

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: September 22, 2016

To: Honorable Members of the City Council

From: Sharon M. Tso, Chief Legislative Analyst

Miguel A. Santana, City Administrative Officer

Tony M. Royster, General Manager, Department of General Services



Subject: **TAYLOR YARD G2 ACQUISITION (C.F. 13-1641)**

RECOMMENDATIONS

That the Council consider the two Taylor Yard G2 Acquisition options presented and provide instructions to staff accordingly.

Option 1 – Taylor Yard G2 for the Los Angeles River Ecosystem Restoration (LARER) Project:

1. Authorize a loan of \$100,000 from the Reserve Fund to the Unappropriated Balance Fund 100/58 and appropriate therefrom to the Capital Improvement Expenditure Fund 100/54, to a new account entitled "Taylor Yard G2" to open escrow for the acquisition of Taylor Yard G2 Parcel (Taylor Yard G2) for 41.485 acres at a purchase price of \$59,315,000, of which \$14,715,000 will be used to reimburse costs of future soil remediation activities;
2. Authorize City staff to deposit \$100,000 with the escrow agent, First American Title Insurance Company, to open escrow to acquire the Taylor Yard G2 located at 2850 Kerr Street Los Angeles, CA 90039 in Council District 1;
 - a. Instruct the City Administrative Officer (CAO) to transfer appropriations totaling \$100,000 from Fund 100/54, Account entitled "Taylor Yard G2" to Fund 100, Department 40, Account to be determined to execute the attached Purchase and Sale Agreement (Agreement);
 - b. Authorize the Department of General Services (GSD) to execute the attached Agreement and transfer the deposit of \$100,000 to the escrow agent, First American Title Insurance Company;
3. Request that the City Attorney return within 60 days with a Reimbursement Resolution allowing the Reserve Fund to be reimbursed from the Municipal Improvements Corporation of Los Angeles(MICLA) funds approved in the 2016-17 Adopted Budget if the Taylor Yard G2 acquisition is approved to move forward;

4. Instruct the Bureau of Engineering (BOE), with the assistance from appropriate City departments, to develop and circulate an addendum to the Los Angeles River Ecosystem Restoration Project Environmental Impact Report and Environmental Impact Statement that is necessary for the acquisition of Taylor Yard G2 and to report to Council within 45 days on the addendum prior to the close of escrow;
5. Instruct BOE, with assistance from the Chief Legislative Analyst (CLA), CAO, and City Attorney, to negotiate an agreement with Santa Monica Mountains Conservancy for identified State grant funds to offset the costs associated with Taylor Yard G2 and report on the status of the negotiations and funding within 90 days of the start of escrow, but before the end of the Feasibility Review Period; and
6. Authorize CAO, CLA and Controller to make technical adjustments as necessary.

Option 2 – Forego Taylor Yard G2 Purchase at this time:

1. Instruct City staff to notify the current owner of Taylor Yard G2 that the City wishes to forego the purchase of Taylor Yard G2 at this time with the understanding that it may be sold to another buyer.

SUMMARY

On December 10, 2013, Council instructed the CLA, CAO and GSD to enter into negotiations with Union Pacific Railroad Company (UP) for the acquisition of the Taylor Yard G2 located at 2850 Kerr Street Los Angeles, CA 90039 in Council District 1 (C.F. 13-1641). These negotiations, with assistance from the City Attorney and the BOE, have resulted in a proposed Purchase and Sale Agreement (Agreement)(Attachment 1). The negotiated purchase price for Taylor Yard G2 is \$59.315 million. UP would deposit \$14.715 million¹ of the sale proceeds into a remediation escrow account that would be used to offset City costs as it remediates soil contamination of Taylor Yard G2.

Los Angeles River Ecosystem Restoration (LARER)

On June 29, 2016, Council reviewed and considered the information contained in the Final River Ecosystem Restoration, Integrated Feasibility Report (IFR) and Environmental Impact Statement/Environmental Impact Report (EIS/EIR) and approved the Recommended Plan, Alternative 20, for implementation of the LARER Project, as identified therein (C.F. 14-1158-S2). The proposed LARER Project would result in ecosystem restoration and recreation for approximately 11 miles of the Los Angeles River that extends from the northern edge of Griffith Park to Downtown Los Angeles. The estimated cost cited in the BOE report for the ecosystem restoration is \$1.338 billion and approximately \$18.054 million for recreation for a total cost of \$1.356 billion. The City and the U.S. Army Corps of Engineers (USACE) would share the project costs, with the USACE paying 28 percent of the total costs and the City paying the remaining costs and the City would continue to operate, maintain, and repair the Project (estimated at \$2.5 million annually). The City's 72 percent share of these costs would be \$980 million. It should be noted that the total project costs are over 12 months old and that there are additional estimated remediation costs totaling \$206 million that are not included in the USACE's budget and are not subject to cost-sharing with the USACE. The

¹ This is the estimated cost to remediate all 41.485 acres to industrial standards as required by the Remedial Action Plan (RAP) approved by State Department of Toxic Substances Control (DTSC).

total estimated costs for the Alternative 20 project including these costs is therefore, at least \$1.562 billion, with the City's share being at least \$1.186 billion.

Since Alternative 20 identifies Taylor Yard G2 as a "key opportunity area" and is considered a "cornerstone site" of the LARER Project, the acquisition and development of Taylor Yard G2 would be consistent with this City policy and as such would be the motivation for the City to proceed with its acquisition of Taylor Yard G2. However, it is important to note that acquisition of Taylor Yard G2 for any other purpose would require a new CEQA review to determine further CEQA requirements, if any, prior to acquisition. Any delays in opening escrow beyond October 31, 2016, may result in a new appraisal, which could impact the purchase price, grant funding and the continued availability of the property.

The BOE currently estimates the costs of implementing the LARER Project on Taylor Yard G2 at \$252.156 million. The following table provides a breakdown of this amount.

Table 1

TAYLOR YARD G2 USACE LA RIVER ECOSYSTEM RESTORATION PLAN PROJECT COSTS <i>(effective May 10, 2016)</i>	
Project Component	Amount
G2 Land Acquisition "As Is"	\$44,600,000
Remediation Costs <i>(includes \$14.715 million in required escrowed remediation costs)</i>	\$120,739,898
Site Improvement Costs	\$13,877,563
Escalation and Contingency	\$47,537,587
Total City Costs	\$226,755,048
Fish and Wildlife Habitat Restoration & Recreation Improvements <i>(Federal Contribution by the USACE)</i>	\$25,401,187
Total Project Cost²	\$252,156,235

The City would need to complete the following steps in order to acquire Taylor Yard G2 as part of the LARER Project:

1. Open escrow and initiate the Feasibility Review Period by October 31, 2016;
2. Feasibility Review Period – Perform necessary activities within 90-days of opening escrow; and
3. Close escrow within 30-days after the Feasibility Review Period.

The City's acquisition of Taylor Yard G2 for the LARER Project would not commit its usage for that purpose. As stated in the BOE's report dated May 25, 2016 (C.F. 14-1158-S2), the LARER IFR and EIS/EIR are intended to support the City's future discretionary actions related to the LARER Project, which may include:

- Preparation and execution of Project agreements between the City and the USACE, which would commit Taylor Yard G2 for the LARER Project;
- Project Budget Approval;
- Solicitation and execution of contracts with vendors, consultants, and other companies;

² The BOE reports that this cost does not include the cost to relocate at least five high voltage Los Angeles Department of Water and Power transmission towers. The relocation of the towers and transmission lines has not yet been determined.

- Issuance of engineering permits and approval of construction contracts; and
- Negotiation, execution and approval of property acquisition/lease agreements, other property use agreements and related transactions.

Open Escrow

In order to open escrow and proceed with the acquisition of Taylor Yard G2, Council would need to authorize City Staff to open escrow and deposit \$100,000. Under the Agreement, the opening of escrow must occur by October 31, 2016. The opening of escrow would initiate the 90-day Feasibility Review Period. The City may elect to terminate the Agreement at any time during the Feasibility Review Period with no penalties and the \$100,000 deposit would be refunded to the City. If the City does not terminate the Agreement before the end of the Feasibility Review Period and subsequently chooses not to close escrow and acquire Taylor Yard G2, then the deposit would be forfeited.

Feasibility Review Period

The Feasibility Review Period would provide the City time to approve, arrange, or complete at its sole and absolute discretion, all feasibility components of its purchase of Taylor Yard G2, including, but not limited to, the following:

- Identify the availability of financing for the acquisition;
- Discuss with the easement holders on the site of the City's proposed use of the surface area above the easements to identify any potential conflicts in use; and
- With assistance from the City's Petroleum Administrator, Department of Transportation, and the Fire Department, determine that there is no significant risk to public health and safety and/or environmental risk posed by the pipeline easement areas.

The BOE would also draft and release an addendum to the LARER Project EIS/EIR during this time that would be specific to Taylor Yard G2 and would identify a potential project on the site that would be consistent with the scope of work contemplated for the LARER Project. Staff will report to Council at a later date, prior to the expiration of the Feasibility Review Period, for consideration and approval of the addendum.

Potential Funding Sources

The only Council-approved funding source for the Taylor Yard G2 project is the \$40 million in MICLA funding that was reserved in the FY 2016-17 Adopted Budget. In addition to this funding source, there is approximately \$25 million in potential State funding available³ that has been earmarked for the Santa Monica Mountains Conservancy (SMMC) through the State's Wildlife Conservation Board. During deliberations on the FY 2016-17, SMMC indicated that \$20 million of the total \$25 million could be used for acquisition costs in exchange for an easement to SMMC. These monies would not be immediately available before the close of escrow and would be provided to the City on a reimbursement basis after the close of escrow. The City would need to enter into a separate agreement with SMMC to utilize the funds for Taylor Yard G2. City staff, currently engaged in parallel negotiations with SMMC on the use of these funds, would finalize those negotiations during the 120 day escrow period and coordinate with the necessary grant application process for disbursement of the earmarked funds. The parallel SMMC negotiations will continue and actions to secure the State funding would occur only if the Council provided authority to acquire Taylor Yard G2.

³ State Proposition 50 - \$20 million
State Proposition 84 - \$5 million (for recreational purposes)

Because the funds are to be provided on a reimbursement basis only, the City would need to identify funding to front-fund the \$20 million until such time that SMMC provides it to the City. In total, however, there is \$60 million in confirmed City and non-City funding that could cover the costs of acquisition and required industrial remediation.

On March 26, 2015, the CAO presented a preliminary funding framework for the larger LARER Project for City Council's consideration (C.F. 14-1158-S1). The funding framework was to be used as a guide to identify potential funding sources for the LARER Project. The Council, if it decides to proceed, will need to authorize the establishment of any new funding sources. The two tables immediately below identify potential funding from established sources and lists potential sources of funds that could be established. Attachment 2 of this report, which was previously attached to the CAO report detailing the funding framework, provides a description of each of these funding sources.

Table 2

TAYLOR YARD G2 –POTENTIAL SOURCES OF FUNDS		
Potential Sources	Amount	Requirements
Prop 1 State Water Bond	\$140 million	Competitive grant/appropriation
State Cap-and-Trade Proceeds	\$100 million	Competitive grant/appropriation
Private Sponsorship & Philanthropy	\$20 million	Competitive grant/appropriation
Non-Profit Contributions	\$20 million	Competitive grant/appropriation
Brownfield Cleanup Grants	\$15 million	Competitive grant/appropriation
General Fund	\$27 million	City's jurisdiction
Proposition O	\$13 million	City's jurisdiction
Quimby Fees	\$5 million	City's jurisdiction
Other Federal Sources	\$10 million	Competitive grants
Potential Sources/Funding Subtotal		\$350 million

Table 3

TAYLOR YARD G2 – OTHER POTENTIAL SOURCES OF FUNDS		
Other Potential Sources	Amount	Requirements
L.A. Enhanced Infrastructure Finance District (EIFD)	To Be Determined, likely not more than \$30 million	New state authority, ideally requires County participation. 55% voter approval to bond on district proceeds. Would divert General Fund for special purpose. (C.F. 14-1439)
Citywide General Obligation Bond	\$500 million out of \$1 billion Citywide	Citywide vote of 2/3 to approve
County Water Quality Assessment	\$400 million out of \$4 billion Countywide	Countywide vote required. Services must be provided for assessment
City Water Quality Assessment	\$100 million out of over \$1 billion Citywide	Citywide vote required. Services must be provided for assessment.
Other Potential Sources/Funding Subtotal		\$1.03 billion

Close Escrow

After the conclusion of the Feasibility Review Period, the City would have 30 days to close escrow. As indicated previously, the total purchase price is \$59.315 million of which UP would deposit \$14.715 million into the Remediation Escrow Account at the close of escrow. Exhibit F of the Agreement details the City's obligations as it relates to the Remediation Escrow Account and is described further in the Discussion section of this report.

Additionally, upon the close of escrow, the City would need to meet with the California Department of Toxic Substances Control (DTSC) and enter into an agreement to implement the current or amended Remediation Action Plan (RAP) prior to starting site remediation. The current RAP requires that UP remediate the site to industrial standards at an estimated cost of \$14.715 million. However, if the City contemplates utilizing the site for a purpose other than industrial then the RAP may need to be amended or replaced to remediate the site for an alternative purpose, such as for the LARER Project. The BOE estimates that it may take one year to amend the RAP at an estimated cost of \$1 million.

This report presents options for Council's consideration regarding the acquisition of Taylor Yard G2 for purposes of the LARER Project.

DISCUSSION

The City has expressed interest in acquiring Taylor Yard G2 for several years. Acquisition and development of Taylor Yard G2 would be consistent with and would complement the LARER Project. Below is a discussion of the terms and conditions found in the attached Agreement.

PURCHASE AND SALE AGREEMENT TERMS AND CONDITIONS

Escrow

As indicated previously, upon Council approval City staff would open escrow by October 31, 2016 and deposit \$100,000 that may be used towards the purchase price of \$59.315 million. If the City opts not to proceed with the acquisition within the 90-day Feasibility Review Period, the deposit is refundable. The deposit would be forfeited if the City terminates the Agreement after the Feasibility Review Period.

After the Feasibility Review Period, the City would then have 30 days to close escrow. During this 120 day escrow period, the City would have an opportunity to evaluate the site and a potential project prior to fully committing any additional funds to acquire the site. The possible activities that would take place during this time are detailed in Section 5.3 of the Agreement and include: identifying funding for the acquisition; cost estimates for the development of the site; discussion with the easement holders on the site of the City's plans for the site; and completing and circulating an addendum to the Final River Ecosystem Restoration IFR and EIS/EIR.

The City would be required to close escrow 30 days after the Feasibility Review Period has expired. If the City does not close escrow after the Feasibility Review Period, then UP would retain the \$100,000 deposit unless it was UP who defaulted on the Agreement. The City would be required to pay closing costs estimated at approximately \$46,000. The total amount that would be needed at the close of escrow is the purchase price plus the closing costs. The Agreement also requires that the City, at its sole cost and expense, install and maintain a fence around the property to prevent access or encroachment onto any of the easements within one year after the close of escrow. A six-foot chain link fence would fulfill this requirement at an estimated cost of \$100,000.

Remediation Escrow Account

Upon the close of escrow, UP would fund a \$14.715 million Remediation Escrow Account from its sale proceeds. Exhibit F of the Agreement details how the funds from the Remediation Escrow Account would be disbursed to the City after each DTSC approved remediation phase has been completed. Upon completion of each remediation phase, the City would provide the escrow agent

and UP with a written notice of completion from DTSC. If UP does not challenge or question the notification of completion within 30 days of receipt, the City would draw down \$8.33 for each square foot⁴ that is remediated up to \$11.772 million. The escrow agent would withhold 20 percent of the total amount (\$2.943 million) until DTSC has issued a Remediation Certification for the entire property. If UP questions any items, then the City and UP would engage in arbitration to resolve the issues.

Easements and Leases

In addition to the above terms and conditions, the City would assume some of the easements on the property, except the Communications easements (e.g., AT&T, MCI, Sprint, and Qwest Fiber Optics) and the Petroleum Pipeline easements (e.g., Pacific Pipeline System, LLC and Santa Fe Pacific Pipeline Partners). Attachment 3 provides an overview of where the various easements and leases are located on the property.

Metrolink - The City would also assume a lease between Metrolink and UP for its existing use of a "tail track" (Tail Track Lease) that is located on the southern part of the property (see Attachment 3, Fig. 3). The tail track is used by Metrolink when it needs to clear rail cars off its tracks. Additionally, the City would assume an easement with Metrolink on the south eastern edge of the property that would serve as an alternative location for the tail track should it need to be relocated (Tail Track Easement – see Attachment 3, Fig. 2). The Tail Track Lease is currently renewed annually. If the lease is not renewed, then Metrolink would need to construct a new tail track on the Tail Track Easement.

State Parks Department - Another easement that the City would assume is with the State Parks Department for use of an access road that is located on the south eastern edge of the property (see Attachment 3, Fig. 2), which is adjacent to UP's existing rail line. The access road is primarily used for emergency and maintenance vehicles that need to access the State-owned properties (e.g., Taylor Yard G1 and Rio De Los Angeles State Park) adjacent to Taylor Yard G2. The Tail Track Easement partially overlaps the access road. Either the Tail Track Easement or access road may need to be relocated if Metrolink needs to construct its tail track on or near the existing easement areas. There is also another easement with the adjacent land owners and Metrolink on the southern portion of the property for the private road that is jointly maintained that provides alternate access onto Taylor Yard G2 from San Fernando Road (Roadway Easement – see Attachment 3, Fig. 1).

METRO- Lastly, the City may need to assume another potential easement with the Los Angeles County Metropolitan Transportation Authority for an at-grade crossing easement over the tail track. On May 19, 2010 UP entered into a letter of agreement with Metro to provide an at-grade crossing easement for a bicycle/pedestrian bridge that would cross the LA River and connect Taylor Yard G2 with the amenities on the other side of the LA River (see Attachment 3, Fig. 4).

CITY'S POTENTIAL USE OF TAYLOR YARD G2

When City staff updated Council on the status of the negotiations to acquire Taylor Yard G2 in 2013, a Prop O Water Quality Improvement project that included recreational improvements was contemplated for 10-acres. In addition, Council more recently adopted the LARER Project EIS/EIR and it is anticipated that the development of Taylor Yard G2 would complement this Project. In March 2013, Council discussed the preliminary funding framework for the LARER Project and

⁴ \$8.33 was derived by utilizing the total cost of remediation (\$14.7M) to industrial standards and dividing it by the number of square feet of the site net of the Roadway Easement (1,765,736 square feet).

instructed the CAO and BOE to sign the documents necessary to proceed with completion of the LARER Feasibility Study (C.F. 14-1158-S1).

The LARER Project EIR/EIS was approved by the USACE and adopted by Council on June 29, 2016. The LARER EIR/EIS does not specifically discuss a project on Taylor Yard G2. It only describes the proposed enhancements to the Los Angeles River, such as widening the river at this area and restructuring the banks to support overhanging vines and other riparian vegetation.

In order to proceed with a project on Taylor Yard G2, the City would need to issue an addendum to the LARER EIR/EIS that specifies a project and the potential uses of the site. Additionally, in order to ultimately use it for the purpose of the LARER Project, Taylor G2 would need to be dedicated for this use through a partnership agreement with the USACE at a future date.

Moreover, since the LARER EIR/EIS includes habitat restoration and recreational elements, any development on Taylor Yard G2 would likely need to be remediated to a standard that differ from industrial. City staff would work with DTSC at a later date to determine the appropriate level of remediation on Taylor Yard G2 once the project scope has been developed and vetted through the appropriate environmental and City approval process. When the addendum has been drafted it would then need to be circulated and undergo an environmental review and approval process. The BOE anticipates releasing the addendum upon the opening of escrow, and has estimated a total project cost of \$252 million as previously illustrated on Table 1 herein.

LARER Project

The Los Angeles River Revitalization Master Plan adopted by Council in 2007 (C.F. 07-1342), included restoration of the riparian ecosystem as one of its key recommendations. The LARER Project extends from the northern edge of Griffith Park to Downtown Los Angeles. The LARER Project would restore the ecosystem and would provide recreational features along an 11-mile stretch of the LA River. The BOE reported that the LARER Project objectives included: restoring the riparian and freshwater habitat; increasing habitat connectivity between the river and its historic floodplain and to other significant ecological zones like the Santa Monica, Verdugo and San Gabriel Mountains; and increasing passive recreation that is compatible with the restored ecosystem (C.F. 14-1158-S2). The LARER Project would include the following measures to achieve these objectives: restoration of the Verdugo Wash confluence; removal of channel concrete and riverbed restoration; restoration of the freshwater marsh; river widening; and removal of invasive vegetation throughout the project area.

The estimated total cost for the entire LARER Project is at least \$1.562 billion, which includes \$206 million for non-reimbursable remediation costs and \$1.356 billion, which would be costs shared between the City and the USACE. Under the current agreement with the USACE for the LARER Project, the USACE's cost share would be 28 percent of the total project costs (\$375.8 million) and the City's cost share would be the remaining 72 percent (\$980.835 million) plus the \$206 million for a total of \$1.186 billion. In addition, the City would be required to provide "Project-ready" lands for the implementation of the ecosystem restoration measures, which may involve:

- Acquisitions of lands and easements;
- Other relocations included businesses as necessary; and
- Project site preparation, including environmental remediation activities.⁵

⁵ These activities are known as the "Lands, Easements, Rights-of-Way, Relocations and Disposals" or LERRDs.

The estimated cost to complete the aforementioned activities is estimated to be \$771.025 million out of the City's cost share amount of \$1.186 billion, which is approximately 57 percent of the total LARER Project cost. The BOE indicated that these costs do not include utility relocations.

In order to implement the LARER Project, the City Council would need to authorize future actions and approve any future agreements with the USACE and others. One such agreement is the Project Partnership Agreement between the City and USACE. Project progress would be driven by funds that are appropriated by the Federal Government and provided by the City.

OPTIONS

Council action is now needed to determine whether the City should proceed with the acquisition of Taylor Yard G2. Below are options for Council's consideration regarding the acquisition:

Does the City want to acquire Taylor Yard G2?			
	ACTION	STEPS	ESTIMATED COSTS
<u>Option 1</u>	<u>YES.</u> If the City would like to purchase Taylor Yard G2 for the purpose of the LARER Project, then the City would be required to release an addendum to the previously approved EIS/EIR and be able to close escrow within 120 days.	<ul style="list-style-type: none"> • Authorize staff to deposit \$100,000 to open escrow. • Initiate the 90-day Feasibility Review Period • Release the EIR Addendum. 	<ul style="list-style-type: none"> • Deposit: \$100,000 • Due Upon Closing: <ul style="list-style-type: none"> ▪ Purchase Price: \$59,315,000 ▪ Closing Costs: \$46,000 • Near term after acquisition: <ul style="list-style-type: none"> ▪ Fence: \$100,000 ▪ Amend RAP: \$1,000,000 ▪ Weed abatement and other maintenance: TBD
<u>Option 2</u>	<u>NO.</u> UP would be able to sell the property to another buyer.	<ul style="list-style-type: none"> • Staff to send notice to UP. 	<ul style="list-style-type: none"> • No costs; potential MICLA savings in FY 2016-17 and avoided future yet to be identified costs.

APPENDIX

Attachment 1: Purchase and Sale Agreement

Attachment 2: Funding Source Descriptions from CAO report dated February 23, 2015(C.F. 14-1158-S1)

Attachment 3: Easement Map

**PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS**

Between

**UNION PACIFIC RAILROAD COMPANY,
a Delaware corporation**

SELLER

And

**CITY OF LOS ANGELES,
a California municipal corporation**

BUYER

DATED: _____, 2016

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EXHIBIT F	- REMEDIATION ESCROW AGREEMENT
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EXHIBIT H	- ESCROW HOLDER GENERAL PROVISIONS

First American Title Insurance Company
 ("Escrow Holder")
 777 South Flower Street, Suite 400
 Los Angeles, California 90017
 Attention: Sharon Yarber
 Telephone: (213) 271-1717
 Facsimile: (866) 882-3718
 E-Mail: syarber@firstam.com

Escrow No. _____

Date of Opening of
 Escrow: _____

PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

THIS PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS (the "Agreement") is made as of _____, 2016 ("Execution Date"), by and between **UNION PACIFIC RAILROAD COMPANY**, a Delaware corporation, formerly known as Southern Pacific Transportation Company, a Delaware corporation ("Seller"), and **CITY OF LOS ANGELES**, a California municipal corporation ("Buyer").

ARTICLE 1 PROPERTY

1.1 The Property. Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller the real property in the City of Los Angeles, Los Angeles County, California, described in **Exhibit A** attached hereto and made a part hereof, and all improvements thereon together with all easements, rights of way and other appurtenances, entitlements and rights relating thereto, to the extent transferable by Seller (collectively the "Property"), subject to the terms and conditions of this Agreement, any and all applicable federal, state and local laws, orders, rules and regulations, any and all outstanding rights of record or open and obvious on the ground, and all matters in the form of Grant Deed attached as **Exhibit C** hereto (the "Deed"), including, without limitation, the following reservations:

EXCEPTING from this sale and RESERVING unto Seller, its successors and assigns, forever, the following:

(a) Fiber Optics Easement. A PERPETUAL EASEMENT over, under, across and upon the portion of the Property described in **Exhibit B** attached hereto and made a part hereof ("Communications Easement Property"), together with the right of ingress, egress and access from and to the Communications Easement Property over and across the Property for purposes of exercising the easement rights reserved herein.

The communications easement reserved herein ("Communications Easement") shall allow Seller, its successors and assigns, to enter upon, over and under the Communications Easement Property and every part thereof to construct, reconstruct, install, inspect, repair, maintain, enjoy, operate, use and/or remove Communications Equipment (defined below), provided that these use rights do not prevent Buyer's use of the surface of the Communications Easement Property as a

roadway for emergency vehicles, pedestrians and bicycles, subject to certain Communications Equipment being above grade. The term "Communications Equipment" shall include existing and/or future communication lines and/or facilities including, but not limited to, fiber optic cables, conduits, valves, manholes, air vents, warning signals, junction boxes, transformers, switch boxes, electric devices and the like. All Communications Equipment presently existing or hereafter constructed on the Communications Easement Property shall remain the personal property of Seller or of third parties to whom Seller has granted use rights in the Property.

Seller shall have the right to grant, at its sole discretion, sub-easements, licenses and any other interests in the Communications Easement Property and to collect the rents, issues and profits therefrom, and from any existing contracts, and to use the Communications Easement Property for any other lawful purpose, including, but not limited to, entering into agreements with third parties for crossings or longitudinal occupancies (provided that these sub-easements, licenses, and third party rights do not prevent Buyer's use of the surface of the Communications Easement Property as a roadway for emergency vehicles, pedestrians and bicycles, subject to certain Communications Equipment being above grade).

Seller hereby declares that all of the Property is held and shall be held, acquired, conveyed, hypothecated, and/or improved subject to this Communications Easement and the following restrictions (the "Restrictions"):

Neither Buyer nor any successor or assign of Buyer shall place or make any improvement to the Communications Easement Property without obtaining the prior written approval of Seller or its successors and assigns. Provided, however, Buyer's installation of a roadway on the surface of the Communications Easement Property for emergency vehicles, pedestrians and bicycles, which accommodates any above grade Communications Equipment on the Communications Easement Property, shall be permitted.

The Restrictions and this Communications Easement shall run with the Property and shall be binding upon Buyer, its successors and assigns, and on all parties acquiring any right, title or interest in the Property or any part thereof, and shall inure to the benefit of Seller, its successors and assigns.

Notwithstanding any other provision contained herein, the conveyance of the Property is subject to the Communications Easement reserved herein, which shall allow Seller to honor its grant and fulfill its obligations as grantor under that certain Fiber Optics Easement dated November 9, 1987 between Southern Pacific Transportation Company (predecessor in interest to Seller) and MCI Telecommunications Corporation (now known as MCI Communications Services, Inc., "MCI"), and any other existing agreements between Seller and fiber optic carriers affecting the Property. Buyer and each subsequent owner of the Property shall, promptly following any sale or "lease" (defined below) of the Property,

deliver or cause to be delivered to MCI Communications Services, Inc., Attn: Senior Manager - Dept. 1238, 400 International Parkway, Richardson, Texas 75081, and to MCI Communications Services, Inc., Attn: Assistant General Counsel - Dept. 0598, 1133 19th Street N.W., Washington, D.C. 20036, the name and address of grantee or lessee. As used herein, "lease" shall mean a commercial or industrial lease which provides for a fixed initial term of at least one year and which requires ninety (90) days or more notice for termination.

(b) PPSL Pipeline Easement. A PERPETUAL EASEMENT and the existing pipeline and appurtenant facilities, whether owned by Seller or any third party, over, through, under and along the portion of the Property described in **Exhibit B** hereto (the "PPSL Pipeline Easement Area"), to lay, construct, maintain, operate, repair, renew, replace, and/or remove an underground pipeline and related appurtenances needed for the transportation of petroleum (whether now or hereafter installed); together with: (i) the right of ingress and egress to and from the PPSL Pipeline Easement Area, (ii) the right to grant, at Seller's sole discretion, sub-easements, licenses and any other interests in the PPSL Pipeline Easement Area with respect to the easement rights herein reserved, and (iii) the right to collect the rents, issues and profits therefrom, and from any existing contracts, including, without limitation, that certain Amended and Restated Easement between Southern Pacific Transportation Company (now known as Seller) and Pacific Pipeline System, Inc. (later succeeded by Pacific Pipeline System, LLC) ("PPSL") dated June 28, 1996, identified in the records of Seller as Audit Number S719233, as amended by Amendment of Easement dated March 27, 1997, Second Amendment to Easement dated June 29, 1997, and Third Amendment to Easement dated September 30, 1997 (collectively, the "PPSL Easement"). In addition to and not in limitation of Seller's rights under the foregoing reservation of easement, Buyer, for itself, its successors and assigns, hereby covenants and agrees that Buyer shall not interfere in any manner with the rights of the grantee under the PPSL Easement (provided that grantee's exercise of its rights do not prevent Buyer's use of the surface of the PPSL Pipeline Easement Area as a roadway for emergency vehicles, pedestrians and bicycles, subject to certain pipeline appurtenances being above grade). The installation of a roadway on the surface of the PPSL Pipeline Easement Area for emergency vehicles, pedestrians and bicycles, which accommodates any above grade pipeline appurtenances on the PPSL Pipeline Easement Area, shall be permitted.

(c) SFPP Pipeline Easement. A PERPETUAL EASEMENT ("SFPP Pipeline Easement") in, on, under, over, across and through the portion of the Property described in **Exhibit B** hereto ("SFPP Pipeline Easement Area") for the construction, maintenance, operation, repair, renewal and reconstruction of existing and/or future pipelines and related facilities and appurtenances. Notwithstanding any other provision contained herein, this reservation shall allow Seller to honor its grant and fulfill its obligations under that certain agreement between Seller and Santa Fe Pacific Pipeline Partners ("SFPP, LP"), successor in interest to Southern Pacific Pipelines, Inc., as set forth in that certain Amended and Restated Easement Agreement dated July 29, 1994. Seller does further reserve

unto itself, its successors and assigns, a limited right of way and right of access to the SFPP Pipeline Easement Area over and across the Property, for the purposes of the use, enjoyment, maintenance, operation and access to the SFPP Pipeline Easement Area. Seller hereby reserves and shall be entitled to all revenues derived from all current and future agreements to which Seller is a party affecting the SFPP Pipeline Easement Area. All improvements contained within the SFPP Pipeline Easement Area shall remain the personal property of the grantee(s) of the easement and their successors and assigns. Seller and its successors and assigns shall have the right to grant, at its sole discretion, subeasements, licenses and other interests in the SFPP Pipeline Easement Area and to collect the rent and fees therefrom, and to use the SFPP Pipeline Easement for any lawful purpose, including, but not limited to, entering into agreements with third parties for crossings or longitudinal occupancies (provided that these sub-easements, licenses, and other interests do not prevent Buyer's use of the surface of the SFPP Pipeline Easement Area as a roadway for emergency vehicles, pedestrians and bicycles, subject to certain pipeline appurtenances being above grade). Neither Buyer nor any successor or assign of Buyer shall place or make any improvement to such SFPP Pipeline Easement Area without the prior written approval of Seller, its successors and assigns. Provided, however, that neither Buyer nor its successors and assigns shall make or cause to be made or constructed any permanent buildings, structures or fences, or allow any excavation whatsoever in or on the SFPP Pipeline Easement Area. Provided further, however, that Buyer's installation of a roadway on the surface of the SFPP Pipeline Easement Area for emergency vehicles, pedestrians and bicycles (and which accommodates any above grade pipeline appurtenances on the SFPP Pipeline Easement Area) shall be permitted. The above restrictions and this reserved SFPP Pipeline Easement shall run with the land and shall be binding upon Buyer, its successors and assigns, and on all parties acquiring any right, title or interest in the Property or any part thereof, and shall inure to the benefit of Seller, its successors and assigns.

ARTICLE 2 PURCHASE PRICE

2.1 Purchase Price The purchase price ("Purchase Price") of the Property is FIFTY-NINE MILLION THREE HUNDRED FIFTEEN THOUSAND DOLLARS (\$59,315,000.00).

2.2 Payment of Purchase Price. Buyer shall pay the Purchase Price as follows:

2.2.1 Deposit. Concurrently with Buyer's execution and delivery of this Agreement to Seller, Buyer shall deliver to Escrow Holder, for deposit into the above-referenced numbered escrow account (the "Escrow"), the sum of ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00) (the "Deposit") as a deposit toward the Purchase Price. Buyer shall pay the Deposit into Escrow by cashier's or certified check drawn upon a California financial institution, or by cash deposit or a wire transfer of U.S. funds for immediate credit ("Good Funds"). The Deposit will be applied towards the Purchase Price at Closing (as defined in Section 8.2.1).

(a) If Buyer has not elected to terminate this Agreement before the expiration of the Feasibility Review Period, then the Deposit will become nonrefundable to Buyer upon the expiration of the Feasibility Review Period, shall be released to Seller on the sixth (6th) day after expiration of the Feasibility Review Period, and shall only be returned by Seller to Buyer in the event of a default by Seller or termination of this Agreement pursuant to Section 5.4 or Section 10.2, but shall be applied to the Purchase Price at Closing.

(b) If Buyer elects to terminate this Agreement before the expiration of the Feasibility Review Period, then upon Buyer's providing Seller with written notice of Buyer's termination, the Deposit will be returned to Buyer.

(c) In the event of a default by Seller or a termination of this Agreement under Section 5.4 or Section 10.2, the Deposit will be returned to Buyer. After the return of the Deposit to Buyer, neither party will have any further rights or obligations under this Agreement (other than the Pre-Closing Surviving Obligations, as defined in Section 2.4 below).

2.2.2 Investment of Deposit. The Deposit, upon receipt by Escrow Holder, will be invested by Escrow Holder in an interest-bearing money market or a savings account with a national banking association or federally chartered savings and loan association. Interest earned on the Deposit will accrue to the benefit of Buyer; provided, however, that in the event that the Closing does not occur due to a default by Buyer under this Agreement, all interest on the Deposit will accrue to the benefit of Seller in accordance with Section 2.3 below. All references to the Deposit in this Agreement include any interest accrued on the Deposit from Escrow Holder's investment thereof. Escrow Holder shall use Buyer's tax identification number which is 95-6000735 to report any interest which may accrue on the Deposit.

2.2.3 Balance. At least one (1) business day prior to the Closing Date (as defined in Section 8.2.1 below), Buyer shall deliver to Escrow Holder a sum equal to the Purchase Price, together with Buyer's share of prorations and costs of Escrow as provided in Sections 8.6 through 8.8 below, less the amount of the Deposit. Buyer shall pay such sum in Good Funds.

2.3 Deposit as Liquidated Damages. IN THE EVENT THE SALE OF THE PROPERTY IS NOT CONSUMMATED BECAUSE OF A DEFAULT UNDER THIS AGREEMENT ON THE PART OF BUYER, THEN FOLLOWING NOTICE TO BUYER FROM SELLER AND BUYER'S FAILURE TO CURE SUCH DEFAULT WITHIN SEVEN (7) DAYS AFTER SUCH NOTICE, ESCROW HOLDER MAY BE INSTRUCTED BY SELLER TO CANCEL THE ESCROW. IF ESCROW IS CANCELLED, THEN, AS SELLER'S SOLE AND EXCLUSIVE REMEDY, SELLER WILL THEREUPON BE RELEASED FROM ITS OBLIGATIONS UNDER THIS AGREEMENT, THE DEPOSIT WILL BE RETAINED BY SELLER AS LIQUIDATED DAMAGES, AND ESCROW HOLDER IS HEREBY AUTHORIZED AND INSTRUCTED TO RELEASE THE DEPOSIT TO SELLER. ESCROW HOLDER IS HEREBY RELIEVED OF LIABILITY FOR SO RELEASING THE DEPOSIT TO SELLER. THE PARTIES ACKNOWLEDGE THAT SELLER'S ACTUAL DAMAGES IN THE EVENT OF A DEFAULT BY BUYER WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR SIGNATURES OR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE DEPOSIT AND THE

ACTUAL TITLE, SURVEY AND ESCROW CANCELLATION CHARGES HAVE BEEN AGREED UPON, AFTER NEGOTIATION, AS REASONABLE LIQUIDATED DAMAGES PURSUANT TO THE TERMS HEREOF AND CALIFORNIA CIVIL CODE SECTIONS 1671 AND 1677 AND WILL CONSTITUTE SELLER'S EXCLUSIVE REMEDY AGAINST BUYER IN THE EVENT OF A DEFAULT ON THE PART OF BUYER PROVIDED THE DEPOSIT IS RELEASED TO SELLER AS AFORESAID. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 2.3, BUYER AND SELLER ACKNOWLEDGE AND AGREE THAT IN THE EVENT OF A DEFAULT BY BUYER, OR SOME OTHER CIRCUMSTANCE RESULTING IN TERMINATION OF THIS AGREEMENT, THE OBLIGATIONS OF BUYER AS SET FORTH IN THOSE SECTIONS LISTED IN SECTION 2.4.1 BELOW WILL SURVIVE TERMINATION, WILL NOT BE LIMITED, IMPAIRED OR OTHERWISE AFFECTED BY ANY TERMINATION OF THIS AGREEMENT OR ANY LIQUIDATED DAMAGES RECEIVED BY SELLER PURSUANT TO THIS SECTION 2.3 AS A RESULT OF SUCH DEFAULT.

SELLER: _____

BUYER: _____

2.4 Surviving Obligations.

2.4.1. Pre-Closing. In the event of a default by Buyer, or some other circumstance resulting in termination of this Agreement prior to Closing, the obligations of Buyer in Sections 2.2.1, 8.2.3, 9.5, 12, 13.3, 13.10, 13.17, 13.21 and 13.22 (hereinafter "Pre-Closing Surviving Obligations") will not be limited, impaired or otherwise affected by any termination of this Agreement or any liquidated damages received by Seller pursuant to Section 2.3 as a result of such default.

2.4.2. Post-Closing. In the event Closing occurs, the provisions of Sections 3.1, 9.5, 9.6, 12, and 13.3-13.27 will survive the Closing and the delivery of the Deed.

ARTICLE 3

AS IS SALE; RELEASE AND INDEMNITY; INSPECTION

3.1 As Is Sale; Release and Indemnity

3.1.1 "As Is" Sale. Buyer and its representatives have been afforded the opportunity to make such inspections of the Property and matters related thereto as Buyer and its representatives desire, including, without limitation, governmental laws and regulations to which the Property is subject. Buyer shall accept the Property upon the basis of its review and determination of the applicability and effect of such laws and regulations. Buyer acknowledges and agrees that the Property is to be sold and conveyed to and accepted by Buyer in an "as is" condition with all faults, that the Property has been used for, among other things, railroad yard operations, and that the Property is the subject of an Enforceable Agreement executed by Seller on or about April 4, 1990 and by the State of California, Department of Health Services, Toxic

Substances Control Program, on or about April 9, 1990 (the "Enforceable Agreement"). Buyer further acknowledges that Buyer has been provided access to the materials listed on **Exhibit D** attached hereto and made a part hereof, including, without limitation, the Natural Hazard Area Report (collectively, the "Property Materials"). Seller makes no representation or warranty as to the accuracy or completeness of the Property Materials. Seller does not make any representations or warranties of any kind whatsoever, either express or implied, with respect to the Property or any of such related matters; in particular, but without limitation, Seller makes no representations or warranties with respect to the use, condition, title, occupation or management of the Property, compliance with applicable statutes, laws, codes, ordinances, regulations or requirements relating to leasing, zoning, subdivision, planning, building, fire, safety, health or environmental matters, compliance with covenants, conditions and restrictions (whether or not of record), other local, municipal, regional, state or federal requirements, or other statutes, laws, codes, ordinances, regulations or requirements (collectively, "Condition of the Property"). Buyer acknowledges that it is entering into this Agreement on the basis of Buyer's own investigation of the physical and environmental conditions of the Property, including the subsurface conditions and, except as provided in this Agreement, Buyer assumes the risk that adverse physical and environmental conditions may not have been revealed by its investigation.

3.1.2 Seller's Status.

(a) Approval of RAP. Seller prepared and submitted to the California Department of Toxic Substances Control ("DTSC") a Draft Remedial Action Plan, Taylor Yard Parcel G-2, Los Angeles, California dated July 10, 2013, prepared by CDM Smith Inc., which Plan was approved by DTSC for public review and comment by letter from DTSC to Seller dated August 9, 2013, and approved as the Final Remedial Action Plan by letter from DTSC to Seller dated February 14, 2014 (the "RAP"). The cost to remediate the Property as required under the RAP submitted by Seller to DTSC has not been precisely determined. Buyer estimates that cost to be Fourteen Million Seven Hundred Fifteen Thousand and No/100 Dollars (\$14,715,000.00) (the "Buyer's Estimated Remediation Cost").

(b) Following the Closing, Seller shall have no further obligations with respect to cleanup, investigation or remediation of Hazardous Materials in connection with the Property except for Hazardous Materials released after Closing by Seller. Provided, however, for the avoidance of doubt, Seller shall not retain any obligations following Closing with respect to cleanup, investigation or remediation of Hazardous Materials released by any third party after Closing under the Communications Easement referred to in Section 1.1(a), the easement for the PPSL Pipeline referred to in Section 1.1(b), or the SFPP Pipeline Easement referred to in Section 1.1(c). Prior to Closing, Seller may elect to, but shall have no obligation to Buyer to, continue performing its obligations under the Enforceable Agreement.

(c) As used in this Agreement, the term "Hazardous Materials" shall mean any hazardous or toxic substance, material or waste regulated by or subject to any local governmental authority, any agency of the State of California, or any other agency of the United States Government, including, without limitation, any material or substance which is (i) defined as a "hazardous waste", "extremely hazardous waste", "restricted hazardous waste", "hazardous substance", "hazardous material", "toxic material" or "toxic substance" under any federal, state or local governmental rule, regulation, ordinance, statute or act; (ii) petroleum and any petroleum

by-products; (iii) asbestos; (iv) urea-formaldehyde foam insulation; (v) polychlorinated biphenyls, or (vi) any other substance which is a "Hazardous Substance" under California Health and Safety Code § 25316 and in the regulations and publications promulgated pursuant to said statute and any amendments thereto.

3.1.3 Buyer's Environmental Obligations Notwithstanding Seller's previous undertaking of certain obligations under the Enforceable Agreement, Buyer and Seller agree that after Closing Buyer shall perform, at Buyer's sole cost and expense: (a) any and all remediation of the Property and the groundwater under the Property as required under the Enforceable Agreement, the RAP, or as required by a governmental authority under any other law, ordinance, rule or regulation, whether federal, state or local, (b) any and all remediation of contamination on the Property which may migrate or may have migrated onto other property as required by the RAP, and any amendment or successor agreement thereto, (c) any and all demolition and disposal of remaining foundation slabs, storage tanks, vaults and other surface or subsurface structures on the Property, (d) off-site hauling and disposal of all concrete and asphalt, and stormwater infrastructure, if necessary, including preparation of plans as required by regulatory agencies, and implementation of necessary measures during demolition-related work, and (e) any other environmental requirements concerning the Property, all in accordance with applicable laws and regulations. To implement the above duties and any other remedial obligations of Seller pertaining to the Property, Buyer shall assume all of Seller's obligations under the RAP at Closing, and as permitted by DTSC, enter into Buyer's own voluntary cleanup agreement with DTSC for the remediation of the Property pursuant to DTSC's Voluntary Cleanup Program Policy and Procedure for Mitigating Voluntary Site Mitigation Projects, a copy of which is attached hereto as **Exhibit E** and made a part hereof, and execute any land use covenants as may be required under the Enforceable Agreement or the RAP, or otherwise obtain a finding that no further action is required to remediate the Property (collectively, "Buyer's Environmental Obligations"), provided Buyer's obligations under this Section 3.1.3 are not limited to what Buyer agrees to do in its voluntary cleanup agreement. Provided, further, the Buyer and Seller acknowledge Buyer may obtain a no further action letter (also known as a remediation certification) after remediating the Property in phases, subject to approval by DTSC. To facilitate Buyer's completion of Buyer's Environmental Obligations and to provide Seller with a certain level of assurance of Buyer's performance of Buyer's Environmental Obligations, at Closing Seller shall deposit from Seller's proceeds the amount of Buyer's Estimated Remediation Cost in escrow with Escrow Holder. Those funds shall be held and distributed in connection with Buyer's completion of certain work to remediate the Property after Closing, pursuant to the Remediation Escrow Agreement attached hereto as **Exhibit F** and made a part hereof, which Remediation Escrow Agreement shall be entered into by Seller and Buyer at the Closing. Thus, Seller's sole obligations in connection with the condition and remediation of the Property shall be to remediate, if applicable, any Hazardous Materials released onto the Property by Seller after Closing.

3.1.4 Release. EFFECTIVE UPON THE CLOSING, BUYER, FOR ITSELF, ITS SUCCESSORS AND ASSIGNS, HEREBY WAIVES, RELEASES, REMISES, ACQUITS AND FOREVER DISCHARGES SELLER, SELLER'S EMPLOYEES, AGENTS, OR ANY OTHER PERSON ACTING ON BEHALF OF SELLER, OF AND FROM ANY CLAIMS, ACTIONS, CAUSES OF ACTION, DEMANDS, RIGHTS, DAMAGES, COSTS, EXPENSES, PENALTIES, FINES OR COMPENSATION WHATSOEVER, DIRECT OR INDIRECT, WHICH BUYER NOW HAS OR WHICH BUYER MAY HAVE IN THE FUTURE ON

ACCOUNT OF OR IN ANY WAY ARISING OUT OF OR IN CONNECTION WITH THE CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE KNOWN OR UNKNOWN PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, ANY CONTAMINATION IN, ON, UNDER OR ADJACENT TO THE PROPERTY BY ANY HAZARDOUS OR TOXIC SUBSTANCE OR MATERIAL AND ANY SURFACE OR SUBSURFACE STRUCTURES ON OR UNDER THE PROPERTY), OR ANY FEDERAL, STATE OR LOCAL LAW, ORDINANCE, RULE OR REGULATION APPLICABLE THERETO, INCLUDING, WITHOUT LIMITATION, THE TOXIC SUBSTANCES CONTROL ACT, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT, AND THE RESOURCE CONSERVATION AND RECOVERY ACT. THE FOREGOING APPLIES REGARDLESS OF ANY NEGLIGENCE OR STRICT LIABILITY OF SELLER, ITS AFFILIATES, THEIR EMPLOYEES, AGENTS, OFFICERS, SUCCESSORS OR ASSIGNS. WITH RESPECT TO THE FOREGOING RELEASE, BUYER EXPRESSLY WAIVES THE BENEFITS AND PROTECTIONS OF SECTION 1542 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA, WHICH READS AS FOLLOWS:

1542. Certain Claims Not Affected by General Release. 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.

BUYER HEREBY EVIDENCES ITS SPECIFIC AGREEMENT TO THE TERMS OF THIS RELEASE BY PLACING ITS SIGNATURE OR INITIALS BELOW.

Buyer's Initials

3.1.5 Indemnity. FROM AND AFTER CLOSING, BUYER SHALL, TO THE MAXIMUM EXTENT PERMITTED BY LAW, INDEMNIFY, DEFEND AND SAVE HARMLESS SELLER, ITS AFFILIATES, THEIR EMPLOYEES, AGENTS, OFFICERS, SUCCESSORS AND ASSIGNS ("INDEMNIFIED PARTIES"), FROM AND AGAINST ANY AND ALL SUITS, ACTIONS, CAUSES OF ACTION, LEGAL OR ADMINISTRATIVE PROCEEDINGS, CLAIMS, DEMANDS, FINES, PUNITIVE DAMAGES, LOSSES, COSTS, LIABILITIES AND EXPENSES, INCLUDING REASONABLE ATTORNEY'S FEES (COLLECTIVELY, "COSTS AND LIABILITIES"), IN ANY WAY ARISING OUT OF OR CONNECTED WITH THE CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE KNOWN OR UNKNOWN PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, ANY CONTAMINATION BY ANY HAZARDOUS OR TOXIC SUBSTANCE OR MATERIAL IN, ON, UNDER OR ADJACENT TO THE PROPERTY WHETHER REQUIRED BY THE ENFORCEABLE AGREEMENT, THE RAP, OR OTHERWISE AND ANY SURFACE OR SUBSURFACE STRUCTURES ON OR UNDER THE PROPERTY), OR ANY FEDERAL, STATE OR LOCAL LAW, ORDINANCE, RULE OR REGULATION APPLICABLE THERETO, INCLUDING, WITHOUT LIMITATION, THE TOXIC SUBSTANCES CONTROL ACT, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT, AND THE RESOURCE CONSERVATION AND RECOVERY ACT. THE

FOREGOING APPLIES REGARDLESS OF ANY NEGLIGENCE OR STRICT LIABILITY OF THE INDEMNIFIED PARTIES.

PROVIDED, HOWEVER, THE BUYER'S OBLIGATIONS TO INDEMNIFY, DEFEND OR SAVE HARMLESS THE INDEMNIFIED PARTIES AS SET FORTH IN THE PRECEDING PARAGRAPH SHALL NOT EXTEND TO DEATH, PERSONAL INJURY, OR PERSONAL OR REAL PROPERTY DAMAGE CAUSED AFTER CLOSE OF ESCROW BY THIRD PARTIES EXERCISING RIGHTS UNDER THE COMMUNICATIONS EASEMENT REFERRED TO IN SECTION 1.1(a), THE EASEMENT FOR THE PPSL PIPELINE REFERRED TO IN SECTION 1.1(b), OR THE SFPP PIPELINE EASEMENT REFERRED TO IN SECTION 1.1(c). ADDITIONALLY, NOTWITHSTANDING ANY PROVISION IN THIS SECTION 3.1.5 TO THE CONTRARY, THE BUYER SHALL NOT BE REQUIRED TO INDEMNIFY, DEFEND OR SAVE HARMLESS THE INDEMNIFIED PARTIES FOR COSTS AND LIABILITIES ARISING OUT OF OR CONNECTED WITH (a) SUCH FOUNDATION SLABS, STORAGE TANKS, VAULTS AND OTHER SUBSURFACE STRUCTURES, IF SUCH COSTS AND LIABILITIES ARE ALSO CAUSED BY SELLER'S WILLFUL MISCONDUCT REGARDING ANY SUCH FOUNDATION SLABS, STORAGE TANKS, VAULTS AND OTHER SUBSURFACE STRUCTURES, OR (b) THE RELEASE OF HAZARDOUS MATERIALS ON, UNDER OR ADJACENT TO THE PROPERTY AFTER CLOSING BY SELLER.

3.1.6 Survival. The provisions of this Section 3.1, along with the provisions of the Sections listed in Section 2.4.2 above, will survive the Closing and the delivery of the Deed.

3.1.7 Additional and Independent Consideration. The release, indemnity and general allocation of environmental responsibility by Buyer under this Section 3.1, in addition to any more specific provisions in the Deed, are additional and independent consideration to Seller for the sale and purchase of the Property, without which Seller would not sell the Property for the Purchase Price.

3.2 Inspection. By Right of Entry Agreement dated March 31, 2014 between Seller and Buyer, Buyer was granted the right to enter the Property (through April 11, 2014) for the purpose of performing Phase 1 and Phase 2 invasive environmental studies of the Property. Upon Buyer's request, Seller shall reinstate such Right of Entry Agreement so that Buyer may inspect the PPSL Pipeline Easement Area, SFPP Pipeline Easement Area, and the Communications Easement Property (collectively "Easement Areas"). If requested by Buyer, Seller shall again reinstate Buyer's right of entry under such Right of Entry Agreement for the Feasibility Review Period to re-inspect the Easement Areas. Except as provided in the Right of Entry Agreement, Buyer shall not have any rights to enter the Property during the Feasibility Review Period referred to in Section 5.3 below.

ARTICLE 4 TITLE TO PROPERTY

4.1 Title. At the Closing (as defined in Section 8.2.1 below), Seller shall execute and deliver to Buyer the Deed to the Property in the form of **Exhibit C** attached hereto. Title will be evidenced by the issuance by First American Title Insurance Company ("Title Company") of a

CLTA Standard Coverage (or, if Buyer provides Title Company with an ALTA Survey of the Property as contemplated in Section 4.3 below, an ALTA Policy) Owner's Policy of Title Insurance in the full amount of the Purchase Price (the "Title Policy"), insuring fee simple title to the Property in Buyer, subject only to:

4.1.1 A lien to secure payment of real property taxes and assessments, not delinquent;

4.1.2 Matters affecting the condition of title created or permitted to be created by or with the written consent of Buyer;

4.1.3 Standard exceptions in the Title Policy, and exceptions that are disclosed by the Title Report described in Section 5.1 or any supplementary report to the extent approved or deemed approved by Buyer in accordance with Section 5.1;

4.1.4 Any other exceptions or reservations set forth in the Deed; and

4.1.5 Subject to Buyer's review and approval before expiration of the Feasibility Review Period, the documents identified in the records of Seller as follows:

(a) Track Lease dated May 29, 2007 between Seller and SCRRA/Metrolink, a government entity, unrecorded but identified in the records of Seller as Audit No. 244218 (the "Track Lease"); and

(b) Roadway Agreement dated July 11, 2002 between Seller and State of California, Department of Parks and Recreation, recorded in the Official Records of Los Angeles County, California as Instrument No. 02-1763864 (the "Roadway Agreement"), under which Buyer shall assume all the obligations of Seller, including, without limitation, the obligation to pay for roadway maintenance costs as set forth therein;

At Closing, the Track Lease and Roadway Agreement will be assigned by Seller to and assumed by Buyer to the extent these two documents affect the Property, by duly executed Assignment and Assumption Agreement (the "Assignment") in the form attached hereto as **Exhibit G**.

4.2 Unidentified Licenses. Buyer acknowledges that the Property may be subject to licenses and other third party rights ("Unidentified Licenses") that have not been identified by Seller to Buyer from Seller's review of its records. If any Unidentified License that affects the Property is identified after the Execution Date but prior to Closing (except for the Track Lease and Roadway Agreement identified in Section 4.1.5 above), Seller, without being obligated to expend any monies to do so, shall use commercially reasonable efforts to terminate such Unidentified Licenses unless Buyer elects (in its sole discretion) for such Unidentified Licenses to be assigned to and assumed by Buyer at or after Closing to the extent such Unidentified Licenses affects the Property, by duly executed Assignment in the form attached hereto as **Exhibit G**. If any Unidentified License that affects the Property is identified after Closing, Seller's rights (including, without limitation, any income and obligations) under such Unidentified License, will be assigned

to and assumed by Buyer to the extent such Unidentified License affects the Property, by duly executed Assignment in the form attached hereto as **Exhibit G**.

Seller shall conduct Seller's Standard Real Estate Search within seven (7) days after the Execution Date. Seller agrees to deliver to Buyer, within ten (10) days after the Execution Date, copies of all agreements covering the Property that are disclosed by Seller's Standard Real Estate Search. Seller's Standard Real Estate Search means the following procedure: Seller's Real Estate Department: (a) determines the location of the property in question and converts the information into a database inquiry which is run against Seller's Real Estate Management System database of over 300,000 active agreements to generate a list of documents affecting the property in question as revealed by the database, and (b) searches for the listed documents in the Real Estate Department records in Omaha, Nebraska, which location is where documents in Seller's Real Estate Management System database are stored and maintained in the ordinary course of Seller's business. If any agreement that affects the Property is identified during Seller's Standard Real Estate Search, and if Buyer approves such agreement before the expiration of the Feasibility Review Period in Buyer's sole discretion, then Seller's rights (including, without limitation, any income rights and obligations under such agreement, to the extent such agreement affects the Property) will be assigned to and assumed by Buyer at Closing. Seller makes no representations or warranties with respect to the accuracy or completeness of the list of agreements generated by Seller's Standard Real Estate Search, except as otherwise provided in this Agreement. Provided, however, notwithstanding any language in this Agreement to the contrary, Seller shall not provide a copy to Buyer of any agreements related to any Communications Equipment located in the Communications Easement Property, including the Fiber Optics Easement dated November 9, 1987, mentioned above.

4.3 Extended Coverage. Buyer, at its option and at its sole cost and expense, may obtain ALTA extended coverage and/or an ALTA survey, provided, however, that the failure to obtain such extended coverage will not delay the Close of Escrow beyond the Closing Date, and that Seller will not be required to assume any obligations or liabilities in addition to Seller's obligations and liabilities under this Agreement.

ARTICLE 5 BUYER'S CONDITIONS TO CLOSING

The following are conditions precedent to Buyer's obligation to purchase the Property:

5.1 Approval of Title.

(a) Buyer, at its sole cost and expense, has obtained a preliminary title report on the Property ("Title Report") together with copies of all the documents referred to in the Title Report that are provided by the Title Company with the Title Report, and furnished a copy of the Title Report and the documents to Seller.

(b) Buyer has approved or waived all exceptions to title in the Title Report, and reviewed and approved the Survey and all existing title matters.

5.2 Delivery of Survey. Buyer acknowledges that Seller, at its sole cost and expense, has obtained and furnished to Buyer and Title Company a copy of a survey of the Property, prepared by Surveying & Drafting Services, Inc. dated January 28, 2010, Job Title: UPRR/Taylor. The survey was used as the basis for preparation of the description of the Property in **Exhibit A**, and the description for the PPSL Pipeline Easement Area, the SFPP Pipeline Easement Area, and the Communications Easement Property in **Exhibit B** (these easement areas are in close proximity to each other and are contained in the one **Exhibit B** description).

Notwithstanding Seller's providing Buyer with a copy of a survey of the Property, Buyer has obtained, at its sole cost and expense, its own survey of the Property by Survey & Drafting Services, Inc., updated on May 29, 2014 (the "Survey").

5.3 Feasibility Review. Within ninety (90) days after Opening of Escrow ("Feasibility Review Period"), Buyer will have approved, arranged or completed, in its sole and absolute discretion, all feasibility components of Buyer's purchase of the Property, including, but not limited to, the following:

(a) The availability of financing for Buyer's (i) acquisition of the Property, (ii) remediation of the Property pursuant to the RAP, and (iii) commencement of its proposed project on the Property, including any remediation associated with such project or other projects;

(b) The verbal consent of PPSL and SFPP, LP (and the fiber optic companies located in the Communications Easement Property) to Buyer's proposed use of the surface of their respective easement areas for roadway purposes;

(c) The verbal acknowledgement of PPSL and SFPP, LP (and the fiber optic companies located in the Communications Easement Property) that they have protocols to respond to and remediate fire hazards and/or releases of Hazardous Materials from their respective easement areas;

(d) The determination by Buyer that there is no significant risk to public health and safety presented by PPSL and SFPP, LP oil pipeline operations in their respective portions of the easement areas; and

(e) The issuance of a Notice of Determination prepared by Buyer for its proposed project on the Property: (i) as part of its City Council's review and approval of this Agreement under the California Environmental Quality Act ("CEQA"), and (ii) in compliance with the requirements of California Public Resources Code Section 21152, in a form satisfactory to Buyer. However, nothing in this Agreement shall be interpreted as requiring Buyer to issue, adopt or certify such Notice of Determination, and Buyer shall retain full discretion to determine the adequacy of any environmental document proposed, including the discretion to decline to issue, certify or adopt any such document.

Buyer may elect, at any time prior to the expiration of the Feasibility Review Period, to terminate this Agreement as a result of Buyer's disapproval of any of the foregoing matters or any other aspect of the Property, in Buyer's sole and absolute discretion; provided however, that if Buyer fails to notify Seller and Escrow Holder of Buyer's approval of the feasibility of said

matters, including affirmative notice that Buyer has the financial funding to complete the acquisition, by written notice delivered to Seller no later than the date of expiration of the Feasibility Review Period, Buyer will be deemed to have disapproved the feasibility and this condition will be deemed disapproved, in which case this Agreement shall automatically terminate. Upon Buyer's providing Seller with written notice of Buyer's termination, the Deposit will be returned to Buyer, and neither party will have any further rights or obligations under this Agreement (other than the Pre-Closing Surviving Obligations).

5.4 Final Walkthrough.

Approximately three (3) days prior to the Closing Date, Buyer shall have the opportunity to conduct a walkthrough of the Property to: (a) visually inspect for evidence of pipeline ruptures or releases in the PPSL Pipeline Easement Area or the SFPP Pipeline Easement Area; and (b) consult with PPSL and SFPP, LP on the current readings from their pipeline leak detection systems ("LDS") for evidence of such conditions in their respective portions of the Easement Areas.

If Buyer discovers, through its walkthrough, LDS reading or otherwise, that a rupture of either pipeline has occurred under the Property, then Buyer shall have the right to terminate the Agreement upon written notice to Seller sent not later than the day prior to the Closing Date, with a copy of such notice immediately deposited with Escrow Holder.

If no evidence of a rupture is observed by Buyer (or present in the LDS reading), Buyer shall immediately deposit written notice with Escrow Holder (copy to Seller) that as of the date of the inspection, there is no evidence of rupture. If no notice of termination or notice of no evidence of rupture under this Section 5.4 is deposited with Escrow Holder by the date prior to the Closing Date, then Buyer's right to terminate this Agreement under this Section 5.4 shall be deemed waived by Buyer.

5.5 Compliance by Seller. Seller will have complied with each and every condition and material covenant of this Agreement to be kept or complied with by Seller, and all of the representations and warranties made by Seller under this Agreement shall be accurate as of the Closing.

5.6 Commitment to Issue Title Policy. The Title Company shall be unconditionally and irrevocably committed to issue the Title Policy to Buyer.

5.7 No Litigation or Legal Challenges. There is no pending or threatened litigation or governmental enforcement action with respect to any aspect of the condition, zoning, or subdivision of the Property, other than the Enforceable Agreement and the RAP proceeding with DTSC already contemplated under this Agreement.

5.8 No Material Adverse Change to Property. No material adverse change will have occurred with respect to the physical condition of the Property.

If any of Buyer's conditions to Closing are not timely satisfied, then Buyer shall have the right to terminate this Agreement (except that the Deposit shall be nonrefundable upon expiration of the Feasibility Review Period and released to Seller as provided above), and neither

party shall have any further rights or obligations under this Agreement (except for the Pre-Closing Surviving Obligations).

ARTICLE 6 SELLER'S CONDITIONS TO CLOSING

The following are conditions precedent to Seller's obligation to sell the Property.

6.1 Compliance by Buyer. Buyer will have complied with each and every condition and material covenant of this Agreement to be kept or complied with by Buyer, and all of the representations and warranties made by Buyer under this Agreement shall be accurate as of the Closing.

6.2 Hike and Bike Trail. Buyer acknowledges that upon Closing under this Agreement, the conveyance of the Property to Buyer shall satisfy Seller's commitment set forth in that certain letter agreement dated May 19, 2010 between Los Angeles County Metropolitan Transportation Authority and Seller to provide Buyer with an at-grade crossing easement for a bicycle/pedestrian path.

ARTICLE 7 SUBDIVISION MAP ACT

7.1 Subdivision Compliance. This Agreement is expressly conditioned upon compliance of the Property with the California Subdivision Map Act ("Subdivision Compliance"), which Seller and Buyer acknowledge is reflected in the Conditional Certificate of Compliance No. AA-2010-0859-COC recorded on June 25, 2010 in the Official Records, Recorder's Office, Los Angeles County, California, as Instrument No. 20100875529, for the Property.

ARTICLE 8 OPENING AND CLOSING OF ESCROW

8.1 Opening of Escrow and Escrow Instructions. Following City Council approval of this Agreement and execution of this Agreement by the parties, Buyer shall deposit three (3) executed counterparts of this Agreement (and Buyer shall deposit the Deposit) with Escrow Holder and this instrument will serve as the instructions to Escrow Holder for consummation of the purchase and sale contemplated hereby, including Escrow Holder's general provisions which are contained in **Exhibit H** attached hereto to the extent said general provisions do not conflict with the provisions contained in these escrow instructions. Escrow Holder shall insert the date of the Opening of Escrow on the upper right hand corner of the first page of this Agreement on each of the three counterparts. The Opening of Escrow is the date upon which Escrow Holder has received executed counterparts of this Agreement from both Buyer and Seller and has received the Deposit from Buyer. Escrow Holder shall deliver to both Buyer and Seller a set of counterparts of the Agreement executed by Buyer, Seller and Escrow Holder and shall retain a set in Escrow. Escrow Holder is responsible only for undertaking such matters in conjunction with the Closing as are specifically provided for in this Agreement or in any additional or supplementary escrow instructions delivered by the parties. Provided, however, notwithstanding any language in this Agreement to the contrary, if the Opening of Escrow has not occurred by October 31, 2016 then

this Agreement if executed by both Buyer and Seller is void and if executed only by Seller is withdrawn.

8.2 Closing.

8.2.1 Closing Date. The consummation of the purchase transaction contemplated by this Agreement and recording of the Deed ("Closing" or "Close of Escrow") will occur and delivery of all items to be made at the Closing under the terms of this Agreement will be made on or before the date thirty (30) days after the end of the Feasibility Review Period (the "Closing Date").

8.2.2 Pre-Closing Conditions. Provided that Escrow Holder can comply with these instructions, that Escrow Holder has received the deliveries described in Sections 8.3 and 8.4 below, that Escrow Holder has not received prior written notice from a party that any condition to such party's obligations has not been fulfilled or that Buyer has elected to terminate its rights and obligations under this Agreement pursuant to Article 5, and the Title Company has issued or is unconditionally prepared to issue to Buyer, as of the Closing Date, the Title Policy, then Escrow Holder is authorized and instructed to (a) record the Deed, (b) deliver the Purchase Price to Seller, less the Buyer's Estimated Remediation Cost and prorations and costs of Escrow in accordance with Section 8.6, (c) receive the amount of the Buyer's Estimated Remediation Cost and deposit it into the Remediation Escrow Account as per (and as such term is defined in) the Remediation Escrow Agreement attached as **Exhibit F** hereto, (d) deliver a conformed copy of the recorded Deed and a fully executed counterpart of the Assignment to Buyer and Seller, and (e) deliver the closing statements to Buyer and Seller in accordance with Section 8.2.4.

8.2.3 Failure to Close. If the Closing does not occur on or before the Closing Date, then either party not then in default may elect to terminate this Agreement and cancel Escrow by giving written notice of such termination and cancellation to the other party and to Escrow Holder. In the event of such termination and cancellation following the Feasibility Review Period, neither party will have any further obligations hereunder (other than the Pre-Closing Surviving Obligations), and unless the Escrow fails to close due to: (a) a default by Seller, (b) the failure of a condition precedent to Buyer's obligations hereunder before the expiration of the Feasibility Review Period, or (c) termination of this Agreement pursuant to Section 5.4 or Section 10.2, the Deposit and any interest accrued thereon will be retained by Seller (or if the Deposit has not yet been released to Seller, then the Deposit shall be released to Seller), and all documents and other instruments must be returned to the party depositing the same into Escrow.

If this Agreement is terminated due to a default by Seller, the failure of a condition precedent to Buyer's obligations hereunder before expiration of the Feasibility Review Period, or pursuant to Section 5.4 or Section 10.2, then the Deposit shall be returned to Buyer.

If neither party is in default, then Buyer and Seller will share equally the cost of cancellation of Escrow. If only one of the parties hereto is in default or if this Agreement expressly so provides, then such defaulting party shall pay for the entire cost of cancellation of Escrow. The termination of this Agreement and cancellation of Escrow will be without prejudice to whatever legal rights, as such rights may be limited by the terms of this Agreement, that Buyer or Seller may have against each other arising out of this Agreement and the Escrow. If neither party so elects to

terminate this Agreement and cancel Escrow, Escrow Holder shall close the Escrow as soon as possible.

8.2.4 Notification; Closing Statements. If Escrow Holder cannot comply with the instructions in this Agreement and to be provided, Escrow Holder is not authorized to cause the recording of the Deed or close this Escrow. If Escrow Holder is unable to cause the recording of the Deed, Escrow Holder shall notify David Roberts of Buyer at (213) 922-8546 and Richard Gooch of Seller at (415) 439-5345, without delay. If Escrow Holder is able to comply with the instructions herein and to be provided, at the Closing Escrow Holder shall deliver to Seller at the addresses provided in Section 13.9 below a true, correct and complete copy of the Seller's closing statement, in the form customarily prepared by Escrow Holder and shall deliver to Buyer at the address provided in Section 13.9 below a true, correct and complete copy of Buyer's closing statement, in the form customarily prepared by Escrow Holder.

8.3 Deliveries by Seller. Not later than one business day prior to the Closing Date, Seller shall deposit with Escrow Holder the following items:

8.3.1 Deed. The Deed in the form of **Exhibit C** duly executed and acknowledged by Seller.

8.3.2 Assignment. The Assignment in the form of **Exhibit G** duly executed by Seller.

8.3.3 Non-Foreign Status Certificate. A Non-Foreign Status Certificate pursuant to Internal Revenue Code Section 1445 duly executed by Seller.

8.3.4 California Form 593-C. California Form 593-C (Real Estate Withholding Certificate) duly executed by Seller.

8.3.5 Remediation Escrow Agreement. The Remediation Escrow Agreement in the form of **Exhibit F** duly executed by Seller.

8.3.6. Other Documents. Any other documents, instruments, data, records, correspondence or agreements called for under this Agreement that have not previously been delivered together with such other instruments and documents as may be reasonably requested by Escrow Holder or Title Company or Buyer and are reasonably required to transfer title to the Property to Buyer. Any documents or instruments requested by Title Company or Buyer which are not required for the transfer of title to the Property shall be approved as to form, if at all, prior to the end of the Feasibility Review Period.

8.4 Deliveries by Buyer. Not later than one (1) business day prior to the Closing Date (or such other time specified below), Buyer shall deposit with Escrow Holder the following items:

8.4.1 Purchase Price. A sum, including the Deposit, in an amount equal to the Purchase Price, plus Buyer's share of the prorations and costs of Escrow that are required pursuant to this Article 8 to close Escrow.

8.4.2 Deed. The Deed in the form of **Exhibit C** duly executed and acknowledged by Buyer.

8.4.3 Acceptance of Deed. The Acceptance of Deed included as part of **Exhibit C**, duly executed and acknowledged by Buyer.

8.4.4 Assignment. The Assignment in the form of **Exhibit G** duly executed by Buyer.

8.4.5 Remediation Escrow Agreement. The Remediation Escrow Agreement in the form of **Exhibit F** duly executed by Buyer.

8.4.6 Other Documents. Any other documents, instruments, data, records, correspondence or agreements called for under this Agreement that have not been previously delivered.

8.5 Other Instruments. Seller and Buyer shall each deposit such other instruments and take such other actions as are reasonably required by Escrow Holder or otherwise required to close the Escrow and consummate the purchase of the Property in accordance with the terms of this Agreement.

8.6 Prorations. All revenues and real property taxes and assessments will be prorated and apportioned between Buyer and Seller as of 12:01 a.m. on the Closing Date, so that Seller bears all expenses with respect to the Property and has the benefit of all income with respect to the Property through and including the date immediately preceding the Closing Date. Seller and Buyer agree that any of the aforesaid prorations that cannot be calculated accurately as of the Closing Date will be prorated on the basis of the parties' reasonable estimates, and will be recomputed between Seller and Buyer when actual tax statements for the year of Closing are received, and either party owing the other party a sum of money based on such subsequent proration adjustment will promptly pay said sum to the other party, and, if payment is not made within ten (10) days after delivery of a bill therefor, will pay interest thereon at the lesser of the rate of ten percent (10%) per annum or the highest rate permitted by law, from the Closing Date to the date of payment.

If at the time of Closing the real property taxes on the Property are assessed as part of Seller's State Board of Equalization ("SBE") unitary assessment in Los Angeles County, California, then such taxes will not be prorated between Seller and Buyer at Closing as such prorations would be difficult to determine, and Seller will pay such SBE assessment when due.

8.7 Special Taxes, Bonds or Assessments. If, at the time of Closing, any portion of the Property is affected by an assessment or other charge, whether for taxes or bonds, or interest thereon, which is or may become payable in installments, and an installment payment of such assessment is then a lien, then such installment will be prorated as of midnight at the end of the day preceding the Close of Escrow. All installments not then yet due whether or not the same have been prepaid will not be prorated and Buyer shall take subject to such bonds or assessments, subject to proration of any installment payable for the period in which Closing occurs to reflect Seller's responsibility for any period prior to Closing. Any prepaid assessments made in advance

of its due date will be credited to Seller. In addition, Buyer shall take subject to any and all future bonds, assessments, special taxes, fees or charges applicable to the Property for liabilities now or hereafter imposed by any governmental authority (collectively referred to as "Governmental Requirements") including, without limitation, any such Governmental Requirements imposed by the City of Los Angeles, and those for: (a) common area improvements, whether or not specifically set forth in this Agreement, (b) local assessment or improvement districts, (c) any special tax assessments, (d) traffic mitigation improvements, (e) park and recreation fees, and/or (f) any other public facility infrastructure or traffic mitigation required or imposed by the City of Los Angeles. Buyer shall take subject to all such bonds or future assessments without offset or adjustment, subject to proration as provided above. Seller shall not create or consent to any special assessments or other taxes without Buyer's written consent, which consent shall not be unreasonably withheld.

8.8 Costs and Expenses. The costs and expenses of Escrow upon Close of Escrow will be paid by Buyer, including, without limitation, the premium for the Title Policy, the cost of an ALTA survey, all recording charges, and all other standard costs and charges of the Escrow.

8.9 Disbursement of Funds. On the Close of Escrow, following the recordation of the Deed, Escrow Holder shall disburse the Purchase Price less (a) the amount of the Buyer's Estimated Remediation Cost; and (b) Seller's share of prorations as determined pursuant to Section 8.6, in immediately available funds, and, unless otherwise instructed by Seller, Escrow Holder shall cause such funds to be sent by wire transfer as follows:

US Bank
Omaha, Nebraska 68102
ABA Routing #104000029
For Credit Union Pacific Railroad Company
Account No. 148744571164

Escrow Holder shall wire such funds to Seller as of 11:00 a.m. on such date in order that such funds may be received by Seller on the Close of Escrow; provided, however, that if such funds cannot be wired to Seller on the Close of Escrow, Escrow Holder shall, unless otherwise directed in writing by Seller, invest the funds overnight in an interest-bearing account. The amount of the Buyer's Estimated Remediation Cost shall be deposited by Escrow Holder at Closing in its escrow account established pursuant to the Escrow Agreement.

8.10 Delivery of Documents. Upon the Close of Escrow, Escrow Holder shall promptly deliver all instruments and documents to such party's attorney specified in Section 13.9, and if no attorney is specified, then to such party directly. Escrow Holder shall promptly deliver to the party entitled thereto the recorded originals of such instruments or documents upon Escrow Holder's receipt of the same.

8.11 Supplemental Taxes. Seller and Buyer acknowledge that the Property may be subject to supplemental taxes due as a result of change of ownership taking place through this Escrow. Any necessary adjustment due either party on receipt of a supplemental tax bill will be made by the parties outside of this Escrow and Escrow Holder is released of any liability in connection with same.

ARTICLE 9
REPRESENTATIONS, WARRANTIES AND COVENANTS;
POST-SALE CONDITIONS

9.1 Representations, Warranties and Covenants of Seller. Seller hereby represents, warrants and covenants to Buyer as of the date of this Agreement and as of the Closing, as follows:

9.1.1 Organization. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and qualified to do business in California.

9.1.2 Enforceability. This Agreement and all documents executed by Seller which are to be delivered to Buyer at the Closing are intended, provided Buyer has duly executed those documents requiring Buyer's signature, to be legal, valid, and binding obligations of Seller, and do not and at the time of Closing will not violate any provisions of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject.

9.2 New Encumbrances. Seller shall not encumber the Property with a new monetary lien prior to Closing. Further, except as contemplated herein, Seller shall not encumber the Property with any other new liens or instruments which are intended to survive Closing, without Buyer's prior written consent, which consent shall not be unreasonably withheld.

9.3 Representations, Warranties and Covenants of Buyer. Buyer hereby represents, warrants and covenants to Seller as of the date of this Agreement, as follows:

9.3.1 Organization. Buyer is a municipal corporation, duly organized, validly existing and in good standing under the laws of the State of California, with full power and authority to enter into and comply with the terms of this Agreement.

9.3.2 Enforceability. This Agreement and all documents executed by Buyer which are to be delivered to Seller at the Closing are intended, provided Seller has duly executed those documents requiring Seller's signature, to be legal, valid, and binding obligations of Buyer, and do not and at the time of Closing will not violate any provisions of any agreement or judicial order to which Buyer is a party or to which it is subject.

9.3.3 Bankruptcy. No petition in bankruptcy (voluntary or otherwise), assignment for the benefit of creditors, or petition seeking reorganization or arrangement or other action under federal or state bankruptcy or insolvency laws is pending against or contemplated by Buyer.

9.4 Survival. The representations, warranties and covenants contained in Section 9.1 and 9.3 shall survive Closing for a period of twelve (12) months.

9.5 Mutual Representations and Covenants, Brokers and Finders. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection with any agreement alleged to have been made by Buyer for brokerage or finding services, Buyer agrees to indemnify and hold Seller harmless against any and all liability, loss, cost, damage or

expense (including reasonable attorneys' fees and costs) which Seller may sustain or incur by reason of such claim. Similarly, if such claim is made against Buyer based upon any agreement alleged to have been made by Seller for brokerage or finding services, Seller agrees to indemnify and hold Buyer harmless against any and all liability, loss, cost, damage or expense (including reasonable attorneys' fees and costs) which Buyer may sustain or incur by reason of such claim. The provisions of this Section will survive the Close of Escrow or termination of this Agreement.

9.6 Post-Sale Conditions. The Property is conveyed by Seller subject to the following covenants, conditions and restrictions, which Buyer by the acceptance of the Deed shall covenant for itself, its successors and assigns, faithfully to keep, observe and perform:

9.6.1 Fence Covenant. Buyer, at its sole cost and expense, shall install, in conjunction with Buyer's development of the Property and the construction of a tail track on the Tail Track Easement Area referred to in that certain Easement Deed dated May 25, 2011 between Seller and SCRRA/Metrolink, recorded on April 23, 2012 at Instrument No. 20120596371 in the Official Records, Recorder's Office of Los Angeles County, California, but not later than one (1) year after the Close of Escrow, and thereafter maintain fencing or other barriers to prevent access to or encroachment on the Tail Track Easement Area and the railroad right-of-way adjacent to the easterly boundary of the Property. The fencing or barrier must be of a design and type satisfactory to Seller, and in compliance with applicable building codes. Buyer shall submit the plans for the fencing or barrier construction to:

Union Pacific Railroad Company
Attn: Assistant Vice President-Real Estate
(Folder No. 1638-34)
1400 Douglas Street, MS 1690
Omaha, Nebraska 68179

for review and approval. Seller shall complete such review and make appropriate response to Buyer within twenty (20) days after receipt of such plans by Seller. Seller shall not unreasonably withhold its approval of such plans. Such approval does not constitute a guarantee or warranty that such plans comply with applicable governmental laws, rules, regulations or ordinances, or that the fence as constructed will be structurally sound. Provided, however, Seller acknowledges that a chain link fence not less than six (6) feet in height is a design and type satisfactory to Seller within the meaning of this Section 9.6.1.

9.6.2 Railroad Proximity Covenant.

(a) Buyer acknowledges that the property abutting the northeasterly boundary line of the Property is dedicated and used for railroad purposes, that railroad operations may create noise, vibrations, emissions, fumes and odors twenty-four (24) hours a day, and that the amount, nature and intensity of railroad operations may increase or change (collectively, the "Permitted Effects"). Buyer accepts the Property subject to the existence of the Permitted Effects.

(b) Buyer shall not and hereby waives all rights to institute legal proceedings against Seller to reduce or lessen the Permitted Effects. If Buyer breaches such covenant, it shall

reimburse Seller to defend such proceedings, including, without limitation, reasonable attorney fees and court costs.

(c) If Buyer sells or leases all or any portion of the Property, such purchaser or tenant shall be subject to such railroad operations abutting the Property and the existence of the Permitted Effects.

9.6.3 Covenants To Run With Land. The foregoing covenants, conditions and restrictions shall run with the Property, the burdens of which will be binding on the successors and assigns of Buyer, and the benefits of which will inure to the successors and assigns of Seller. A breach of the foregoing covenants, conditions and restrictions, or the continuance thereof, may, at the option of Seller, its successors or assigns, be enjoined, abated or remedied by appropriate proceedings.

ARTICLE 10 CONDEMNATION AND CASUALTY

10.1 Threat of Condemnation. The parties acknowledge that Buyer has the power of eminent domain and has indicated its intention to institute eminent domain proceedings in the event that Seller does not sell the Property pursuant to this Agreement. The parties further acknowledge that Seller intends to treat any gain or loss realized from the sale of the Property as sold under imminent threat of condemnation pursuant to Section 1033 of the federal Internal Revenue Code of 1986.

10.2 Casualty. If, prior to the Close of Escrow, the Property is damaged by fire, flood, earthquake, PPSL or SFPP, LP pipeline failure or other casualty to a degree that causes the rupture of one or both pipelines, which is the subject of Section 1.1(b) or Section 1.1(c) above, Buyer will have the option either to: (a) elect not to acquire the Property, in which case this Agreement will terminate, and the parties will be relieved of all further rights and obligations with respect thereto; or (b) acquire the Property subject to such casualty, without adjustment in the Purchase Price and otherwise in accordance with the terms and provisions of this Agreement, but Buyer will be entitled to any insurance proceeds paid by an insurer on account of such casualty which would otherwise accrue to Seller. Buyer shall give written notice to Seller of any election pursuant to this Section 10.2 within thirty (30) business days following receipt by Buyer of any written notice of such casualty. Failure of Buyer to make such election within said period will be deemed an election not to proceed to purchase the Property pursuant to clause (b) above. If prior to the Close of Escrow, the Property suffers a casualty other than to an extent causing the rupture of one or both such pipelines, Buyer shall close the transaction contemplated by this Agreement in accordance with the terms hereof as though such casualty had not occurred, except that Seller shall, at Closing, pay or assign to Buyer any net insurance proceeds paid or payable to Seller in respect thereof.

ARTICLE 11 POSSESSION OF PROPERTY

Possession of the Property will be delivered to Buyer on the Close of Escrow, subject to the Track Lease, the Roadway Agreement, and any Unidentified Licenses.

ARTICLE 12 DEFAULT

In the event Buyer fails to perform when due any obligation of Buyer set forth in this Agreement, and such failure continues for thirty (30) days after written notice by Seller, Buyer shall be in default hereunder and Seller shall have the right to pursue any remedy at law or in equity. Without limiting the general application of the foregoing, in the event Buyer or any person with any interest in any portion of the Property fails to perform the obligations of Buyer under Article 3 above, and such failure continues for thirty (30) days after written notice by Seller, then Seller shall have the right to obtain the remedy of specific performance or any other remedy in equity, in addition to any other remedy available to Seller. Provided, however, for the avoidance of doubt, Seller's remedy shall not include obtaining a reverter of the Property to Seller's ownership.

ARTICLE 13 MISCELLANEOUS

13.1 Agreement Expenses. The parties agree to bear their respective expenses, incurred or to be incurred in negotiating and preparing this Agreement and in Closing and carrying out the transactions contemplated by this Agreement.

13.2 Satisfaction or Waiver of Contingencies. The consummation of the Closing will be conclusive evidence that the contingencies and conditions to Closing have been fully satisfied or waived, subject to any rights for damages subsequent to Closing that Buyer may have for breach of Seller's representations, warranties or covenants contained in this Agreement.

13.3 Successors and Assigns. This Agreement will be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns, except that Buyer's interest under this Agreement may not be assigned, encumbered or otherwise transferred, whether voluntarily, involuntarily, by operation of law or otherwise. Any assignment, encumbrance or other transfer in violation of the foregoing will be void and Buyer will be deemed in default hereunder. Provided, however, notwithstanding language herein to the contrary, Buyer shall have the right, without Seller's consent, to assign its rights under this Agreement to any person or entity in which Buyer is a member or to which Buyer is a development manager. No assignment or transfer of rights hereunder by Buyer shall release Buyer from any obligations under this Agreement.

13.4 Parties in Interest. Except as expressly provided in this Agreement, nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor will any provision give any third persons any right to subrogation or action over against any party to this Agreement.

13.5 Entire Agreement. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior or contemporaneous oral or written agreements, representations, statements, documents, or understandings of the parties.

13.6 Amendment. No supplement, modification, or amendment of this Agreement will be binding unless executed in writing by the party to be bound.

13.7 Waiver. No waiver of any of the provisions of this Agreement will be deemed, or will constitute, a waiver of any other provision, whether or not similar, nor will any waiver constitute a continuing waiver. No waiver will be binding unless executed in writing by the party making the waiver.

13.8 Timeliness. Seller and Buyer acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation and provision of this Agreement and that failure to timely perform any of the material terms, conditions, obligations or provisions

of this Agreement by either party is a material breach of and a non-curable (but waivable) default under this Agreement by the party so failing to perform.

13.9 Notices. Any notice or other communication required or permitted to be given under this Agreement ("Notices") must be in writing and must be (a) personally delivered; (b) delivered by a reputable overnight courier; or (c) delivered by certified mail, return receipt requested and deposited in the U.S. Mail, postage prepaid. Notices will be deemed received at the earlier of: (i) actual receipt or (ii) one business day after deposit with an overnight courier as evidenced by a receipt of deposit; or (iii) three business days following deposit in the U.S. Mail, as evidenced by a return receipt. Notices must be directed to the parties at their respective addresses shown below, or such other address as either party may, from time to time, specify in writing to the other in the manner described above:

If to Seller: UNION PACIFIC RAILROAD COMPANY
 ATTN: Richard L. Gooch, Director-Special Properties
 50 California Street, Suite 1563
 San Francisco, California 94111
 Telephone: (415) 439-5345

With copy to: UNION PACIFIC RAILROAD COMPANY
 ATTN: Patrick R. McGill, Senior Counsel-Real Estate
 1400 Douglas Street, Mail Stop 1580
 Omaha, Nebraska 68179
 Telephone: (402) 544-5761

If to Buyer: CITY OF LOS ANGELES
 ATTN: Tony M. Royster
 Department of General Services
 Real Estate Services Division
 111 East First Street (City Hall South)
 Los Angeles, California 90012
 Telephone: (213) 928-9555

With copy to: OFFICE OF LOS ANGELES CITY ATTORNEY
 ATTN: Real Property - Environment Division
 200 North Main Street, 7th Floor (City Hall East)
 Los Angeles, California 90012
 Telephone: (213) 978-8237

13.10 Governing Law and Venue. This Agreement is to be construed in accordance with, and governed by, the laws of the State of California, and any action or proceeding, including arbitration, brought by any party in which this Agreement is subject, will be brought in either state or federal court serving the county in which the Property is located.

13.11 Effect of Headings. The headings of the paragraphs of this Agreement are included for purposes of convenience only, and will not affect the construction or interpretation of any of its provisions.

13.12 Invalidity. Any provision of this Agreement which is invalid, void, or illegal, will not affect, impair, or invalidate any other provision of this Agreement, and such other provisions of this Agreement will remain in full force and effect.

13.13 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

13.14 Number and Gender. When required by the context of this Agreement, each number (singular and plural) will include all numbers, and each gender will include all genders.

13.15 Joint and Several Liability. In the event either party hereto now or hereafter consists of more than one person, firm, or corporation, then and in such event, all such persons, firms, or corporations will be jointly and severally liable as parties under this Agreement.

13.16 Recording. Neither party may record this Agreement or any memorandum thereof.

13.17 Further Assurances. Each party to this Agreement agrees to execute, acknowledge, and deliver such further instruments as may be necessary or desirable to accomplish the intent and purpose of this Agreement, provided that the party requesting such further action bears all costs and expenses related thereto.

13.18 Advice of Professionals. Each party has had the opportunity to be advised by legal counsel and other professionals in connection with this Agreement, and each party has obtained such advice as each party deems appropriate.

13.19 Negotiated Terms. The parties agree that the terms and conditions of this Agreement are the result of negotiations between the parties and that this Agreement will not be construed in favor of or against any party by reason of the extent to which any party or its professionals participated in the preparation of this Agreement.

13.20 Recitals and Exhibits. The recitals and contents of all Exhibits to this Agreement are incorporated by reference and constitute a material part of this Agreement.

13.21 Professional Fees and Costs. If any legal or equitable action, arbitration, bankruptcy, reorganization, or other proceeding, whether on the merits, application, or motion, are brought or undertaken, or an attorney retained, to enforce this Agreement or any closing document, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement or any closing document, then the successful or prevailing party or parties in such undertaking (or the party that would prevail if an action were brought) will be entitled to recover reasonable attorney's and other professional fees, expert witness fees, court costs and other expenses incurred in such action, proceeding, or discussions, in addition to any other relief to which such party may be entitled. The parties intend this provision to be given the

most liberal construction possible and to apply to any circumstances in which such party reasonably incurs expenses. The provisions of this Section will survive the Close of Escrow or the termination of this Agreement.

13.22 Confidentiality. All information, studies and reports relating to the Property obtained by Buyer, either by the observations and examinations of its agents and representatives or as disclosed to it by Seller, must remain confidential and Buyer shall not disclose any such matters to any person or governmental agency except as: (a) unconditionally required by law; or (b) would be customary and appropriate with respect to a bond or other similar debt financing relating to the Property. If the transaction contemplated herein fails to close for any reason, Buyer shall deliver and return to Seller, at no cost to Seller, all such information, reports and studies, and Buyer shall make no further distributions or disclosures of any such information, reports and studies. Buyer agrees that, except for its lender (including its underwriters for a bond or other similar debt financing), accountants, attorneys or a permitted assignee of Buyer, Buyer shall keep the contents of this Agreement confidential and that no publicity or press release to the general public with respect to this transaction shall be made by Buyer without the prior written consent of Seller. The provisions of this Section will survive the termination of this Agreement.

13.23 Not an Offer. The submission of this Agreement to Buyer for review or signature does not constitute an offer to sell the Property to Buyer or the granting of an option or other rights with respect to the Property to Buyer. No agreement with respect to the purchase and sale of the Property will exist, and this writing will have no binding force or effect, until executed and delivered by both Seller and Buyer.

13.24 Back-Up Offers. Until the Close of Escrow, Seller will have the right to continue to present the Property for sale and accept "back-up" offers contingent on Buyer's failure to perform under the terms of this Agreement.

13.25 Severability. Any provision of this Agreement that is determined by a court of competent jurisdiction to be invalid or unenforceable will be invalid or unenforceable only to the extent of such determination, which will not invalidate or otherwise render ineffective any other provision of this Agreement.

13.26 Merger. Except as otherwise expressly provided in this Agreement, the covenants, representations and warranties of Buyer and Seller in this Agreement will merge into the Deed to be delivered by Seller to Buyer at Closing and will not survive the Closing of Escrow.

13.27 Tax-Deferred Exchange. Seller may arrange for the exchange upon the Closing of Escrow of one or more parcels of property for the Property in order to effect a tax-deferred exchange within the meaning of Section 1031 of the Internal Revenue Code of 1986, as amended, and comparable provisions of state statutes. Buyer agrees to cooperate with Seller in connection with any such exchange. Such cooperation by Buyer shall include, but is not limited to, executing documents as reasonably may be required by Seller. Seller shall indemnify and hold Buyer harmless from and against any and all liabilities, claims, demands, causes of action, damages, expenses, and costs incurred or suffered by Buyer arising out of any such exchange.

(Signatures on following page)

SELLER:

**UNION PACIFIC RAILROAD COMPANY,
a Delaware corporation**

By: _____

Name: _____

Title: _____

BUYER:

**CITY OF LOS ANGELES, a California
municipal corporation**

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM:
Michael Feuer, City Attorney

By: _____
Curt Holguin, Deputy City Attorney

ATTEST:
Holly Wolcott, City Clerk

By: _____
Deputy

Date: _____

THE UNDERSIGNED ESCROW HOLDER ACKNOWLEDGES ITS RECEIPT OF THE DEPOSIT AND THREE (3) EXECUTED COPIES OF THIS AGREEMENT AND AGREES TO ACT IN ACCORDANCE THEREWITH.

ESCROW HOLDER:

**FIRST AMERICAN TITLE INSURANCE
COMPANY**

By: _____
Sharon Yarber, Escrow Officer

EXHIBIT "A"**PROPOSED PARCEL G2**

THAT PORTION OF PARCEL G IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED IN DOCUMENT RECORDED ON DECEMBER 21, 1998 AS INSTRUMENT NO. 98-2305989 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE TRUE POINT OF BEGINNING OF PARCEL G1 DESCRIBED IN DOCUMENT RECORDED ON DECEMBER 23, 2003 AS INSTRUMENT NO. 03-3852106 OF SAID OFFICIAL RECORDS; THENCE SOUTH 17°33'30" EAST, ALONG THE SOUTHERLY PROLONGATION OF THAT CERTAIN COURSE IN THE EASTERLY BOUNDARY OF SAID PARCEL G1 ORIGINATING FROM SAID TRUE POINT OF BEGINNING AND HAVING A BEARING AND LENGTH OF "NORTH 17°33'30" WEST 961.58 FEET", 229.84 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 2260.01 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 17°36'24" AN ARC DISTANCE OF 694.48 FEET; THENCE SOUTH 35°09'54" EAST 1231.44 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 2181.82 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 14°41'40" AN ARC DISTANCE OF 559.57 FEET; THENCE SOUTH 49°51'34" EAST 34.29 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 2237.97 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 13°22'45" AN ARC DISTANCE OF 522.59 FEET; THENCE SOUTH 63°14'19" EAST 153.98 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 1205.15 FEET, A RADIAL LINE OF SAID CURVE THROUGH SAID BEGINNING POINT BEARS NORTH 21°23'47" EAST; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 3°56'42" AN ARC DISTANCE OF 82.98 FEET; THENCE NORTH 72°32'55" WEST 38.57 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 566.35 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 28°07'52" AN ARC DISTANCE OF 278.07 FEET TO A POINT IN THAT CERTAIN COURSE, IN THE GENERALLY WESTERLY BOUNDARY OF SAID PARCEL G, HAVING A BEARING AND LENGTH OF "SOUTH 71°42'00" EAST 540.19 FEET"; THENCE NORTHWESTERLY AND NORTHERLY ALONG THE GENERALLY WESTERLY BOUNDARY OF SAID PARCEL G AS FOLLOWS:

NORTH 72°42'00" WEST, ALONG SAID CERTAIN COURSE, 20.03 FEET, SOUTH 54°58'22" WEST 157.89 FEET, NORTH 82° 02' 46" WEST 106.11 FEET, NORTHERLY ALONG A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 1600.00 FEET, THROUGH A CENTRAL ANGLE OF 52°37'11" AN ARC DISTANCE OF 1469.42 FEET, NORTH 29° 25' 35" WEST, TANGENT TO SAID CURVE, 1048.30 FEET AND NORTHERLY ALONG A TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 1030.00 FEET, THROUGH A CENTRAL ANGLE OF 31° 00' 00", AN ARC DISTANCE OF 557.28 FEET TO THE MOST SOUTHERLY CORNER OF SAID PARCEL G1; THENCE ALONG THE GENERALLY SOUTHERLY BOUNDARY OF SAID PARCEL G1 AS FOLLOWS:

NORTH 70°59'31" EAST 216.98 FEET, NORTH 1°34'25" EAST 268.84 FEET AND NORTH 70°59'31" EAST 199.87 FEET TO THE POINT OF BEGINNING.

THE ABOVE DESCRIBED LAND CONTAINS APPROXIMATELY 41.797 ACRES.

Ofer Shapira

OFER SHAPIRA
LICENSE NO.: LS 7123
EXPIRES 12-31-10



EXHIBIT "B"**UTILITY EASEMENT FOR FIBER OPTIC CONDUITS (MCI, SPRINT, AT&T AND QWEST) AND OIL PIPELINES (PACIFIC PIPELINE SYSTEM)**

THAT PORTION OF PARCEL G IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED IN DOCUMENT RECORDED ON DECEMBER 21, 1998 AS INSTRUMENT NO. 98-2305989 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THAT CERTAIN COURSE IN THE GENERALLY SOUTHERLY BOUNDARY OF PARCEL G1 DESCRIBED IN DOCUMENT RECORDED ON DECEMBER 23, 2003 AS INSTRUMENT NO. 03-3852106 OF OFFICIAL RECORDS, IN THE OFFICE OF SAID COUNTY RECORDER, HAVING A BEARING AND LENGTH OF "NORTH 70°59'31" EAST 199.87" FEET, DISTANT THEREON SOUTH 70°59'31" WEST 45.01 FEET FROM THE NORTHEASTERLY TERMINUS OF SAID COURSE BEING ALSO THE TRUE POINT OF BEGINNING OF SAID PARCEL G1; THENCE SOUTH 17°33'30" EAST 228.16 FEET; THENCE NORTH 72°26'30" EAST 16.86 FEET; THENCE SOUTH 17°33'30" EAST 20.00 FEET; THENCE SOUTH 72°26'30" WEST 16.86 FEET; THENCE SOUTH 17°33'30" EAST 155.68 FEET; THENCE SOUTH 35°09'54" EAST 317.91 FEET TO A NON-TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 2260.01 FEET , A RADIAL LINE OF SAID CURVE THROUGH SAID POINT BEARS SOUTH 60°13'37" WEST; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 5°23'31" AN ARC DISTANCE OF 212.68 FEET; THENCE SOUTH 35°09'54" EAST 1231.44 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 2181.82 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 5°29'16" AN ARC DISTANCE OF 208.97 FEET TO A NON-TANGENT LINE, A RADIAL LINE OF SAID CURVE THROUGH SAID POINT BEARS SOUTH 49°20'50" WEST; THENCE SOUTH 35°09'54" EAST, ALONG SAID NON-TANGENT LINE, 276.67 FEET; THENCE SOUTH 54°50'06" EAST 15.00 FEET; THENCE SOUTH 35°09'54" EAST 118.75 FEET; THENCE SOUTH 66°03'25" EAST 61.05 FEET; THENCE NORTH 89°18'18" EAST 113.22 FEET TO A NON-TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 2237.97 FEET, A RADIAL LINE OF SAID CURVE THROUGH SAID POINT BEARS SOUTH 36°33'51" WEST; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 0°38'20" AN ARC DISTANCE OF 24.96 FEET TO A NON-TANGENT LINE; THENCE SOUTH 89°18'18" WEST, ALONG SAID NON-TANGENT LINE, 136.45 FEET; THENCE NORTH 66°03'25" WEST 48.99 FEET; THENCE SOUTH 35°09'54" EAST 45.39 FEET; THENCE SOUTH 50°29'28" EAST 69.23 FEET; THENCE SOUTH 63°08'17" EAST 281.60 FEET TO A NON-TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF

566.35 FEET, A RADIAL LINE OF SAID CURVE THROUGH SAID POINT BEARS NORTH 0°51'10" WEST; THENCE WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 4°04'41" AN ARC DISTANCE OF 40.31 FEET TO A NON-TANGENT LINE; THENCE NORTH 63°08'17" WEST, ALONG SAID NON-TANGENT LINE, 248.83 FEET; THENCE NORTH 50°29'28" WEST 74.14 FEET; THENCE NORTH 35°09'54" WEST 68.94 FEET; THENCE SOUTH 54°50'06" WEST 10.00 FEET; THENCE NORTH 35°09'54" WEST 1560.47 FEET; THENCE NORTH 54°50'06" EAST 20.00 FEET; THENCE NORTH 35°09'54" WEST 793.44 FEET; THENCE NORTH 17°33'30" WEST 423.61 FEET TO SAID CERTAIN COURSE IN THE GENERALLY SOUTHERLY BOUNDARY OF SAID PARCEL G1; THENCE NORTH 70°59'31" EAST, ALONG SAID COURSE, 25.01 FEET TO THE POINT OF BEGINNING.

Ofer Shapira

OFER SHAPIRA
 LICENSE NO.: LS 7123
 EXPIRES 12-31-10

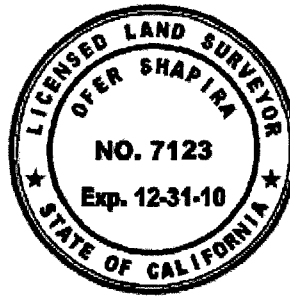


EXHIBIT C**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

CITY OF LOS ANGELES
 ATTN: Department of General Services
 Real Estate Services Division
 111 East First Street (City Hall South)
 Los Angeles, California 90012

APN _____

(Space above line for Recorder's use only)

GRANT DEED

FOR VALUE RECEIVED, **UNION PACIFIC RAILROAD COMPANY**, a Delaware corporation ("Grantor"), grants to **CITY OF LOS ANGELES**, a California municipal corporation ("Grantee"), that certain real property (the "Property") situated in the City of Los Angeles, County of Los Angeles, State of California, described in **Schedule 1** attached hereto and incorporated by reference.

EXCEPTING from this grant and RESERVING unto Grantor, its successors and assigns, forever, the following:

(a) A PERPETUAL EASEMENT over, under, across and upon the portion of the Property described in **Schedule 2** attached hereto and made a part hereof ("Communications Easement Property"), together with the right of ingress, egress and access from and to the Communications Easement Property over and across the Property for purposes of exercising the easement rights reserved herein.

The communications easement reserved herein ("Communications Easement") shall allow Grantor, its successors and assigns, to enter upon, over and under the Communications Easement Property and every part thereof to construct, reconstruct, install, inspect, repair, maintain, enjoy, operate, use and/or remove Communications Equipment (defined below), provided that these use rights do not prevent Grantee's use of the surface of the Communications Easement Property as a roadway for emergency vehicles, pedestrians and bicycles, subject to certain Communications Equipment being above grade. The term "Communications Equipment" shall include existing and/or future communication lines and/or facilities including, but not limited to, fiber optic cables, conduits, valves, manholes, air vents, warning signals, junction boxes, transformers, switch boxes, electric devices and the like. All Communications Equipment presently existing or

hereafter constructed on the Communications Easement Property shall remain the personal property of Grantor or of third parties to whom Grantor has granted use rights in the Property.

Grantor shall have the right to grant, at its sole discretion, sub-easements, licenses and any other interests in the Communications Easement Property and to collect the rents, issues and profits therefrom, and from any existing contracts, and to use the Communications Easement Property for any other lawful purpose, including, but not limited to, entering into agreements with third parties for crossings or longitudinal occupancies (provided that these sub-easements, licenses, and third party rights do not prevent Grantee's use of the surface of the Communications Easement Property as a roadway for emergency vehicles, pedestrians and bicycles, subject to certain Communications Equipment being above grade).

Grantor hereby declares that all of the Property is held and shall be held, acquired, conveyed, hypothecated, and/or improved subject to this Communications Easement and the following restrictions (the "Restrictions"):

Neither Grantee nor any successor or assign of Grantee shall place or make any improvement to the Communications Easement Property without obtaining the prior written approval of Grantor or its successors and assigns. Provided, however, Grantee's installation of a roadway on the surface of the Communications Easement Property for emergency vehicles, pedestrians and bicycles, which accommodates any above grade Communications Equipment on the Communications Easement Property, shall be permitted.

The Restrictions and this Communications Easement shall run with the Property and shall be binding upon Grantee, its successors and assigns, and on all parties acquiring any right, title or interest in the Property or any part thereof, and shall inure to the benefit of Grantor, its successors and assigns.

Notwithstanding any other provision contained herein, the conveyance of the Property is subject to the Communications Easement reserved herein, which shall allow Grantor to honor its grant and fulfill its obligations as grantor under that certain 'Fiber Optics Easement dated November 9, 1987 between Southern Pacific Transportation Company (predecessor in interest to Grantor) and MCI Telecommunications Corporation (now known as MCI Communications Services, Inc., "MCI"), and any other existing agreements between Grantor and fiber optic carriers affecting the Property. Grantee and each subsequent owner of the Property shall, promptly following any sale or "lease" (defined below) of the Property, deliver or cause to be delivered to MCI Communications Services, Inc., Attn: Senior Manager - Dept. 1238, 400 International Parkway, Richardson, Texas 75081, and to MCI Communications Services, Inc., Attn: Assistant General Counsel - Dept. 0598, 1133 19th Street N.W., Washington, D.C. 20036, the name and address of such subsequent owner or lessee. As used herein, "lease" shall mean

a commercial or industrial lease which provides for a fixed initial term of at least one year and which requires ninety (90) days or more notice for termination.

(b) A PERPETUAL EASEMENT and the existing pipeline and appurtenant facilities, whether owned by Grantor or any third party, over, through, under and along the portion of the Property described in **Schedule 2** hereto (the "PPSL Pipeline Easement Area"), to lay, construct, maintain, operate, repair, renew, replace, and/or remove an underground pipeline and related appurtenances needed for the transportation of petroleum (whether now or hereafter installed; together with: (i) the right of ingress and egress to and from the PPSL Pipeline Easement Area, (ii) the right to grant, at Grantor's sole discretion, sub-easements, licenses and any other interests in the PPSL Pipeline Easement Area with respect to the easement rights herein reserved, and (iii) the right to collect the rents, issues and profits therefrom, and from any existing contracts, including, without limitation, that certain Amended and Restated Easement between Southern Pacific Transportation Company (now known as Grantor) and Pacific Pipeline System, Inc. (later succeeded by Pacific Pipeline System, LLC) ("PPSL") dated June 28, 1996, identified in the records of Grantor as Audit Number S719233, as amended by Amendment of Easement dated March 27, 1997, Second Amendment to Easement dated June 29, 1997, and Third Amendment to Easement dated September 30, 1997 (collectively, the "PPSL Easement"). In addition to and not in limitation of Grantor's rights under the foregoing reservation of easement, Grantee, for itself, its successors and assigns, hereby covenants and agrees that Grantee shall not interfere in any manner with the rights of the grantee under the PPSL Easement (provided that grantee's exercise of its rights do not prevent Grantee's use of the surface of the PPSL Pipeline Easement Area as a roadway for emergency vehicles, pedestrians and bicycles, subject to certain pipeline appurtenances being above grade). The installation of a roadway on the surface of the PPSL Pipeline Easement Area for emergency vehicles, pedestrians and bicycles, which accommodates any above grade pipeline appurtenances on the PPSL Pipeline Easement Area, shall be permitted.

(c) A PERPETUAL EASEMENT ("SFPP Pipeline Easement") in, on, under, over, across and through the portion of the Property described in **Schedule 2** hereto ("SFPP Pipeline Easement Area") for the construction, maintenance, operation, repair, renewal and reconstruction of existing and/or future pipelines and related facilities and appurtenances. Notwithstanding any other provision contained herein, this reservation shall allow Grantor to honor its grant and fulfill its obligations under that certain agreement between Grantor and Santa Fe Pacific Pipeline Partners ("SFPP, LP"), successor in interest to Southern Pacific Pipelines, Inc., as set forth in that certain Amended and Restated Easement Agreement dated July 29, 1994. Grantor does further reserve unto itself, its successors and assigns, a limited right of way and right of access to the SFPP Pipeline Easement Area over and across the Property, for the purposes of the use, enjoyment, maintenance, operation and access to the SFPP Pipeline Easement Area. Grantor hereby reserves and shall be entitled to all revenues derived from all current and future agreements

to which Grantor is a party affecting the SFPP Pipeline Easement Area. All improvements contained within the SFPP Pipeline Easement Area shall remain the personal property of the grantee(s) of the easement, their successors and assigns. Grantor and its successors and assigns shall have the right to grant, at its sole discretion, subeasements, licenses and other interests in the SFPP Pipeline Easement Area and to collect the rent and fees therefrom, and to use the SFPP Pipeline Easement for any lawful purpose, including, but not limited to, entering into agreements with third parties for crossings or longitudinal occupancies (provided that these sub-easements, licenses, and other interests do not prevent Grantee's use of the surface of the SFPP Pipeline Easement Area as a roadway for emergency vehicles, pedestrians and bicycles, subject to certain pipeline appurtenances being above grade). Neither Grantee nor any successor or assign of Grantee shall place or make any improvement to such SFPP Pipeline Easement Area without the prior written approval of Grantor, its successors and assigns. Provided, however, that neither Grantee nor its successors and assigns shall make or cause to be made or constructed any permanent buildings, structures or fences, or allow any excavation whatsoever in or on the SFPP Pipeline Easement Area. Provided further, however, that Grantee's installation of a roadway on the surface of the SFPP Pipeline Easement Area for emergency vehicles, pedestrians and bicycles (and which accommodates any above grade pipeline appurtenances on the SFPP Pipeline Easement Area) shall be permitted. The above restrictions and this reserved SFPP Pipeline Easement shall run with the land and shall be binding upon Grantee, its successors and assigns, and on all parties acquiring any right, title or interest in the Property or any part thereof, and shall inure to the benefit of Grantor, its successors and assigns.

THE PROPERTY IS CONVEYED TO GRANTEE SUBJECT TO:

- A. All liens, encumbrances, easements, covenants, conditions and restrictions of record;
- B. All matters which would be revealed or disclosed in an accurate survey of the Property;
- C. All matters which would be revealed or disclosed by a physical inspection of the Property;
- D. A lien not yet delinquent for taxes for real property and personal property, and any general or special assessments against the Property;
- E. Zoning ordinances and regulations and any other governmental orders, laws, ordinances, regulations and restrictions regulating the use, occupancy or enjoyment of the Property, and amendments and additions thereto, now or hereafter in force or effect; and

F. Existing Unidentified Licenses and other existing rights to use the Property and renewals thereof ("Use Rights"), regardless of whether visible, open and obvious, recorded or unrecorded, or for public streets, rights of way or utilities.

Except as may be otherwise provided in a written assignment or other written agreement between Grantor and Grantee, Grantor reserves all income (including, without limitation, rentals, license fees and royalties) from the rights reserved by and to Grantor in sections (a) through (c) above. Grantee agrees that if Grantee receives any such income from such reserved rights, Grantee will promptly forward the income to Grantor. Grantee shall be entitled to any income from any other Use Rights affecting the Property which arise after the date of delivery of this Deed.

Covenants

The Property is conveyed by Grantor subject to the following covenants, conditions and restrictions which Grantee by the acceptance of this Deed covenants for itself, its successors and assigns, faithfully to keep, observe and perform:

(a) Fence Covenant. Grantee, at its sole cost and expense, shall install, in conjunction with Grantee's development of the Property and the construction of a tail track on the Tail Track Easement Area referred to in that certain Easement Deed dated May 25, 2011 between Grantor and SCRRA/Metrolink, recorded on April 23, 2012 at Instrument No. 20120596371 in the Official Records, Recorder's Office of Los Angeles County, California, but not later than one (1) year after the date of delivery of this Deed, and thereafter maintain fencing or other barriers to prevent access to or encroachment on the Tail Track Easement Area and the railroad right-of-way adjacent to the easterly boundary of the Property. The fencing or barrier must be of a design and type satisfactory to Grantor, and in compliance with applicable building codes. Grantee shall submit the plans for the fencing or barrier construction to:

Union Pacific Railroad Company
Attn: Assistant Vice President-Real Estate
(Folder No. 1638-34)
1400 Douglas Street, MS 1690
Omaha, Nebraska 68179

for review and approval. Grantor shall complete such review and make appropriate response to Grantee within twenty (20) days after receipt of such plans by Grantor. Grantor shall not unreasonably withhold its approval of such plans. Such approval does not constitute a guarantee or warranty that such plans comply with applicable governmental laws, rules, regulations or ordinances, or that the fence as constructed will be structurally sound. Provided, however, Grantor acknowledges that a chain link fence not less than six (6) feet in height is a design and type satisfactory to Grantor within the meaning of this provision.

(b) Railroad Proximity Covenant. Grantee acknowledges that the property abutting the northeasterly boundary line of the Property is dedicated and used for railroad purposes, that railroad operations may create noise, vibrations, emissions, fumes and odors twenty-four (24) hours a day, and that the amount, nature and intensity of railroad operations may increase or change (collectively, the "Permitted Effects"). Grantee accepts the Property subject to the existence of the Permitted Effects.

(i) Grantee shall not, and hereby waives all rights to institute legal proceedings against Grantor to reduce or lessen the Permitted Effects. If Grantee breaches this covenant, it shall reimburse Grantor for all costs incurred by Grantor to defend such proceedings, including, without limitation, reasonable attorney fees and court costs.

(ii) If Grantee sells or leases all or any portion of the Property, such purchaser or tenant shall be subject to such railroad operations abutting the Property and the existence of the Permitted Effects.

(c) Covenants To Run With Land. The foregoing and following covenants, conditions, restrictions and obligations shall run with the Property, the burdens of which will be binding on the successors and assigns of Grantee, and the benefits of which will inure to the successors and assigns of Grantor. A breach of the foregoing covenants, conditions, restrictions, and obligations or the continuance thereof, may, at the option of Grantor, its successors or assigns, be enjoined, abated or remedied by appropriate proceedings.

Environmental

(a) "As Is" Sale. Grantee, for itself and any successor owner of any interest in the Property or any portion thereof, hereby accepts the Property and acknowledges and agrees that the Property is conveyed to and accepted by Grantee in an "as is" condition with all faults, that the Property has been used for, among other things, railroad yard operations, and that the Property is the subject of an Enforceable Agreement executed by Grantor on or about April 4, 1990 and by the State of California, Department of Health Services, Toxic Substances Control Program, on or about April 9, 1990 (the "Enforceable Agreement"). Grantor does not make any representations or warranties of any kind whatsoever, either express or implied, with respect to the Property or any of such related matters; in particular, but without limitation, Grantor makes no representations or warranties with respect to the use, condition, title, occupation or management of the Property, compliance with applicable statutes, laws, codes, ordinances, regulations or requirements relating to leasing, zoning, subdivision, planning, building, fire, safety, health or environmental matters, compliance with covenants, conditions and restrictions (whether or not of record), other local, municipal, regional, state or federal requirements, or other statutes, laws, codes, ordinances, regulations or requirements (collectively, "Condition of the Property"). Grantee, for itself and any successor owner of any interest in the Property or any portion thereof, hereby acknowledges that it is accepting this Deed and an interest in the Property on the basis of Grantee's or its successor's, as applicable, own investigation of the physical and environmental conditions of the Property, including the subsurface conditions and Grantee, for itself and any successor owner of any interest in the Property or any portion thereof, hereby assumes the risk that adverse physical and environmental conditions may not have been revealed by its investigation.

(b) Grantor's Environmental Obligations. Grantor shall have no further obligations with respect to cleanup, investigation or remediation of Hazardous Materials in connection with the Property except for Hazardous Materials released onto the Property after the date of this Deed by Grantor. Provided, however, for the avoidance of doubt, Grantor shall not retain any obligations following the date of this Deed with respect to cleanup, investigation or remediation of Hazardous Materials released by any third party before or after the date of this Deed under the Communications Easement, the PPSL Pipeline Easement, or the SFPP Pipeline Easement.

As used in this Deed, the term "Hazardous Materials" shall mean any hazardous or toxic substance, material or waste regulated by or subject to any local governmental authority, any agency of the State of California, or any other agency of the United States Government, including, without limitation, any material or substance which is (i) defined as a "hazardous waste", "extremely hazardous waste", "restricted hazardous waste", "hazardous substance", "hazardous material", "toxic material" or "toxic substance" under any federal, state or local governmental rule, regulation, ordinance, statute or act; (ii) petroleum and any petroleum by-products; (iii) asbestos; (iv) urea-formaldehyde foam insulation; (v) polychlorinated biphenyls, or (vi) any other substance which is a "Hazardous Substance" under California Health and Safety Code § 25316 and in the regulations and publications promulgated pursuant to said statute and any amendments thereto.

(c) Grantee's Environmental Obligations Notwithstanding Grantor's previous undertaking of certain obligations under the Enforceable Agreement, Grantee, for itself and any successor owner of any interest in the Property or any portion thereof, hereby agrees that Grantee or any successor owner of any interest in the Property, as applicable, shall perform, at Grantee's or its successor's sole cost and expense, (i) any and all remediation of the Property and the groundwater under the Property as required under the Enforceable Agreement, the Draft Remedial Action Plan, Taylor Yard Parcel G-2, Los Angeles, California dated July 10, 2013, prepared by CDM Smith Inc., which Plan was approved by the California Department of Toxic Substances ("DTSC") for public review and comment by letter from DTSC to Grantor dated August 9, 2013, and approved as the Final Remedial Action Plan by letter from DTSC to Grantor dated February 14, 2014 (the "RAP"), or as required by a governmental authority under any other law, ordinance, rule or regulation, whether federal, state or local, (ii) any and all remediation of contamination on the Property which may migrate or may have migrated onto other property as required by the RAP, and any amendment or successor agreement thereto, (iii) any and all demolition and disposal of remaining foundation slabs, storage tanks, vaults and other surface or subsurface structures on the Property, (iv) off-site hauling and disposal of all concrete and asphalt, and stormwater infrastructure, if necessary, including preparation of plans as required by regulatory agencies, and implementation of necessary measures during demolition-related work, and (v) any other environmental requirements concerning the Property, all in accordance with applicable laws and regulations. To implement the above duties and any other remedial obligations of Grantor pertaining to the Property, Grantee for, itself and any successor owner of any interest in the Property or any portion thereof, hereby assumes all of Grantor's obligations under the RAP and as permitted by DTSC, agrees to enter into Grantee's or its successor's own Voluntary Cleanup Agreement ("VCA") with DTSC for remediation of the Property pursuant to DTSC's Voluntary Cleanup Program Policy and Procedure for Mitigating Voluntary Site Mitigation Projects, and execute any land use covenants as may be required under the Enforceable Agreement or the RAP

or otherwise obtain a finding that no further action is required to remediate the Property (collectively, "Grantee's Environmental Obligations"), provided Grantee's or its successor's obligations under this Deed are not limited to what Grantee or its successor agrees to do in its VCA. Provided, further, the Grantee and Grantor acknowledge Grantee may obtain a no further action letter (also known as remediation certification) after remediating the Property in phases, subject to approval by DTSC.

(d) Release. EFFECTIVE UPON THE CLOSING, GRANTEE, FOR ITSELF, ITS SUCCESSORS AND ASSIGNS, AND ANY SUCCESSOR OWNER OF ANY INTEREST IN THE PROPERTY OR ANY PORTION THEREOF, HEREBY WAIVES, RELEASES, REMISES, ACQUITS AND FOREVER DISCHARGES GRANTOR, GRANTOR'S EMPLOYEES, AGENTS, OR ANY OTHER PERSON ACTING ON BEHALF OF GRANTOR, OF AND FROM ANY CLAIMS, ACTIONS, CAUSES OF ACTION, DEMANDS, RIGHTS, DAMAGES, COSTS, EXPENSES, PENALTIES, FINES OR COMPENSATION WHATSOEVER, DIRECT OR INDIRECT, WHICH GRANTEE OR ANY SUCCESSOR OWNER OF ANY INTEREST IN THE PROPERTY OR ANY PORTION THEREOF NOW HAS OR WHICH GRANTEE OR ANY SUCH SUCCESSOR MAY HAVE IN THE FUTURE ON ACCOUNT OF OR IN ANY WAY ARISING OUT OF OR IN CONNECTION WITH THE CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE KNOWN OR UNKNOWN PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, ANY CONTAMINATION IN, ON, UNDER OR ADJACENT TO THE PROPERTY BY ANY HAZARDOUS OR TOXIC SUBSTANCE OR MATERIAL AND ANY SURFACE OR SUBSURFACE STRUCTURES ON OR UNDER THE PROPERTY), OR ANY FEDERAL, STATE OR LOCAL LAW, ORDINANCE, RULE OR REGULATION APPLICABLE THERETO, INCLUDING, WITHOUT LIMITATION, THE TOXIC SUBSTANCES CONTROL ACT, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT, AND THE RESOURCE CONSERVATION AND RECOVERY ACT. THE FOREGOING APPLIES REGARDLESS OF ANY NEGLIGENCE OR STRICT LIABILITY OF GRANTOR, ITS AFFILIATES, THEIR EMPLOYEES, AGENTS, OFFICERS, SUCCESSORS OR ASSIGNS. WITH RESPECT TO THE FOREGOING RELEASE, GRANTEE EXPRESSLY WAIVES THE BENEFITS AND PROTECTIONS OF SECTION 1542 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA, WHICH READS AS FOLLOWS:

1542. Certain Claims Not Affected by General Release. 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.

GRANTEE HEREBY EVIDENCES ITS SPECIFIC AGREEMENT TO THE TERMS OF THIS RELEASE BY PLACING ITS SIGNATURE OR INITIALS BELOW.

GRANTEE's Initials

(e) Indemnity. FROM AND AFTER CLOSING, GRANTEE SHALL, TO THE MAXIMUM EXTENT PERMITTED BY LAW, INDEMNIFY, DEFEND AND SAVE HARMLESS GRANTOR, ITS AFFILIATES, THEIR EMPLOYEES, AGENTS, OFFICERS, SUCCESSORS AND ASSIGNS ("INDEMNIFIED PARTIES"), FROM AND AGAINST ANY AND ALL SUITS, ACTIONS, CAUSES OF ACTION, LEGAL OR ADMINISTRATIVE PROCEEDINGS, CLAIMS, DEMANDS, FINES, PUNITIVE DAMAGES, LOSSES, COSTS, LIABILITIES AND EXPENSES, INCLUDING REASONABLE ATTORNEY'S FEES (COLLECTIVELY, "COSTS AND LIABILITIES"), IN ANY WAY ARISING OUT OF OR CONNECTED WITH THE CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE KNOWN OR UNKNOWN PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, ANY CONTAMINATION BY ANY HAZARDOUS OR TOXIC SUBSTANCE OR MATERIAL IN, ON, UNDER OR ADJACENT TO THE PROPERTY WHETHER REQUIRED BY THE ENFORCEABLE AGREEMENT, THE RAP, OR OTHERWISE AND ANY SURFACE OR SUBSURFACE STRUCTURES ON OR UNDER THE PROPERTY), OR ANY FEDERAL, STATE OR LOCAL LAW, ORDINANCE, RULE OR REGULATION APPLICABLE THERETO, INCLUDING, WITHOUT LIMITATION, THE TOXIC SUBSTANCES CONTROL ACT, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT, AND THE RESOURCE CONSERVATION AND RECOVERY ACT. THE FOREGOING APPLIES REGARDLESS OF ANY NEGLIGENCE OR STRICT LIABILITY OF THE INDEMNIFIED PARTIES.

PROVIDED, HOWEVER, THE GRANTEE'S OBLIGATIONS TO INDEMNIFY, DEFEND OR SAVE HARMLESS THE INDEMNIFIED PARTIES AS SET FORTH IN THE PRECEDING PARAGRAPH SHALL NOT EXTEND TO DEATH, PERSONAL INJURY, OR PERSONAL OR REAL PROPERTY DAMAGE CAUSED AFTER THE DATE OF THIS DEED BY THIRD PARTIES EXERCISING RIGHTS UNDER THE COMMUNICATIONS EASEMENT, THE PPSL PIPELINE EASEMENT, OR THE SFPP PIPELINE EASEMENT. ADDITIONALLY, NOTWITHSTANDING ANY PROVISION IN THIS DEED TO THE CONTRARY, THE GRANTEE SHALL NOT BE REQUIRED TO INDEMNIFY, DEFEND OR SAVE HARMLESS THE INDEMNIFIED PARTIES FOR COSTS AND LIABILITIES ARISING OUT OF OR CONNECTED WITH (i) SUCH FOUNDATION SLABS, STORAGE TANKS, VAULTS AND OTHER SUBSURFACE STRUCTURES .IF SUCH COSTS AND LIABILITIES ARE ALSO CAUSED BY GRANTOR'S WILLFUL MISCONDUCT REGARDING ANY SUCH FOUNDATION SLABS, STORAGE TANKS, VAULTS AND OTHER SUBSURFACE STRUCTURES, OR (ii) THE RELEASE OF HAZARDOUS MATERIALS ON, UNDER OR ADJACENT TO THE PROPERTY AFTER CLOSING BY GRANTOR.

UNION PACIFIC RAILROAD COMPANY,
a Delaware corporation

By: _____
Title: _____

Grantee hereby accepts this Deed and agrees for itself, its successors and assigns, to be bound by the covenants set forth herein.

**CITY OF LOS ANGELES, a California
municipal corporation**

By: _____
Tony M. Royster, General Manager
Department of General Services

STATE OF NEBRASKA)
)
COUNTY OF DOUGLAS)

On _____, 2016, before me, _____, a Notary Public in and for said County and State, personally appeared _____ and _____, _____ and Assistant Secretary, respectively, of UNION PACIFIC RAILROAD COMPANY, a Delaware corporation, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

STATE OF CALIFORNIA)
)
 COUNTY OF LOS ANGELES)

On _____, 2016, before me, _____, a Notary Public in and for said County and State, personally appeared _____ and _____, who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same in their authorized capacities, and that by their signature on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

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

WITNESS my hand and official seal.

 Notary Public

(Notary Seal)

SCHEDULE 1 TO EXHIBIT C

**LEGAL DESCRIPTION OF PROPERTY
TO BE ATTACHED**

SCHEDULE 2 TO EXHIBIT C

**LEGAL DESCRIPTION OF EASEMENT AREAS
TO BE ATTACHED**

Union Pacific Railroad Company
a Delaware corporation

APN: 5442-002-823 & 5445-004-
 (802 & 803)

JOB TITLE: Parcel G-2 of Taylor Yard

To

Cadastral Map No. 147 A 215

CITY OF LOS ANGELES.
 a municipal corporation

STANDARD INSTRUMENT

Checked as to parties, marital status, dates, signature, acknowledgments and
 corporate seal.

GRANT DEED

Date: _____, 2016

By _____
 Jose L. Ramirez, Authorized Officer

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property
 _____, 2016

Approved as to Authority

conveyed by the within deed or grant to the City
 of Los Angeles, a municipal corporation, hereby
 accepted by the City Council of the City of Los

By _____
 Angeles, pursuant to Ordinance No. 171735,
 Officer
 approved on October 23, 1997, and the grantee

Authorized

consents to the recordation thereof by its duly
 2016
 authorized officer.

Approved as to description _____,

By _____
 Authorized Officer

By _____
 Jose L. Ramirez, Authorized Officer

Date _____

General Services Department
 Real Estate Services Division

Approved _____, 2016

Michael N. Feuer, City Attorney

By _____
Deputy

Council File No. 00-00000000

EXHIBIT D**PROPERTY MATERIALS**

California Department of Parks and Recreation (CDPR). 2005. Rio de Los Angeles State Park: Preliminary General Plan and Draft Environmental Impact Report. Department of Parks and Recreation, Sacramento, California. March.

Canonie Environmental Services Corporation. 1990 Final Site Report - Underground Storage Tank Removal - Southern Pacific Transportation Company, Job No. 87-055-49.

Camp Dresser & McKee, Inc. (CDM). 2004. Taylor Yard Remedial Investigation Data Summary Report, Union Pacific Railroad Company. December.

CDM. 2005a. Technical Memorandum, Health Risk Based Screening Evaluation in Support of Vapor Extraction System Closure Request, Interim Remedial Measures, Taylor Yard, Los Angeles, California. March.

CDM. 2005b. Technical Memorandum, Interpretation of Remedial Investigation Data, Taylor Yard, Los Angeles, California. April.

CDM. 2005c. Union Pacific, Taylor Yard, Los Angeles, California, Ecological Assessment Approach, December 1.

CDM. 2006a. Technical Memorandum, Supplemental Evaluation of Soil Gas Concentrations at Areas 1 and 2 SVE Interim Remedial Measures, Union Pacific Railroad Company, Taylor Yard, Los Angeles, California. January.

CDM. 2006b. Addendum 2 - Remedial Investigation Data Summary Report: Evaluation of Possible Contaminant Source Areas, Soil Parameters for Risk Assessment, and Revisions to Boring Logs, Union Pacific, Taylor Yard, Los Angeles, California. March.

CDM. 2007a. Technical Memorandum. Taylor Yard Biological Investigation, May 18.

CDM. 2007b. Area 1 Soil Vapor Extraction System Closure, Taylor Yard, Union Pacific Railroad, Los Angeles, California. August 14.

CDM. 2007c. Site-Wide Monitoring Program, Justification for Reduction in Scope, Union Pacific Railroad, Taylor Yard, Los Angeles, California. September 20.

CDM. 2009a, Margin Area Assessment, Taylor Yard, Union Pacific Railroad, Los Angeles, California. February 19.

CDM. 2009b, Proposed Approach for Delineation of Areas of Concern, Union Pacific Railroad Company, Taylor Yard, Los Angeles California. June 10.

CDM. 2009c, Streamlined Risk Assessment, Union Pacific, Taylor Yard. August 28.

CDM. 2010, Union Pacific Railroad Company 2009 Annual Groundwater Monitoring Report, Taylor Yard, Los Angeles, California, June.

CDM. 2010 [sic], Feasibility Study, Draft, Taylor Yard Parcel G-2, January 14.

California Health and Welfare Agency, Department of Health Services, Toxic Substances Control Program (DTSC). 1990. Enforceable Agreement, Health & Safety Code Section 25355.5 (a)(1)(C), Docket Number HAS 89-90-006, to southern Pacific Transportation Company. April 9.

DTSC. 2002. Revised Request for Reduction in Scope of Groundwater Monitoring Program at Taylor Yard Site, Los Angeles, California, correspondence to ERM and UPRR from Mr. Harlan Jeche, Unit Chief DTSC. September.

DTSC. 2007, Site-Wide Groundwater Monitoring Program Reduction – Taylor Yard, Los Angeles, California (Approval). October.

Environmental Resources Management (ERM). 1989. Report on Site Investigation, Taylor Yard, Los Angeles California. September.

ERM. 1990a. Scoping Document for Taylor Yard, Los Angeles, California Volume I and II, consultants report to Southern Pacific Environmental Systems, Inc. November.

ERM. 1990b, Remedial Investigation Report for Taylor Yard, Sale Parcel, Los Angeles California. December.

ERM. 1991, Health Risk Assessment for Taylor Yard Sale Parcel, Los Angeles California. April.

ERM. 1998. Field Investigation Report – Phase 3 Soil and Groundwater Investigation, Taylor Yard, Los Angeles, California. July.

ERM. 1999, Engineering Evaluation/Cost Analysis Active Yard Area, Taylor Yard, Los Angeles, California. August.

ERM. 2000a. Removal Action Workplan, Active Yard Area, Taylor Yard, Los Angeles, California, consultants report to the DTSC. January.

ERM. 2000b. Phase 4 Soil and Groundwater Data Gaps Investigation Report, Taylor Yard, Los Angeles, California. April.

ERM. 2001. Union Pacific Railroad Company, Final Phase 5 Investigation Report, Taylor Yard, Los Angeles, California, consultants report to the DTSC. July.

ERM. 2002. Site-Wide Groundwater Monitoring Program, Revised Request for Reduction in Scope, Union Pacific Railroad Company, Taylor Yard, Los Angeles, California, consultants technical memorandum to the DTSC. September.

ERM. 2003. Parcel G1 Additional Investigation Workplan Parcel G1, Taylor Yard, Los Angeles, California, consultants report to the DTSC. February.

ERM, 2004a, Focused Remedial Investigation Workplan, Taylor Yard.

ERM, 2004b, Draft Interim Remedial Measures Report, Taylor Yard. November.

Environmental Research and Technology (ERT). 1987. Taylor Yard Surface Impoundment Hydrogeological Assessment Report (HAR). ERT Document No. P-E918-001. October.

Industrial Compliance (IC). 1992. Waste Water Pond Closure Report and Post-Closure Monitoring Plan Southern Pacific Transportation Company, Taylor Yard, Los Angeles, California. Volumes I and II. IC Project No. 05148. April 27.

IC. 1994, Final Interim Remedial Measures Closure Report, Taylor Yard – Sale Parcel, Los Angeles, California. September.

Land, M., Trehnam, P., Ponti, D., Reichard, E., Tinsley, J., Warrick, J., and Meyer, R. 2004. Geological, Hydrological, and Biological Issues Related to the Proposed Development of a Park at the Confluence of the Los Angeles River and the Arroyo Seco, Los Angeles County, California. United States Geological Survey Scientific Investigations Report 2004-5296.

Los Angeles County Department of Public Works, Los Angeles County Department of Parks and Recreation, and National Parks Service, Rivers, Trails, and Conservation Assistance Program. 1996. Los Angeles River Master Plan. June.

Mark Group. 1985. Final Report: Soil Treatability, A Report Prepared for Southern Pacific Transportation Company.

Mark Group. 1986, Supporting Documentation for Permit Variance Application, A Report Prepared for Southern Pacific Transportation Company.

Miller Brooks Environmental, Inc. (MBE). 2002. Taylor Yard and the Los Angeles River Preliminary Groundwater and Surface Water Study. A report to the California Coastal Conservancy and the Los Angeles and San Gabriel Rivers Watershed Council. Prepared in association with California State University, Fullerton. March.

Terranext. 1997. Field Investigation Report – Phase 2B Vapor Probe Survey, Taylor Yard, Los Angeles, California. January.

USEPA. 1991. Risk Assessment Guidance for Superfund: Volume 1, Human Health Evaluation Manual (Part B: Development of Risk-Based Remediation Goals), Office of Emergency and Remedial Response. Publication 9285.7-01B. December.

EXHIBIT E

**ATTACH COPY OF DTSC VOLUNTARY CLEANUP PROGRAM
POLICY AND PROCEDURES**

EXHIBIT F

**FORM OF REMEDIATION ESCROW AGREEMENT
TO BE ATTACHED**

EXHIBIT G**ASSIGNMENT AND ASSUMPTION AGREEMENT**

FOR VALUE RECEIVED, UNION PACIFIC RAILROAD COMPANY, a Delaware corporation ("Assignor"), acting by and through its duly authorized officers, has ASSIGNED AND TRANSFERRED, and by these presents does ASSIGN AND TRANSFER unto **CITY OF LOS ANGELES**, a California municipal corporation ("Assignee"), all of Assignor's right, title and interest in and to the Track Lease and the Roadway Agreement identified on **Schedule 1** attached hereto and hereby made a part hereof (collectively, the "Agreements"), to the extent the Agreements affect the real property described in **Schedule 2** attached hereto and made a part hereof (the "Property").

TO HAVE AND TO HOLD the Agreements unto Assignee, its successors and assigns. This Assignment is made and accepted without recourse against Assignor as to the performance by any party under such Agreements.

Assignee agrees to perform all of the obligations of Assignor pursuant to the Agreements as they relate to the Property to the extent first accruing and arising on and after the date hereof. Assignor shall remain responsible and liable for all obligations of Assignor to the extent first accruing or arising prior to the date hereof.

All Schedules attached to this Assignment and Assumption Agreement are incorporated herein for all purposes.

This Assignment and Assumption Agreement will inure to and be binding upon the parties, their successors and assigns.

Dated the ____ day of _____, 2016.

**UNION PACIFIC RAILROAD COMPANY,
a Delaware corporation**

By: _____
Title: _____

**CITY OF LOS ANGELES, a California
municipal corporation**

By: _____
Tony M. Royster, General Manager_____

Department of General Services_____

SCHEDULE 1 TO EXHIBIT G**AGREEMENTS TO BE ASSIGNED**

1. Track Lease dated May 29, 2007 between Assignor and SCRRA/Metrolink, a government entity, identified in the records of Assignor as Audit No. 244218 ("Track Lease"); and
2. Roadway Agreement dated July 11, 2002 between Assignor and State of California, Department of Parks and Recreation, recorded in the Official Records of Los Angeles County, California as Instrument No. 02-1763864 ("Roadway Agreement").

SCHEDULE 2 TO EXHIBIT G

**LEGAL DESCRIPTION OF PROPERTY
TO BE ATTACHED**

EXHIBIT H

FIRST AMERICAN TITLE INSURANCE COMPANY CONDUCTS ESCROW BUSINESS UNDER CERTIFICATE OF AUTHORITY NO. 2787 ISSUED BY THE STATE OF CALIFORNIA DEPARTMENT OF INSURANCE

ESCROW HOLDER GENERAL PROVISIONS

DEPOSIT OF FUNDS AND DISBURSEMENTS

Escrow Holder shall deposit all funds received in this escrow in any financial institution insured by a federal agency of the United States Government, including financial institutions affiliated with Escrow Holder's company, in one or more general escrow demand accounts. Unless Escrow Holder is handed a W-9 form and specific investment instructions from the Buyer and Seller, all funds delivered to Escrow Holder pursuant to these instructions will be deposited in a non-interest bearing fiduciary account. All disbursements shall be made by Escrow Holder's check unless otherwise instructed in writing. Escrow Holder is authorized not to close escrow or disburse until collected funds have been confirmed in escrow.

GOOD FUNDS LAW

The parties understand that ALL funds to close escrow and/or to be released early must be deposited into escrow prior to the date of closing/early release to allow sufficient time for clearance of the funds prior to disbursement. In the event such funds are not in the form of a cashier's, certified or teller check drawn on a financial institution, sufficient time must be allowed for clearance to comply with any "good funds" law which is in effect. (For escrows conducted in California, the good funds law is Section 12413.1 of the California Insurance Code.) Funds may be wired directly into Escrow Holder's depository bank account to avoid waiting for clearance.

PRORATIONS AND ADJUSTMENTS

SUBJECT TO THE EXPRESS TERMS OF THE AGREEMENT, the expression "close of escrow" used in this escrow means the date on which documents referred to herein are recorded and relates only to prorations and/or adjustments unless otherwise specified.

All prorations and/or adjustments are to be made on the basis of a 30-day month unless otherwise instructed in writing.

RECORDATION OF DOCUMENTS

Escrow Holder is authorized to record any documents delivered through this escrow, the recording of which is necessary or proper in the issuance of the requested policy of title insurance.

AUTHORIZATION TO FURNISH COPIES

Escrow Holder is to furnish a copy of these instructions, amendments thereto, closing statements and/or any other documents deposited in this escrow to the lender(s), the real estate broker(s), the attorney(s) and/or the accountant(s) involved in this transaction upon request of the lenders, brokers, attorneys or accountants.

PERSONAL PROPERTY TAXES

No examination, UCC Search or insurance as to personal property and/or the amount or payment of personal property taxes is required unless otherwise instructed in writing.

RIGHT OF CANCELLATION

Any party instructing Escrow Holder to cancel this escrow shall file notice of cancellation in Escrow Holder's office, in writing. Within a reasonable time, Escrow Holder shall mail, by certified and regular mail, one copy of the notice to each of the other parties at the addresses stated in this escrow. Unless a written objection to cancellation is filed in Escrow Holder's office by a party within ten (10) days after date of mailing, Escrow Holder is authorized at its option to comply with the notice and demand payment of Escrow Holder's cancellation charges as provided in this agreement. If a written objection is filed, Escrow Holder is authorized at Escrow Holder's option to hold all the money and documents contained in this escrow and take no further action until otherwise directed, either by the parties' mutual written instructions, or final order of a court of competent jurisdiction.

ACTION IN INTERPLEADER

The parties hereto expressly agree that Escrow Holder has the absolute right at Escrow Holder's election to file an action in interpleader requiring the parties to answer and litigate their several claims and rights between themselves and Escrow Holder is authorized to deposit all documents and funds held in this escrow with the clerk of the court. In the event such an action is filed, the parties jointly and severally agree to pay Escrow Holder's cancellation charges and costs, expenses and reasonable attorneys' fees which Escrow Holder is required to expend or incur in the interpleader action, the amount thereof to be fixed and judgment therefor to be rendered by the court. Upon the filing of the action, Escrow Holder shall thereupon be fully released and discharged from all obligations to further perform any duties or obligations otherwise imposed by the terms of this escrow, **provided such filing is meritorious.**

TERMINATION OF AGENCY OBLIGATIONS

If there is no action taken on this escrow within six (6) months after the "time limit date" as set forth in the escrow instructions or written extension thereof, Escrow Holder's agency obligation shall terminate at Escrow Holder's option and all documents, monies or other items held by Escrow Holder shall be returned to the parties depositing the same.

In the event of termination of this escrow, whether at the request of any of the parties or otherwise, all fees and charges due in connection with this escrow including expenditures incurred and/or authorized shall be paid by the parties hereto.

CONFLICTING INSTRUCTIONS

Should Escrow Holder before or after close of escrow receive or become aware of any conflicting demands or claims with respect to this escrow or the rights of any of the parties hereto, or any money or property deposited herein or affected hereby, Escrow Holder shall have the right to discontinue any or all further acts on Escrow Holder's part until the conflict is resolved to Escrow Holder's satisfaction, and Escrow Holder shall have the further right to comments or defend any action or proceedings for the determination of the conflict as provided in the "Right of Cancellation" and "Action in Interpleader" paragraphs of these General Provisions.

USURY

Escrow Holder is not to be concerned with any question of usury in any loans or encumbrances involved in the processing of this escrow and Escrow Holder is hereby released of any responsibility or liability therefor.

INDEMNITY FOR ATTORNEYS FEES AND COSTS

In the event suit is brought by any party to this escrow, including the Escrow Holder or any other party, against each other, or others, including the Escrow Holder, claiming any right they may have against each other or against the title company, then in that event, with the exception of gross negligence by the title company, the parties hereto agree to indemnify and hold the title company harmless against any attorney's fees and costs incurred by it, **unless such suit is based on a claim against the title company and the party is the "prevailing party."**

AMENDMENT TO ESCROW INSTRUCTIONS

Any amendment or supplement to these escrow instructions must be in writing and signed by the parties. These escrow instructions and any written amendments, supplements or exhibits attached hereto constitute the entire escrow agreement between the Escrow Holder and the parties hereto with respect to the subject matter hereof and supersedes all prior understandings, with respect thereto.

PROPERTY TAXES SUBSEQUENT TO CLOSE OF ESCROW

Buyer and Seller herein acknowledge that there may be supplemental and/or additional taxes which may be assessed by reason of a change in ownership or completion of construction. This will be reflected in the policy of title insurance issued at the close of escrow. Escrow Holder shall not be concerned with any adjustment(s) of supplemental taxes between the parties for bills received by the parties after the close of escrow. In the event Seller has received Supplemental Tax Bill(s) prior to close of escrow, Seller will provide them to Escrow Holder with an explanation of time periods covered by the tax bill(s) for proration purposes. (In California the applicable provisions are found in California Revenue and Taxation Code Sections 75 and following.) In the event Buyer or Seller have applied, or apply for a reduced assessment, and a refund of taxes is received by Escrow Holder as Agent, Escrow Holder is to retain the funds in one or more of Escrow Holder's general escrow demand accounts until Escrow Holder has received mutual written instructions from the parties directing Escrow Holder as to the proper disposition of the tax refund.

CHANGE OF OWNERSHIP FORMS

Buyer will furnish Escrow Holder with a completed Preliminary Change of Ownership Report which Escrow Holder is instructed to submit at time of recordation pursuant to Section 480.3 of the California Revenue and Taxation Code. In the event this escrow is otherwise ready to close and Buyer has not provided the above report, Escrow Holder is instructed to close this escrow and collect from Buyer for the County Recorder any additional fee required for recordation when a Preliminary Change of Ownership Report does not accompany the documents being recorded. Buyer is aware that if the above report is not submitted at time of recordation as required, a Change of Ownership Statement must be filed by the Buyer with the County Assessor not later than 45 days after recordation and failure to do so will result in additional penalties. Buyer acknowledges that Escrow Holder shall have no responsibility and/or liability for the County Recorder's acceptance or rejection of the Preliminary Change of Ownership Report. For escrows involving property in States other than California parties will provide Escrow Holder with applicable documents as may be required by the county recorder or taxing authority to close this transaction.

INSURANCE POLICIES OTHER THAN TITLE INSURANCE

When dealing with real property and/or improvements located thereon it is advisable to obtain fire, hazard or liability insurance coverage. In all acts in this escrow relating to insurance, including adjustments, if any, Escrow Holder may assume that each policy is in force and that the necessary premium has been paid. Escrow Holder shall not be responsible for obtaining fire, hazard or liability insurance, unless Escrow Holder has received written instruction prior to close of escrow from the parties or their respective lenders.

[CLOSE GAP] | [CLOSE GAP] | [CLOSE GAP]

FACSIMILE INSTRUCTIONS

In the event the parties utilize "facsimile" transmitted signed documents, Buyer and Seller hereby agree to accept and instruct the Escrow Holder to rely upon such documents as if they bore original signatures. Buyer and Seller hereby acknowledge and agree to provide to Escrow Holder, within 72 hours of transmission, such documents bearing the original signatures. Buyer and Seller further acknowledge and agree that documents necessary for recording with other than original signatures (i.e., facsimiles) will not be accepted for recording by the County Recorder thereby delaying the close of escrow.

EXECUTE IN COUNTERPART

These escrow instructions and any subsequent amendments may be executed in one or more counterparts, each of which independently shall have the same effect as if it were the original, and all of which taken together shall constitute one and the same instruction.

IF THE TRANSACTION WHICH IS THE SUBJECT OF THIS ESCROW IS A SALE, THE PARTIES TO THIS TRANSACTION MAY HAVE CERTAIN TAX REPORTING AND WITHHOLDING OBLIGATIONS PURSUANT TO STATE LAW OR FEDERAL LAW REFERRED TO BELOW.

REPORTING TO THE INTERNAL REVENUE SERVICE

The Tax Reform Act of 1986 provides that Escrow Holder must report certain information regarding all real estate transactions to the Internal Revenue Service. This information includes, among other things, the Seller's social security number and/or tax identification number and forwarding address, and the gross sales price of the transaction. This is not a requirement generated by Escrow Holder, but rather a means of complying with the new tax law. This information must be provided to Escrow Holder upon the opening of escrow and neither can escrow be closed, nor can a deed or any other documents be recorded until the information is provided and the Seller certifies the accuracy of the information in writing. By execution of these escrow instructions, the parties acknowledge receipt of this notice.

TAX REPORTING AND WITHHOLDING OBLIGATIONS OF THE PARTIES

CALIFORNIA LAW: In accordance with Section 18662 and 18668 of the California Revenue and Taxation Code, a Buyer may be required to withhold an amount equal to three and one-third (3-1/3) percent of the sales price, in the case of a disposition of California real property interest by either: (1) A Seller who is an individual with a last known street address outside of California or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of the Seller; OR (2) A corporate Seller which has no permanent place of business in California. For failure to withhold, the Buyer may become subject to a penalty in an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500.00). However, notwithstanding any other provision included in the California statutes referenced herein, no Buyer will be required to withhold any amount or be subject to penalty for failure to withhold if: (a) The sales price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000.00); OR (b) The Seller executes a written certificate, under the penalty of perjury, certifying that the Seller is a resident of California, or if a corporation, has a permanent place of business in California; OR (c) The Seller, who is an individual, executes a written certificate, under the penalty of perjury, that the California real property being conveyed is the Seller's principal residence (as defined in Section 1034 of the Internal Revenue Code). The Seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement. The California statutes referenced herein include provisions which authorize the Franchise Tax Board to grant reduced withholding and waivers from withholding on a case-by-case basis.

The Seller may request a reduction in withholding or waiver and the Buyer and Seller may obtain additional information by contacting the Franchise Tax Board, Withhold at Source Unit, P.O. Box 651, Sacramento, CA 95812-0651 (916-845-4900).

LAW OF STATES OTHER THAN CALIFORNIA

If the parties are required to withhold by the law of a state other than California, the parties understand that the withholding obligation is the exclusive obligation of the parties to this transaction and that Escrow Holder is not obligated to withhold or notify the parties of any withholding obligation they may have.

FEDERAL LAW

Internal Revenue Code Section 1445 places special requirements for tax reporting and withholding on the parties to a real estate transaction where the Seller (Transferor) is a non-resident alien, a non-domestic corporation or partnership, a domestic corporation or partnership controlled by non-residents or non-resident corporations or partnerships.

With respect to both the State Law and Federal Law referred to above, the parties to this transaction should seek an attorney's, accountant's, or other tax specialists' opinion concerning the effect of these laws on this transaction. The parties to this transaction should NOT act on or rely on any statements made or omitted by the Escrow Officer, Title Officer, or other closing Officer with respect to tax reporting or withholding requirements. By execution of these escrow instructions, the parties acknowledge receipt of this notice.

DISCLOSURE OF TAXPAYER IDENTIFICATION NUMBERS

Internal Revenue Code Section 6109(h) imposes requirements for furnishing, disclosing and including taxpayer identification numbers in tax returns on the parties to a residential real estate transaction involving seller-provided financing. The parties

understand that the disclosure reporting requirements are exclusive obligations between the parties to this transaction and that Escrow Holder is not obligated to transmit the taxpayer identification numbers to the Internal Revenue Service or to the parties. Escrow Holder is not rendering an opinion concerning the effect of this law on this transaction, and the parties are not acting on any statements made or omitted by the Escrow or Closing Officer. By execution of these escrow instructions, the parties acknowledge receipt of this notice.

To facilitate compliance with this law, the parties to this escrow hereby authorize Escrow Holder to release any party's taxpayer identification numbers to any requesting party who is a party to this transaction. The requesting party shall deliver a written request to escrow. The parties hereto waive all rights of confidentiality regarding their respective taxpayer identification numbers and agree to hold Escrow Holder harmless against any fees, costs, or judgments incurred and/or awarded in connection with the release of taxpayer identification numbers.

TIME IS OF THE ESSENCE OF THESE INSTRUCTIONS

If this escrow is not in condition to close by the closing date referred to in the body of these instructions, and demand for cancellation is received by you from any party to this escrow after said date, you will act in accordance with the cancellation instructions contained in these general provisions. If no demand for cancellation is made, you will proceed to close this escrow when the principals have complied with the escrow instructions.

EXHIBIT __

REMEDATION ESCROW AGREEMENT

This Remediation Escrow Agreement ("**Agreement**") is entered into by and among the CITY OF LOS ANGELES, a municipal corporation ("**Buyer**" or "**City**"), UNION PACIFIC RAILROAD COMPANY, a Delaware corporation ("**Seller**"), and FIRST AMERICAN TITLE INSURANCE COMPANY ("**Escrow Agent**").

RECITALS

A. Buyer and Seller have entered into that certain Purchase and Sale Agreement and Escrow Instructions executed on _____, 2016 ("**Purchase Agreement**") for City's purchase from Seller of the real property described in Exhibit A of that Agreement, commonly referred to as Taylor Yard – Parcel G2 ("**Property**").

B. Escrow Agent has been furnished with a copy of the Purchase Agreement and is serving as Escrow Holder under the Purchase Agreement.

C. All initially capitalized terms not otherwise defined herein shall have the meanings given those terms in the Purchase Agreement.

D. In its escrow instructions for Closing under the Purchase Agreement, Seller has directed Escrow Agent to disburse from Seller's proceeds the amount of Fourteen Million Seven Hundred Fifteen Thousand and no/100 Dollars (\$14,715,000.00) ("**Remediation Fund Amount**"), into a remediation escrow account ("**Remediation Escrow Account**") set up under this Agreement to help Buyer fund its remediation of certain Hazardous Materials on the Property ("**Remediation Work**") under the terms of a Remedial Action Plan dated February 14, 2014 ("**RAP**") between Seller and the California Department of Toxic Substances Control ("**DTSC**") for remediation of the Property to an industrial use standard.

E. Under the Purchase Agreement (attached hereto as **Schedule 1**), Seller and Buyer have also agreed that Buyer shall remediate the Property as required under the RAP and until Buyer has obtained written certification from DTSC that Buyer has completed removal of contamination as required under the RAP (such certification, the "**Remediation Certification**"). If approved by DTSC, Buyer may have the option of remediating the Property to a standard other than an industrial use standard and/or in phases covering portions of the Property and seeking to obtain a Remediation Certification from DTSC for each respective phase upon its completion. Remediation of the Property in phases will not relieve Buyer of its obligation ultimately to obtain the Remediation Certification for the entire Property. Whether the Property is remediated as a whole or in phases approved by DTSC, the Remediation Fund Amount shall be allocated uniformly across the entire Property except for the roadway (the "Roadway") which is the subject of the Roadway Easement dated December 20, 1990 between

Southern Pacific Transportation Company and the Los Angeles County Transportation Commission recorded December 21, 1990 as Instrument No. 90-2105715 in the Official Records of Los Angeles County (the "Roadway Easement"), or \$8.33 for each square foot, as provided in more detail below.

F. Accordingly, Buyer and Seller desire to provide a process herein for Buyer's Bureau of Engineering ("**BOE**") to obtain disbursements from the Remediation Escrow Account following submittal to Escrow Agent of a Remediation Certification for all or a phased portion of the Property.

G. Buyer and Seller desire that amounts due to Buyer upon BOE's submission of a Remediation Certification, issued by DTSC, shall be subject to retainage, as provided in more detail below.

H. The parties further desire to establish the Remediation Escrow Account and to appoint First American Title Insurance Company as the Escrow Agent to act in accordance with the terms hereof.

AGREEMENT

In consideration of the mutual promises contained herein and for other good and valuable consideration, receipt and sufficiency of which are acknowledged by Buyer, Seller and Escrow Agent, all intending to be legally bound, the parties agree as follows:

1. Interpretation and Effective Date. This Agreement is being executed pursuant to Section 3.1.3 of the Purchase Agreement, delivered to Escrow Agent prior to the Closing Date specified in the Purchase Agreement, and shall be effective as of that Closing Date (which is the "**Effective Date**" of this Escrow Agreement). The provisions of this Agreement shall not be construed so as to enlarge, diminish, void, nullify or alter the rights of Buyer or Seller under the Purchase Agreement. Rather, this Agreement solely governs the terms and conditions of the disbursement of the Remediation Fund Amount, together with any interest earned thereon, from the Remediation Escrow Account to reimburse Buyer for certain costs of the Remediation Work as provided in more detail below.

2. Appointment of Escrow Agent. Escrow Agent is hereby appointed to act as escrow agent in accordance with the terms hereof, and Escrow Agent hereby accepts this appointment. Escrow Agent shall have all the rights, powers, duties and obligations provided herein. Each party shall pay equally the costs charged by Escrow Agent to maintain the Remediation Escrow Account.

3. Deposits To and Disbursements From Remediation Escrow Account.

(a) At Closing, Escrow Agent, as Escrow Holder under the Purchase Agreement, shall deposit the entire Remediation Fund Amount (\$14,715,000.00) in the Remediation Escrow Account to be disbursed pursuant to the terms hereof. The amount of funds in the Remediation Escrow Account at any time (consisting of the Remediation Fund Amount plus any accrued interest and earnings on same earned after deposit but

before disbursement) is referred to herein as "**Escrow Amount**". Escrow Agent shall disburse the Escrow Amount or any portions thereof in accordance with the terms and provisions of this Section 3. Also, the Escrow Amount shall be invested by Escrow Agent in a manner directed by the parties (and approved by Escrow Agent) so long as such funds are readily available to process disbursements in accordance with the terms and provisions of this Section 3.

(b) The scope of the Remediation Work includes all categories of such Remediation Work described in the RAP. On the date hereof, the RAP is available online at https://www.envirostor.dtsc.ca.gov/public/profile_report.asp?global_id=19470006.

(c) With DTSC's approval, Buyer may amend the RAP from time to time to allow Buyer to remediate the Property to a standard other than industrial use standard and/or to allow Buyer to remediate the Property in phases. If Buyer amends the RAP to remediate the Property in phases, then Buyer shall specify how many square feet of the Property (out of the total 1,807,082 square feet) are included in each such phase, and whether (and, if so, how much) any portion of the Roadway is included in each such phase.

(d) In order to obtain a disbursement from the Remediation Escrow Account, Buyer must first have obtained the Remediation Certification for the entire Property, or if Buyer has obtained DTSC approval to remediate the Property in phases, then instead Buyer must first have obtained a Remediation Certification for the phase or portion of the Property for which Buyer seeks a disbursement.

(e) If approved by DTSC, Buyer may have the option of: (i) remediating the Property to a standard other than an industrial use standard; and/or, (ii) in phases covering portions of the Property and seeking to obtain a Remediation Certification from DTSC for each respective phase upon its completion. Remediation of the Property in phases will not relieve Buyer of its obligation ultimately to obtain the Remediation Certification for the entire Property. If the Buyer elects, with DTSC approval, to remediate the Property to a standard other than an industrial use standard and/or in phases covering portions of the Property, the Remediation Fund Amount shall be allocated across the entire Property (1,807,082 sq. ft.) except for the Roadway (41,346 sq. ft.), which totals (subtracting the Roadway area) 1,765,736 square feet at \$8.33 for each square foot remediated.

(f) If the Buyer exercises its option of remediating the Property to a standard other than industrial use standard and/or in phases covering portions of the Property, then upon completion of remediation work for a DTSC approved phase covering a portion of the Property, the BOE shall submit a Remediation Certification, issued by DTSC, to Seller and Escrow Agent. The BOE submission shall include Buyer's indication of the amount of the Property (in acres or square feet, and excluding any Roadway area) covered by such Remediation Certification. The Escrow Agent shall then disburse to Buyer an amount (such amount described below) from the Remediation Escrow Account on or around the fiftieth (50th) day following receipt by Escrow Agent of said Remediation Certification, unless Seller has challenged or questioned any aspect of the Remediation Certification within thirty (30) days after its receipt by Seller. If Seller does not challenge

or question such notification to Escrow Agent within thirty (30) days of receipt thereof, Escrow Agent shall, whether or not it has received disbursement instructions from the parties, forthwith disburse to Buyer an amount from said Account determined as follows:

- (i) Escrow Agent shall multiply the square foot area covered by the Remediation Certification, excluding any Roadway area, by \$8.33 to arrive at the Remediation Fund Amount allocated to the particular phase which is due to Buyer; provided
- (ii) Escrow Agent shall withhold twenty percent (20%) of the allocated amount otherwise due to Buyer and disburse the remaining amount to Buyer.

The purpose of Escrow Agent withholding the required twenty percent (20%) from any disbursement from the Remediation Escrow Account during a phased remediation of Property is to ensure performance by Buyer of its obligation ultimately to obtain the Remediation Certification for the entire Property.

(g) The parties hereto acknowledge that Buyer must, when engaging contractors to perform the Remediation Work, use the City's competitive bidding process, which requires the lowest responsive bid and responsible bidder to be accepted, and follow City requirements for public works contracts. If requested by Seller, Buyer shall provide Seller a copy of the bidding packet, receive a copy of the bids, and a copy of the contract awarded to the successful bidder.

(h) After the Remediation Certification has been issued by DTSC for the entire Property and provided to Seller and Escrow Agent by Buyer, then Escrow Agent shall disburse to Buyer all non-disbursed funds in the Remediation Escrow Account on or around the fiftieth (50th) day following receipt by Escrow Agent, unless Seller has challenged or questioned any aspect of the Remediation Certification within thirty (30) days after receipt by Seller. If Seller does not challenge or question such notification to Escrow Agent within thirty (30) days of receipt of the Remediation Certification, Escrow Agent shall, whether or not it has received disbursement instructions from the parties, forthwith disburse the entire remaining Escrow Amount to Buyer.

4. Accrued Interest and Earnings on Escrow Amount. Buyer and Seller acknowledge and agree that the amount earned on any investment of the Escrow Amount, or portion thereof, shall be the income of Buyer but shall not be disbursed immediately to Buyer. Instead, any such income shall be used to increase the Escrow Amount and disbursed as provided for the rest of the Remediation Escrow Account. Escrow Agent is directed to file all required reports and returns with the appropriate taxing authorities reflecting that the income earned on the Escrow Amount during the term of the escrow is Buyer's income. Buyer shall provide to Escrow Agent such information as is necessary to enable Escrow Agent to make tax filings in connection with this Agreement.

5. Termination of Escrow. Escrow Agent shall hold the undisbursed portion of the Escrow Amount in escrow until full disbursement of the Escrow Amount in accordance with Section 3 of this Agreement has occurred, and on that date, this escrow shall terminate ("**Termination Date**").

6. Jury Waiver. If any party commences an action under Section 7 below or litigation against the other(s) for specific performance of this Agreement, for damages for breach hereof, or otherwise for enforcement of any remedy hereunder, the parties hereto agree to and hereby do waive any right to a jury trial.

7. Reference of Disputes to Arbitration. If the parties are unable to reach agreement on any disbursements from Remediation Escrow Account disapproved by Seller under Section 3, including any challenge by Seller to any aspect of the Remediation Certification, then either party may notify the other of the notifying party's election to submit the disapproval by Seller or the lack of agreement on allocation to arbitration. Such arbitration shall, unless otherwise agreed by the parties, be conducted with the Los Angeles office of JAMS pursuant to the expedited JAMS procedures (the "JAMS Expedited Procedures"). Notwithstanding anything that is or may be to the contrary in the JAMS Expedited Procedures: Such arbitration shall be conducted before an arbitrator selected from a list of three arbitrators proposed by JAMS within thirty (30) days of the receipt of the request for arbitration. Within ten (10) days of receipt of the proposed arbitrator list, each party shall strike one proposed arbitrator. The remaining proposed arbitrator shall serve as the arbitrator. However, in the event the parties strike the same arbitrator, then JAMS shall select the arbitrator from the two remaining arbitrators. The arbitration hearing shall be conducted in person in Los Angeles within sixty (60) days of the arbitrator's selection and shall be limited to whether Seller was justified in disapproving any item of Work Expense as provided in Section 3 hereof. Briefing shall be limited to a ten-page pre-hearing submission and a ten-page post-hearing submission, each submitted simultaneously by each party; the post-hearing submission shall be submitted within ten days following the hearing; the arbitrator shall make his or her decision within ten days following the filing of the post-hearing submission(s). Each party shall pay its own attorneys' fees and costs incurred in the arbitration, including the costs of the arbitration proceeding and the fees of the arbitrator. The decision of the arbitrator in this arbitration shall be final and binding. If Seller is found not to have been justified in disapproving any item of Work Expense, then the Escrow Agent shall be notified and shall disburse the applicable portion of the Remediation Escrow Account consistent with the arbitration decision. All other controversies arising out of this Agreement shall be heard by referee pursuant to California Code of Civil Procedure ("**CCP**") Section 638 et seq. The parties shall agree on a single referee who shall try all issues, whether of fact or law, and report a finding and judgment thereon. If the parties are unable to agree on a referee, either may seek to have one appointed, pursuant to CCP Sections 638 et seq. The cost of such proceeding shall be borne equally by the parties.

8. Notices. Any notices relating to this Agreement shall be given in writing and be deemed sufficiently given and served for all purposes when delivered personally, by overnight courier service, facsimile (provided that sender retains a printed confirmation of

delivery to facsimile number), or three (3) days after deposit in US mail certified or registered, return receipt requested, with postage prepaid, addressed as follows:

SELLER: UNION PACIFIC RAILROAD COMPANY
Attn: Lauren A. Mancuso, Manager-Env. Site Remediation
1408 Middle Harbor Road
Oakland, CA 94607
Telephone: (916) 217-5086

With a copy to:

UNION PACIFIC RAILROAD COMPANY
Attn: Patrick R. McGill, Senior Counsel-Real Estate
1400 Douglas Street, Mail Stop 1580
Omaha, Nebraska 68179
Telephone: (402) 544-5761

And

Robert C. Bylsma
10031 Foothills Blvd.
Roseville, CA 95747
Telephone: 916-789-6400

BUYER: CITY OF LOS ANGELES
Attn: Tony M. Royster
Department of General Services
111 East First Street (City Hall South)
Los Angeles, CA 90012
Telephone: (213) 928-9555

With a copy to:

OFFICE OF LOS ANGELES CITY ATTORNEY
Attn: Real Property/Environment Division
City Hall East, Rm 701
200 North Main Street
Los Angeles, California 90012
Telephone No.: (213) 978-8237

ESCROW AGENT: First American Title Insurance Company
777 South Flower, Suite 400
Los Angeles, CA 90017
Attn: Sharon Yarber – Vice President
Telephone: (213) 271-1723

Either party may change its address by written notice to the other given in the manner set forth above.

9. Ancillary Actions of Parties. Seller and Buyer agree to execute and deliver such other instruments and documents and take such other actions as may be reasonably required in order to effectively complete the purposes of this Agreement.

10. Qualifications of Escrow Agent. Escrow Agent shall at all times be in good standing, organized and doing business under laws of the United States or a state thereof, and shall be authorized under laws governing its organization to exercise corporate trust powers and to enter into and perform this Agreement. If Escrow Agent shall at any time cease to have the foregoing qualifications, it shall give written notice of resignation to both Buyer and Seller.

11. Limitations on Liability of Escrow Agent.

(a) Escrow Agent may act on any written notice, certificate, instrument, request, waiver, consent, or other document that it in good faith reasonably believes to be genuine and to have been made, sent, signed, prescribed, or presented by the proper person or persons in accordance with this Agreement. Escrow Agent shall not be liable for any action taken or omitted by it in connection with the performance of its obligations hereunder, except its own negligence or willful misconduct. Further, Escrow Agent shall be under no obligation to institute or defend any claim, suit or legal proceeding in connection with this Escrow or Agreement unless it is indemnified to its satisfaction by the party or parties who desire that it undertake such action.

(b) Escrow Agent shall be under no obligation or liability for failure to inform Buyer or Seller regarding any transaction or facts within Escrow Agent's knowledge, even though same may concern the matters described herein, provided they do not prevent or interfere with Escrow Agent's compliance with this Agreement, nor shall Escrow Agent be liable for the sufficiency, correctness or genuineness as to form, manner of execution or validity of any instrument deposited, nor as to identity, authority, or rights of any person executing same, except as above provided.

(c) Should Escrow Agent during or after the term of this Escrow receive or become aware of any conflicting demands or claims with respect to the Escrow Amount or the rights of any of the parties hereto (or any money or property deposited herein or affected hereby), then except as otherwise expressly provided in Section 3(e) above, Escrow Agent shall have the right to discontinue any or all further acts on its part until such conflict is resolved to Escrow Agent's and the other parties' satisfaction. Escrow Agent shall have the further right to commence or defend any claim, suit or proceeding for the resolution of such conflict.

(d) Escrow Agent may consult with legal counsel satisfactory to it in connection with any dispute, the construction of any provision of this Agreement, or the duties of Escrow Agent under this Agreement.

12. Release of Escrow Agent. The retention and distribution of the Escrow Amount in accordance with the terms of this Agreement shall fully and completely release Escrow Agent from any obligations or liabilities it assumed under this Agreement with respect to the Escrow Amount.

13. Compensation of Escrow Agent. Escrow Agent is entitled to reasonable compensation and reimbursement of fees, costs and expenses ("**Escrow Costs**"), including reasonable attorneys' fees, suffered or incurred by Escrow Agent in connection with performance of its obligations hereunder, including but not limited to, any suit in interpleader brought by Escrow Agent. Escrow Agent shall invoice Buyer and Seller a statement of its Escrow Costs at its standard billing periods, and the parties shall each promptly pay one-half of such Costs to Escrow Agent.

14. Resignation and Removal of Escrow Agent. Escrow Agent or any successor may resign and be discharged of its obligations hereunder by delivering written notice to Buyer and Seller specifying the effective date of such resignation, which date shall not be earlier than 30 days following receipt by Buyer and Seller of the notice of resignation. Such resignation shall take effect on the date specified in the notice, unless a successor escrow agent has been appointed and accepted such appointment, in which case Escrow Agent's resignation shall take effect immediately on receipt by the successor escrow agent of the Escrow Amount. Escrow Agent may be removed by the joint action of Buyer and Seller, with or without cause, at any time upon 30 days' prior written notice to Escrow Agent, which notice may be waived by Escrow Agent. Notwithstanding any resignation or removal of Escrow Agent, Escrow Agent shall continue to serve in its capacity as escrow agent until: (i) a successor escrow agent is appointed and accepts such appointment, and (ii) the Escrow Amount has been transferred to and received by such successor escrow agent. Buyer and Seller shall promptly take the necessary actions to appoint a successor escrow agent.

15. Appointment of Successor Escrow Agent. If at any time during the term hereof, Escrow Agent shall resign, be removed, become unqualified under Section 10 hereof, or otherwise become incapable of acting as escrow agent under this Agreement, or if a vacancy shall occur in the office of Escrow Agent for any other cause, a successor escrow agent that meets the qualifications set forth in Section 10 shall be appointed by Buyer, with Seller's written consent, which consent may not be unreasonably withheld, by a written instrument delivered to successor escrow agent. If no successor escrow agent has been appointed by the effective date of resignation or removal of Escrow Agent (or within 30 days after the date Escrow Agent becomes incapable of acting or a vacancy occurs in the office of escrow agent), any party hereto may petition a court of competent jurisdiction for appointment of a successor escrow agent, and Escrow Agent shall have the right to refuse to make payments from the Escrow Amount until such successor is appointed and accepts such appointment. Upon appointment and acceptance of a successor escrow agent hereunder, Escrow Agent shall transfer the Escrow Amount to its successor. Upon receipt by such successor of the Escrow Amount, Escrow Agent shall be discharged from continuing obligations under this Agreement, but such discharge shall not relieve Escrow Agent from any liability incurred prior to such event, and the successor

escrow agent shall be vested with all rights, powers, duties and obligations of Escrow Agent hereunder.

16. Parties in Interest. This Agreement shall be binding on and inure to the benefit of each party hereto and their respective successors and assigns, and nothing in this Agreement, express or implied, is intended to confer on any other person rights or remedies of any nature whatsoever by, under, or by reason of this Agreement. Nothing in this Agreement is intended to relieve or discharge the obligation of any third person to, or to confer any right of subrogation or action against, any party to this Agreement.

17. Amendments and Waivers. This Agreement may be amended only by an agreement in writing of all parties. No waiver of any provision nor consent to any exception to the terms hereof shall be effective unless in writing and signed by the party to be bound, and then only to the specific purpose, extent and instance so provided.

18. Counterparts. This Agreement and any other agreement (or document) delivered pursuant hereto may be executed in one or more counterparts and by different parties in separate counterparts, and may be signed by signatures sent by facsimile (followed by hard copies). All of such counterparts shall constitute one and the same agreement and shall become effective when one or more counterparts of this Agreement have been signed by each party, deposited into the Purchase and Sale Escrow, and said Escrow closes with title to the Property passing to Buyer.

19. Governing Law. This Agreement and the legal relations among the parties shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in such State without regard to conflict of law doctrines.

20. Integration. This Agreement and the agreements referred to herein, constitute the entire agreement and understanding of the parties with respect to the subject matter of this Agreement and supersede all prior agreements and understandings with respect thereto.

21. Severability. If any provision of this Agreement is held invalid by any court, government agency or regulatory body, the other provisions to the extent permitted by law shall remain in full force and effect.

22. Headings. The descriptive headings of the Sections of this Agreement are for convenience only and do not constitute a part of this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed.

SELLER:

UNION PACIFIC RAILROAD COMPANY, a
Delaware corporation

By: _____

Name: _____

Title: _____

Date: _____

BUYER:

CITY OF LOS ANGELES, a municipal corporation,
acting by and through its Department of General
Services

By: _____
TONY M. ROYSTER
General Manager

Date: _____

APPROVED AS TO FORM:

MICHAEL FEUER, City Attorney

By: _____
Curt Holguin, Deputy City Attorney

Date: _____

ESCROW AGENT:

Agreed and Accepted on _____ 201_.

First American Title Company

By: _____

Title: _____

Attachment A:**Preliminary Funding Framework and Analysis of Los Angeles River Ecosystem Restoration Funding Sources****EXISTING FUNDING SOURCES**

Source:	Proposition 1 State Water Bond
	2014 State general obligation bond measure provides \$7.5 billion in funding to improve water infrastructure for conservation, restoration, remediation, recreation.
Amount:	\$140 million
Considerations:	LARER projects could be eligible for funding from multiple programs funded by the bond. Some programs are competitive.
Implementation:	City would need to coordinate its funding requests and grant applications across multiple programs. Program guidelines in place.
Source:	State Cap-and-Trade Proceeds
	California's market-based mechanism to lower greenhouse gas emissions generates proceeds the State can appropriate to fund projects that reduce or sequester emissions.
Amount:	\$100 million
Considerations:	Cap and Trade proceeds are competitive statewide.
Implementation:	City would lobby the State to appropriate funds for LARER projects.
Precedents:	Since 2012, when the Cap-and-Trade Program began, \$900 million in proceeds have been appropriated. Projects similar to LARER include: <ul style="list-style-type: none"> • \$25 million to Dept. Fish and Wildlife for Wetlands and Watershed Restoration • \$42 million to Dept. of Forestry and Fire Protection for Urban Forestry and Reforestation
Source:	Private Sponsorship and Philanthropy
	Private and foundation funding or sponsorship of individual LARER projects.
Amount:	\$20 million
Considerations:	Many LARER project elements such as remediation, and river channel reconfiguration may not be optimal candidates for private sponsorship.
Implementation:	Work with river-oriented organizations, such as Friends of the Los Angeles River and the Los Angeles River Revitalization Corporation, to cultivate philanthropic and sponsorship monies to fund LARER projects.
Precedents:	La Kretz pedestrian bridge: \$4 million Metabolic Studio La Noria waterwheel: \$10 million FOLAR contribution to LARER study: \$1 million
Source:	Non-Profit Contributions
	Established non-profits with conservation, habitat, and recreational objectives that could fund individual LARER project elements
Amount:	\$20 million
Considerations:	Availability of non-profit funding is inconsistent, and will be competitive.
Implementation:	City should engage the non-profit community to identify LARER project elements that would be attractive recipients of non-profit funds, and consider establishing multi-year funding programs.
Precedents:	Established non-profits such as Trust for Public Land, Nature Conservancy, TreePeople, and Northeast Trees regularly contribute funding for projects similar to LARER.
Source:	Brownfield Cleanup Funds
	Federal and state funding programs available to pay for brownfield surveys and remediation.
Amount:	\$15 million

Considerations: City has some grant funds to allocate for Phase I work; can also apply for remediation grants for LARER projects.
 Implementation: Bureau of Sanitation can develop multi-year funding program with EPA.
 Precedents: City has successful history of using State and Federal funds for brownfield remediation.

Source: General Fund
 Potential annual appropriations to Department of Recreation and Parks to fund operation and maintenance of recreation and open space facilities installed as part of the LARER Project.
 Amount: \$27 million. This represents the entirety of LARER O&M costs that must be funded by the City over the 15 year project horizon.
 Considerations: General fund resources have yet to fully recover from the effects of the recession.
 Implementation: Annual budget process

Source: Quimby Fees
 Quimby fees and earned interest may be available to fund construction for recreational improvements.
 Amount: \$5 million
 Considerations: Amount of available fees is a function of nearby residential development; expenditures must be developed within 2 miles of fee collection.
 Implementation: City to dedicate Quimby proceeds near River to fund LARER projects.
 Precedents: State Quimby program is well-established in City of Los Angeles.

Source: Other Federal Sources
 Variety of existing Federal funding programs for watershed and habitat restoration and recreation projects
 Amount: \$10 million
 Considerations: Individual awards are competitive.
 Implementation: City would need to coordinate its funding requests and grant applications across multiple programs.
 Precedents: Dept. of Agriculture, Natural Resources Conservation Service, Watershed Protection Program
 Dept. of Interior, National Park Service Land and Water Conservation Fund Grants, and Urban Park and Recreation Recovery Program
 Environmental Protection Agency, Wetland Program Development Grants

POTENTIAL FUNDING SOURCES

Source: Enhanced Infrastructure Finance District (EIFD)
 A River-focused Public Financing Authority that can collect tax increment and assessments to fund infrastructure improvements.
 Amount: TBD, unlikely to exceed \$30 million
 Considerations: What are appropriate boundaries for a river-focused EIFD? What portion of proceeds would City want to dedicate for LARER projects? Redirection of General Fund money.
 Implementation: City currently beginning to explore EIFD opportunities. Develop proposed district boundaries, necessary business plan, and tax increment projections. Engage County to solicit participation in EIFD.
 Precedents: Newly authorized funding mechanism is as-yet untested in California.

Source: Citywide General Obligation Bond
 Citywide General Obligation Bond to fund stormwater and waterway improvements
 Amount: TBD. A larger citywide bond program of at least \$1 billion would be necessary to net \$500 million for LARER.
 Considerations: Requires 2/3 voter approval. If measure is City-wide, what portion of proceeds would be dedicated to LARER?
 Implementation: Council vote to place on ballot

Precedents:	Proposition O was approved by voters in 2004, raising \$500 million to fund projects that prevent and remove pollutants from waterways. Bonds repaid over 24 years with ad valorem tax (0.01%) on property tax bills.
Source:	LA County Clean Water, Clean Beaches funding initiative Proposed assessment imposed on property tax bill of all private and public properties, with proceeds used to fund water quality projects throughout the LA County Flood Control District. Proceeds over the 15-year horizon of the LARER project would exceed \$4 billion.
Amount:	TBD. Funding for LARER in the amount of \$400 million would represent 10% of the total proceeds.
Considerations:	Pursuant to Prop 218, assessments imposed on any parcel must be proportionate to benefit.
Implementation:	County vote to put a measure on a public ballot.
Precedents:	In 2012, LA County Flood Control District considered such an assessment to pay for water quality improvements, with 2013-14 revenues projected at \$276 million. Assessment was proposed to be based on the proportionate share of water runoff attributable to each parcel. The County ultimately declined to put the issue on the ballot at that time.
Source:	City Water Quality Assessment Potential citywide assessment, in the form of a parcel tax, with proceeds to fund public improvements that provide for production, storage, supply, treatment, or distribution of urban runoff
Amount:	TBD. Funding for LARER in the amount of \$100 million would represent 10% of the total citywide proceeds over a 15-year project horizon.
Considerations:	City would need to evaluate whether Proposition 218 election is required pursuant to AB2403. A \$48/year assessment on all public and private properties would generate \$70 million annually, or \$1 billion+ over the 15-year project horizon. City would need to evaluate what portion of proceeds could be dedicated to LARER projects.
Implementation:	City would conduct a "majority protest" public hearing regarding the potential assessment.
Precedents:	Assembly Bill 2403 passed in June 28, 2014; no other jurisdictions have yet to implement.

(Fig. 1) Roadway Easement
 (Fig. 2) Access Road and Metrolink Tail Track Easements; and location of Communications and Pipeline Petroleum easements (underground)
 (Fig. 3) Existing Metrolink Tail Track Lease
 (Fig. 4) Potential Metro Bicycle/Pedestrian Bridge

