

## LICENSE AGREEMENT

THIS LICENSE AGREEMENT (the "Agreement") is made and entered into as of July 16, 2003 (the "Effective Date"), by and between BKK Corporation, a California corporation ("Licensor"), and the Redevelopment Agency of the City of West Covina, a municipal corporation ("Licensee"), with reference to the following facts:

A. Licensor is the fee owner of certain real property located in the City of West Covina, County of Los Angeles, State of California, comprised of approximately 583 acres and more particularly shown on Exhibit "A" attached hereto ("BKK Landfill Site").

B. A portion of the BKK Landfill Site, comprised of approximately 84.27 acres, is more particularly described at Exhibit "B" attached hereto (the "License Parcel").

C. Licensee and Licensor have entered into that certain Agreement of Purchase and Sale and Joint Escrow Instructions, dated as of June 27, 2002, as amended (collectively, the "Purchase Agreement"), for the purchase and sale of certain real property located adjacent to the BKK Landfill Site, more particularly described at Exhibit "C" attached hereto and incorporated by this reference (collectively, the "Fee Property").

D. As a condition to close of escrow under the Purchase Agreement, Licensor has agreed to grant to Licensee a license to use the License Parcel, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Licensor and Licensee hereby agree as follows:

1. **Grant of License.** Subject to the terms of this Agreement, Licensor hereby grants to Licensee and to Licensee's public officials, employees, agents, representatives, invitees, customers, contractors, successors and assigns (collectively, the "Licensee Parties"), a license to use the License Parcel for the Permitted Uses (as defined below) on the terms and conditions set forth herein (the "License"). Licensor acknowledges and agrees that it is Licensor's intent that the License be, and the License hereby is, coupled with the interest referred

to herein and is irrevocable, and Licensor hereby renounces all right to revoke the License. Licensor and Licensee agree that under no circumstances shall the License ripen into a prescriptive easement or any other interest in real property, and that the License shall not under any circumstances constitute or be deemed to constitute a lease of the License Parcel or any of other real property or the granting, leasing or transfer of an interest in the License Parcel or any other real property. Licensor and Licensee further acknowledge and agree that (a) at no time in the past has Licensee undertaken or caused to be undertaken any management, operation or control over all or any portion of the License Parcel or the BKK Landfill Site, and (b) Licensee, by virtue of executing and delivering this Agreement, is not undertaking or causing to undertake, now or at any time in the future, any management, operation or control over all or any portion of the landfill operations located on or near the License Parcel or the BKK Landfill Site.

2. **Term of License.** The License shall commence as of the date on which Licensee acquires fee title to the Fee Property, as evidenced by the filing of record of one or more grant deeds to the Fee Property in the Official Records of Los Angeles County, California (the "Commencement Date"), and shall expire ninety-nine (99) years thereafter (the "Initial Term"). Licensee shall have the right to extend the Initial Term for an additional period of ninety-nine (99) years, but in no event to exceed the maximum period allowed by law (the "Extension Term"), upon not less than six (6) months' written notice to Licensor prior to the expiration of the Initial Term, upon all the terms and conditions of this Agreement. (The Initial Term and the Extension Term are collectively referred to as the "Term.")

3. **Permitted Uses.** It is Licensee's intent, and Licensee shall have the right but not the obligation, to use all or any portion of the License Parcel for the development, construction, operation, marketing, maintenance and repair of recreational facilities, including without limitation one or more parks and one or more golf courses, together with all affiliated improvements, alterations or additions required by Licensor in its sole discretion, including without limitation a club house (collectively, the "Recreational Facilities"). In addition to the Recreational Facilities, Licensee shall have the right to use the License Parcel for the purpose of gaining access to and egress from the Fee Property. Any Recreational Facilities improvements to the License Parcel shall be at the sole cost and expense of Licensee and shall be constructed in accordance with all applicable laws. Licensee shall have the right but not the obligation to make

any alterations or further improvements to the License Parcel consistent with the foregoing permitted uses as Licensee may deem necessary or desirable in its sole discretion. Licensee shall use its commercially reasonable efforts to develop the License Parcel with the Recreational Facilities within a commercially reasonable period of time following the Effective Date, as determined by Licensee.

4. **Exclusive Use.** Licensee's use of the License Parcel shall be exclusive. The License Parcel shall not be used or accessed by Licensor or Licensor's employees, agents, invitees, successors and assigns, except on conditions available to members of the general public, except in connection with closure or post-closure activities on the BKK Landfill Site, maintenance or other operations required by any Hazardous Substance Law (as defined below) or with respect to agreements and obligations of Licensor which are in effect as the Effective Date or which are entered into after the Effective Date, subject to the prior written approval of Licensee, which approval will not be unreasonably withheld.

5. **Right to Terminate.** Licensee shall have the right to terminate this Agreement upon not less than ninety (90) days' prior written notice to Licensor. Upon termination of this Agreement, neither Licensor nor Licensee shall have further rights or obligations under this Agreement, except as same may have accrued prior to the date of termination.

6. **License Fee.** In addition to consideration paid by Licensee to Licensor under the Purchase Agreement and for other good and valuable consideration paid by Licensee and received by Licensor, Licensee shall pay to Licensor an **annual fee of One Dollar (\$1.00)** (the "License Fee"). Licensee may pay the License Fee in advance at any time during the Term.

7. **Maintenance and Repair.**

(a) Licensee shall maintain in good order and repair the Recreational Facilities, the License Parcel and any and all personal property, fixtures and equipment owned by Licensee and installed or located in, on or about the License Parcel. Licensor shall maintain in good order and repair the BKK Landfill Site located adjacent to and/or beneath the License Parcel, as required by any Hazardous Substance Law and any other applicable law, to the extent

that Licensor's failure to so maintain and repair shall adversely affect Licensee's permitted use of the License Parcel in Licensee's sole opinion; provided, however, that except for extraordinary soils subsidence, to the extent that there is any subsidence of any portion of the License Parcel, then Licensee shall be solely responsible for the repair of same; provided further, that if there is extraordinary soils subsidence of any portion of the License Parcel including without limitation slope failure and sinkholes, then Licensor shall be solely responsible for the repair of same. For the purposes hereof, the term "extraordinary soils subsidence" shall mean sudden and unforeseen subsidence or failure of soil.

(b) There is currently located on the License Parcel a 1,000,000-gallon water tank for the storage and distribution of reclaimed water, which is owned by Licensor. Licensor shall be solely responsible for the maintenance and repair of said water tank, and Licensor and Licensee shall grant to one another such licenses and easements as either may reasonably require for access to and use of water tanks, water lines, etc. provided that any such access and use by Licensor shall not unreasonably interfere with Licensee's business operations on the License Parcel.

8. **Compliance With Laws.** Licensee shall fully comply with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, court orders, applicable covenants, conditions, restrictions or other matters, whether or record or not (collectively, "Applicable Laws"), in connection with Licensee's use of the License Parcel and Licensee's construction and operation of the Golf Course, whether in effect as of the date hereof or at any time during the Term. Licensor shall fully comply with all Applicable Laws in connection with the BKK Landfill Site, whether in effect now or at any time during the Term, including without limitation in connection with all closure and post-closure activities, maintenance and other operations required by any Hazardous Substance Law.

9. **Representations and Warranties.**

(a) Licensor and Licensee each hereby represent and warrant to the other that each person executing this Agreement on behalf of such party is duly and validly authorized to do so, and that if such party is a limited liability company, partnership, corporation or trustee, that said limited liability company, partnership, corporation or trustee has full power

and authority to enter into this Agreement and consummate the transactions contemplated hereunder, and that this Agreement is valid, binding and enforceable on such party. The City Manager of Licensee is authorized to execute and deliver any and all documents in connection with this Agreement and the License Parcel.

(b) Licensors hereby represents and warrants to Licensee as follows:

(i) No written notices have been received by Licensors regarding any violation of any Applicable Laws with respect to the License Parcel;

(ii) There is no litigation currently affecting or concerning all or any portion of the License Parcel;

(iii) Licensors has not been informed of, and Licensors is not aware of, any material defects in or to the License Parcel (for the purposes hereof, the term "material defects" shall mean any matter adversely affecting Licensee's permitted use of the License Parcel, the cost of which is not the subject of insurance and which would exceed Ten Thousand and 00/100 Dollars (\$10,000.00), but excluding any environmental conditions);

(iv) There are no consents or waivers of or by any third party necessary to permit the consummation by Licensors of the transactions contemplated pursuant to this Agreement; and

(v) The execution and delivery of this Agreement by Licensors will not violate, conflict with or cause a default under any deed of trust, mortgage, indenture, covenant, restriction, lease, agreement, contract, instrument, order, writ, judgment or decree applicable to Licensors or the License Parcel, nor conflict with or result in the breach any statute or regulation of the State of California or the United States, including without limitation any Hazardous Substance Law or any order, writ, injunction or decree of any court or governmental instrumentality binding on Licensors or the License Parcel.

10. **Environmental Conditions.**

(a) **Hazardous Substances.** As used in this Agreement, the term "Hazardous Substances" means all materials deemed hazardous under any Hazardous Substance

Law (as defined below), excluding naturally-occurring substances but including without limitation asbestos or any substance containing asbestos, the group of organic compounds known as polychlorinated biphenyls, chlorinated hydrocarbons, heavy metals, flammable explosives, radioactive materials, chemicals known to the State of California or the Environmental Protection Agency to cause cancer or reproductive toxicity (excluding beer, wine and other distilled beverages, tobacco smoke and food additives), pollutants, effluents, contaminants, emissions or related materials in any items included in the definition of hazardous or toxic waste, materials or substances, any oil or petrochemical products, ureaformaldehyde, flammable explosives, radioactive materials, or any substance, product, waste or other material of any kind or nature whatsoever which may give rise to liability under any federal, state or local law, ordinance, rule or regulation or under any statutory or common law theory based on negligence, trespass, intentional tort, nuisance or strict liability, or under any reported decision of a state or federal court.

(b) Hazardous Substance Laws. As used in this Agreement, the term "Hazardous Substance Laws" means the collective federal, state and local regulations ordinances and laws relating to environmental conditions, industrial hygiene or hazardous waste, including but not limited to, the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. § 6901 et seq., the Comprehensive Environment Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. §§ 9601-9657, as amended by the Superfund Amendments and Reauthorization Act of 1987 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. § 690 et seq., the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Clean Air Act, 42 U.S.C. § 741 et seq., the Clean Water Act, 33 U.S.C. § 7401, the Toxic Substances control Act, 15 U.S.C. §§ 2601-2629, the Safe Drinking Water Act, 42 U.S.C. §§ 300f-300j, the California Hazardous Waste Control Act, California Health and Safety Code § 25100 et seq., the California Hazardous Substance Account Act, California Health and Safety Code § 25330 et seq., the California Safe Drinking Water and Toxic Enforcement Act, California Health and Safety Code § 25249.5 et seq., California Health and Safety Code § 25280 et seq. (Underground Storage of Hazardous Substances), the California Hazardous Waste Management Act, California Health and Safety Code § 25170.1 et seq., California Health and Safety Code § 25501 et seq. (Hazardous Materials Release Response Plans and Inventory), the California Porter-Cologne Water Quality Control Act, California Water Code § 13000 et seq., all as amended, and all

similar federal, state and local environmental statutes, ordinances and the regulations, orders, decrees now or hereafter promulgated thereunder.

(c) Indemnities.

(i) Licensor shall and hereby does indemnify, defend, protect and hold harmless Licensee, its public officials, employees, representatives, attorneys, agents, contractors, subordinates, invitees, affiliates and lessees (collectively, the "Licensee Indemnitees"), from and against any and all claims, suits, actions, debts, damages, costs, losses, liabilities, obligations, judgments, fines, penalties, charges, and expenses, of any nature whatsoever actually suffered or incurred by the foregoing arising from Licensee's licensing of the License Parcel, including without limitation, attorneys' fees and costs, any costs of removal or remedial action ordered or assessed by any federal, state or local governmental entity having appropriate authority and jurisdiction, any damages from injury to, destruction of, or loss of natural resources, including reasonable costs of assessing such injury, destruction or loss incurred pursuant to any Hazardous Substance Law, and liability for personal injury or property damage arising under any statutory or common law tort theory (collectively, "Licensee Claims"), arising from any discharge, release or migration of Hazardous Substances from the BKK Landfill Site in violation of any Hazardous Substances Law and occurring on or after the Effective Date or the presence of any Hazardous Substances in violation of any Hazardous Substance Law in, on, or under the License Parcel prior to the Effective Date, unless and to the extent such discharge, release or migration or presence of Hazardous Substance is attributable to the acts or omissions of Licensee or any Licensee Indemnitee. For purposes of this indemnity by Licensor, Licensee Claims shall not include any costs or expenses arising from Licensee's exercise of its original jurisdiction as a local governmental entity.

(ii) Licensee shall and hereby does indemnify, defend, protect and hold harmless Licensor, its officers, directors, employees, representatives, attorneys, agents, contractors, subordinates, invitees and affiliates (collectively, the "Licensor Indemnitees"), free and harmless from and against any and all claims, suits, actions, debts, damages, costs, losses, liabilities, obligations, judgments, fines, penalties, charges, and expenses, of any nature whatsoever actually suffered or incurred by the foregoing, including without limitation,

attorneys' fees and costs, any costs of removal or remedial action ordered or assessed by any federal, state or local governmental entity having appropriate authority and jurisdiction, any damages from injury to, destruction of, or loss of natural resources, including reasonable costs of assessing such injury, destruction or loss incurred pursuant to any Hazardous Substance Law, and liability for personal injury or property damage arising under any statutory or common law tort theory (collectively, "Licensor Claims"), arising out of any discharge, release or migration of Hazardous Substances from the License Parcel in violation of any Hazardous Substance Law and occurring on or after the Effective Date which is caused by any Licensee Indemnatee, unless and to the extent that such discharge, release, migration or presence of Hazardous Substance is attributable to the acts or omissions of Licensor or any Licensor Indemnatee.

(iii) To the fullest extent permitted by law, the foregoing indemnification shall apply regardless of the fault, active or passive negligence, for breach of warranty or contract of any Licensee Indemnatee under subsection (c)(i) above or of any Licensor Indemnatee under subsection (c)(ii) above.

(d) Environmental Covenants.

(i) Licensor shall be wholly responsible and liable for any and all clean-up or remediation activities or any other actions in connection with Hazardous Substances in, on, under or about the BKK Landfill Site, as required by any federal, state or local regulatory body with jurisdiction over the BKK Landfill Site, including without limitation any emergency situation caused by the discharge, release or migration of Hazardous Substances from the BKK Landfill Site which presents an immediate threat to public health or welfare or the environment, in which case Licensor shall reimburse Licensee for any and all reasonable costs it incurs associated with such clean-up or remediation activities. Licensor shall not be required or obligated as a result of its occupancy of the License Parcel to engage in any of the foregoing clean-up or remediation activities except as same may be due to the negligence or willful misconduct of Licensee or any Licensee Indemnatee, due to a material violation of Hazardous Substance Law by Licensee or any Licensee Indemnatee following the Effective Date or due to the discharge, release or migration of Hazardous Substances caused by Licensee or any Licensee Indemnatee. Nothing in this provision is (A) intended to limit Seller's ability to challenge the



authority or jurisdiction of a regulatory body seeking to impose requirements on the BKK Landfill Site; (B) intended to limit Licensor's right to recover clean-up costs against any Potentially Responsible Party; or (C) to be construed as expanding the scope of the indemnity provided by Licensor under Section 10(c)(i) above.

(e) Survival. The covenants contained in this Section 10 shall survive the Effective Date.

11. Real Property Taxes. Licensor shall pay prior to delinquency all real property taxes and assessments assessed against and levied upon the License Parcel; provided, however, that Licensee shall be responsible for any increase in said real property taxes and assessments directly attributable to an increase in the assessed value of the License Parcel due to the construction of the Recreational Facilities, as evidenced by tax bills or other documents reasonably required by Licensee. When possible, Licensee shall cause its fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the License Parcel. If any of Licensee's said personal property shall be assessed with the License Parcel, Licensee shall pay Licensor the taxes attributable to Licensee within thirty (30) days after receipt of a written statement and underlying documentation, setting forth with particularity the taxes applicable to said personal property.

12. Utilities. Licensee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Recreational Facilities.

13. Liability Insurance.

(a) Licensor and Licensee shall each obtain and keep in force during the term of this Agreement Lease a commercial general liability policy of insurance protecting each and the other (as an additional insured) against claims for bodily injury, personal injury and property damage based upon, involving or arising out of the ownership, use, occupancy or maintenance of the License Parcel and all areas appurtenant thereto. Such insurance shall be on a claims-made basis providing single limit coverage in an amount not less than \$5,000,000 per occurrence. Said policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Agreement

as an "insured contract" for the performance of the parties' indemnity obligations under this Agreement. The limits of said insurance required by this Agreement or as carried by the parties shall not, however, limit the liability of the parties nor relieve the parties of any obligation hereunder. All insurance to be carried by the parties shall be primary to and not contributory with any similar insurance carried by the insuring party shall be primary to and not contributory with any similar insurance carried by the insured party, whose insurance shall be considered excess insurance only.

(b) Insurance required hereunder shall be in companies duly licensed to transact business in the State of California, and maintaining during the policy term a "General Policyholders Rating" of at least A, V, as set forth in the most current issue of "Best's Insurance Guide." Neither Licensee nor Licensor shall do or permit to be done anything which shall invalidate the insurance policies referred to in this Section 13. Licensor and Licensee shall cause to be delivered to the other certified copies of policies of such insurance or certificates evidencing the existence and amounts of such insurance with the insureds and loss payable clauses as required by this Agreement within (10) business days following written request. No party's policy shall be cancellable or subject to modification except after thirty (30) days' prior written notice to the other party. Each party shall, at least thirty (30) days prior to the expiration of such policies, furnish the other party with evidence of renewals or "insurance binders" evidencing renewal thereof. If a party shall fail to procure and maintain the insurance required to be carried under this Section 14, the other party may, but shall not be required to, procure and maintain the same, at the defaulting party's cost and expense.

(c) Without affecting any other rights or remedies, Licensor and Licensee (each, a "Waiving Party") each hereby release and relieve the other, and waive their entire right to recover damages (whether in contract or in tort) against the other, for loss of or damage to the Waiving Party's property arising out of or incident to the perils required to be insured against under this Section 13. The effect of such releases and waivers of the right to recover damages shall not be limited by the amount of insurance carried or required, or by any deductibles applicable thereto.

14. **Indemnities.**

(a) Subject to the provisions of Sections 10(c) above and except for Licensor's negligence, misconduct and/or breach of any representation, warranty or covenant herein, Licensee shall and hereby does indemnify, protect, defend and hold harmless Licensor and the Licensor Indemnitees free and harmless from and against any and all Claims arising out of or relating to Licensee's occupancy of the License Parcel on and after the Effective Date by Licensee, the conduct of Licensee's business on the License Parcel, any act, omission or negligence of Licensee or any Licensee Indemnitee, and any default or breach by Licensee in the performance of any obligation to be performed by Licensee under this Agreement.

(b) Subject to the provisions of Section 10(c) above and except for Licensee's negligence, misconduct and/or breach of any representation, warranty or covenant herein, Licensor shall and hereby does indemnify, protect, defend and hold harmless Licensee and the Licensee Indemnitees free and harmless from and against any and all Claims arising out of or relating to Licensor's occupancy of the License Parcel or the BKK Landfill Site prior to the Effective Date, the conduct of Licensor's business on the BKK Landfill Site or the License Parcel, any act, omission or negligence of Licensor or any Licensor Indemnitee, and any default or breach by Licensor in the performance of any obligation to be performed by Licensor under this Agreement.

15. **Estoppel.** Each party hereunder (a "Responding Party") shall, within ten (10) business days after written notice from the other party (the "Requesting Party"), execute, acknowledge and deliver to the Requesting Party an estoppel statement in writing, in commercially reasonable form, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

16. **Notices.** All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered or sent by registered or certified mail, return receipt request, receipted overnight mail, or by telecopier, and shall be deemed received upon the earlier of (a) the date of delivery, if personally delivered, (b) three (3) business days after the date of posting by the U.S. postal service, if mailed, or (c) the date when sent, if telecopied. Any notice or other communication sent by telecopier shall be confirmed within two

(2) business days by letter mailed or delivered to the receiving party according to the foregoing. Any party may change its address or telecopier number by means of notice given pursuant to the terms of this Section 16. All such notices or communications shall be addressed as follows:

If to Licensee:                      Redevelopment Agency of the City of West Covina  
1444 West Garvey Avenue South  
West Covina, CA 91793  
Attention: Executive Director  
Telecopier No. (626) 813-8665

With a copy to:                      Fulbright & Jaworski L.L.P.  
865 South Figueroa Street, 29<sup>th</sup> Floor  
Los Angeles, CA 90017  
Attention: Robert C. Barnes, Esq.  
Telecopier No. (213) 680-4518

If to Licensor:                      BKK Corporation  
2210 South Azusa Avenue  
West Covina, CA 91792  
Attention: Kris L. Kazarian  
Telecopier No. (626) 965-2665

With a copy to:                      Paul, Hastings, Janofsky & Walker  
55 Second Street, 24th Floor  
San Francisco, CA 94105  
Attention: M. Elizabeth Deane, Esq.  
Telecopier No. (425) 856-7100

And a copy to:                      Sam V. Weir, Esq.  
1935 Fieldstone Circle  
Paso Robles, CA 93446  
Telecopier No. (805) 238- 3253

17.    **Entire Agreement.** This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof, and no addition or modification of any term or provision shall be effective unless set forth in writing, executed by both Buyer and Seller.

18.    **Time of Essence.** Time is of the essence of each and every term, condition, obligation and provision hereof.

19.    **California Law.** This Agreement shall be construed and enforce in accordance with the internal laws of the State of California.

20. **Severability.** If any term, covenant, condition or provision of this Agreement, or the application thereof to any person or circumstance, shall to any extent be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions and provisions of this Agreement, or the application thereof to any person or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

21. **Amendment.** This Agreement may be amended at any time only by the written agreement of Buyer and Seller.

22. **No Third Party Benefit.** This Agreement is intended to benefit only the parties hereto and no other person or entity has or shall acquire any rights hereunder.

23. **Further Acts.** Each party agrees to perform any further acts and to execute, acknowledge and deliver any documents which may be reasonably necessary to carry out the provisions of this Agreement.

24. **Non-Disturbance.** This Agreement and the License are not and shall never be subject or subordinate to any ground lease, mortgage, deed of trust or other hypothecation or security device (collectively, a "Security Device"), now or hereafter placed by Licensor upon the License Parcel, nor to any advances made on the security thereof, nor to any renewals, modifications, consolidations, replacements and extensions thereof. Prior to execution of this Agreement, Licensor shall deliver to Licensee one or more non-disturbance agreements, each in commercially reasonable form acceptable to Licensee, executed by each lender under any Security Device, confirming that Licensee's possession of the License Parcel and this Agreement, including the option to extend the Term, will not be disturbed so long as Licensee is not in breach hereof. The foregoing shall not apply to any agreement existing as of the Effective Date which is not a Security Device.

25. **Attorneys' Fees.** If Licensor or Licensee brings an action or proceeding to enforce the terms hereof or declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' and expert witness fees and costs (collectively, "Attorneys' Fees"). Such fees may be

awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, a party who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other party of its claim or defense. The Attorneys' Fees award shall not be computed in accordance with any court fee schedule but shall be such as to fully reimburse all Attorneys' Fees reasonably incurred.

26. **Default.** A breach by Licensee or Licensor of any provision of this Agreement, or any misrepresentation of any factual matter by Licensor under this Agreement, shall each constitute an event of default under this Agreement. In the event of a default by either party under this Agreement, the defaulting party shall cure same within thirty (30) days following written notice by the non-defaulting party. In the event that the defaulting party fails to cure such breach, then the non-defaulting party may cure same and charge the defaulting party for the actual reasonable cost of cure. The defaulting party shall pay all amounts due within thirty (30) days following receipt of such invoice. Any non-defaulting party shall have all rights and remedies at law and equity in the event of a default by a party, including without limitation actions to enforce or terminate this Agreement.

27. **Assignment.** Notwithstanding anything to the contrary contained herein, the License granted hereunder may be assigned or sub-licensed in whole or in part without Licensor's prior written consent, provided that any such assignee or sub-licensee shall be the transferee, licensee, sub-licensee or other successor, owner or operator of the Recreational Facilities and shall agree in writing to be bound by the terms of this Agreement.

28. **Parties' Costs.** Each party shall bear its own costs and expenses incurred in connection with the negotiation and documentation of this Agreement.

29. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be an original and all of which when taken together shall be deemed one and the same instrument.

30. **Covenants Running With the Land.** Each and all of the foregoing covenants, rights, terms and conditions shall bind Licensor and Licensee and their successors and

assigns as owner(s) and occupant(s), as the case may be, of the License Parcel and shall inure to and pass with each and every portion of the License Parcel and shall constitute covenants running with the land. Upon Licensee's request, Licensor shall execute and acknowledge a memorandum of the Agreement for recordation in the Official Records of Los Angeles County, California.

31. **Force Majeure**. In the event that either party is delayed, prevented or unable by reason of a Force Majeure Event (as defined below) from performing its obligation in whole or in part under this Agreement, then the performance shall be suspended during the continuance of the Force Majeure Event for such period of time after the occurrence of the Force Majeure Event as may be reasonably necessary to remedy the effects of said Force Majeure Event. In such event, the party affected shall notify the other party immediately, and the rights and obligations of the party affected shall be suspended only for the duration and to the extent of such Force Majeure Event, and at such time as the Force Majeure Event ceases to exist the rights and obligations of the affected party shall continue in full force and effect. For the purposes hereof, the term "Force Majeure Event" shall mean an event or circumstance beyond the reasonable control of and without the fault or negligence of the party claiming the Force Majeure Event, including without limitation: failure or interruption of the production, delivery or acceptance of electric power, gas or other utility service which was unanticipated and for which no prior warning was given; war (declared or undeclared); sabotage; riot; insurrection; civil unrest or disturbance; military or guerrilla action; economic sanction or embargo; strike, work stoppage, slow-down or lockout; explosion; fire; earthquake; action of the elements, including without limitation hurricane, flood, lightning, wind or drought; peril of the sea; the binding order of any governmental authority (provided that such order has been resisted in good faith by all reasonable legal means); the failure to act on the part of any governmental authority (provided that such action has been timely requested and diligently pursued); failure of equipment not utilized by and under the control of a party, including without limitation computer hardware or software; and failure of equipment utilized by and under the control of a party, provided that such equipment has been designed, constructed, operated and maintained in accordance with prudent industry practice. Notwithstanding the foregoing, it is understood and agreed by the parties that (a) the settlement of strikes, lockouts or any other industrial disturbance or the threat thereof shall be entirely within the discretion of the party having the difficulty, and (b) any

requirement that a Force Majeure Event not be within the control of a party or not be anticipated, preventable or overcome by due diligence or that any Force Majeure Event be remedied as soon as reasonably possible shall not require the settlement of strikes, work stoppages, slow-downs, lockouts or any other industrial disturbance or the threat thereof by acceding to the demands of the opposing party when such course is inadvisable in the sole discretion of the party having the difficulty.

32. Arbitration.

(a) Binding Arbitration. In the event of a dispute arising out of or relating to this Agreement, or relating to any claim or cause of action which may arise or be asserted under any federal, state, local or foreign statutory, regulatory or common law, including, without limitation, claims with respect to breach of contract, tort, obligation of good faith and fair dealing and fiduciary duties, then, upon notice by either party to the other party (an "Arbitration Notice") and to American Arbitration Association ("AAA"), Los Angeles, California, the controversy or dispute shall be submitted to a sole arbitrator who is independent and impartial, for binding arbitration in Los Angeles, California, in accordance with AAA's Commercial Arbitration Rules (the "Rules") as modified or supplemented hereby. The parties agree that they will faithfully observe this Agreement and the Rules and that they will abide by and perform any award rendered by the arbitrator. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. Section 1-16 (or by the same principles enunciated by such Act in the event it may not be technically applicable). The award or judgment of the arbitrator shall be final and binding on all parties and judgment upon the award or judgment of the arbitrator may be entered and enforced by any court having jurisdiction. If any party becomes the subject of a bankruptcy, receivership or other similar proceeding under the laws of the United States of America, any state or commonwealth or any other nation or political subdivision thereof, then, to the extent permitted or not prohibited by applicable law, any factual or substantive legal issues arising in or during the pendency of any such proceeding shall be subject to all of the foregoing mandatory mediation and arbitration provisions and shall be resolved in accordance therewith. The agreements contained herein have been given for valuable consideration, are coupled with an interest and are not intended to be executory contracts. The fees and expenses of the



arbitrator will be shared equitably (as determined by the arbitrator) by all parties engaged in the dispute or controversy.

(b) Selection of Arbitrator. Promptly after the Arbitration Notice is given, AAA will select five (5) possible arbitrators, to whom AAA will give the identities of the parties and the general nature of the controversy. If any of those arbitrators disqualifies himself or declines to serve, AAA shall continue to designate potential arbitrators until the parties have five (5) from which to select. After the panel of five (5) potential arbitrators has been completed, a two-page summary of the background of each of the potential arbitrators will be given to each of the parties, and the parties will have a period of ten (10) days after receiving the summaries in which to attempt to agree upon the arbitrator to conduct the arbitration. If the parties are unable to agree upon an arbitrator, then one of the parties shall notify AAA and the other party, and AAA will notify each party that it has five (5) days from the AAA notice to strike two (2) names from the list and advise AAA of the two names stricken. After expiration of the strike period, if all but one candidate has been stricken, the remaining one will be the arbitrator, but, if two or more have not been stricken, AAA shall select the arbitrator from one of those not stricken. The decision of AAA with respect to the selection of the arbitrator will be final and binding in such case.

(c) No Litigation; Damages Limitation. No litigation or other proceeding may ever be instituted at any time in any court or before any administrative agency or body for the purpose of adjudicating, interpreting or enforcing any of the rights or obligations of the parties hereto or any rights or obligations relating to the subject matter hereof, whether or not covered by the express terms of this Agreement, or for the purpose of adjudicating a breach or determination of the validity of this Agreement, or for the purpose of appealing any decision of an arbitrator, except a proceeding instituted (i) for the purpose of having the award or judgment of an arbitrator entered and enforced or (ii) to seek an injunction or restraining order (but not damages in connection therewith) in circumstances where such relief is available. No punitive, exemplary or consequential damages may ever be awarded by the arbitrator or anyone else, and each of the parties hereby waives any and all rights to make, claim or recover any such damages.

(d) Arbitration Hearing. Within ten (10) days after the selection of the arbitrator, the parties and their counsel will appear before the arbitrator at a place and time designated by the arbitrator for the purpose of each party making a one hour or less presentation and summary of the case. Thereafter, the arbitrator will set dates and times for additional hearings in accordance with the Rules until the proceeding is concluded. The desire and goal of the parties is, and the arbitrator will be advised that his goal should be, to conduct and conclude the arbitration proceeding as expeditiously as possible. If any party or his counsel fails to appear at any hearing, the arbitrator shall be entitled to reach a decision based on the evidence which has been presented to him by the parties who did appear.

(e) Law Governing Arbitration. Each party shall have the right to discovery in accordance with the California Code of Civil Procedure § 1283.05. The arbitrator shall make a decision following the substantive laws of the State of California, and his judgment with respect thereto shall be binding.

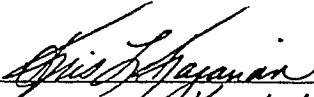
[Signatures follow on next page.]

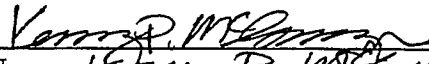
IN WITNESS WHEREOF, Licensor and Licensee have executed this Agreement as of the date first above written.

ATTEST:

"Licensor":

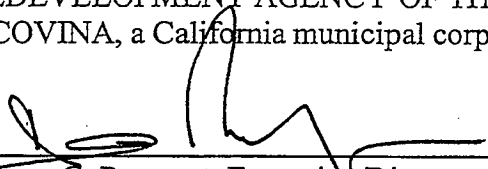
BKK CORPORATION, a California corporation

By:   
Name: KRIS L. KAZARIAN  
Title: Sec. / Treas.

By:   
Name: KELLY P. MCELDOR  
Title: GM

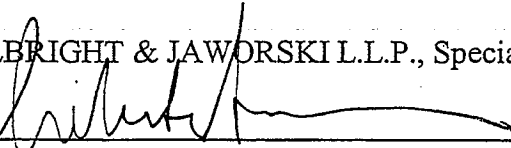
"Licensee":

THE REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA, a California municipal corporation

By:   
Andrew G. Pasmant, Executive Director

APPROVED AS TO FORM:

FULBRIGHT & JAWORSKI L.L.P., Special Counsel

By:   
Robert C. Barnes, Esq.

ATTEST:

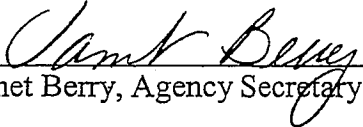
  
Janet Berry, Agency Secretary

EXHIBIT "A"

DESCRIPTION OF BKK LANDFILL SITE



# Exhibit A

## LEGAL DESCRIPTION

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

PARCEL 1:

*add 3*

PARCELS 1 AND 2, OF PARCEL MAP NO. 24585, IN THE CITY OF WEST COVINA, AS PER MAP FILED IN BOOK 301 PAGES 61 THROUGH 68 INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, GAS, AND OTHER HYDROCARBONS AND ALL MINERALS, TOGETHER WITH THE RIGHT TO DEVELOP, PRODUCE AND EXTRACT THE SAME, AS GRANTED TO NARCISSE S. GARNIER, ET AL., BY DEED RECORDED SEPTEMBER 29, 1944 IN BOOK 21288 PAGE 260, OFFICIAL RECORDS.

BY INSTRUMENTS OF RECORD, THE OWNERS OF SAID OIL, GAS, AND OTHER HYDROCARBONS AND MINERALS, RELINQUISHED ALL OF THEIR RIGHTS TO ENTER UPON THE SURFACE OF SAID LAND OR THE SUBSURFACE THEREOF TO A DEPTH OF 500 FEET BELOW THE SURFACE THEREOF, (MEASURED VERTICALLY FROM THE SURFACE, FOR THE PURPOSE OF DEVELOPING, PRODUCING AND EXTRACTING THE SAME.

PARCEL 2:

PARCEL 5 OF RECORD OF SURVEY BOOK 85, PAGES 10 TO 12 INCLUSIVE, IN THE CITY OF WEST COVINA, AS PER RECORD OF SURVEY FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT FROM THAT PORTION OF SAID LAND INCLUDED WITHIN THE LINES OF THE RANCHO LA PUENTE DESIGNATED AS "LOT 1-1769-A" ON THE MAP SHOWING THE PARTITION OF SAID RANCHO, A CERTIFIED COPY OF WHICH MAP IS RECORDED IN BOOK 1260, PAGE 163 OF DEEDS. ALL OIL, GAS AND OTHER HYDROCARBONS AND ALL MINERALS, TOGETHER WITH THE RIGHT TO DEVELOP, PRODUCE AND EXTRACT THE SAME, AS GRANTED TO NARCISSE S. GARNIER, ET AL., BY DEED RECORDED SEPTEMBER 29, 1944 AS INSTRUMENT NO. 325 IN BOOK 21288, PAGE 260, OFFICIAL RECORDS.

BY INSTRUMENTS OF RECORD, THE OWNERS OF AN UNDIVIDED 833.34/1000THS INTEREST IN SAID OIL, GAS AND OTHER HYDROCARBONS AND MINERALS, RELINQUISHED ALL OF THEIR RIGHTS TO ENTER UPON THE SURFACE OF SAID LAND OR THE SUBSURFACE THEREOF TO A DEPTH OF 500 FEET BELOW THE SURFACE THEREOF (MEASURED VERTICALLY FROM THE SURFACE) FOR THE PURPOSE OF DEVELOPING, PRODUCING AND EXTRACTING THE SAME.

EXCEPT THEREFROM THE "PRECIOUS METALS AND ORES THEREOF" AS EXCEPTED FROM THE PARTITION BETWEEN JOHN ROWLAND SR. AND WILLIAM WORKMAN RECORDED IN BOOK 40 PAGE 39 OF DEEDS.

EXHIBIT "B"

LEGAL DESCRIPTION OF LICENSE PARCEL

10-0239-01 (A)  
06-27-02  
Revised  
05-05-03

LEGAL DESCRIPTION  
LICENSE AREA  
PARCEL 3, P.M. NO. 24585

Those portions of Parcel 3 of Parcel Map No. 24585, in the City of West Covina, County of Los Angeles, State of California, as shown on the map filed in Book 301, Pages 61 through 68, inclusive, of Parcel Maps, in the office of the County Recorder of said County, described in parcels as follows:

Parcel 1:

Beginning at the Northwesterly terminus of that certain course in the general Northerly line of said Parcel 3 shown as having a bearing and distance of "N. 28°48'49" W. 240.00' " on said Parcel Map No. 24585; thence along said general Northerly line the following courses: South 61°11'11" West 260.09 feet to a non-tangent curve concave Southwesterly having a radius of 1170.00 feet, a radial of said curve to said point bears North 43°32'43" East, and Northwesterly 413.56 feet along said curve through a central angle of 20°15'08"; thence leaving said general Northerly line South 0°25'54" East 31.96 feet; thence South 47°13'42" East 4.51 feet; thence South 79°54'18" East 19.03 feet; thence South 64°49'27" East 23.78 feet; thence South 61°57'17" East 17.41 feet; thence South 72°03'01" East 19.24 feet; thence South 74°04'19" East 23.84 feet; thence South 29°30'15" East 22.90 feet; thence South 28°19'42" East 16.89 feet; thence South 25°35'08" East 9.61 feet; thence South 52°55'16" East 29.34 feet; thence South 68°12'59" East 12.85 feet; thence South 74°35'28" East 16.83 feet; thence South 78°22'36" East 21.61 feet; thence South 73°45'13" East 17.90 feet; thence South 64°23'46" East 13.24 feet; thence South 39°49'51" East 13.16 feet; thence South 22°03'15" East 9.79 feet; thence South 52°46'21" East 75.07 feet; thence South 30°59'12" East 4.56 feet; thence South 56°09'12" East 92.34 feet; thence South 46°49'38" East 324.42 feet; thence North 49°35'28" East 212.62 feet to a point on said general Northerly line of said Parcel 3 being South 61°51'27" East 99.98 feet from the Northwesterly terminus of that certain course in the Northerly line of Parcel 3 shown as having a bearing and distance of "N.61°51'27" W. 192.25' " on said Parcel Map No. 24585; thence along said Northerly line of Parcel 3 the following courses: North 61°51'27" West 99.98 feet and North 28°48'49" West 240.00 feet to the point of beginning.

Containing an area of 2.074 acres, more or less.

r/10-0239-01/a/l/icenserev/mpd/zk

LEGAL DESCRIPTION-CONTINUED  
LICENSE AREA  
PAGE 2

10-0239-01 (A)  
06-27-02  
Revised  
05-05-03

Subject to the covenants, conditions, reservations, restrictions, rights of way and easements, if any, of record.

Parcel 2:

Commencing at the Northwesterly terminus of that certain course in the general Northerly line of said Parcel 3 shown as having a bearing and distance of "N. 28°48'49" W. 240.00' " on said Parcel Map No. 24585; thence along said general Northerly line the following courses: South 61°11'11" West 260.09 feet to a non-tangent curve concave Southwesterly having a radius of 1170.00 feet, a radial of said curve to said point bears North 43°32'43" East, Northwesterly 486.06 feet along said curve through a central angle of 23°48'09" to the TRUE POINT OF BEGINNING, thence continuing Westerly 418.92 feet along said curve through a central angle of 20°30'54" and non-tangent South 78°06'42" West 241.92 feet; thence leaving said general Northerly line South 84°42'27" East 538.70 feet; thence North 74°30'25" East 115.52 feet to the TRUE POINT OF BEGINNING.

Containing an area of 0.795 acres, more or less.

Subject to the covenants, conditions, reservations, restrictions, rights of way and easements, if any, of record.

Parcel 3:

Beginning at the Westerly terminus of that certain course in the general Northerly line of said Parcel 3 shown as having a bearing and distance of "N. 83°49'40" W. 263.00' " on said Parcel Map No. 24585; thence along said general Northerly line South 83°49'40" East 263.00 feet; thence leaving said general Northerly line South 66°27'29" West 412.93 feet; thence South 47°01'20" West 126.33 feet; thence South 36°24'55" West 153.29 feet; thence South 15°17'07" West 107.15 feet; thence South 4°49'19" East 202.70 feet; thence South 10°29'21" East 120.42 feet; thence South 15°53'05" East 156.77 feet; thence South 81°27'40" West 55.58 feet; thence North 77°52'21" West 390.93 feet; thence North 52°08'50" West 46.84 feet; thence North 75°32'27" West 263.14 feet; thence North 88°36'14" West 168.55 feet; thence South 79°10'05" West 196.66 feet; thence South 66°36'43" West 300.00 feet; thence North 58°31'36" West 1219.12 feet; thence North 13°50'44" East 566.74 feet; thence North 20°36'23" East 727.83 feet to the Westerly terminus of that certain course in said general Northerly line of Parcel 3, shown as having a bearing and distance of "N. 64°24'19" W. 409.31' " on said Parcel Map; thence along said Northerly line of Parcel 3, the following courses: South 64°24'19" East 409.31 feet, South 71°01'50" East 506.35 feet, South 82°00'27" East 375.11 feet to the beginning of a curve concave Southerly having a radius of 600.00 feet, Easterly 287.66 feet along said curve through a central angle of 27°28'11", South 54°32'16" East 298.59 feet, South

r/10-0239-01/a/l/licensearea/mpd/zk



LEGAL DESCRIPTION-CONTINUED  
LICENSE AREA  
PAGE 3

10-0239-01 (A)  
06-27-02  
Revised  
05-05-03

feet, South 69°32'10" East 263.19 feet and South 63°31'26" East 320.56 feet to the point of beginning.

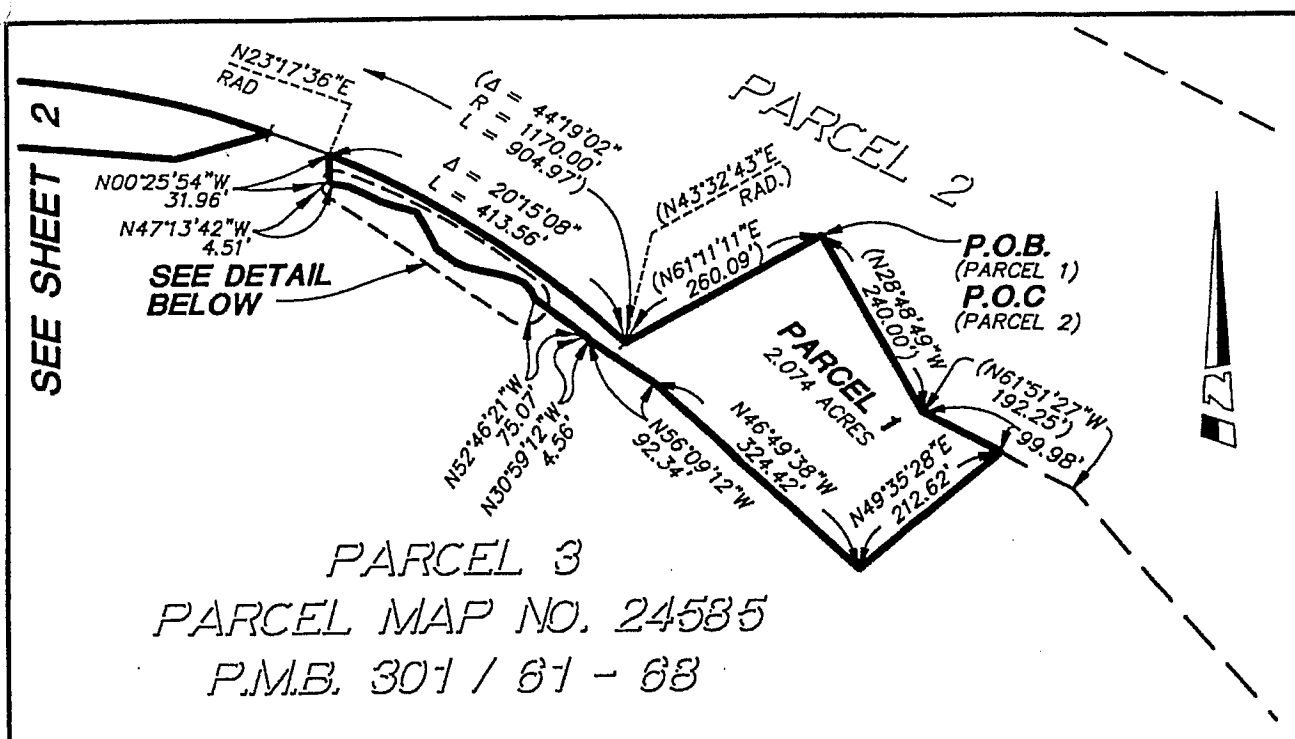
Containing an area of 71.940 acres, more or less.

Subject to the covenants, conditions, reservations, restrictions, rights of way and easements, if any, of record.

  
JAMES L. GARVIN, PLS 6343



r/10-0239-01/a/l/icensearea/mpd/zk



**LEGEND:**

(XXX) INDICATES RECORD INFORMATION PER  
 PARCEL MAP NO. 24585, P.M.B. 301/61-68

SHEET 1 OF 3

**DETAIL**  
 SCALE: 1"=50'

**HUITT-ZOLLARS**  
 Huitt-Zollars, Inc. Irvine  
 430 Exchange, Suite 200, Irvine, CA 92602-1309  
 Phone (714) 734-5100 Fax (714) 734-5155

APPROVED BY  
*James L. Garvin* 5-5-2003

SKETCH TO ACCOMPANY  
 A LEGAL DESCRIPTION

**LICENSE AREA**  
 (PARCEL 3,  
 PARCEL MAP NO. 24585)

SCALE	1"=200'
DRAWN BY	MPD
CHECKED BY	JLG
DATE	5/5/2003
JOB NO.	10023901

G:\10023901\ADJ-BASE-DWGS\EX023902MOD2.DWG





EXHIBIT "C"

LEGAL DESCRIPTION OF FEE PROPERTY

LEGAL DESCRIPTION OF PARCEL 1

PARCEL 1 OF PARCEL MAP NO. 24585, IN THE CITY OF WEST COVINA, AS PER MAP FILED IN BOOK 301 PAGES 61 THROUGH 68 INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, GAS, AND OTHER HYDROCARBONS AND ALL MINERALS, TOGETHER WITH THE RIGHT TO DEVELOP, PRODUCE AND EXTRACT THE SAME, AS GRANTED TO NARCISSE S. GARNIER, ET AL., BY DEED RECORDED SEPTEMBER 29, 1944 IN BOOK 21288 PAGE 260, OFFICIAL RECORDS.

BY INSTRUMENTS OF RECORD, THE OWNERS OF SAID OIL, GAS, AND OTHER HYDROCARBONS AND MINERALS, RELINQUISHED ALL OF THEIR RIGHTS TO ENTER UPON THE SURFACE OF SAID LAND OR THE SUBSURFACE THEREOF TO A DEPTH OF 500 FEET BELOW THE SURFACE THEREOF, (MEASURED VERTICALLY FROM THE SURFACE, FOR THE PURPOSE OF DEVELOPING, PRODUCING AND EXTRACTING THE SAME.

LEGAL DESCRIPTION OF PARCEL 2

PARCEL 2 OF PARCEL MAP NO. 24585, IN THE CITY OF WEST COVINA, AS PER MAP FILED IN BOOK 301 PAGES 61 THROUGH 68 INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, GAS, AND OTHER HYDROCARBONS AND ALL MINERALS, TOGETHER WITH THE RIGHT TO DEVELOP, PRODUCE AND EXTRACT THE SAME, AS GRANTED TO NARCISSE S. GARNIER, ET AL., BY DEED RECORDED SEPTEMBER 29, 1944 IN BOOK 21288 PAGE 260, OFFICIAL RECORDS.

BY INSTRUMENTS OF RECORD, THE OWNERS OF SAID OIL, GAS, AND OTHER HYDROCARBONS AND MINERALS, RELINQUISHED ALL OF THEIR RIGHTS TO ENTER UPON THE SURFACE OF SAID LAND OR THE SUBSURFACE THEREOF TO A DEPTH OF 500 FEET BELOW THE SURFACE THEREOF, (MEASURED VERTICALLY FROM THE SURFACE, FOR THE PURPOSE OF DEVELOPING, PRODUCING AND EXTRACTING THE SAME.

LEGAL DESCRIPTION OF LOT 5

PARCEL 5 OF RECORD OF SURVEY BOOK 85, PAGES 10 THROUGH 12 INCLUSIVE,  
AS PER RECORD OF SURVEY FILED IN THE OFFICE OF THE COUNTY RECORDER OF  
SAID COUNTY.

EXCEPT FROM THAT PORTION OF SAID LAND INCLUDED WITHIN THE LINES OF  
THE RANCHO LA PUENTE DESIGNATED AS "LOT 1-1769-1" ON THE MAP SHOWING  
THE PARTITION OF SAID RANCHO, A CERTIFIED COPY OF WHICH MAP IS  
RECORDED IN BOOK 1260, PAGE 163 OF DEEDS, ALL OIL, GAS AND OTHER  
HYDROCARBONS AND ALL MINERALS, TOGETHER WITH THE RIGHT TO  
DEVELOP, PRODUCE AND EXTRACT THE SAME, AS GRANTED TO NARCISSE S.  
GARNIER, ET AL., BY DEED RECORDED SEPTEMBER 29, 1944 AS INSTRUMENT NO.  
325 IN BOOK 21288, PAGE 260 OFFICIAL RECORDS.

BY INSTRUMENT OF RECORD, THE OWNERS OF AN UNDIVIDED 833.34/1000THS  
INTEREST IN SAID OIL, GAS AND OTHER HYDROCARBONS AND MINERALS,  
RELINQUISHED ALL OF THEIR RIGHTS TO ENTER UPON THE SURFACE OF SAID  
LAND OR THE SUBSURFACE THEREOF TO A DEPTH OF 500 FEET BELOW THE  
SURFACE THEREOF (MEASURED VERTICALLY FROM THE SURFACE) FOR THE  
PURPOSE OF DEVELOPING, PRODUCING AND EXTRACTING THE SAME.

EXCEPT THEREFROM THE "PRECIOUS METALS AND ORES THEREOF" AS  
EXCEPTED FROM THE PARTITION BETWEEN JOHN ROWLAND SR. AND WILLIAM  
WORKMAN RECORDED IN BOOK 10 PAGE 39 OF DEEDS.

EXHIBIT "D"

LEGAL DESCRIPTION OF NEWHALL PROPERTY

- (a) The east half of Section 36, Township 5 North, Range 16 West, San Bernardino Meridian, in the county of Los Angeles, state of California, according to the office Plat thereof.

Excepting from said east half of Section 36, those parcels of land described as Parcel No. 4 and Parcel No. P-4, in a final order of condemnation, entered in Los Angeles County Superior Court Case No. 852630, a certified copy of which was recorded on July 23, 1968 as Instrument No. 3482 of Official Records of said county.

Also excepting therefrom all minerals of every kind and description, including oil, petroleum, gas and all other minerals in, upon or under the southwest quarter of the southeast quarter of said land, with full power and right to mine, excavate, drill, explore and develop said land in such locations where such minerals may be located, as reserved by John G. Haskell, Sr., in deed recorded August 19, 1949 in Book 30813 Page 190 of official records.

Also excepting therefrom an undivided one-half interest, in and to all oil, gas, minerals and other hydrocarbon substances in and under the southwest quarter of the northeast quarter and the south half of the northwest quarter of the northeast quarter and the northwest quarter of the southeast quarter of said land, as reserved by Tannehill Oil Company in deed recorded September 20, 1949 in Book 31039 Page 85 of official records.

Also excepting therefrom all minerals of every kind and description, including oil, petroleum, gas and all other minerals, in, upon, or under the north half of the northwest quarter of the northeast quarter of said land with full power and right to the parties of the first part, their heirs and assigns, to mine, excavate, drill, explore and develop said land in such locations where any such mineral may be located; except for the right to use such portions of the surface of said lands as, may be necessary to carry on or conduct their mining, oil and gas operations on said lands and to extract and remove from said lands all minerals of every character and description including oil, petroleum, gas and all other minerals which they produce, develop or extract from said lands and to take all usual, necessary and proper means for working and operating any mines or wells upon said lands, as reserved in the deed from Bertha H. Taylor recorded October 21, 1949 in Book 31285 Page 177 of Official Records as Instrument No. 676.

Also excepting therefrom an undivided one-half interest in and to all oil, gas, minerals and ether hydrocarbon substances in and under the east half of the east half of said land, but without right of entry therefrom, as reserved by Evelyn McCulloch, Chester Smith and Isabel Smith; his wife, in Deed recorded October 21, 1949 in Book 31285 Page 182 of Official Records.



- (b) Lot 2 (Being fractional Southwest Quarter of the Northwest Quarter) of Fractional Section 31, Township 5 North, Range 15 West, San Bernardino Meridian, in the County of Los Angeles, State of California, according to the official plat thereof.

Excepting and reserving to the United States and unto those claiming under and through said United States, all the oil and gas in said land, and to it, or persons authorized by it, the right to prospect for, mine and remove such deposits from the same upon compliance with the conditions and subject to the provisions and limitations of the set of July 17, 1941 (38 ST STAT 509) as disclosed by the Records of the Bureau of Land Management in Washington, D. C., and Riverside, California.