environmental Checklist that adheres to the guidance outlined in §15162, should the Lead Agency determine that no new effects could occur or no new mitigation measures would be required, the Lead Agency may approve the Project as being within the scope of the project analyzed in the SEIR and no new environmental documentation would be required (CEQA Guidelines §15168 (C)(2) and §21166.

As defined in this 21166 Study/Environmental Checklist, a "No Impact" response indicates that the potential environmental impact associated with implementation of the proposed Project would be the same as the impacts identified and mitigated for in the SEIR. A "Less Than Significant Impact" response indicates that, although environmental impact or changes in the environment would occur with implementation of the proposed project beyond those identified in the SEIR, the impact would still be below a level of significance. A response of "Potentially Significant Unless Mitigation Incorporated" indicates that implementation of the proposed project would potentially result in new or more substantial impacts above and beyond that identified in the SEIR. Any necessary new mitigation required would be designed to reduce the potential impact to below a level of significance. A response of "Potentially Significant Impact" indicates that the proposed Project would potentially result in impacts considered significant and beyond those already identified in the SEIR.

The following evaluation checklist lists each potential environmental effect and provides information supporting the conclusion drawn as the degree of impact associated with the proposed Project.

| Issues: | Potentially Significant Impact | Less Than Significant With Mitigation | Less Than Significant Impact | No Impact |
|---|---|---|---|---|
| **I. LAND USE.** Would the Project: | | | | |
| a) Adversely affect the General Plan land use designations or conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the Project? | | | | X |
| b) Result in a conflict with the environmental goals, objectives, and recommendations of the community in which it is located? | | | | X |
| c) Result in project bulk, scale, materials, or style that would be incompatible with surrounding development? | | | | X |
| d) Substantially alter the existing or planned character of the area, such as could occur with the construction of a subdivision in a previously undeveloped area? | | | | X |
| e) Result in the improper siting of commercial developments adjacent to sensitive uses? | | | | X |
| f) Substantially change the existing landform? | | | | X |
| g) Result in the siting of noxious activities on the sites immediately adjacent to sensitive uses? | | | | X |

**Discussion:**
The proposed project is consistent with all existing land use and general plan designations. The proposed project is not expected to create impacts beyond those already considered in the program Subsequent Environmental Impact Report for the Redevelopment Plan Amendment and Merger in November 1998.

| Issues: | Potentially Significant Impact | Less Than Significant With Mitigation | Less Than Significant Impact | No Impact |
|---|---|---|---|---|
| **II. POPULATION, HOUSING, AND EMPLOYMENT.** Would the Project: | | | | |
| a) Bring substantial population growth in an area? | | | | X |
| b) Result in an increase in jobs? | | | X | |
| c) Result in an increase in commercial space? | | | X | |

**Discussion:**
The proposed project increases the commercial space over the prior uses but not larger than the amounts allowed per the existing zoning and General Plan designations, which were anticipated and studied in the Subsequent Environmental Impact Report for the Redevelopment Plan Amendment and Merger in November 1998.

| Issues: | Potentially Significant Impact | Less Than Significant With Mitigation | Less Than Significant Impact | No Impact |
|---|---|---|---|---|
| **III. TRAFFIC AND CIRCULATION.** Would the Project: | | | | |
| a) Result in an increase in projected traffic that is substantial in relation to the existing traffic load and capacity of the street system? | | X | | |
| b) Add substantial amount traffic to a congested freeway segment, interchange, or ramp? | | | X | |
| c) Substantially alter the present circulation movement, including effects on existing public access to beaches, parks, or other open space areas? | | | | X |

**Discussion:**
Mitigation measures as specified in the Subsequent Environmental Impact Report for the Redevelopment Plan Amendment and Merger shall be incorporated into the proposed project.

| Issues: | Potentially Significant Impact | Less Than Significant With Mitigation | Less Than Significant Impact | No Impact |
|---|---|---|---|---|
| **IV. AIR QUALITY.** Would the Project: | | | | |
| a) Conflict with or obstruct implementation of the applicable air quality plan? | | | | X |
| b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation? | | | | X |
| c) Result in cumulatively considerable net increase of any criteria pollutant for which the project regions is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions that exceed quantitative thresholds for ozone precursor)? | | | X | |
| d) Expose sensitive receptors to substantial number of people? | | | X | |
| e) Create objectionable odors affecting a substantial number of people? | | | | X |
| f) Release substantial quantities of air contaminants beyond the boundaries of the premises upon which the stationary source emitting the contaminants is located? | | | | X |

**Discussion:**
The proposed project is not expected to create impacts beyond those already considered in the program Subsequent Environmental Impact Report for the Redevelopment Plan Amendment and Merger in November 1998.

| Issues: | Potentially Significant Impact | Less Than Significant With Mitigation | Less Than Significant Impact | No Impact |
|---|---|---|---|---|
| **V. PUBLIC SERVICES.** Would the Project: | | | | |
| a) Have an effect upon or result in a need for new or altered government services in any of the following areas: | | | | |
| i.) Fire Protection? | | | X | |
| ii.) Police Protection? | | | X | |
| iii.) Schools? | | | | X |
| iv.) Parks and Recreation? | | | | X |
| v.) Other public facilities? | | | X | |

**Discussion:**
The proposed project is not expected to create impacts beyond those already considered in the program Subsequent Environmental Impact Report for the Redevelopment Plan Amendment and Merger in November 1998.

| Issues: | Potentially Significant Impact | Less Than Significant With Mitigation | Less Than Significant Impact | No Impact |
|---|---|---|---|---|
| **VI. PUBLIC UTILITIES.** Would the Project: | | | | |
| a) Result in a need for new systems or require substantial alterations to existing utilities, the construction of which would create physical impacts to the following areas: | | | | X |
| i.) Electricity? | | | X | |
| ii.) Natural Gas? | | | | X |
| iii.) Water? | | | | X |
| iv.) Wastewater? | | | | X |
| v.) Solid Waste? | | | X | |
| vi.) Communications? | | | X | |

**Discussion:**
The proposed project is not expected to create impacts beyond those already considered in the program Subsequent Environmental Impact Report for the Redevelopment Plan Amendment and Merger in November 1998.

| Issues: | Potentially Significant Impact | Less Than Significant With Mitigation | Less Than Significant Impact | No Impact |
|---|---|---|---|---|
| **VII. GEOLOGY AND SEISMICITY.** Would the Project: | | | | |
| a) Result in a substantial increase in wind or water erosion of soils, either on- or off-site? | | | | X |
| b) Expose people or structures to geologic hazards such as earthquakes, landslides, mudslides, ground failure, or similar hazards? | | | | X |

**Discussion:**
The proposed project is not expected to create impacts beyond those already considered in the program Subsequent Environmental Impact Report for the Redevelopment Plan Amendment and Merger in November 1998.

| Issues: | Potentially Significant Impact | Less Than Significant With Mitigation | Less Than Significant Impact | No Impact |
|---|---|---|---|---|
| **VIII. FLOODING AND DRAINAGE.** Would the Project: | | | | |
| a) Substantially increase impervious surfaces and associated increased runoff? | | | | X |
| b) Substantially alter the on- and off-site drainage patterns due to changes in runoff flow rates or volumes? | | | | X |

**Discussion:**
The proposed project is not expected to create impacts beyond those already considered in the program Subsequent Environmental Impact Report for the Redevelopment Plan Amendment and Merger in November 1998.

| Issues: | Potentially Significant Impact | Less Than Significant With Mitigation | Less Than Significant Impact | No Impact |
|---|---|---|---|---|
| **IX. NOISE.** Would the Project: | | | | |
| a) Result or create a significant increase in the existing ambient noise level? | | | | X |
| b) Expose people to noise levels that exceed the City's adopted noise ordinance? | | | X | |
| c) Result in land uses which are not compatible with aircraft noise levels? | | | | X |

**Discussion:**
The proposed project is not expected to create impacts beyond those already considered in the program Subsequent Environmental Impact Report for the Redevelopment Plan Amendment and Merger in November 1998.

| Issues: | Potentially Significant Impact | Less Than Significant With | Less Than Significant Impact | No Impact |
|---|---|---|---|---|

| | | Mitigation | | |
|---|---|---|---|---|
| **X. HISTORICAL AND CULTURAL RESOURCES.** Would the Project: | | | | |
| a) Cause an alteration, including the adverse physical and/or the destruction of historical or cultural resources? | | | | X |
| b) Impact significant paleontological resource? | | | | X |

**Discussion:**
A Phase I study by a consulting archaeologist determined there was nothing of significance at the site. The proposed project is not expected to create impacts beyond those already considered in the program Subsequent Environmental Impact Report for the Redevelopment Plan Amendment and Merger in November 1998.

| Issues: | Potentially Significant Impact | Less Than Significant With Mitigation | Less Than Significant Impact | No Impact |
|---|---|---|---|---|
| **XI. BIOLOGICAL RESOURCES.** Would the Project: | | | | |
| a) Have a substantial adverse effect either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species by the California Department of Fish and Game of U.S. Fish and Wildlife Service? | | | | X |
| b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified by the California Department of Fish and Game or U.S. Fish and Wildlife Service? | | | | X |
| c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act through direct removal, filling, hydrological interruption, or other means? | | | | X |
| d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildfire corridors, or impede the use of native wildlife nursery? | | | | X |

**Discussion:**
The proposed project is located in a urbanized area and has been developed previously. Furthermore, the proposed project is not expected to create impacts beyond those already considered in the program Subsequent Environmental Impact Report for the Redevelopment Plan Amendment and Merger in November 1998.

| Issues: | Potentially Significant Impact | Less Than Significant With Mitigation | Less Than Significant Impact | No Impact |
|---|---|---|---|---|
| **XII. MANDATORY FINDINGS OF SIGNIFICANCE.** Would the Project: | | | | |
| a) Does the Project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered Xplant or animal or eliminate important examples of the major periods of California history or prehistory? | | | | X |
| b) Does the Project have impacts that are individually limited, but cumulatively considerable ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)? | | | X | |
| c) Does the Project have environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly? | | | | X |
| **Discussion:** | | | | |

**15. DETERMINATIONS.**

The following findings are derived from the environmental review documented by this 21166 Study/Environmental Checklist:

A. The proposed Project meets the spirit and intent of §21090 of the CEQA Guidelines that states that all, "public/private undertakings pursuant to or in furtherance of a redevelopment plan will be deemed to be a single project." The proposed Project analyzed in this 21166 Study/Environmental Checklist would not result in any new significant impacts not already identified and mitigated for under the SEIR.

B. As outlined in §15162 and §21166 of the CEQA Guidelines and based on the conclusions reported in this 21166 Study/Environmental Checklist, no subsequent or supplemental environmental impact report is required for the proposed Project for the following reasons:

- No substantial changes are proposed in the Project which would require major revisions of the SEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of previously identified significant effects;

- No substantial changes would occur with respect to the circumstances under which the Project is undertaken that will require major revisions of the SEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of previously identified significant effects;

- No new information of substantial importance is available, which was not known and could not have been with the exercise of reasonable diligence at the time the SEIR were certified as complete. The following conclusions are supported by the 21166 Study/Environmental Checklist:

    i. The Project will not result in one or more significant effects not previously discussed in the SEIR;
    ii. No significant effects, previously examined in the SEIR will be substantially more severe than previously known;
    iii. No mitigation measures or alternatives, found not to be feasible in the SEIR, would in fact be feasible and substantially reduce one or more significant effects of the Project;
    iv. No mitigation measures or alternatives, which are considerably different than those analyzed in the SEIR and would substantially reduce one or more significant effects on the environment.

## 16. ENVIRONMENTAL ADMINISTRATOR DETERMINATION

The 21166 study for this Project has been drafted by:

John Fisanotti

John Fisanotti, Redevelopment Project Manager (310) 253-5767

9770 CULVER BOULEVARD CULVER CITY, CA 90232-0507 www.culvercity.org

Culver CITY

# NOTICE OF JOINT CITY COUNCIL / REDEVELOPMENT AGENCY PUBLIC HEARING FOR CONSIDERATION BY THE CITY COUNCIL OF: APPROVAL OF THE SALE OF PROPERTY PURCHASED BY THE CULVER CITY REDEVELOPMENT AGENCY WITH TAX INCREMENT FUNDS TO AXIS MUNDI RE II, LLC PURSUANT TO SECTION 33433 OF THE CALIFORNIA HEALTH AND SAFETY CODE; AND BY THE CULVER CITY REDEVELOPMENT AGENCY OF: A DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE CULVER CITY REDEVELOPMENT AGENCY AND AXIS MUNDI RE II, LLC FOR THE SALE OF THE PROPERTY AND THE PRELIMINARY DEVELOPMENT PLANS FOR THE CONSTRUCTION OF A COMMERCIAL OFFICE/RETAIL BUILDING TO BE LOCATED AT 12801 – 12823 WASHINGTON BOULEVARD, CULVER CITY

January 17, 2008

Dear Interested Party:

You are invited to attend and participate in the February 4, 2008, joint City Council / Redevelopment Agency public hearing concerning the following:

The Culver City Redevelopment Agency (the "Agency") and Axis Mundi RE II, LLC (the "Developer" and the proposed purchaser of the site presently owned by the Agency) have developed plans and negotiated a pending transaction to convey the site from the Agency to the Developer. The Developer proposes to purchase the site from the Agency for $3,200,000.00 and develop it with a 37,150 square foot retail/commercial office building with one level of underground parking, and a 39 space at grade public parking facility.

Please refer to the bottom of page two of this notice for a map indicating the project site for your reference.

The February 4, 2008, public hearing will convene at 7:00 PM in the Mike Balkman Council Chambers at City Hall, 9770 Culver Boulevard. The Council Chambers are accessible to disabled persons and public parking is available in the City Hall parking structure from Duquesne Avenue. City Hall is served by the Culver CityBus. If more information regarding the bus schedule is needed, you may call (310) 253-6500. Other items may precede this item on the agenda.

Pursuant to Section 21166 of the California Environmental Quality Act, Agency staff has conducted a review of the project ("21166 Study") and determined that the project will not result in any new significant impacts not already identified and mitigated for under the *Certified Final Program Subsequent Environmental Impact Report*, dated November

TODD TIPTON REDEVELOPMENT ADMINISTRATOR
REDEVELOPMENT AGENCY TEL 310.253.5760 FAX 310.253.5779

16,1998 (the, "SEIR"). Concept development plans, the SEIR, the 21166 Study and related documents are available for public review at the office of the Redevelopment Agency, Third Floor, at City Hall.

The following documents are available for public inspection at the office of the Redevelopment Agency, third floor of City Hall:

- The proposed Disposition and Development Agreement between the Agency and the Developer,
- The report pursuant to Section 33433 of the California Health and Safety Code,
- The concept development plans
- The, "SEIR"
- The 21166 Study
- And other related documents

The staff report will be available on Wednesday, January 30, 2008, please check the Agency's website at www.culvercity.org.

For more information, to review the project documents or to submit written comments on either the Disposition and Development Agreement or the pending sale of the property, please write or call John Fisanotti, Redevelopment Project Manager, Culver City Redevelopment Division, Post Office Box 507, Culver City, California 90232, (310) 253-5760.

It is advisable to call prior to visiting City Hall to be certain that appropriate staff will be available. City Hall business hours are 7:30 AM to 5:30 PM, Monday through Friday, except alternate Fridays and holidays. City Hall will be closed on Friday, February 1, 2008.

Sincerely,

Todd Tipton
Redevelopment Administrator