

RESOLUTION NO. 11-49

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, CALIFORNIA, APPROVING THE SALE, BY EXCHANGE, OF CERTAIN REAL PROPERTY LOCATED WITHIN THE CITY OF LANCASTER; APPROVING THE PROPERTY EXCHANGE AGREEMENT PERTAINING THERETO; AND, AUTHORIZING THE EXECUTION OF SAID PROPERTY EXCHANGE AGREEMENT

WHEREAS, seasonal flooding regularly takes place near the intersection of Avenue I and 20th Street East; and

WHEREAS, the City of Lancaster (City) has determined a flood control basin is needed in this area to alleviate the flooding; and

WHEREAS, JAT & Associates, LLC (JAT) owns a five acre parcel of land shown in exhibit "A", the location of which, has been identified by the City as the optimal site of a flood control basin to alleviate said flooding; and

WHEREAS, the City owns a three acre parcel shown in exhibit "B", which JAT has agreed to accept in trade for the JAT owned five acre parcel; and

WHEREAS, the City has determined that pursuant to Section 15061 (b) (3) of CEQA that execution of the Agreement of and by itself will not cause a significant effect on the environment; and

WHEREAS, the City Council of the City of Lancaster (the "Council") has duly considered all terms and conditions of the proposed sale, by exchange, and believes that the exchange of the property is in the best interest of the City and in accordance with the public purposes and provisions of applicable State and local laws and requirements.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF LANCASTER, STATE OF CALIFORNIA, THAT:

Section 1. The Council hereby finds and determines that the sale, by exchange, of the Property pursuant to the Agreement is necessary to best protect the citizens from flooding.

Section 2. The sale, by exchange, of the Property by the City pursuant to the Agreement which establishes terms and conditions for the sale, by exchange, of the property are hereby approved.

Section 3. The City hereby finds and determines that approval and execution of the Agreement is categorically exempt pursuant to Section 15061 (b) (3) of CEQA.

PASSED, APPROVED and ADOPTED this _____ day of _____, 2011, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

GERI K. BRYAN, CMC
City Clerk
City of Lancaster

R. REX PARRIS
Mayor
City of Lancaster

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES }ss
CITY OF LANCASTER }


CERTIFICATION OF RESOLUTION
CITY COUNCIL

I, _____, _____ City of Lancaster, CA, do hereby certify that this is a true and correct copy of the original Resolution No. 11-49, for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, on this _____ day of _____, _____.

(seal)



 INDICATES
Property to be Exchanged

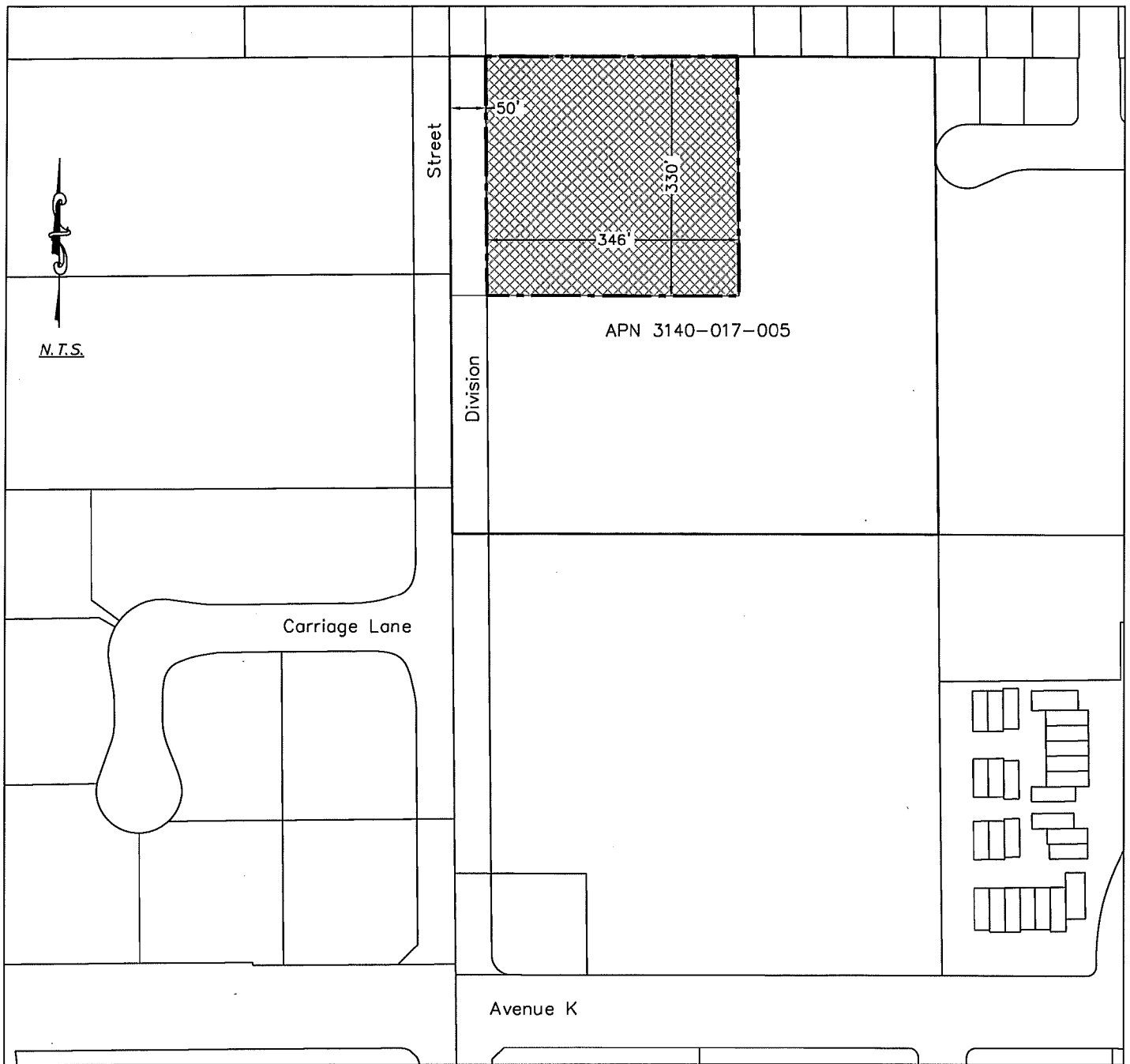



CITY OF LANCASTER

CITY OF LANCASTER
44933 N. FERN AVENUE
LANCASTER, CA 93534


TITLE:
Parcel Exhibit
APN 3176-021-069

EXHIBIT "A"



 INDICATES
Property to be Exchanged

THIS PLAT IS FOR REFERENCE ONLY, NOT FOR THE PURPOSE OF SURVEYING.

	<p>CITY OF LANCASTER</p>	<p>TITLE: Parcel Exhibit</p>
	<p>CITY OF LANCASTER 44933 N. FERN AVENUE LANCASTER, CA 93534</p>	<p>A Portion of APN 3140-017-005</p>
		<p>EXHIBIT "B"</p>

EXCHANGE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

“City”: City of Lancaster, a California Municipal Corporation

“JAT”: JAT and Associates, LLC, a California limited liability company

DATED: _____, 2011

DEFINED TERMS

Execution Date: _____, 2011

City: City of Lancaster, a California municipal corporation

City's Address: 44933 N. Fern Avenue
Lancaster, CA 93534
Attention: City Manager

JAT: JAT and Associates, LLC, a California limited liability company

JAT's Address: JAT and Associates, LLC.
225 Sparkleberry Ave
Orange, California 92865
Attention: Sumikie Ngariyan

City's Counsel: Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, CA 92660
Attention: Allison E. Burns, Esq.

JAT's Counsel: _____

City Property: That certain real property located in the City of Lancaster, County of Los Angeles, State of California as described on Exhibit A attached hereto and shown on the City Property Site Map (Exhibit H), which is currently zoned for commercial use.

JAT Property: That certain real property located in the City of Lancaster, County of Los Angeles, State of California as described on Exhibit B attached hereto and shown on the JAT Property Site Map (Exhibit I)

Closing Date: On or before June 30, 2011.

Title Company: Fidelity National Title Company
Attention: Jill Culver
6060 Sepulveda Blvd. #100
Van Nuys, CA 91411
Phone No.: 818-758-5755
Fax No.: 818-774-1814

Escrow Holder: Fidelity National Title & Escrow
Attention: Rita Dickson
1137 W. Ave M-14 #101, Palmdale, CA 93551
Phone No.: 661-726-7400 ext. 221
Fax No.: 661-949-1429
Brokers: None.

Hazardous Material: means any substance, material or waste which is or becomes, regulated by any local governmental authority, the State of California or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "acutely hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated byphenyls, (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 "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.* (42 U.S.C. §6903), (xi) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 *et seq.* (42 U.S.C. Section 9601), (xii) Methyl-Tertiary Butyl Ether, or (xiii) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any Governmental Requirements either requires special handling in its use, transportation, generation, collection, storage, handling, treatment or disposal, or is defined as "hazardous" or harmful to the environment.

**EXCHANGE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

This EXCHANGE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (“Agreement”) is made and entered into as of the Execution Date by and between City and JAT.

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and JAT agree as follows:

1. Exchange. City hereby agrees to convey the City Property to JAT and, in exchange JAT hereby agrees to convey the JAT Property to City, on the terms and conditions set forth in this Agreement.

2. Consideration.

(a) Consideration for JAT Property. As the consideration to JAT in return for JAT’s conveyance to the City of the JAT Property, the City or its nominee shall, at the “Closing” (as defined below), (i) convey the City Property to JAT or its nominee, (ii) pay to JAT the sum of Seven Thousand Nine Hundred and Fifty Dollars (\$7,950) payable by wire transfer or other immediately available funds (“Cash Payment”).

(b) Consideration for City Property. As the consideration to the City, in return for the City’s conveyance to JAT of the City Property, JAT shall, at the “Closing” (as defined below), convey the JAT Property to City or its nominee.

(c) All Inclusive Consideration; Full and Complete Settlement, Release and Waiver. The consideration discussed in this Section 2 is all-inclusive and shall remain the total compensation paid by City to JAT to for all of JAT’s interests in the JAT Property, inclusive of any and all rights or obligations which exist or may arise out of City’s acquisition of the JAT Property, including without limitation, JAT’s fee interest in the land, all improvements pertaining to the realty, all other improvements, furnishings, fixtures, and equipment located thereon, severance damages, if any, alleged pre-condemnation damages, if any, alleged loss of business goodwill, if any, eligible costs directly attributed to the development of the JAT Property, relocation benefits and assistance, if any, costs, interest, attorney’s fees, and any claim whatsoever of, by, or through JAT that may arise out of or relate in any respect to City’s acquisition of the JAT Property from JAT. In this regard JAT acknowledges that based on the advice and counsel, as and if JAT elects to obtain the advice of counsel, JAT is and will be fully satisfied that the consideration contained in this Section is fair and adequate consideration for all interests in the Property and that it is all-inclusive compensation for the JAT Property.

In furtherance of the foregoing paragraph, JAT understands that City would not have entered into this Agreement without JAT’s agreement to (i) convey the JAT Property for the all-inclusive consideration outlined in this Section 2 and (ii) knowingly, voluntarily, and intentionally waive according to the terms set forth herein, any and all of JAT’s interest in or right to any relocation assistance or benefits under the relocation laws and for any other or further compensation or consideration for the JAT Property and all interests therein or arising therefrom. Therefore, the consideration contained in this Section has been determined by and is inclusive of JAT’s agreement hereunder to fully release and discharge City from all and any manner of rights, demands, liabilities,

obligations, claims, or causes of action, in law or equity, of whatever kind or nature, whether known or unknown, whether now existing or hereinafter arising (“Claims”), which arise from or relate in any manner to (i) the sale of the JAT Property to the extent such claims are based on the fact that City is a public entity; (ii) the relocation of any person or persons or other occupant or occupants located on the JAT Property, including the specific waiver and release of any right to any relocation benefits, advisory or other assistance, and/or payments under the relocation laws as to whom this waiver and release is effective, notwithstanding that such relocation assistance, benefits and/or payments may be otherwise required under said relocation laws or other state or federal law; and (iii) compensation for any interest in the JAT Property or income from the JAT Property including, but not limited to, land and improvements, fixtures, furniture, or equipment thereon, goodwill, severance damage, leases or other contracts relating to the JAT Property, attorneys’ fees, or any other compensation of any nature whatsoever.

By releasing and forever discharging claims both known and unknown which are related to or which arise under or in connection with, the items set out in this Section 2(c), JAT expressly waives any rights under California Civil Code Section 1542, which provides:

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

JAT’s Initials

3. Title Review of City Property. JAT has been furnished with and hereby acknowledges receipt of a preliminary commitment for the City Property Title Policy (“City Property Title Commitment”), together with complete and legible copies of all documents referred to as exceptions identified in Schedule B thereof. JAT shall conduct its review of the City Property Title Commitment in accordance with the following procedures:

(a) JAT’s Notice. JAT shall have ten (10) business days after the Execution Date to notify the City in writing of its approval and/or disapproval of each exception in Schedule B of the City Property Title Commitment. Exceptions not disapproved by JAT within this time period shall automatically be deemed Permitted Exceptions. Notwithstanding the foregoing, exceptions that evidence the delinquent obligation to pay money (“Monetary Exceptions”) shall be automatically deemed disapproved.

(b) The City’s Notice. The City shall have ten (10) business days after receipt of JAT’s notification in which to notify JAT whether or not it elects to cure or remove any of the disapproved exceptions identified in JAT’s notice given pursuant to Section 3(a). The City’s failure to so notify JAT within this time period shall constitute the City’s election to remove any such exceptions. The City shall remove all exceptions it elects, or is deemed to have elected, to remove on

or before Closing. Notwithstanding the foregoing, the City agrees to remove all Monetary Exceptions at or prior to Closing.

(c) JAT's Election. If the City does not elect to remove all exceptions disapproved by JAT, JAT may, on or before ten (10) business days after receipt of the City's notice pursuant to Section 3(b), elect by written notice to the City to either (a) continue this Agreement and proceed with Closing, in which event the disapproved exceptions that the City has not elected to remove shall become Permitted Exceptions, or (b) terminate this Agreement without liability to either party, in which case all of the Parties' rights and obligations hereunder (other than those which are intended to survive such termination by the express terms hereof) shall terminate as well. Upon such termination, each Party shall promptly take any and all actions necessary to cancel Escrow (as hereinafter defined) and to return any documents provided to it by the other Party.

(d) New Exceptions. The notice and response procedure of this Section 3 shall be repeated for any additional title exceptions of which JAT is notified by the Title Company after the Execution Date, except that if the time period for delivery of any notice extends beyond the Closing Date, then the Closing shall be extended for whatever period of time is necessary to accommodate such notice period(s). Notwithstanding any other provision of this Agreement, the City shall not record or authorize for recording any lien or encumbrance against the City Property which would extend beyond the Closing Date without the prior written approval of JAT.

4. Title Review of JAT Property. The City has been furnished with and hereby acknowledges receipt of a preliminary commitment for the JAT Property ("JAT Property Title Commitment"), together with complete and legible copies of all documents referred to as exceptions identified in Schedule B thereof. The City shall conduct its review of the Title Commitment in accordance with the following procedures:

(a) The City's Notice. The City shall have ten (10) business days after the Execution Date to notify JAT in writing of its approval and/or disapproval of each exception in Schedule B of JAT Property Title Commitment. Exceptions not disapproved by the City within this time period shall automatically be deemed Permitted Exceptions. Notwithstanding the foregoing, Monetary Exceptions shall be automatically deemed disapproved.

(b) JAT's Notice. JAT shall have ten (10) business days after receipt of the City's notification in which to notify the City whether or not it elects to cure or remove any of the disapproved exceptions identified in City's notice pursuant to Section 4(a). JAT's failure to so notify the City within this time period shall constitute JAT's election to remove any such exceptions. JAT shall remove all exceptions it elects, or is deemed to have elected to remove on or before Closing. Notwithstanding the foregoing, JAT agrees to remove all Monetary Exceptions at or prior to Closing.

(c) The City's Election. If JAT does not elect to remove all exceptions disapproved by the City, the City may, on or before ten (10) business days after receipt of JAT's notice pursuant to Section 4(b), elect by written notice to JAT to either (a) continue this Agreement and proceed with the Closing, in which event the disapproved exceptions that JAT has not elected to remove shall become Permitted Exceptions, or (b) terminate this Agreement without liability to either party, in which case all of the parties' rights and obligations hereunder (other than those which are intended to survive such termination by the express terms hereof) shall terminate as well. Upon such termination, each Party shall promptly take any and all actions necessary to cancel Escrow (as hereinafter defined) and to return any documents provided to it by the other Party.

(d) New Exceptions. The notice and response procedure of this Section 4 shall be repeated for any additional title exceptions of which the City is notified by the Title Company after the Execution Date, except that if the time period for delivery of any notice extends beyond the Closing Date, then the Closing shall be extended for whatever period of time is necessary to accommodate such notice period(s). Notwithstanding any other provision of this Agreement, JAT shall not record or authorize for recording any lien or encumbrance against The JAT Property that would extend beyond the Closing Date without the prior written approval of the City.

(e) Specific Permitted Exceptions. City hereby agrees to accept title subject to the items described in Exhibit G.

5. The City's Due Diligence Contingency.

(a) Due Diligence. The City's obligation to acquire the JAT Property and JAT's obligations to convey JAT Property to the City are contingent upon the City determining, in the exercise of its reasonable discretion, that it is satisfied with its due diligence of all aspects of JAT Property ("City Due Diligence Contingency").

(b) Property Documents. Within ten (10) business days after the Execution Date, JAT shall provide to the City copies of any and all information regarding JAT Property in JAT's possession, including but not limited to the following: soil reports, environmental or hazardous waste studies, engineering studies or any other studies or reports relating to the physical condition of the property or any agreements relating to the physical condition or use and development the of JAT Property, if any ("JAT Property Documents"); provided however that City may not terminate based on the exceptions to title described in Exhibit G.

(c) Right of Access. The City and its agents, employees and designees shall be afforded reasonable access and entry onto the JAT Property during the Due Diligence Period to conduct such studies, tests, inspections and other investigations as determined by the City in its sole and absolute discretion in order to fully investigate the JAT Property. All such studies, tests, inspections and other investigations shall occur at the City's sole cost and expense. The City shall provide JAT with at least two (2) business days' advance written notice prior to entering upon the JAT Property. The City shall indemnify, defend and hold JAT harmless from any claim, liability, loss or expense asserted against JAT or JAT Property in connection with the City's or its agents', employees' and designees' entry on the JAT Property, and, so long as this Agreement has not been terminated by the City due to JAT's nonperformance, the City shall provide JAT, at no cost to JAT, with copies of all reports issued in connection with the tests, studies, inspections and/or other investigations conducted by the City on the JAT Property.

(d) Due Diligence Period. The City shall have thirty (30) days from the Execution Date ("City Due Diligence Period") within which to determine the City's satisfaction in its sole and absolute discretion with the City Due Diligence Contingency. If the City is not satisfied with the City Due Diligence Contingency within the City Due Diligence Period, the City may terminate this Agreement by delivering written notice of such termination to JAT on or before the expiration of the City Due Diligence Period, in which case all of the Parties' rights and obligations hereunder (other than those which are intended to survive such termination by the express terms hereof) shall terminate as well. Upon such termination, each Party shall promptly take any and all actions necessary to cancel Escrow and to return any documents provided to it by the other Party. If the City does not provide written notice of termination of this Agreement within the City Due

Diligence Period, the City Due Diligence Contingency shall be deemed to have been satisfied and waived, and this Agreement shall continue in full force and effect.

(e) Condition of the JAT Property. The waiver or satisfaction of the City Due Diligence Contingency shall constitute the City's determination that it is satisfied with its investigation of the condition of the JAT Property and all material facts bearing on its purchase of the JAT Property. Except for JAT's express representations and warranties under this Agreement, the City will acquire the JAT Property "AS IS", with any and all faults and defects.

6. JAT's Due Diligence Contingency.

(a) Due Diligence. JAT's obligation to acquire the City Property and the City's obligations to convey the City Property to JAT are contingent upon JAT determining, in the exercise of its sole and absolute discretion, that it is satisfied with its due diligence of all aspects of the City Property ("JAT Due Diligence Contingency").

(b) Property Documents. Within ten (10) business days after the Execution Date, the City shall provide to JAT copies of any and all information regarding City Property in the City's possession, including but not limited to the following: soil reports, environmental or hazardous waste studies, engineering studies or any other studies or reports relating to the physical condition of the property or any agreements relating to the physical condition or use and development of the City Property, if any ("City Property Documents").

(c) Right of Access. JAT and its agents, employees and designees shall be afforded reasonable access and entry onto the City Property during the Due Diligence Period to conduct such studies, tests, inspections and other investigations as determined by JAT in its sole and absolute discretion in order to fully investigate the City Property. All such studies, tests, inspections and other investigations shall occur at JAT's sole cost and expense. JAT shall provide the City with at least two (2) business days' advance written notice prior to entering upon the City Property. JAT shall indemnify, defend and hold the City harmless from any claim, liability, loss or expense asserted against the City or the City Property in connection with JAT's or its agents', employees' and designees' entry on the City Property, and, so long as this Agreement has not been terminated by JAT due to the City's nonperformance, JAT shall provide the City, at no cost to the City, with copies of all reports issued in connection with such studies, tests, inspections and/or other investigations conducted by JAT on the City Property.

(d) Due Diligence Period. JAT shall have thirty (30) days from the Execution Date ("JAT Due Diligence Period") within which to determine JAT's satisfaction with the JAT Due Diligence Contingency. If JAT is not satisfied with the JAT Due Diligence Contingency within the JAT Due Diligence Period, JAT may terminate this Agreement by delivering written notice of such termination to the City on or before the expiration of the JAT Due Diligence Period, in which case all of the Parties' rights and obligations hereunder (other than those which are intended to survive such termination by the express terms hereof) shall terminate as well. Upon such termination, each Party shall promptly take any and all actions necessary to cancel Escrow and to return any documents provided to it by the other Party. If JAT does not provide written notice of termination of this Agreement within the JAT Due Diligence Period, the JAT Due Diligence Contingency shall be deemed to have been satisfied and waived, and this Agreement shall continue in full force and effect.

(e) Condition of the City Property. The waiver or satisfaction of the JAT Due Diligence Contingency shall constitute JAT's determination that it is satisfied with its investigation of the condition of the City Property and all material facts bearing on its acquisition of the City Property. Except for the City's express representations and warranties under this Agreement, JAT will acquire the City Property "AS IS", with any and all faults and defects.

7. Escrow and Closing.

(a) Opening of Escrow. For the purposes of this Agreement, the escrow ("Escrow") shall be deemed opened ("Opening of Escrow") on the date that Escrow Holder receives a copy of this Agreement fully executed by City and JAT. Escrow Holder shall promptly notify City and JAT in writing of the date of the Opening of Escrow. City and JAT agree to execute, deliver and be bound by any reasonable or customary supplemental escrow instructions or other instruments reasonably required by Escrow Holder to consummate the transaction contemplated by this Agreement; provided, however, that no such instruments shall be inconsistent or in conflict with, amend or supersede any portion of this Agreement. If there is any conflict or inconsistency between the terms of such instruments and the terms of this Agreement, then the terms of this Agreement shall control.

(b) Closing. For purposes of this Agreement, the "Closing" shall be the date that both the "City Deed" and the "JAT Deed" (as each are defined below) are recorded pursuant to applicable law in the County of Los Angeles. Unless changed in writing by City and JAT, and provided all of City's Contingencies and JAT's Contingencies have been satisfied or waived in writing by City and JAT, respectively, the Closing shall occur on the Closing Date, subject to Sections 6 and 7 of this Agreement, provided, however, that if either City or JAT is not prepared for the Closing, the Closing Date shall automatically be extended by three (3) business days. In no event shall the Closing occur later than the thirtieth (30th) day following approval or waiver of the last of the City's Conditions Precedent and JAT's Conditions Precedent, unless a later date is mutually approved. If the Closing has not occurred on or before June 30, 2011, the City shall have the right to terminate this Agreement immediately at any time.

8. City's Conditions Precedent and Termination Right.

(a) City's Conditions Precedent. The Closing and City's obligation to consummate the transaction contemplated by this Agreement are subject to the timely satisfaction or written waiver of the following conditions precedent (collectively, "City's Contingencies"), which are for City's benefit only.

(i) The City's Due Diligence Contingency has been satisfied or waived.

(ii) Title Policy. On or before the Closing, the Title Company shall, upon payment of the Title Company's regularly scheduled premium, have agreed to issue to City an ALTA extended coverage owner's policy of title insurance naming City as the insured or an additional insured (such policy or endorsement being referred to herein as the "City's Title Policy") in the amount of the Value of the JAT Property showing fee title to the JAT Property vested solely in the City and subject only to the (i) the standard, preprinted exceptions to City's Title Policy (but not including any arbitration, co-insurance, creditors' rights or regional exceptions); (ii) a lien (or liens) to secure payment of real estate taxes or assessments not yet due or payable; (iii) matters affecting

the JAT Property created by or approved by the City; and (iv) those matters (“JAT Title Matters”) specifically set forth on Exhibit G hereto.

(iii) No Changes. As of the Closing, the physical condition of the JAT Property shall be substantially the same as the condition existing as of the Execution Date.

(iv) Representations and Warranties. All representations and warranties of JAT contained in this Agreement shall be materially true and correct as of the date made and as of the Closing with the same effect as if those representations and warranties were made at and as of the Closing.

(v) No Default. As of the Closing JAT shall not be in Default.

(b) Termination Right. Should any of City’s Contingencies not be met, City may, by written notice to JAT, terminate this Agreement. In the event that this Agreement is so terminated, any escrow, title or other cancellation fees shall be shared equally by City and JAT unless JAT is in default hereunder, in which case JAT shall pay all such fees.

(c) Waiver. The City may waive any of the City’s Contingencies.

9. JAT’s Conditions Precedent and Termination Right.

(a) JAT’s Conditions Precedent. The Closing and JAT’s obligation to consummate the transaction contemplated by this Agreement are subject to the timely satisfaction or written waiver of the following conditions precedent (collectively, “JAT’s Contingencies”), which are for JAT’s benefit only.

(i) JAT’s Due Diligence Contingency has been satisfied or waived.

(ii) Title Policy. On or before the Closing, the Title Company shall, upon payment of the Title Company’s regularly scheduled premium, have agreed to issue to JAT, an ALTA extended coverage owner’s policy of title insurance in the amount of the Value of the City Property showing fee title to the City Property vested solely in JAT and subject only to the (i) the standard, preprinted exceptions to JAT’s Title Policy (but not including any arbitration, co-insurance, creditors’ rights or regional exceptions); (ii) a lien (or liens) to secure payment of real estate taxes or assessments not yet due or payable; (iii) matters affecting the City Property created by or approved by JAT; and (iv) those matters (“City Title Matters”) specifically set forth in Exhibit H hereto.

(iii) No Changes. As of the Closing, the physical condition of the City Property shall be substantially the same as the condition existing as of the Execution Date.

(iv) Representations and Warranties. All representations and warranties of City contained in this Agreement shall be materially true and correct as of the date made and as of the Closing with the same effect as if those representations and warranties were made at and as of the Closing.

(v) No Default. As of the Closing, City shall not be in Default.

(b) Termination Right. Should any of JAT’s Contingencies not be met, JAT may, by written notice to City, terminate this Agreement. In the event that this Agreement is so

terminated, any escrow, title or other cancellation fees shall be shared equally by City and JAT unless City is in default hereunder, in which case City shall pay all such fees.

(c) Waiver. JAT may waive any of the JAT's Contingencies.

10. City's Deliveries to Escrow Holder. Following Opening of Escrow, City shall deposit or cause to be deposited with Escrow Holder the following items, duly executed and, where appropriate, acknowledged ("City's Delivered Items"):

(a) Payments. The Cash Payment (which shall be deposited on or before the Closing).

(b) Deed. The Grant Deed in the form attached hereto as Exhibit C (the "City Deed").

(c) FIRPTA. The Transferor's Certification of Non-Foreign Status in the form attached hereto as Exhibit D (the "City FIRPTA Certificate").

(d) Authority. Such proof of City's authority and authorization to enter into this Agreement, and to consummate the transaction contemplated hereby as may be reasonably requested by JAT and/or the Title Company.

(e) Further Documents, Funds or Items. Any other documents, funds or items, including, but not limited to, funds sufficient to pay for "City's Costs" (as hereinafter defined), reasonably required to close the transaction contemplated by this Agreement.

11. JAT's Deliveries to Escrow Holder. Following Opening of Escrow, JAT shall deposit or cause to be deposited with Escrow Holder the following ("JAT's Delivered Items"):

(a) Deed. The Grant Deed in the form attached hereto as Exhibit E (the "JAT Deed").

(b) FIRPTA. The Transferor's Certification of Non-Foreign Status in the form attached hereto as Exhibit F (the "JAT FIRPTA Certificate").

(c) Authority. Such proof of JAT's authority and authorization to enter into this Agreement, on the part of each individual or entity comprising JAT, and to consummate the transaction contemplated hereby as may be reasonably requested by City and/or the Title Company.

(d) Further Documents, Funds or Items. Any other documents, funds or items, including, but not limited to, funds sufficient to pay for "JAT's Costs" (as hereinafter defined), reasonably required to close the transaction contemplated by this Agreement.

12. Costs and Expenses.

(a) City Costs. If the transaction contemplated by this Agreement is consummated, then the City shall bear the following costs and expenses: (i) all of the Escrow Holder's fee; (ii) the cost of City's Title Policy and JAT's Title Policy; (iii) all document recording fees; and (iv) documentary transfer taxes and fees with respect to the transfer of both the City Property and the JAT Property (collectively, "City's Costs").

(b) JAT Costs. If the transaction contemplated by this Agreement is consummated, then JAT shall bear none of the following costs and expenses: (i) the Escrow Holder's fee; (ii) the cost of City's Title Policy and JAT's Title Policy; (iii) all document recording fees; and (iv) documentary transfer taxes and fees with respect to the transfer of both the City Property and the JAT Property. Per Section 12(a) above, all such costs and expenses shall be borne by the City.

(c) Generally. If, through no fault of either City or JAT, the Closing fails to take place, City and JAT shall share equally all of Escrow Holder's fees and charges; however, if the Closing fails to occur as the result of the Default of either party, then such defaulting party shall bear all Escrow Holder's fees and expenses. Each party shall bear the costs of its own attorneys and consultants in connection with the negotiation and preparation of this Agreement and the consummation of the transaction contemplated hereby. All other costs and expenses (except as set forth in this Section 12) shall be allocated between City and JAT in accordance with the customary practice of the County of Los Angeles. The items provided in this Section are hereinafter referred to as "General Expenses".

13. Prorations. Property taxes and assessments will be prorated as of the Closing based on a 30 day month and 360 day year.

14. Closing Procedure. When the Title Company is ready to issue City's Title Policy and JAT's Title Policy and all required documents and funds have been deposited with Escrow Holder, Escrow Holder shall immediately close Escrow in the manner and order provided below.

(a) Recording. Escrow Holder shall cause the City Deed, the JAT Deed, the Development Agreement and any other documents that the parties hereto may mutually direct, to be recorded pursuant to applicable law in the County of Los Angeles and obtain conformed copies thereof for distribution to City and JAT.

(b) Disburse Funds. Escrow Holder shall debit or credit (as provided herein) all City's Costs, JAT's Costs and General Expenses, disburse the Cash Payment to JAT and disburse the remaining funds, if any, to the party entitled thereto.

(c) Documents to City. Escrow Holder shall deliver to City the original JAT FIRPTA Certificate executed by JAT, each document (or copies thereof) deposited into Escrow by JAT pursuant hereto and a conformed copy of the JAT Deed and Development Agreement.

(d) Documents to JAT: Escrow Holder shall deliver to JAT the original City FIRPTA Certificate executed by City, each document (or copies thereof) deposited into Escrow by City pursuant hereto and a conformed copy of the City Deed and Development Agreement.

(e) Title Policy. Escrow Holder shall cause the Title Company to issue City's Title Policy to JAT and City's Title Policy to JAT.

(f) Closing Statement. Escrow Holder shall forward to both City and JAT a separate accounting of all funds received and disbursed for each party.

(g) Informational Reports. Escrow Holder shall file any information reports required by Internal Revenue Code Section 6045(e), as amended.

15. Representations and Warranties; Use of Property.

(a) City's Representations and Warranties. In consideration of JAT entering into this Agreement and as an inducement to JAT to acquire the City Property, makes the following representations and warranties as of the Execution Date and at and as of the Closing, each of which is material and is being relied upon by JAT (and the truth and accuracy of which shall constitute a condition precedent to JAT's obligations hereunder).

(i) Power. City has the legal power, right and authority to enter into this Agreement and the instruments attached hereto and referenced herein, and to consummate the transaction contemplated hereby.

(ii) Requisite Action. All requisite action has been taken by City in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby. By the Closing no additional consent of any administrative body, governmental authority or other party shall be required for City to consummate the transaction contemplated by this Agreement.

(iii) Individual Authority. The individuals executing this Agreement and the instruments referenced herein on behalf of City have the legal power, right and actual authority to bind City to the terms and conditions hereof and thereof.

(iv) No Conflict. Neither the execution or delivery of this Agreement or the documents or instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement or the documents or instruments referenced herein or therein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, lease or other agreement or instrument to which any of the City is a party or that affect the City Property.

(v) No Bankruptcy. No bankruptcy or other insolvency proceeding has been filed or threatened by or against the City.

(vi) Property Documents. All of the copies of the City Property Documents delivered to JAT are true and complete copies of their respective originals.

(vii) Compliance with Laws and Codes. City has not received any written notice of any current alleged violations of any law, statute or regulation at or about the City Property.

(viii) Condemnation. There is no pending or, to City's actual knowledge, threatened condemnation, eminent domain or similar proceeding affecting the City Property or any portion thereof.

(ix) Environmental. To City's actual knowledge, there are no toxic or otherwise hazardous substances or materials located on or under the City Property and City has received no notice of any Hazardous Materials located on or under the City Property.

(x) No Defaults. To City's knowledge, there are no defaults under any of the City Property Documents or the City Title Matters, nor has any event occurred that with notice or the passage of time, or both, would constitute a default thereunder.

(xi) Other Agreements. To City's knowledge, after reasonable investigation and inquiry there are no contracts, instruments, insurance policies and other agreements affecting or relating to the City Property.

(xii) No Liens or Prior Transfers. City has not previously assigned, transferred, conveyed or encumbered (or entered into any agreement to do any of the foregoing) any or all of its right, title or interest in or to the City Property.

(xiii) No Commitments. City has not become obligated to any third party with respect to the City Property.

(xiv) No Tax or Economic Advice. City has not received or relied on any tax or economic advice from JAT or JAT's legal counsel with respect to the transaction contemplated by or consummated prior to or in connection with, this Agreement or to the economic advisability or feasibility of such transactions or the project to be developed on the JAT Property.

(xv) No Legal Advice. City has not received or relied on any legal or other advice from JAT or JAT's legal counsel in connection with the transaction contemplated by or consummated prior to or in connection with, this Agreement.

(b) City's Indemnity for Misrepresentations. City shall indemnify, defend (with counsel reasonably acceptable to JAT) and hold harmless JAT and JAT's partners, members, shareholders, officers, directors, managers, employees, contractors, agents, successors and assigns from and against any and all losses, claims, liabilities, damages, costs and expenses, including, but not limited to, attorneys' fees and court costs, resulting from any representation or warranty made by City in this Agreement being incorrect. The foregoing indemnity shall survive the Closing and the acceptance of the JAT Deed, shall not be limited by any provision of this Agreement, and shall be in addition to any other right or remedy JAT may have at law or in equity or pursuant to this Agreement.

(c) JAT's Representations and Warranties. In consideration of City entering into this Agreement and as an inducement to City to acquire the JAT Property, JAT makes the following representations and warranties as of the Execution Date and at and as of the Closing, each of which is material and is being relied upon by City (and the truth and accuracy of which shall constitute a condition precedent to City's obligations hereunder).

(i) Power. JAT has the legal power, right and authority to enter into this Agreement and the instruments attached hereto and referenced herein, and to consummate the transaction contemplated hereby.

(ii) Requisite Action. All requisite action has been taken by JAT in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby. By the Closing no additional consent of any individual, director, shareholder, partner, member, manager, trustee, trustor, beneficiary, creditor, investor, judicial or

administrative body, governmental authority or other party shall be required for JAT to consummate the transaction contemplated by this Agreement.

(iii) Individual Authority. The individuals executing this Agreement and the instruments referenced herein on behalf of JAT have the legal power, right and actual authority to bind JAT to the terms and conditions hereof and thereof.

(iv) No Conflict. Neither the execution or delivery of this Agreement or the documents or instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement or the documents or instruments referenced herein or therein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, lease or other agreement or instrument to which JAT is a party.

(v) No Bankruptcy. No bankruptcy or other insolvency proceeding has been filed or threatened by or against JAT.

(vi) Property Documents. All of the copies of the documents delivered to City are true and complete copies of their respective originals.

(vii) Compliance With Laws and Codes. JAT has received no written notice of any current alleged violations of any law, statute or regulation on or about the JAT Property.

(viii) Condemnation. Excepting recent exploratory action of the City with respect to a possible condemnation of the JAT Property, JAT has received no written notice of any pending or threatened condemnation, eminent domain or similar proceeding affecting the JAT Property or any portion thereof.

(ix) Environmental. To JAT's actual knowledge, there are no toxic or otherwise hazardous substances or materials located on or under the JAT Property and JAT has received no written notice of any toxic or otherwise hazardous substances or materials located on or under the JAT Property.

(x) No Defaults. JAT has received no written notice of default under any of the JAT Property Documents or JAT Title Matters, nor has JAT received written notice of any event that with notice or the passage of time, or both, would constitute a default thereunder.

(xi) Other Agreements. To JAT's knowledge, after reasonable investigation and inquiry there are no contracts, instruments, insurance policies and other agreements affecting or relating to the JAT Property.

(xii) No Liens or Prior Transfers. JAT has not previously assigned, transferred, conveyed or encumbered (or entered into any agreement to do any of the foregoing) any or all of its right, title or interest in or to the JAT Property.

(xiii) No Commitments. JAT has not become obligated to any third party with respect to the Property.

(xiv) No Tax or Economic Advice. JAT has not received or relied on any tax or economic advice from City or City's legal counsel with respect to the transaction contemplated by or consummated prior to or in connection with, this Agreement or to the economic advisability or feasibility of such transactions or the project to be developed on the City Property.

(xv) No Legal Advice. JAT has not received or relied on any legal or other advice from City or City's legal counsel in connection with the transaction contemplated by or consummated prior to or in connection with, this Agreement.

(d) JAT's Indemnity for Misrepresentations. JAT shall indemnify, defend (with counsel reasonably acceptable to City) and hold harmless City and City's officers, elected officials, employees, contractors, agents, successors and assigns from and against any and all losses, claims, liabilities, damages, costs and expenses, including, but not limited to, attorneys' fees and court costs, resulting from any representation or warranty made by JAT in this Agreement being incorrect. The foregoing indemnity shall survive the Closing and the acceptance of the Deed, shall not be limited by any provision of this Agreement, and shall be in addition to any other right or remedy City may have at law or in equity or pursuant to this Agreement.

16. Events of Default and Rights of Termination and Other Remedies.

(a) Defaults – General.

(i) Subject to the extensions of time set forth in Section 19, failure or delay by either party to perform any term or provision of this Agreement constitutes a "Default" under this Agreement ten days following receipt of written Notice (as defined below) ("Notice"); provided, however, that if the nature of the default is such that more than ten (10) days is reasonably required for its cure, then the defaulting party shall not be deemed to be in Default if it has commenced a cure within the 10-day period and thereafter diligently prosecutes such cure to completion within twenty (20) days after receipt of Notice.

(ii) The nondefaulting party shall give written Notice of default to the party in default, specifying the default complained of by the injured party. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(b) 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 specific performance or any other remedy consistent with the purpose of this Agreement, except that there shall be no right to terminate this Agreement except as set forth in Sections (c), (d) and (e) of this Section 16. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court in that County, or in the Federal District Court in the Central District of California.

(c) Right of Termination by City Prior to Conveyance. In addition to any other remedies at law or equity available to City, prior to the conveyance of title to the City Property by City to JAT, City, at its option, may terminate this Agreement if, (1) any of the events described in (a), (b) or (c) below occurs, (2) any pertinent cure period applicable thereto has expired and such default remains uncured, and (3) City delivers a written termination notice to JAT.

(i) JAT fails, after written notice from City of default and the expiration of any period to cure such default, to perform a material obligation hereunder, which failure constitutes an event of Default under this Agreement; or

(ii) Any condition precedent to City's obligation to convey the City Property has not been satisfied as and at the times provided in this Agreement.

(iii) Upon such termination by City, in accordance with this Section, any remaining rights of JAT regarding the City Property or arising from this Agreement shall be deemed terminated. Upon such termination, except in the event of a Default, neither JAT nor City shall have any further rights against or liability to the other under this Agreement regarding the City Property or the individual parcels comprising the same.

Upon such termination of this Agreement by City, all monies or documents deposited by JAT into a Escrow for the City Property shall be returned to JAT. JAT shall pay all attendant escrow cancellation costs.

(d) Right of Termination by JAT Prior to Conveyance. In addition to any other remedies at law or equity available to JAT prior to the conveyance of title to the JAT Property, JAT at its option may terminate this Agreement if (1) any of the events described in (a), (b) or (c) below occurs, (2) any pertinent cure period applicable thereto has expired and such Default remains uncured and (3) JAT delivers a written termination notice to City:

(i) City does not tender conveyance of title to the City Property in the manner and condition, and by the date provided in this Agreement, and any such failure shall not be cured within ten (10) days after the date of written demand by JAT, or

(ii) City fails to perform a material obligation hereunder, which failure constitutes an event of Default under this Agreement; or

(iii) Any condition precedent to JAT's obligation to purchase the City Property has not been satisfied as and at the times provided in this Agreement.

Upon such termination, except in the event of a Default, neither City nor JAT shall have any further rights against or liability to the other related to or arising under this Agreement and any remaining rights of City arising from this Agreement shall be deemed terminated.

Upon such termination of this Agreement by JAT, all monies or documents deposited by any party into the unclosed escrow shall be returned to the party making such deposit. City shall pay all escrow cancellation costs.

17. Acquisition of Property for Public Purposes; Sale under Threat of Condemnation. City is acquiring the JAT Property from JAT for public purposes and its acquisition of the JAT Property is in contemplation of the use of the JAT Property for construction of flood control and/or drainage improvements, and that this negotiated acquisition arose during City's investigations of the possibility of acquisition of such Property for those purposes. JAT has only agreed to enter into this Agreement with City under the threat of City's exercise of its power of eminent domain. In the event this negotiated sale did not occur, City informs JAT that subject to and pending its completion of the necessary statutory procedures set forth in Government Code Section 7267 *et seq.*, and Code of Civil

Procedure Section 1230.010, *et seq.*, the City's staff would have taken the steps thereunder to seek authorization from City's governing board, and staff was prepared to recommend to City's governing board initiation of the steps, to acquire the JAT Property for public purposes pursuant to Government Code Section 7267 *et seq.*, and Code of Civil Procedure Section 1230.010, *et seq.*, including providing notice to JAT of its opportunity to be heard and to agendaize, consider, and take action on a resolution of necessity under Code of Civil Procedure Section 1245.230 *et seq.*, and that this negotiated acquisition was made in compliance with the statutory procedures of Government Code Section 7267, *et seq.* Nothing herein is intended to be, or serve as, any tax advice from City to JAT, and JAT is not in any way construing or relying on any communications or advice by City, or City's representations herein, in any way as any type of tax advice or opinion.

(a) JAT's Release and Waiver of Eminent Domain Rights. JAT voluntarily, willingly, and intentionally has caused to be prepared and JAT will execute and provide to City a separate written agreement under which JAT waives, releases and forever relinquishes any and all rights conferred on JAT by the provisions of Code of Civil Procedure Section 1230.010, *et seq.* with regard to the JAT Property. JAT thereby and hereby expressly acknowledges that JAT has been advised of its rights regarding notice, resale, leaseback and other rights provided under Code of Civil Procedure Sections 1245.245, 1263.510 and 1263.615 and expressly, intentionally, knowingly, and with advice of its legal counsel waives, releases and forever relinquishes its rights thereunder, as set forth more fully in that certain "Release and Waiver of Rights under Eminent Domain Law," in substantially the form attached hereto as Exhibit K and incorporated herein, the execution of which agreement shall be and is hereby deemed to be one of City's Conditions Precedent to Closing of Section 8.

18. Relocation Waiver. JAT acknowledges that JAT has received and reviewed a copy of the CRAL (as defined in this Section 18) and has been provided an opportunity to review all provisions of the Relocation Law. As used in this Agreement, the term "Relocation Law" means the California Relocation Assistance Law, Health and Safety Code Section 7260, *et seq.* ("CRAL"), and the implementing regulations promulgated by the California Department of Housing and Community Development ("HCD") set forth in California Code of Regulations, Title 25, Housing and Community Development, Division 1, Chapter 6, Section 6000, *et seq.* ("Guidelines"), and federal relocation laws and regulations set forth in the Federal Uniform Relocation and Real Property Assistance Act, 42 U.S.C. Section 4601, *et seq.* ("URA"), the implementing regulations thereto in the Code of Federal Regulations, 49 CFR Part 24, and all applicable, if any, federal funding programs in 24 CFR Parts 42, 91, 92, and 570, including for example, the CDBG Program and the HOME Program, and in other federal relocation codes and regulations.

(a) Possession/Vacation of the JAT Property. JAT represents, warrants, and agrees that they have not entered into any other lease, assignment or any other agreement allowing any third party to occupy all or any part of the JAT Property. JAT represents, warrants, and agrees that as of the date of this Agreement, other than JAT, no other person or entity has any legal right to possess or occupy the JAT Property.

(b) Full and Complete Waiver and Release of Rights under Relocation Laws. JAT hereby fully, intentionally, knowingly and voluntarily waives, releases and discharges City and its appointed and elected officials, officers, directors, employees, contractors, and agents (together "Indemnitees") from all and any manner of rights, demands, liabilities, obligations, claims, or cause of actions, in law or equity, of whatever kind or nature, whether known or unknown, whether now existing or hereinafter arising, which arise from or relate in any manner to (i) the conveyance of the

JAT Property or the relocation of JAT or any person or persons, business or businesses, or other occupant or occupants located on the JAT Property, including the specific waiver and release of any right to any relocation benefits, assistance and/or payments under the Relocation Law notwithstanding that such relocation assistance, benefits and/or payments may be otherwise required under such state or federal law; and (ii) compensation for any interest in the business operations at, on, or about the JAT Property including, but not limited to, land and improvements, fixtures, furniture, or equipment thereon, leasehold interest, goodwill, severance damage, attorneys' fees or any other compensation of any nature whatsoever. It is hereby intended that the release contained above relates to both known and unknown claims that JAT and any person or entity claiming by or through JAT may have, or claim to have, against any of the Indemnitees with respect to the subject matter contained herein or the events relating thereto. By releasing and forever discharging claims both known and unknown which are related to or which arise under or in connection with, the items set out above, JAT expressly waives any rights under California Civil Code Section 1542, which provides:

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

JAT's Initials

19. Enforced Delay; Extension of Times of Performance. In addition to specific provisions of the Agreement, performance by any party hereunder shall not be deemed to be in default, where delays or defaults are due to acts of God, or the elements, accident, casualty, unavailability or delays in delivery of any product, labor, fuel, service or materials, failure or breakdown of equipment, strikes, lockouts, or other labor disturbances, acts of the public enemy, orders or inaction of any kind from the government of the United States, the State of California, or any other governmental, military or civil authority (other than City, to the extent that such orders or inaction affect City's obligations, performance or rights under this Agreement), war, insurrections, riots, epidemics, landslides, lightning, droughts, floods, fires, earthquakes, arrests, civil disturbances, explosions, freight embargoes, lack of transportation, Breakage or accidents to vehicles, or any other inability of any party hereto, whether similar or dissimilar to those enumerated or otherwise, which are not within the control of the party claiming such inability or disability, which such party could not have avoided by exercising due diligence and care and regarding which such party shall use all reasonable efforts that are practically available to it in order to correct such condition.

However, no party hereto shall be entitled to any extension of time pursuant to this Section due to any event or condition caused by a party's inherent financial condition or financial inability to pay its monetary obligations when due.

Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of time reasonable in light of the enforced delay. The extension of time shall commence to run from the time of the commencement of the cause, so long as the party

claiming the extension has notified the other party in writing of the nature of the matter constituting the enforced delay within ten (10) days after the occurrence of the enforced delay.

20. General Provisions.

(a) Entire Agreement. THE PARTIES HERETO EXPRESSLY AGREE AND CONFIRM THAT THIS AGREEMENT IS EXECUTED WITHOUT RELIANCE ON ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR PROMISES OF ANY KIND WHICH ARE NOT EXPRESSLY CONTAINED IN THIS AGREEMENT. THIS AGREEMENT SUPERSEDES ANY PRIOR AGREEMENTS, NEGOTIATIONS AND COMMUNICATIONS, ORAL OR WRITTEN, AND CONTAINS THE ENTIRE AGREEMENT BETWEEN, AND THE FINAL EXPRESSION OF, CITY AND JAT WITH RESPECT TO THE SUBJECT MATTER HEREOF. NO SUBSEQUENT AGREEMENT, REPRESENTATION OR PROMISE MADE BY EITHER PARTY HERETO, OR BY OR TO AN EMPLOYEE, OFFICER, AGENT OR REPRESENTATIVE OF EITHER PARTY HERETO SHALL BE OF ANY EFFECT UNLESS IT IS IN WRITING AND EXECUTED BY THE PARTY TO BE BOUND THEREBY.

(b) Damage to City Property. If, prior to the Closing, all or any portion of the City Property is damaged by any earthquake, flood, severe precipitation or other casualty (collectively, for purposes of this Section 20(b) only, "Damage") which materially adversely affects the development of the City Property, then the following procedures shall apply:

(i) Less than \$50,000. If the estimated aggregate cost of repair and/or replacement of the Damage is Fifty Thousand and No/100 Dollars (\$50,000.00) or less, JAT shall: (A) proceed with the Closing and take the City Property subject to such Damage; and (B) be entitled to receive any insurance proceeds for such Damage.

(ii) Greater than \$50,000. If the estimated aggregate cost of repair and/or replacement is greater than Fifty Thousand and No/100 Dollars (\$50,000.00) as reasonably determined by JAT, JAT may elect to either: (A) terminate this Agreement by written notice to City, and neither party shall have any further liability to the other hereunder, except as otherwise provided herein; or (B) proceed with the Closing and take the City Property subject to such Damage by giving written notice to City within thirty (30) days after the date of such Damage, in which case JAT shall be entitled to receive any insurance proceeds for such Damage.

(c) Damage to JAT Property. If, prior to Closing, all or any portion of the JAT Property is damaged by earthquake, food, severe precipitation or other casualty (collectively, for purposes of this Section 20(c) only, "Damage") that materially adversely affects the developability of the JAT Property, then the following procedures shall apply:

(i) Less than \$50,000. If the estimated aggregate cost of repair and/or replacement of the Damage is Fifty Thousand and No/100 Dollars (\$50,000.00) or less, City shall: (A) proceed with the Closing and take the JAT Property subject to such Damage; and (B) be entitled to receive any insurance proceeds for such Damage.

(ii) Greater than \$50,000. If the estimated aggregate cost of repair and/or replacement is greater than Fifty Thousand and No/100 Dollars (\$50,000.00) as reasonably determined by City, City may elect to either: (A) terminate this Agreement by written notice to JAT, and neither party shall have any further liability to the other hereunder, except as otherwise provided

herein; or (B) proceed with the Closing and take the JAT Property subject to such Damage by giving written notice to JAT within thirty (30) days after the date of such Damage, in which case City shall be entitled to receive any insurance proceeds for such Damage.

(d) Condemnation. If any portion of the City Property shall be taken or appropriated by a public or quasi public authority exercising the power of eminent domain, JAT shall have the right, at its option, to (i) terminate this Agreement, or (ii) proceed with the acquisition of the City Property and receive all of the award or payment made in connection with such taking. If any portion of the JAT Property shall be taken or appropriated by a public or quasi public authority exercising the power of eminent domain, City shall have the right, at its option, to (i) terminate this Agreement, or (ii) proceed with the acquisition of the JAT Property and receive all of the award or payment made in connection with such taking.

(e) Notices. All notices, demands, requests or other communications required or permitted hereunder (collectively, "Notices") shall be in writing, shall be addressed to the receiving party as provided in the Defined Terms section above, and shall be personally delivered, sent by overnight mail (Federal Express or another carrier that provides receipts for all deliveries), sent by certified mail, postage prepaid, return receipt requested, or sent by facsimile transmission (provided that a successful transmission report is received). All Notices shall be effective upon receipt at the appropriate address. 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 in accordance with this Section was given shall be deemed to constitute receipt of such Notice. The providing of copies of Notices to the parties' respective counsels is for information only, is not required for valid Notice and does not alone constitute Notice hereunder.

(f) Brokers. Each party hereto hereby represents and warrants to the other that it has dealt with no broker or finder in connection with this transaction. Each party hereto agrees to indemnify, defend and hold harmless the other party from and against any and all losses, liens, claims, judgments, liabilities, costs, expenses or damages (including reasonable attorneys' fees and court costs) of any kind or character arising out of or resulting from any agreement, arrangement or understanding alleged to have been made by such party or on its behalf with any broker or finder in connection with this Agreement or the transaction contemplated hereby. The foregoing indemnity shall survive the Closing or the termination of this Agreement and shall not be limited by any provision of this Agreement.

(g) Assignment. Either party may assign, transfer or convey its rights under this Agreement without the consent of the other party.

(h) Survival. All covenants, representations, warranties, releases, waivers and indemnities set forth in this Agreement shall survive the acceptance and recording of the City Deed and the JAT Deed and the Closing or the earlier termination of this Agreement.

(i) Cooperation. City and JAT agree to execute such instruments and documents and to diligently undertake such actions as may be required in order to consummate the exchange herein contemplated and shall use all reasonable efforts to accomplish the Closing in accordance with the provisions hereof.

(j) Computation of Time Periods. If the Closing or any other date or time period provided for in this Agreement is or ends on a Saturday, Sunday, or federal, state or legal holiday, then such date shall automatically be extended until 5:00 p.m., Pacific Time on the next day that is not a Saturday, Sunday, or federal, state or legal holiday.

(k) Counterparts; Facsimile Signatures. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute but one and the same instrument. A facsimile signature shall be deemed an original signature

(i) JAT acknowledges that although JAT may provide its signature in advance of City Council approval of this document, the approval of the City Council must be obtained prior to City's execution of this Agreement.

(l) Captions. Any captions to, or headings of, the sections or subsections of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

(m) No Obligations to Third Parties. Except as otherwise expressly provided herein, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties to this Agreement to, any person or entity other than the parties hereto.

(n) Exhibits and Schedules. The exhibits and schedules attached hereto are incorporated herein by this reference for all purposes.

(o) Amendment to this Agreement. The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

(p) Waiver. The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

(q) Applicable Law. This Agreement shall be governed by and construed in accordance with the local law of the State of California.

(r) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the parties hereto.

(s) Construction. The parties hereto hereby acknowledge and agree that (i) each party hereto is of equal bargaining strength; (ii) each party has actively participated in the drafting, preparation and negotiation of this Agreement; (iii) this Agreement has been heavily negotiated and represents an arm's length transaction and the culmination of several months of drafting and negotiation; (iv) each party has consulted with such party's own independent counsel and such other professional advisors as such party has deemed appropriate, relating to any and all matters contemplated under this Agreement; (v) each party and such party's counsel and advisors have reviewed this Agreement; (vi) each party has agreed to enter into this Agreement following such review and the rendering of such advice; and (vii) any rule of construction to the effect that

ambiguities are to be resolved against the drafting parties shall not apply in the interpretation of this Agreement, or any portions hereof, or any amendments hereto.

(t) No Cure Periods/Time is of the Essence. Time is of the essence in this Agreement. There shall be no cure periods for the performance of any obligations of either party set forth in this Agreement. If any party fails to perform an obligation set forth in this Agreement on the date such obligation is required to be performed, then such failure shall constitute an immediate default, without opportunity to cure. No date or other time period set forth in this Agreement shall be extended for any reason, including, but not limited to, force majeure.

[SIGNATURES ON THE FOLLOWING PAGE]

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

JAT AND ASSOCIATES, LLC, a California limited liability company

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

CITY OF LANCASTER, a California municipal corporation

Dated: _____, 2011

By: _____
Name: _____
Title: _____

ATTEST:

City Clerk

Acceptance by Escrow Holder:

Fidelity National Title & Escrow, a California corporation, hereby acknowledges that it has received a fully executed copy of the foregoing Exchange Agreement and Joint Escrow Instructions by and between JAT and Associates, LLC, a California limited liability company, and the City of Lancaster, a California municipal corporation, and agrees to act as Escrow Holder thereunder and to be bound by and strictly perform the terms thereof as such terms apply to Escrow Holder.

Dated: _____, 2011

Fidelity National Title & Escrow

By: _____

Name: _____

Its: _____

EXHIBIT A

Legal Description of City Property

THE NORTHERLY 330 FEET OF THE WESTERLY 396 FEET OF THE NORTH 1/2 OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 23, TOWNSHIP 7 NORTH, RANGE 12 WEST, SBM. IN THE CITY OF LANCASTER, ACCORDING TO THE OFFICIAL PLAT THEREOF. THE SOUTHERN LINE OF SAID NORTHERLY 330 FEET BEING PARALLEL WITH THE NORTH LINE OF SAID NORTH 1/2 AND THE EASTERLY LINE OF SAID WESTERLY 396 FEET BEING PARALLEL WITH THE WEST LINE OF OF SAID NORTH 1/2.

BEING 3 ACRES.

SUBJECT TO STREET EASEMENTS.

APN: 3140-017-005

EXHIBIT B

Legal Description of JAT Property

THE SOUTH ½ OF THE EAST ½ OF THE EAST ½ OF THE SOUTHEAST ¼ OF THE SOUTHEAST ¼ OF SECTION 12, TOWNSHIP 7 NORTH, RANGE 12 WEST, SAN BERNARDINO MERIDIAN IN THE CITY OF LANCASTER, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND.

EXCEPT THE INTEREST IN THE SOUTH 30 FEET OF SAID LAND WHICH WAS CONVEYED TO THE COUNTY OF LOS ANGELES FOR PUBLIC ROAD AND HIGHWAY PURPOSES BY DEED RECORDED IN BOOK 6383 PAGE 266 AND IN BOOK 6570 PAGE 250, BOTH OF DEEDS, RECORDS OF SAID COUNTY.

APN: 3176-021-069

EXHIBIT C

City Deed

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
JAT and Associates, LLC)
225 Sparkleberry Ave)
Orange, California 92865)
Attention: Sumikie Ngariyan)

This document is exempt from payment of a recording fee pursuant to Government Code Sections 6103 and 27383.

Exempt from payment of Documentary Transfer Tax pursuant to Revenue and Taxation Code Section 11922

GRANT DEED

FOR VALUE RECEIVED, the **CITY OF LANCASTER**, a municipal corporation, hereby grants to **JAT AND ASSOCIATES, LLC**, a California limited liability company, all that certain real property located in the City of Lancaster, County of Los Angeles, State of California, more particularly described in Attachment No. 1, attached hereto and incorporated herein.

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.

[Grant Deed continues on following page.]

IN WITNESS WHEREOF, grantor has executed this Grant Deed as of _____, 20__.

CITY OF LANCASTER, a municipal corporation

By: _____

Its: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

ATTACHMENT NO. 1

PROPERTY DESCRIPTION

That real property located in the State of California, Los Angeles, City of Lancaster, and described as follows:

THE NORTHERLY 330 FEET OF THE WESTERLY 396 FEET OF THE NORTH 1/2 OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 23, TOWNSHIP 7 NORTH, RANGE 12 WEST, SBM. IN THE CITY OF LANCASTER, ACCORDING TO THE OFFICIAL PLAT THEREOF. THE SOUTHERN LINE OF SAID NORTHERLY 330 FEET BEING PARALLEL WITH THE NORTH LINE OF SAID NORTH 1/2 AND THE EASTERLY LINE OF SAID WESTERLY 396 FEET BEING PARALLEL WITH THE WEST LINE OF OF SAID NORTH 1/2.

BEING 3 ACRES.

SUBJECT TO STREET EASEMENTS.

APN: 3140-017-005

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of 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

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
- Corporate Officer

Title(s)

Title Or Type Of Document

- Partner(s) Limited
- General
- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: _____

Number Of Pages

Signer is representing:
Name Of Person(s) Or Entity(ies)

Date Of Documents

Signer(s) Other Than Named Above

EXHIBIT D

City FIRPTA Certificate

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform JAT AND ASSOCIATES, LLC., a California limited liability company (“**Transferee**”), the transferee of the real property described on **Schedule 1** (the “**Property**”) attached hereto and incorporated herein by this reference, that withholding of tax is not required upon the disposition of the Property by THE CITY OF LANCASTER, a California municipal corporation (collectively, “**Transferor**”), the undersigned hereby declares the following on behalf of Transferor:

1. Transferor is not a foreign person, foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations).

2. Transferor is not a disregarded entity as defined in Section 1.1445-2(b)(2)(iii) of the Income Tax Regulations.

3. Transferor’s U.S. employer identification number is 95-3213004.

4. Transferor’s office address is:

City of Lancaster
44933 N. Fern Avenue
Lancaster, CA 93534

5. Transferor understands that this certification may be disclosed to the Internal Revenue Service by Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury, the undersigned declares that he/she has the authority to execute this certification on behalf of Transferor and further declares that he/she has examined this certification, and to the best of his/her knowledge and belief, this certification is true, correct and complete.

Executed this ____ day of _____, 2011.

TRANSFEROR:

CITY OF LANCASTER,
a California municipal corporation

By: _____
Name: _____
Title: _____

EXHIBIT E

JAT Deed

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
City of Lancaster)
44933 N. Fern Avenue)
Lancaster, CA 93534)
Attention: City Manager)

This document is exempt from payment of a recording fee pursuant to Government Code Sections 6103 and 27383.

Exempt from payment of Documentary Transfer Tax pursuant to Revenue and Taxation Code Section 11922

GRANT DEED

FOR VALUE RECEIVED, JAT AND ASSOCIATES, LLC, a California limited liability company, hereby grants to the **CITY OF LANCASTER**, a municipal corporation, all that certain real property located in the City of Lancaster, County of Los Angeles, State of California, more particularly described in Attachment No. 1, attached hereto and incorporated herein.

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.

[Grant Deed continues on following page.]

IN WITNESS WHEREOF, grantor has executed this Grant Deed as of _____, 20__.

JAT AND ASSOCIATES, LLC, a municipal corporation

By: _____

Its: _____

ATTEST:

APPROVED AS TO FORM:

Counsel

ATTACHMENT NO. 1

PROPERTY DESCRIPTION

That real property located in the State of California, Los Angeles, City of Lancaster, and described as follows:

THE SOUTH ½ OF THE EAST ½ OF THE EAST ½ OF THE SOUTHEAST ¼ OF THE SOUTHEAST ¼ OF SECTION 12, TOWNSHIP 7 NORTH, RANGE 12 WEST, SAN BERNARDINO MERIDIAN IN THE CITY OF LANCASTER, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND.

EXCEPT THE INTEREST IN THE SOUTH 30 FEET OF SAID LAND WHICH WAS CONVEYED TO THE COUNTY OF LOS ANGELES FOR PUBLIC ROAD AND HIGHWAY PURPOSES BY DEED RECORDED IN BOOK 6383 PAGE 266 AND IN BOOK 6570 PAGE 250, BOTH OF DEEDS, RECORDS OF SAID COUNTY.

APN: 3176-021-069

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of 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

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- Individual
 Corporate Officer

Title(s)

- Partner(s) Limited
 General
 Attorney-In-Fact
 Trustee(s)
 Guardian/Conservator
 Other: _____

Signer is representing:
Name Of Person(s) Or Entity(ies)

DESCRIPTION OF ATTACHED DOCUMENT

Title Or Type Of Document

Number Of Pages

Date Of Documents

Signer(s) Other Than Named Above

EXHIBIT F

JAT FIRPTA Certificate

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform CITY OF LANCASTER, LLC., a California municipal corporation (“**Transferee**”), the transferee of the real property described on **Schedule 1** (the “**Property**”) attached hereto and incorporated herein by this reference, that withholding of tax is not required upon the disposition of the Property by JAT AND ASSOCIATES, LLC, a California limited liability company (collectively, “**Transferor**”), the undersigned hereby declares the following on behalf of Transferor:

1. Transferor is not a foreign person, foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations).
2. Transferor is not a disregarded entity as defined in Section 1.1445-2(b)(2)(iii) of the Income Tax Regulations.
3. Transferor’s U.S. taxpayer identification number is _____.
4. Transferor’s office address is:

JAT and Associates, LLC
225 Sparkleberry Ave
Orange, California 92865

5. Transferor understands that this certification may be disclosed to the Internal Revenue Service by Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury, the undersigned declares that he/she has the authority to execute this certification on behalf of Transferor and further declares that he/she has examined this certification, and to the best of his/her knowledge and belief, this certification is true, correct and complete.

Executed this ____ day of _____, 2011.

TRANSFEROR:

JAT AND ASSOCIATES, LLC,
a California limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT G

**Specifically Approved Exceptions to Title
of the JAT Property**

[To come: following review of preliminary title reports]

EXHIBIT H

Specifically Approved Exceptions to Title of the City Property

[To come: following review of preliminary title report]

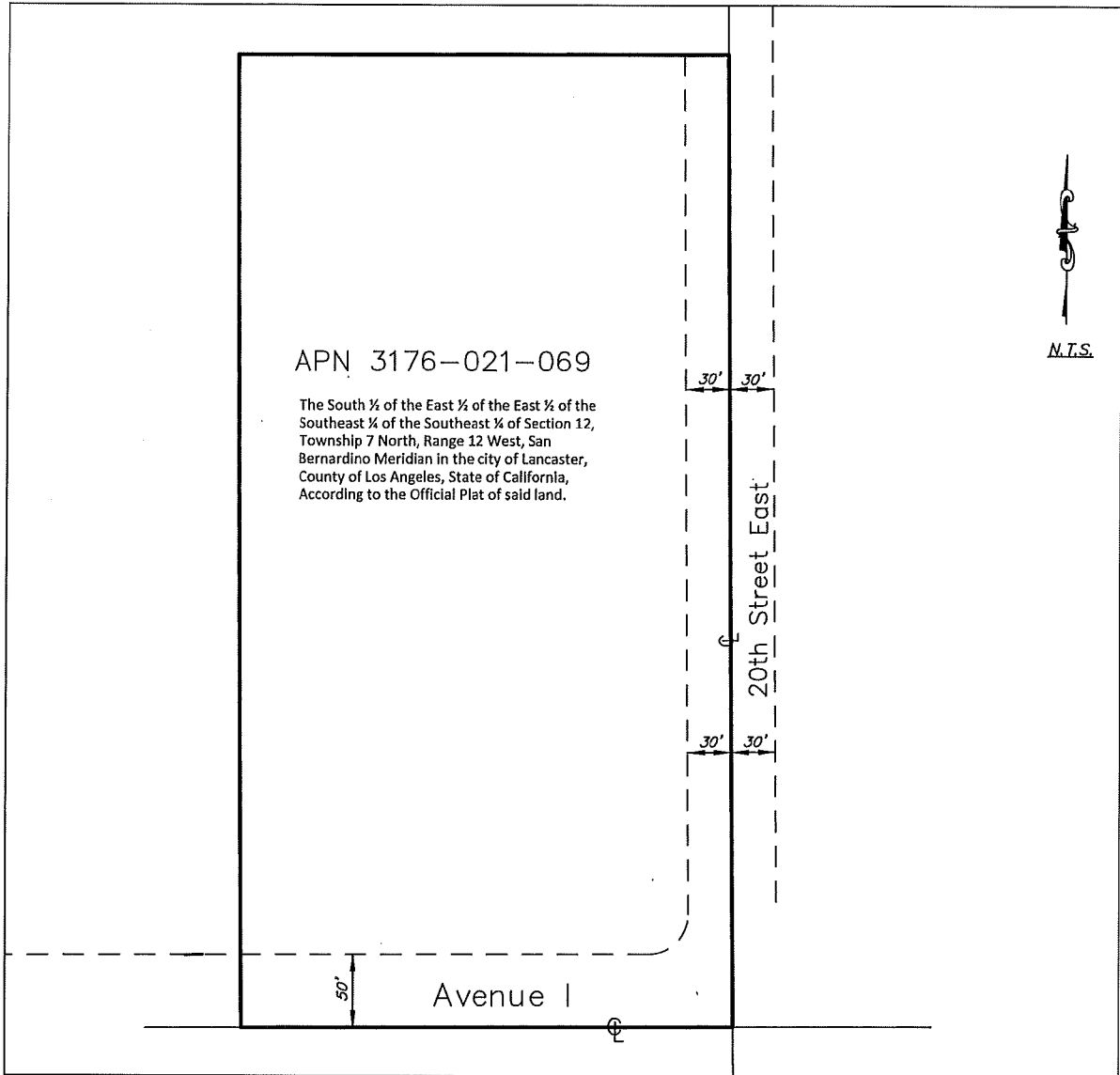
EXHIBIT I

City Property Site Map



EXHIBIT J

JAT Property Site Map




	<p>CITY OF LANCASTER</p>	<p>TITLE: Parcel Exhibit APN 3176-021-069</p>
	<p>CITY OF LANCASTER 44933 N. FERN AVENUE LANCASTER, CA 93534</p>	<p>EXHIBIT "J"</p>

EXHIBIT K

RELEASE AND WAIVER OF RIGHTS UNDER EMINENT DOMAIN LAW

This **RELEASE AND WAIVER OF RIGHTS UNDER EMINENT DOMAIN LAW** is made and entered into this ____ day of _____, 2011 by and between the **CITY OF LANCASTER**, a California municipal corporation ("City"), and **JAT AND ASSOCIATES, LLC**, a California limited liability company ("JAT") relating to that certain real property and all interests therein located in the City of Lancaster, County of Los Angeles, State of California as described on Attachment 1 attached hereto; APN: 3176-021-069 ("Property"). For good, valuable and adequate consideration JAT provides the following release and waiver of eminent domain rights to City.

1. **JAT.** JAT and Associates, LLC is the fee owner of the Property.
2. **Intended General Waiver of Eminent Domain Law and Other Laws.** Based on advice of their counsel and based on JAT's independent decision and judgment, JAT expressly, knowingly, voluntarily, and intentionally waives, releases and forever relinquishes their rights under the Eminent Domain Law including, but not limited to, each and all of the rights and provisions described herein and any and all other rights available to JAT pursuant to or referenced now or hereafter in Code of Civil Procedure Section 1230.010, *et seq.*, and any and all other applicable laws and regulations related in any manner to the method, process, and proceedings to acquire JAT's interests, tangible and intangible, in the Property through the negotiated transfer of the Property between the parties and/or under the threat of, eminent domain by City (together "Eminent Domain Law"). In this regard JAT and City have by separate contract entered into that certain Exchange Agreement and Joint Escrow Instructions made and entered into as of _____, 2011 by and between the City and JAT ("Exchange Agreement").
3. **Intended Waiver of Specific Provisions of Eminent Domain Law.** JAT has retained its own legal counsel for the sale and conveyance of the Property and based upon legal advice obtained by JAT and JAT's independent decision and judgment willingly, knowingly, and voluntarily, and intentionally waives, releases and forever relinquishes any and all rights they may have or will have in the future as conferred on JAT by the provisions of the Eminent Domain Law with regard to any and all interests, both tangible and intangible, arising from or related in any way to the Property. In this regard and in furtherance of the intended release and waiver by JAT herein, JAT expressly acknowledges that JAT has been advised by counsel of their choosing and JAT fully understands all of their rights regarding notice, resale, leaseback and other rights provided under Code of Civil Procedure sections 1245.245, 1263.510 and 1263.615 including, but not limited to the following:
 - (a) The limitations on the use of the Property set forth in Code of Civil Procedure section 1245.245(a);
 - (b) The requirement that City put the Property to public use within ten (10) years or either: (a) resell the Property to the JAT; or (b) adopt a resolution of necessity reauthorizing public use of the Property pursuant to the requirements of Code of Civil Procedure section 1245.245(b) and (c);
 - (c) JAT's right to judicial review of the City's acquisition of the Property set forth in Code of Civil Procedure section 1245.245(d);

Attachment No. 1 to Exhibit K

(d) JAT's right of first refusal under the circumstances and in accordance with the procedures set forth in Code of Civil Procedure section 1245.245(f);

(e) The requirement that the City sell the Property as surplus under the circumstances and in accordance with the procedures set forth in Code of Civil Procedure section 1245.245(g);

(f) The requirement that the City pay any financial gain to the JAT under the circumstances and in accordance with the procedures set forth in Code of Civil Procedure section 1245.245(h);

(g) The requirement that the City give written notice to JAT of the rights set forth in Code of Civil Procedure section 1245.245; and/or

(h) The requirement that the City offer the JAT a one-year leaseback agreement for the Property set forth in Code of Civil Procedure section 1263.615.

4. Civil Code Section 1542 Release. JAT intends that the waiver and release contained herein relates to both known and unknown claims that JAT may have, or claim to have, against the City with respect to the claims and rights released and waived hereby (together "Released Claims"). By releasing and forever discharging the Released Claims, both known and unknown, and any other claims which are related to or which arise under or in connection with the Released Claims, JAT expressly waives any rights under California Civil Code Section 1542, which provides:

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

JAT's Initials

In connection with this waiver and release, JAT acknowledges that they are aware that they and their attorney may hereafter discover claims or facts or legal theories in addition to or different from those which they know or believe to exist with respect to the Released Claims, but that their intention hereby is to fully, finally and forever release and waive all Released Claims, known or unknown, suspected or unsuspected, which do now exist, may exist or have existed in favor of JAT under the Eminent Domain Law as it now exists or is hereafter amended. In furtherance of such intention, this release and waiver provided by JAT shall be and remain in effect as a full and complete release and waiver, notwithstanding the discovery or existence of any such additional claims, facts, or legal theories under the Eminent Domain Law or otherwise relating to the Property. JAT acknowledges and agrees that their waiver and release is an essential and material term to the Exchange Agreement conveying the Property to the City. JAT has been advised by their legal counsel with respect to this release and waiver, and they understand and acknowledge the significance and consequences of this release and waiver.

5. Consultation with Legal Counsel; Knowing and Voluntary Waiver. JAT acknowledges that they have consulted with their legal counsel before signing this release and waiver. In this regard JAT represents, understands, and agrees that they have thoroughly discussed this release and waiver and their rights with their own legal counsel to the full extent they wished to do so before signing this release and waiver, and that they may be waiving legal claims provided by and set forth in the Eminent Domain Law by signing this release and waiver.

6. JAT's Authority. JAT represents to City that (a) to the extent not otherwise prohibited by law, they have the legal power, right, and authority to provide and execute this Release and Waiver of Eminent Domain Rights and to consummate the transaction contemplated by the Exchange Agreement and this Release and Waiver of Eminent Domain Rights, and (b) they own the Property and they have not assigned to any other person or entity, including any agent or heir, the rights they are releasing and waiving hereunder or under the Exchange Agreement. JAT further has the legal power, right, and affirmative authority to bind themselves and intend to bind any and all of their heirs and agents claiming by or through JAT to the terms and conditions hereof and thereof to the extent permitted by law.

7. Co-Participation in Drafting of This Release and Waiver. JAT represents and warrants that they and their counsel fully participated in the drafting and terms of this release and waiver. Accordingly, any ambiguities in the terms of this release and waiver shall not be construed against the City and any rule of construction that would construe this release and waiver against the City shall not apply.

8. Severability. In the event that any provision of this release and waiver becomes or is declared by a court of competent jurisdiction to be against public policy, illegal, unenforceable, or void, this release and waiver shall continue in full force and effect without said provision. If a court of competent jurisdiction is required to interpret this release and waiver, the court shall be guided by the JAT's knowing, voluntary and willing intent to grant to the City the broadest and most comprehensive release and waiver of the Eminent Domain Law possible because pursuant to the Exchange Agreement for the Property the City provided to JAT, at JAT's request and behest, substantive additional consideration for this release and waiver that would not otherwise have been provided by the City to JAT.

9. California Law. This release and waiver shall be construed in accordance with the laws of the State of California, without regard for choice of law principles.

10. Consent to Forum Selection. JAT agrees that any disputes relating to the interpretation or enforcement of this release and waiver shall be tried and litigated exclusively in the California Superior Court located in the County of Los Angeles, State of California.

11. Execution of Further Documents. From time to time, at the request of the City and without further consideration of their expense and within a reasonable period of time after a request is made, JAT agrees to execute and deliver any and all further documents and instruments, as the City may reasonably request, which may be necessary or appropriate to fully implement the provisions of this release and waiver, as and if necessary.

12. Effective Date. This release and waiver shall not become effective unless and until the Closing for the sale of the Property from JAT to City occurs under the Exchange Agreement.

Dated: _____

OWNER:

JAT AND ASSOCIATES, LLC, a California limited liability company

By: _____

Its: _____

CITY:

CITY OF LANCASTER, a California municipal corporation

By: _____

Its: _____

ATTEST:

City Clerk

ATTACHMENT NO. 1

PROPERTY DESCRIPTION

That real property located in the State of California, Los Angeles, City of Lancaster, and described as follows:

THE SOUTH ½ OF THE EAST ½ OF THE EAST ½ OF THE SOUTHEAST ¼ OF THE SOUTHEAST ¼ OF SECTION 12, TOWNSHIP 7 NORTH, RANGE 12 WEST, SAN BERNARDINO MERIDIAN IN THE CITY OF LANCASTER, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND.

EXCEPT THE INTEREST IN THE SOUTH 30 FEET OF SAID LAND WHICH WAS CONVEYED TO THE COUNTY OF LOS ANGELES FOR PUBLIC ROAD AND HIGHWAY PURPOSES BY DEED RECORDED IN BOOK 6383 PAGE 266 AND IN BOOK 6570 PAGE 250, BOTH OF DEEDS, RECORDS OF SAID COUNTY.

APN: 3176-021-069

Attachment No. 1 to Exhibit K