

**SECOND AMENDMENT TO  
DISPOSITION AND DEVELOPMENT AGREEMENT**

This SECOND AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT (hereinafter referred to as the "Second Amendment") is entered into as of May 30, 2001, 2001, by and between the REDEVELOPMENT AGENCY OF THE CITY OF FAIRFIELD, a public body, corporate and politic (the "Agency"), and H.J. SHEIN, INC., an Illinois corporation (the "Developer").

**Recitals**

A. The Agency and the Developer have heretofore entered into a Disposition and Development Agreement, dated as of December 15, 1999, as amended by a First Amendment to Disposition and Development Agreement, dated as of November 20, 2000, (referred to collectively herein as the "DDA") pursuant to which the Developer agreed to, among other things, acquire, in phases, certain real property located within the boundaries of the Cordelia Redevelopment Project (the "Site") from the Agency and develop and construct an office complex referred to as the Green Valley Corporate Park (the "Office Park").

B. The Developer and the Agency now desire to make certain modifications to the DDA in light of changed conditions and current conditions and circumstances and the further planning and decisions of the parties.

**Agreements**

1. Purpose of this Second Amendment

The purpose of this First Amendment is to amend, effectuate and implement the DDA by making certain changes necessary to reflect the further planning and decision of the parties in light of changed conditions and circumstances following execution of the DDA.

2. The Site

Section 104 of the DDA is hereby amended in its entirety to read as follows:

"The Site is that portion of the Project Area shown on the Map of the Site, attached hereto as Attachment No. 1 and incorporated herein by reference, and is more particularly described in the Legal Description of the Site, attached hereto as Attachment No. 2 and incorporated herein by reference.

"The entire Site consists of approximately 132. +/- acres of land area located in the vicinity of Green Valley Road and Mangels Blvd., and fronting Interstate 80, currently planned for development as a corporate office complex referred to herein as the "Green Valley Corporate Park" and is comprised of certain property of approximately 103 acres owned by the Agency and certain

adjacent property of approximately 28 acres owned by a third party (the "Adjacent Property") to be acquired by Developer. As described further herein, Developer shall exchange all or a portion of the Adjacent Property for a portion of the Agency Property and purchase additional Agency Property, resulting in a total of approximately 102.64 acres that may be conveyed to the Developer under this Agreement. Final configuration of the Site shall be determined prior to conveyance of all or any portion of the Site to the Developer. As referenced in Section 201 hereof, the Site may be conveyed in phases as follows:

"1. The "Phase 1 Property" consisting of not less than 58 acres of land area; and

"2. The "Option Property" consisting of the remainder of the land (exclusive of the Phase 1 Property) which the Developer may elect to acquire in one or more subsequent phases in accordance with Section 201.

It is intended that the entire Site be developed as a multi-tenant office complex, for office and industrial uses and such other uses as may be allowed by the zoning on the Site, subject to the provisions of this Agreement. For purposes of this Agreement, the requirement that the Phase 1 Property consist of not less than 58 acres shall include, for the calculation of area only, that portion of the Right-of-Way Parcel (as defined in Section 216 hereof) for which Developer is making a Right-of-Way Payment (as defined in Section 216 hereof) in connection with the Phase 1 Property. The parties hereto expressly agree that Developer will not be acquiring any interest in the Right-of-Way Parcel.

3. Sale and Purchase

Section 201 of the DDA is hereby amended in its entirety to read as follows:

A. [\$201] Sale and Purchase; Option to Purchase Subsequent Phases

1. Sale and Purchase.

In accordance with and subject to all the terms, covenants and conditions of this Agreement, the Agency agrees to sell, and the Developer agrees to purchase for development, the Phase 1 Property for the sum of TWO DOLLARS AND FIFTEEN CENTS (\$2.15) per square foot of land area in the Site (the "Purchase Price"). The Purchase Price shall be exclusive of assessments or other amounts assessed against the Phase 1 Property, which shall be in addition to the Purchase Price. Within the time set forth in the Schedule of Performance, attached hereto as Attachment No. 3 and incorporated herein by reference, the exact footage of the Phase 1 Property shall be determined based upon the Survey referred to in Section 213 hereof. Payment of the Purchase Price for the Phase 1 Property shall be made in the form of cash or certified check. The configuration and location of the Phase 1 Property shall be determined by the Developer, subject to the approval of the Agency, which approval shall be at the sole and

absolute discretion of the Agency. Within the time set forth in the Schedule of Performance, attached hereto as Attachment No. 3 and incorporated herein by reference, the Developer shall obtain all approvals for the subdivision or reparcelization of the Site to create one or more legal parcels to constitute the Phase 1 Property, and determine the exact footage of the Phase 1 Property, as provided for in Section 213 hereof. The Agency shall cooperate with the Developer and provide any assistance deemed necessary and appropriate by the Agency to assist the Developer in obtaining such approvals. The parties anticipate that the reparcelization of the Site shall be substantially as shown on the Tentative Parcel Map, attached hereto as Attachment No. 10 and incorporated herein by reference.

2. Phasing; Option Property.

Following acquisition of the Phase I Property, Developer, at its option, may elect to purchase the remainder of the Site in one or more phases (the "Option Property") pursuant to the terms and conditions set forth below.

Following conveyance of the Phase 1 Property to the Developer, the Developer shall have the conditional option to purchase the Option Property, subject to and pursuant to the terms and conditions set forth in the Option Agreement attached hereto as Attachment No. 7 and incorporated herein by reference. The Agency and the Developer shall execute and deliver the Option Agreement prior to or concurrently with close of escrow for conveyance of the Phase 1 Property to the Developer.

The Option Property may be acquired in phases, provided each such phase shall consist of not less than twenty-five (25) acres of land area, and the final phase shall consist of not less than twenty (20) acres of land area, resulting in a maximum of three (3) phases of acquisition under the Option Agreement; however, the total number of phases and amount of acreage contained in each phase may vary depending upon the amount of land contained in prior phases and the amount of land remaining after the proposed acquisition of a phase. **[Example: Based upon 132 acres in the Site, the Phase 1 Property shall consist of not less than 58 acres; Phases 2 and 3 shall consist of not less than 25 acres each; and Phase 4 would consist of the remaining 24 acres.]** If the Developer elects to acquire the Option Property in phases, the configuration and location of each phase of the Option Property shall be determined by the Developer, subject to the approval of the Agency, which approval shall be at the sole and absolute discretion of the Agency. Within the time set forth in the Schedule of Performance, attached hereto as Attachment No. 3 and incorporated herein by reference, the Developer shall obtain all approvals for the subdivision or reparcelization of the Site to create one or more legal parcels to constitute each subsequent phase to be acquired, and determine the exact footage of each such phase, as provided for in Section 213 hereof. The Agency shall cooperate with the Developer and provide any assistance deemed necessary and appropriate by the Agency to assist the Developer in obtaining such approvals.

The Purchase Price for the Option Property (with the exception of the Adjacent Property, if applicable, which shall be determined as set forth in Section 201.3, below), or each phase thereof, as applicable, shall be determined as follows:

(a) A Purchase Price equal to TWO DOLLARS AND TWENTY-FIVE CENTS (\$2.25) per square foot, shall be established as the initial "Base Value" for the Option Property, and each applicable phase thereof.

(b) The current fair market value ("Market Value") for the Option Property, or the applicable phase thereof, shall be established by a qualified licensed appraiser acceptable to both the Agency and Developer within sixty (60) days after the Developer delivers to the Agency its written notice of its intent to exercise its option to acquire the Option Property, or such applicable phase thereof. Agency and Developer shall also mutually agree upon the scope of the work to be done by such appraiser. The costs for such appraiser shall be shared equally between Developer and Agency. In the event either Agency or Developer does not agree with the fair market value determined by the appraiser, such party may elect to have a second appraisal prepared based on the same scope of work. The second appraisal shall be prepared by an independent qualified licensed appraiser mutually selected by both parties, and the cost for such second appraisal shall be shared equally by both parties. If the amount of such second appraisal differs by five percent (5%) or less of the amount determined in the initial appraisal, the Market Value shall be the amount established by such initial appraisal. If the appraisal differs from the amount established by the initial appraisal by more than five percent (5%), the Market Value shall be equal to the average of the two appraisals.

If either party does not agree with the Market Value established by the first two appraisals, such party may elect to have a third appraisal prepared. In such event a third independent qualified licensed appraiser shall be selected by the first two appraisers. Upon completion of the third appraisal, the Market Value shall be equal to the average of all three appraisals. The cost for the third appraisal shall borne by the party disagreeing with the first two appraisals.

(c) The Purchase Price for the Option Property, or applicable phase thereof, shall be equal to the Market Value of the Option Property, or applicable phase thereof, determined pursuant to subparagraph (b) above, less Fifty Percent (50%) of the amount of appreciation between the Base Value and the Market Value.

[Example: The Market Value of the Option Property, or applicable phase thereof, is determined to be \$3.25 per square foot. The appreciation between the Base Value (\$2.25) and the Market Value (\$3.25) is \$1.00 per square foot, and 50% of the amount of appreciation is equal to \$.50. The Purchase Price for the Option Property, or that phase, would be \$2.75 per square foot ( $\$3.25 - \$.50 = \$2.75$ ).]

The Purchase Price for the Option Property, or applicable phase thereof, shall be exclusive of assessments or other amounts assessed against that portion of the Site, which shall be in addition to the Purchase Price.

In the event the Developer acquires the Site in phases, references herein to the Site shall mean and refer to that portion of the Site being acquired, and references to the Purchase Price and Deposit shall refer to the Purchase Price and Deposit applicable to that portion of the Site being acquired.

3. Adjacent Property.

The Developer is under contract to purchase certain other property, consisting of approximately 28 acres of land area, located immediately adjacent to the Site (the "Adjacent Property"), from the current third-party owners of the Adjacent Property. If the Developer proceeds to acquire the Adjacent Property from the third party owners, then the Agency agrees, subject to the terms and conditions set forth herein, to convey a portion of the Site to the Developer in exchange for conveyance to the Agency of all or a portion of the Adjacent Property. Any such exchange transaction shall be on an acre-for-acre basis, and shall include the entire Adjacent Property; provided, however, that the Agency may determine, in its sole and absolute discretion, that it will accept less than the entire Adjacent Property (i.e., the Developer may not elect to convey only a portion of the Adjacent Property to the Agency without Agency consent).

In the event the Developer elects to proceed with such exchange transaction, that portion of the Site then conveyed to the Developer may, at the option of the Developer, constitute a portion of the Phase 1 Property pursuant to Section 201.1, above, and shall be conveyed to the Developer pursuant to the terms and conditions of this Agreement relating to the Phase 1 Property, except as modified by this Section 201.3. In lieu of payment of the applicable Purchase Price for the Phase 1 Property (or portion thereof substantially equal in size to the Adjacent Property) as set forth in Section 201.2, the Developer shall execute and deliver into escrow a grant deed, in form and content satisfactory to the Agency, conveying to the Agency fee title to the Adjacent Property. In such event, the Adjacent Property shall be conveyed to the Agency free and clear of all liens and encumbrances, except those specifically approved by the Agency, and the Developer, at its cost, shall cause the Title Company to issue to Agency a CLTA standard form title policy insuring that title to the Adjacent Property is vested in the Agency in the condition required by this Section 202.3. That portion of the Site to be conveyed to the Developer pursuant to this Section 201.3 shall be substantially equal in size to the Adjacent Property and the configuration and location of such portion of the Site shall be determined as set forth above for the Phase 1 Property. Any additional land conveyed to the Developer as part of the Phase 1 Property in excess of that portion subject to the exchange transaction provided for in this Section 201.3, shall be conveyed to the Developer pursuant to the terms and conditions set forth in Section 201, including without limitation, the Purchase Price set forth in Section 201.

Following such conveyance of the Adjacent Property to the Agency, the Adjacent Property shall thereafter be added to and constitute a part of the Site hereunder. The Adjacent Property shall also constitute a portion of the Option Property, and the Developer shall have the conditional option to purchase the Adjacent Property as a part of the Option Property, subject to and pursuant to the terms and conditions set forth in the Option Agreement (Attachment No. 7), except as specifically modified below.

In the event that, at the time the Developer exercises its option to acquire the Adjacent Property portion of the Option Property, the Market Value of the Adjacent Property exceeds Three Dollars (\$3.00) per square foot (determined pursuant to Section 201.2(b), above), then the Purchase Price for the Adjacent Property portion of the Option Property shall be determined as follows:

(a) The amount of Three Dollars (\$3.00) per square foot shall be established as the initial "Base Value" for the Adjacent Property.

(b) The Market Value shall then be established pursuant to Section 201.2(b), above, for the Adjacent Property.

(c) The Purchase Price for the Adjacent Property shall be equal to the Purchase Price of \$2.25 per square foot, plus Fifty Percent (50%) of the amount of appreciation between the Base Value for the Adjacent Property (\$3.00) and the Market Value.

[Example: The Market Value of the Adjacent Property, or applicable phase thereof, is determined to be \$3.50 per square foot. The appreciation between the Base Value for the Adjacent Property (\$3.00) and the Market Value (\$3.50) is \$.50 per square foot, and 50% of the amount of appreciation is equal to \$.25. The Purchase Price for the Adjacent Property portion of the Option Property would be \$2.50 per square foot ( $\$2.25 + \$.25 = \$2.50$ ).]

The Purchase Price for the Adjacent Property shall be exclusive of assessments or other amounts assessed against that portion of the Site, which shall be in addition to the Purchase Price."

#### 4. Brokerage Fees, Commissions

A new sentence is hereby added at the end of Section 202.1 of the DDA to read as follows:

"Notwithstanding the foregoing, in the event the Developer elects to proceed with the exchange transaction provided for in Section 201.3, above, and the Developer thereafter acquires the Adjacent Property as part of the Site pursuant to this Agreement, the Agency shall have no responsibility or liability to pay any brokerage fee or commission to the Broker, or to any other developer, broker, agent or finder, with respect to the Adjacent Property."



5. Escrow

The second paragraph of Section 202 of the DDA is hereby amended in its entirety to read as follows:

“The Developer shall deliver to the Escrow Agent the Purchase Price for the Site, or applicable portion thereof, less the amount of the Traffic Study Reimbursement to be credited toward the Purchase Price pursuant to Section 304, if applicable. In addition, the Developer shall deliver to the Escrow Agent an amount equal to the Right-of-Way Payment applicable to the Site, or portion thereof, being conveyed, in accordance with the provisions of Section 216 of this Agreement. The Developer also shall execute, acknowledge and deliver to the Escrow Agent the Option Agreement, if applicable, in accordance with the provisions of Section 207 of this Agreement, and the Reimbursement Agreement, in accordance with Section 216 of this Agreement.”

6. Conditions Precedent to Close of Escrow

Subparagraph (l) of Section 202.2 of the DDA is hereby amended in its entirety to read as follows:

“(l) Submission to the Agency of evidence that the Developer has deposited with the Escrow Agent the Purchase Price for the Site (or applicable portions thereof), the Right-of-Way Payment, the Developer’s payment for the Assessments (if applicable), the Option Agreement (if applicable), the fully executed Reimbursement Agreement, and all other sums and documents necessary for conveyance of the Site (or applicable portion thereof) to the Developer in accordance with this Agreement; and”

A new subparagraph (m) of Section 202.2 of the DDA is hereby added to read as follows:

“(m) Acquisition by the Developer of the Adjacent Property which acquisition may occur either prior to or concurrently with the close of escrow for conveyance of the Site (or Phase 1 Property, if applicable) to the Developer.”

7. Deposit of Purchase Price, Right-of-Way Payment, Delivery of Option Agreement and Recordation of Grant Deed and Reimbursement Agreement

Section 207 of the DDA is hereby revised in its entirety to read as follows:

“G. [\$207] Deposit of Purchase Price, Right-of-Way Payment, Delivery of Option Agreement and Recordation of Grant Deed and Reimbursement Agreement

“The Developer shall deposit the Purchase Price for the Site, or applicable portion thereof, the Right-of-Way Payment for the Site, or applicable portion thereof, the Option Agreement, if applicable, the executed Reimbursement Agreement, the fully executed grant deed for the Adjacent

Property, if applicable, and other sums and documents required hereunder with the Escrow Agent prior to the date for conveyance of the Site or applicable portion thereof to the Developer provided that the Escrow Agent shall have notified the Developer in writing that the grant deed, properly executed and acknowledged by the Agency, has been delivered to the Escrow Agent and that Title is in condition to be conveyed in conformity with the provisions of Section 205 of this Agreement, and provided the Escrow Agent has notified the Developer of amounts to be deposited hereunder for fees, costs, etc. Upon the close of Escrow, the Escrow Agent shall file the grant deed(s) and Reimbursement Agreement for recordation among the land records in the Office of the County Recorder of Solano County, shall deliver the Purchase Price, the Right-of-Way Payment and other required sums to the Agency, shall deliver to the Developer (with a copy to the Agency) a title insurance policy insuring title to the Site, or applicable portion thereof, in conformity with Section 208 of this Agreement, and if applicable shall deliver to the Agency (with a copy to the Developer) a title insurance policy insuring title to the Adjacent Property in conformity with Section 202.3 of this Agreement."

8. Right-of-Way Payment; Reimbursement Agreement

A new Section 216 is hereby added to the DDA to read as follows:

"P. [S216] Right-of-Way Payment; Reimbursement Agreement

The Developer shall reimburse the Agency for costs associated with the construction of certain right-of-way improvements, referred to as the Spine Road Improvements, to be constructed by the Agency as set forth in Part III.A of the Scope of Development (Attachment No. 4). Such costs shall be paid in two phases, and consist of land costs and construction-related costs.

As a condition of close of escrow for conveyance of the Site, or portion thereof, to the Developer, the Developer shall pay for the land value for the right-of-way, calculated as set forth below (the "Right-of-Way Payment"):

a. The Developer shall pay, from time to time, a pro rata share of the land costs for the right-of-way parcel (the "Right-of-Way Parcel") for the Spine Road Improvements based on that portion of the Site being conveyed to the Developer in each phase.

b. The Developer's pro rata share shall be determined, from time to time, by dividing the number of acres being conveyed in the applicable phase by the total number of acres of land within the Site, and multiplying the resultant factor by the total amount of land contained in the Right-of-Way Parcel.

c. The Developer's Right-of-Way Payment shall then be determined by multiplying the pro rata share of land determined under



subsection b., above, by the Purchase Price being paid by the Developer for the applicable phase of the Site then being acquired.

d. Notwithstanding any of the foregoing, Developer shall not be required to make any Right-of-Way Payment for any portion of the Right-of-Way Parcel located within the Adjacent Property.

[Example 1: Phase 1: Assuming 132 total acres in the Site; the Developer acquires title to 58 acres in Phase 1; 10 total acres in the Right-of-Way Parcel; Developer's Purchase Price is \$2.15 per square foot (or approximately \$93,654 per acre). Divide the number of acres being conveyed to Developer (58 acres) by the total number of acres in the Site (132 acres), equals .44. Multiply .44 by the total amount of land in the Right-of-Way Parcel (10 acres), equals 4.4 acres. Multiply this number by the Purchase Price paid by the Developer for the Phase 1 Property (\$93,654 per acre). Developer's Right-of-Way Payment for Phase 1 would be \$412,077.60 (4.4 x \$93,654 = \$412,077.60).]

[Example 2: Phase 2: Assuming 132 total acres in the Site; the Developer acquires title to 25 acres in Phase 2; 10 total acres in the Right-of-Way Parcel; Developer's Purchase Price is \$2.75 per square foot (or approximately \$119,790 per acre). Divide the number of acres being conveyed to Developer (25 acres) by the total number of acres in the Site (132 acres), equals .19. Multiply .19 by the total amount of land in the Right-of-Way Parcel (10 acres), equals 1.9 acres. Multiply this number by the Purchase Price paid by the Developer for the Phase 2 Property (\$119,790 per acre). Developer's Right-of-Way Payment for Phase 2 would be \$227,601 (.19 x \$119,790 = \$227,601).]

In addition to the Right-of-Way Payment, the Developer shall reimburse the Agency for the Agency's costs associated with the construction of the Spine Road Improvements (the "Improvement Costs"). The Improvement Costs are currently estimated to equal approximately THREE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$3,500,000). The actual Improvement Costs shall be determined by the Agency following completion of the Spine Road Improvements.

The Developer shall pay a pro rata share of the Improvement Costs prior to and as a condition to issuance of a building permit for development of the Site, or applicable portion thereof. The amount of the Improvement Costs to be paid from time to time shall be determined by dividing the number of acres within the applicable parcel or phase then being developed by the total number of acres within the Site, and multiplying the resultant factor by the total Improvement Costs.

[Example: Assuming 132 acres in the Site; 7 acres in Phase 4 parcel; \$3,500,000 Improvement Costs. Prior to issuance of a building permit for development on the Phase 4 Parcel, Developer would be required to pay a \$185,606.05 Improvement Costs payment (7 divided by 132, multiplied by \$3,500,000 = \$185,606.05).]

To ensure payment of the applicable Improvement Costs, as a condition to close of escrow for any phase of the Site, the Developer shall execute and deliver into Escrow a Reimbursement Agreement, in substantially the form attached hereto as Attachment No. 9 and incorporated herein by reference. The Reimbursement Agreement shall be recorded against the applicable phase of the Site, and shall be enforceable against the Developer and/or any successor in interest, as to any phase of the Site, until the applicable Improvement Costs are paid for such phase.

9. Cost of Construction

Section 306 of the DDA is hereby amended in its entirety to read as follows:

"5. [§306] Cost of Construction

The cost of developing the Site and constructing all improvements thereon shall be borne, or financing therefor arranged, by the Developer, except for work expressly set forth in this Agreement to be performed or paid for by the Agency or work which is to be performed by others. The Agency and the Developer shall each pay the costs necessary to administer and carry out their respective responsibilities and obligations under this Agreement."

10. Responsibilities of the Agency

Section 313 of the DDA is hereby amended in its entirety to read as follows:

"B. [§313] Responsibilities of the Agency

Except as otherwise provided in Section 216 of this Agreement, the Agency, without expense to the Developer or assessment or claim against the Site, shall perform all work specified herein and in the Scope of Development (Attachment No. 4) for the Agency to perform within the times specified in the Schedule of Performance (Attachment No. 3)."

10. Schedule of Performance

Items 17, 22, 23, 27, 32 and 40 of the Schedule of Performance (Attachment No. 3 to the DDA), are hereby amended in their entirety and Items 29a. and 30a. are hereby added to read as follows:

<u>Action</u>	<u>Date</u>
17. <u>Submission—Final Building, Landscaping and Grading Plans.</u> The Developer shall prepare and submit to the City for review and approval Final Building, Landscaping and Grading Plans for the Site. (Section 304)	By June 15, 2001
22. <u>Deposit of Purchase Price, Right-of-Way Payment and other Required Sums.</u> The Developer shall deposit the Purchase Price, Right-of-Way Payment, and other required sums into escrow for the Phase 1 Property. (Section 207)	Not later than 2 days (or 1 day if authorized by the Escrow Agent) prior to the date set forth herein for the close of escrow.
23. <u>Execution of Option Agreement and Reimbursement Agreement and Payment of Option Payment.</u> The Developer shall execute and deliver the Option Agreement and the Option Payment, if applicable, and shall execute and deliver the Reimbursement Agreement into escrow. (Section 216)	Prior to the date set forth herein for the close of escrow.
27. <u>Close of Escrow.</u> The Agency shall convey title to the Phase 1 Property to the Developer, and the Developer shall accept such conveyance. (Section 203)	Within 30 days after satisfaction of all conditions set forth in Section 202.2, but in any event not later than June 1, 2001.
29.a. <u>Commencement of Construction of Spine Road.</u> The Agency shall commence construction of the Spine Road. (Scope of Development, Section III.)	Within 3 months after conveyance of the Phase 1 Property by Agency to Developer.
30a. <u>Completion of Construction of Spine Road.</u> The Agency shall complete construction of the Spine Road.	Within 7 months after commencement thereof by the Agency.

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| 32. | <u>Exercise of Option for Option Property.</u> The Developer shall deliver to the Agency its notice of exercise of its option to acquire the Option Property.   | 6 months prior to the expiration of the Option Term or Option Extension, whichever is applicable.                              |
| 40. | <u>Deposit of Purchase Price, Right-of-Way Payment and Other Required Sums.</u> The Developer shall deposit the Purchase Price, Right-of-Way Payment and other required sums into escrow with respect to the Option Property. (Section 207) | Not later than 2 days (or 1 day if authorized by the Escrow Agent) prior to the date set forth herein for the close of escrow. |

11. Scope of Development; Private Improvements

The third, fourth, fifth, and sixth paragraphs of Part I.B. of the Scope of Development (Attachment No. 4 to the DDA) are hereby amended in their entirety to read as follows:

"Phase 1: The first phase shall contain a minimum of fifty-eight (58) acres which includes the applicable credit for a portion of the associated Right-of-Way Parcel, as set forth in Section 104 hereof) , and consist of not less than two hundred and sixteen thousand (216,000) square feet and not more than nine hundred and fifteen thousand (915,000) square feet of office space, industrial space or service-oriented uses in multi-story office, single story office, and high image business park buildings, plus all appurtenant parking, landscaping and common pedestrian areas. The maximum of nine hundred and fifteen thousand (915,000) square feet will remain the maximum amount of permitted development until the Green Valley Overpass is constructed.

Subsequent Phases: Each subsequent phase shall contain a minimum of twenty-five (25) acres (except the last phase which shall contain not less than twenty (20) acres), and shall consist of expansion of the Office Park through construction of not less than 75,000 square feet of office space, industrial space or service-oriented uses, in multi-story office, single story office and high image business park buildings, plus all appurtenant parking, landscaping and common pedestrian areas.

Other uses permitted under the zoning applicable to the Site may be constructed on the Site with the prior approval of the Agency. The minimum square footage amounts set forth above for Phase 1 and Subsequent Phases are

based upon and are commensurate with the minimum amount of real property required to be contained in each such phase. The actual minimum amount of office space, industrial space or other uses, including all appurtenant improvements, required to be developed with respect to each phase (the "Developer's Minimum Obligation") shall be established as set forth below, on a phase by phase basis commensurate with and dependent upon the actual number of acres of land contained in each phase; provided the Developer shall not be required to construct more than an aggregate cumulative amount of 450,000 square feet of office space, industrial and service-oriented commercial space on the Site, and in no event shall the cumulative total amount of service-oriented commercial uses developed on the Site exceed 135,000 square feet without the prior approval of the Agency. If, in any phase, the Developer elects to acquire more acreage than the minimum amounts set forth above (58 acres for Phase 1, and 25 acres for Subsequent Phases, except the last phase shall be not less than 20 acres), then the Developer's Minimum Obligation of office, industrial or other uses for each phase shall be established as follows:

a. For Phase 1: an amount of up to 915,000 square feet of office space, industrial space or service-oriented uses; and"

## 12. Scope of Development; Public Improvements

Part III. A. of the Scope of Development (Attachment No. 4 to the DDA) is hereby amended in its entirety to read as follows:

### "III. PUBLIC IMPROVEMENTS

#### A. Spine Road Improvements

The Developer shall pay its fair share of costs for the costs of acquiring the right of way for and constructing a spine road to be located across the Site (the "Spine Road Improvements") through the payment of a Right-of-Way Payment and the Improvement Costs to be paid pursuant to the Reimbursement Agreement, all as set forth in Section 216 hereof. The general location of the Spine Road Improvements is shown on the Tentative Parcel Map (Attachment No. 8), however, the actual location shall be determined based upon the final development plans approved by the Agency and City. The Spine Road Improvements shall be constructed by the Agency or City; provided however, that neither Agency nor City shall have any obligation to construct the Spine Road Improvements unless and until the Phase 1 Property has been conveyed to Developer. In the event that the bids for the construction of the Spine Road Improvements exceeds \$3.3 million, the Agency, in consultation with Developer, may agree to reduce the scope of the improvements associated with the road, such as the elimination of sidewalks, reduced landscaping requirements or similar features. The parties agree that the road improvements themselves must be completed."

The first paragraph of Part III.B of the Scope of Development (Attachment No. 4 to the DDA) is hereby amended in its entirety to read as follows:

"In addition to the Right-of-Way Payment and Improvement Costs to be paid pursuant to Part III.A, above and Section 216 of this Agreement, the Developer shall pay its fair share of costs (as indicated below) for construction of the following street improvements (collectively, the "Street Improvements") required for development of the Office Park:"

13. Option Agreement

Attachment No. 7, Form of Option Agreement, is hereby amended in its entirety and shall be as set forth in Revised Attachment No. 7, Form of Option Agreement, attached hereto and incorporated herein by reference.

14. Reimbursement Agreement

A new Attachment No. 9, Form of Reimbursement Agreement, is hereby added to the DDA in the form attached hereto and incorporated herein by reference.

15. Force and Effect

The effective date of this Second Amendment shall be the date that this Second Amendment is signed by the Agency. Except as modified and amended by this Second Amendment, all other provisions of the DDA, as previously amended by the First Amendment, shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have entered into this First Amendment as of the date first above written.

**AGENCY:**

May 30, 2001

REDEVELOPMENT AGENCY OF THE  
CITY OF FAIRFIELD

By George Pettigrew  
Chairman

By Nancy Beckham, Assistant  
Secretary

APPROVED AS TO FORM:

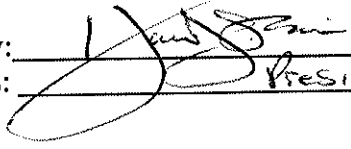
By: Ari P. Yang  
Agency Legal Counsel

-AND-

**DEVELOPER:**

H.J. SHEIN, INC.,  
an Illinois corporation

May 25, 2001

By:   
Its: President



**FORM OF OPTION AGREEMENT**

THIS OPTION AGREEMENT (this "Agreement") is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 200\_, by and between the REDEVELOPMENT AGENCY OF THE CITY OF FAIRFIELD (the "Agency") and H.J. SHEIN, INC., an Illinois corporation ("Developer"). The Agency and Developer agree as follows:

I. [§100] SUBJECT OF AGREEMENT

A. [§101] Purpose of Agreement.

The purpose of this Agreement is to effectuate the Redevelopment Plan (the "Redevelopment Plan") for the Cordelia Redevelopment Project (the "Project") by providing for the potential disposition and development of certain real property (the "Option Property") included within the boundaries of the Project (the "Project Area"). The potential disposition of the Option Property and the fulfillment generally of this Agreement are in the vital and best interests of the City of Fairfield, California (the "City"), and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements. Implementation of this Agreement will further the goals and objectives of the Redevelopment Plan.

The Agency and the Developer entered into that certain Disposition and Development Agreement (the "DDA"), dated December 15, 1999, as amended by the First Amendment to Disposition and Development Agreement, dated November 2000, and the Second Amendment to Disposition and Development Agreement, dated \_\_\_\_\_, 2001, providing for the disposition of certain real property more particularly described therein (the "Site"), and the development of the Site with an office complex commonly referred to as the Green Valley Corporate Park (the "Office Park"). In accordance with Section 201 of the DDA, the Developer has elected to acquire the Site in phases, and has moved forward to acquire that portion of the Site referred to in the DDA as the "Phase 1 Property". As consideration for the Developer's undertaking and performing its obligations under the DDA, the Developer shall have the conditional option to purchase the remainder of the Site (exclusive of the Phase 1 Property) referred to in the DDA as the "Option Property", pursuant to the terms and conditions set forth herein.

B. [§102] The Option Property

The Option Property constitutes the Option Property referred to in the DDA, and is generally shown on the Map of the Option Property (Exhibit A hereto), and more particularly described in the Description of the Option Property (Exhibit B hereto).

The Option Property is comprised of approximately \_\_\_\_\_ (\_\_\_\_\_) acres of real property currently owned by the Agency. The Option Property constitutes a portion of the Site which is the subject of the DDA and is located adjacent to the Phase 1 Property.

C. [§103] Parties to this Agreement

1. [§104] The Agency

The Agency is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.). The office of the Agency is located at 1000 Webster Street, Fairfield, CA 94533. "Agency," as used in this Agreement, includes the Redevelopment Agency of the City of Fairfield and any assignee of or successor to its rights, powers and responsibilities.

2. [§105] Developer

The Developer is H.J. Shein, Inc., an Illinois corporation. The principal office of the Developer, for purposes of this Agreement, is 6875 Enterprise Road, Glen Ellen, CA 95442-9523. Wherever the term "Developer" is used herein, such term shall include any permitted nominee, assignee or successor in interest as herein provided

The qualifications and identity of the Developer are of particular concern to the City and the Agency, and it is because of such qualifications and identity that the Agency has entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement except as expressly set forth herein or in the DDA. The Developer shall not assign all or any part of this Agreement without the prior written approval of the Agency, which approval shall not be unreasonably withheld or delayed.

II. [200] OPTION TO PURCHASE

A. [§201] Option

In consideration for the Developer undertaking and completing its obligations under the DDA, the Developer shall have the conditional right and option to purchase the Option Property pursuant to the terms and conditions set forth in this Agreement and in the DDA.

The Developer's rights and option hereunder are conditioned upon and subject to the terms and conditions set forth herein and in the DDA with respect to the Option Property.

As provided for in Section 201 of the DDA, the Option Property may be acquired in phases, provided each such phase shall consist of not less than twenty-five (25) acres of land area, with the exception of the final phase which shall consist of not

less than twenty (20) acres of land area, resulting in a maximum of three (3) phases of acquisition under this Agreement; however, the total number of phases and amount of acreage contained in each phase may vary depending upon the amount of land contained in prior phases and the amount of land remaining after the proposed acquisition of a phase. If the Developer elects to acquire the Option Property in phases, the configuration and location of each phase of the Option Property shall be determined by the Developer, subject to the approval of the Agency, which approval shall be at the sole and absolute discretion of the Agency. Within the time period set forth in the DDA, the Developer shall obtain all approvals for the subdivision or reparcelization of the Option Property to create one or more legal parcels to constitute each subsequent phase to be acquired, and determine the exact footage of each such phase, as provided for in Section 213 of the DDA. The Agency shall cooperate with the Developer and provide any assistance deemed necessary and appropriate by the Agency to assist the Developer in obtaining such approvals.

In the event the Developer elects to acquire the Option Property in two or more phases, this Agreement may, at the option of the Developer, be extended as to the remainder of the Option Property not acquired by the Developer at that time, subject to the conditions set forth in Section 202 hereof.

B. §202] Option Term

The term of the option shall commence on the effective date of this Agreement set forth in Section 600 of this Agreement and continue until the earlier to occur of (i) \_\_\_\_\_, 2006 (5 years from the date of the Second Amendment); or (ii) 12 months from the commencement of construction of the Green Valley Road freeway overpass (the "Option Term").

In the event construction of the Green Valley Road freeway overpass has not commenced at the time of the giving of the notice (as set forth herein), the Option Term may be extended (the "Option Extension") by Developer a maximum of three (3) times, so long as the conditions set forth in Section 203 hereof are satisfied, by giving written notice to the Agency no sooner than six (6) months prior to the expiration of the Option Term or Option Extension, whichever is applicable. The first two (2) Option Extensions shall be for a period of eighteen (18) months each; the third Option Extension shall be for a period of twenty-four (24) months.

In the event the Developer elects to acquire the Option Property in two or more phases, any such election shall be conditioned upon and subject to the following conditions:

(a) The Developer shall have delivered to the Agency its notice of election to acquire a portion of the Option Property, in accordance with Section 205 hereof, and shall thereafter diligently proceed to acquire such portion of the Option Property prior to the date set forth in subparagraph (c), below, pursuant to the terms and conditions of this Agreement and the DDA.

(b) The Developer shall not be in default with respect to any of the terms and conditions of this Agreement or the DDA.

(c) Escrow shall close for conveyance of the applicable portion of the Option Property not later than three (3) months after the delivery by Developer of its notice of election to acquire a portion of the Option Property, unless extended by mutual agreement of the Agency and Developer.

(d) The term "Option Property", as used herein, shall thereafter mean and refer to such remaining portion of the Option Property not conveyed to the Developer which remains subject to this Agreement.

C. [\$203] Conditions to Exercise of Option

The following are conditions precedent and shall be completed prior to and as a condition to the exercise by the Developer of its option hereunder:

1. The Developer shall, as reasonably determined by the Agency, be diligently working to complete all of the improvements to be developed under the DDA with respect to the Phase 1 Property (and the prior phase of the Option Property, if such be the case), in accordance with the provisions of the DDA.

2. The Developer shall not be in default with respect to any of the terms and conditions of this Agreement or the DDA.

D. [\$204] Purchase Price of the Option Property

1. The Purchase Price for the Option Property (with the exception of the Adjacent Property portion of the Option Property, which shall be determined as set forth in Section 204.2, below), or applicable portion thereof being acquired, shall be determined as follows:

(a) A Purchase Price equal to \$2.25 per square foot, shall be established as the initial "Base Value" for the Option Property, and each applicable phase thereof.

(b) The current fair market value ("Market Value") for the Option Property, or the applicable phase thereof, shall be established by a qualified licensed appraiser acceptable to both the Agency and Developer within sixty (60) days after the Developer delivers to the Agency its written notice of its intent to exercise its option to acquire the Option Property, or such applicable phase thereof. Agency and Developer shall also mutually agree upon the scope of the work to be done by such appraiser. The costs for such appraiser shall be shared equally between Developer and Agency. In the event either Agency or Developer does not agree with the fair market value determined by the appraiser, such party may elect to have a second appraisal prepared based on the same scope of work. The second appraisal shall be prepared by an independent qualified licensed appraiser mutually selected by both parties, and the cost for such second appraisal shall be shared equally by both parties. If the amount of

such second appraisal differs by five percent (5%) or less of the amount determined in the initial appraisal, the Market Value shall be the amount established by such initial appraisal. If the appraisal differs from the amount established by the initial appraisal by more than five percent, the Market Value shall be equal to the average of the two appraisals.

If either party does not agree with the Market Value established by the first two appraisals, such party may elect to have a third appraisal prepared. In such event a third independent qualified licensed appraiser shall be selected by the first two appraisers. Upon completion of the third appraisal, the Market Value shall be equal to the average of all three appraisals. The cost for the third appraisal shall borne by the party disagreeing with the first two appraisals.

(c) The Purchase Price for the Option Property, or applicable phase thereof, shall be equal to the Market Value of the Option Property, or applicable phase thereof, determined pursuant to subparagraph (b) above, less Fifty Percent (50%) of the amount of appreciation between the Base Value and the Market Value.

[Example: The Market Value of the Option Property, or applicable phase thereof, is determined to be \$3.25 per square foot. The appreciation between the Base Value (\$2.25) and the Market Value (\$3.25) is \$1.00 per square foot, and 50% of the amount of appreciation is equal to \$.50. The Purchase Price for the Option Property, or that phase, would be \$2.75 per square foot ( $\$3.25 - \$.50 = \$2.75$ ).]

The Purchase Price for the Option Property, or applicable phase thereof, shall be exclusive of assessments or other amounts assessed against the Option Property, or applicable portion thereof, which shall be in addition to the Purchase Price.

2. In the event that, at the time the Developer exercises its option to acquire that portion of the Option Property described in the DDA, and shown on the Map (Exhibit A) and described in Exhibit B hereto, as the "Adjacent Property", the Market Value of the Adjacent Property exceeds Three Dollars (\$3.00) per square foot (determined pursuant to Section 204.1(b), above), then the Purchase Price for the Adjacent Property portion of the Option Property shall be determined as follows:

(a) The amount of Three Dollars (\$3.00) per square foot shall be established as the initial "Base Value" for the Adjacent Property.

(b) The Market Value shall then be established pursuant to Section 204.1(b), above, for the Adjacent Property.

(c) The Purchase Price for the Adjacent Property shall be equal to the Purchase Price of TWO DOLLARS AND TWENTY-FIVE CENTS (\$2.25, plus Fifty Percent (50%) of the amount of appreciation between the Base Value for the Adjacent Property (\$3.00) and the Market Value for the Adjacent Property.

[Example: The Market Value of the Adjacent Property, or applicable phase thereof, is determined to be \$4.00 per square foot. The appreciation between the Base Value for

the Adjacent Property (\$3.00) and the Market Value (\$4.00) is \$1.00 per square foot, and 50% of the amount of appreciation is equal to \$.50. The Purchase Price for the Adjacent Property portion of the Option Property would be \$2.75 per square foot (\$2.25 + \$.50 = \$2.75).]

The Purchase Price for the Adjacent Property shall be exclusive of assessments or other amounts assessed against that portion of the Site, which shall be in addition to the Purchase Price.

E. [\$205] Exercise of Option

The Developer may exercise its option to acquire the Option Property (or a portion thereof) hereunder by giving the Agency written notice thereof, signed by the Developer, at any time not sooner than six (6) months prior to the expiration of the Option Term or Option Extension, whichever is applicable, unless at a time otherwise approved by the Agency, which approval shall be at the sole and absolute discretion of the Agency.. In the event the Developer elects to acquire the Option Property in phases, said notice shall specify which portion or portions of the Option Property it intends to acquire in that phase; provided the configuration, location and size of such phase shall comply with the provisions of Section 201 of this Agreement.

Upon exercise of its option hereunder, the Developer shall diligently proceed to fulfill all conditions precedent to the close of escrow in accordance with the escrow procedures set forth in Sections 202 et seq. of the DDA with respect to the Option Property (or portion thereof being acquired). The Option Property (or portion thereof being acquired) shall be conveyed to the Developer within the time set forth in subparagraph 202(d) of this Agreement, in accordance with the terms and conditions of the DDA and any additional escrow instructions that may be approved by the parties.

F. [\$206] Option Consideration

In consideration for the option being granted to it by the Agency, the Developer shall pay to the Agency an amount equal to TWENTY THOUSAND DOLLARS (\$20,000) (the "Option Payment"). The Option Payment shall be due and payable in full concurrently with the execution and delivery of this Option Agreement by the Developer, which time shall also coincide with the close of escrow for conveyance of the Phase 1 Property from the Agency to the Developer. As provided in Section 108 of the DDA, the Developer has delivered to the Agency a Deposit in the form of a Letter of Credit in the amount of \$20,000, which Deposit, upon execution of this Agreement, may be retained by the Agency and thereafter be considered and treated as the Option Payment hereunder; provided Agency shall have the right to require any revisions to such Letter of Credit reasonably requested by Agency to effectuate such transition and ensure the Agency's rights as set forth herein.

In the event the Developer elects to acquire the Option Property in phases, the Option Payment shall be retained by the Agency and shall thereafter be considered and treated as the Option Payment for the subsequent phases.

Unless otherwise approved by the Agency, the Option Payment, shall be paid in the form of cash or certified check, and except as provided in subparagraph 3(b) of Section 402 hereof, shall be non-refundable to the Developer. In the event the Developer does not exercise its option hereunder and does not acquire the Option Property pursuant to the terms of this Agreement and the DDA within the Option Period, and provided such failure to acquire is not caused by the Agency, then the full amount of the Option Payment held by the Agency shall be retained by the Agency as reimbursement for the holding and maintenance costs incurred by the Agency as a result of the delayed acquisition of the Option Property by the Developer.

### III. [§300] NONDISCRIMINATION

The Option Property, and the Developer in the development, use and operation of the Option Property, and each phase thereof, and its successors and assigns, shall be subject to the provisions against discrimination as set forth in the DDA and such other provisions against discrimination as shall be required by applicable law at the time of the exercise of the option.

### IV. [§400] GENERAL PROVISIONS

#### A. [§401] Defaults

Failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The nondefaulting party shall notify the defaulting party that a default exists and that the defaulting party must cure same within thirty (30) days of receipt of the notice of default. The party who so fails or delays must immediately commence to cure, correct or remedy such failure or delay, and shall complete such cure, correction or remedy with reasonable diligence and during any period of curing shall not be in default. If any default is not cured, or the defaulting party does not diligently proceed to cure any default, in accordance with this Section 401, then the nondefaulting party may terminate this Agreement by giving written notice thereof to the other party.

#### B. [§402] Termination of this Agreement

1. Termination by Developer. For any reason, at any time prior to Developer's exercise of its option hereunder, the Developer may terminate this Agreement by delivery of written notice thereof to the Agency.

2. Termination by Agency. If the Developer fails to perform any of its obligations hereunder or under the DDA within the time period set forth in this Agreement or the DDA, as applicable, and any such default is not cured within the applicable cure period provided for under this Agreement or the DDA, then this Agreement may be terminated by the Agency by delivery of written notice thereof to the Developer.

3. Termination at Expiration. This Agreement shall expire by its terms upon any of the following events:



(a) In the event the Developer does not, for any reason, exercise its rights and acquire the Option Property, or portion thereof, pursuant to and within the times set forth in Part II (commencing with Section 200) hereof; or

(b) Upon close of escrow for conveyance to the Developer of all of the Option Property, or portion thereof which remains subject to this Agreement.

4. (a) In the event of any termination of this Agreement pursuant to paragraph 1, 2, or 3(a) of this Section 402, then the Developer shall not be entitled to the return of all or any portion of the nonrefundable Option Payment paid by the Developer pursuant to Section 207 hereof, and all such amounts retained by the Agency shall be deemed a reimbursement to the Agency for all holding and maintenance costs, and administrative costs, incurred by the Agency with respect to the Option Property, or applicable portion thereof, during the term of this Agreement resulting from the delay of acquisition of the Option Property, or applicable portion thereof, by the Developer. Thereafter, neither party shall have any rights or obligations under this Agreement.

(b) In the event of termination of this Agreement pursuant to paragraph 3(b) of Section 402, then the Option Payment shall be returned to the Developer upon such termination.

C. [\$403] Taxes and Assessments

All ad valorem taxes and assessments or in-lieu taxes on the Option Property levied or imposed for any period during the Option Period prior to conveyance of title hereunder to Developer shall be paid by the Developer as provided for in Section 207 hereof.

D. [\$404] Notices, Demands and Communications  
Between the Parties

Formal notices, demands and communications between the Agency and the Developer shall be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Agency and the Developer as set forth in Sections 106 and 107 of the DDA. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail.

E. [\$405] Conflicts of Interest

No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

The Developer warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement.

F. [\$406] Nonliability of Agency Officials and Employees

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

V. [\$500] AMENDMENTS TO THIS AGREEMENT

The Developer and the Agency agree to mutually consider reasonable requests for amendments to this Agreement which may be made by any of the parties hereto, provided said requests are consistent with this Agreement and would not alter the basic business purposes included herein. Any amendments or modifications to this Agreement shall be in writing and signed by both parties.

VI. [\$600] ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

This Agreement is executed in two (2) duplicate originals, each of which is deemed to be an original. This Agreement comprises pages 1 through \_\_\_, inclusive, and Exhibits A and B, attached hereto and incorporated herein by reference, all of which, together with the applicable terms and conditions of the DDA, constitute the entire understanding and agreement of the parties.

This Agreement, together with the DDA, integrate all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.

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

The effective date of this Agreement shall be the date this Agreement is signed by the Agency and Developer, which date shall coincide with the close of escrow for the conveyance of the Phase 1 Property to the Developer under the DDA.

**AGENCY:**

\_\_\_\_\_, 200\_

REDEVELOPMENT AGENCY  
OF THE CITY OF FAIRFIELD

By \_\_\_\_\_  
Chairman

By \_\_\_\_\_  
Secretary

-AND-

**DEVELOPER:**  
H.J. SHEIN, INC.,  
an Illinois corporation

\_\_\_\_\_, 200\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
*H.J. Shein*  
*PRESIDENT*

EXHIBIT A  
MAP OF THE OPTION PROPERTY

[To Be Inserted.]

EXHIBIT B

DESCRIPTION OF THE OPTION PROPERTY

The Option Property consists of that real property situated in the City of Fairfield, County of Solano, State of California, identified as follows:

[To Be Inserted.]

ATTACHMENT NO. 9

FORM OF REIMBURSEMENT AGREEMENT

**Recorded at the Request of  
and after Recordation Mail to:**

Redevelopment Agency of the City of Fairfield  
1000 Webster Street  
Fairfield, California 94533

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REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT (the "Agreement") is entered into as of the \_\_\_ day of \_\_\_\_\_, 2001, by and between the REDEVELOPMENT AGENCY OF THE CITY OF FAIRFIELD, a public body, corporate and politic (the "Agency") and H.J. SHEIN, INC., an Illinois corporation (the "Developer").

**Recitals**

A. The Agency is responsible for carrying out the goals and objectives of the Redevelopment Plan for the Cordelia Redevelopment Project (the "Redevelopment Plan"). Developer is the owner in fee of that certain real property located in the County of Solano, State of California, more particularly described in Exhibit A, attached hereto and incorporated herein (the "Property").

B. The Agency and Developer have heretofore entered into a Disposition and Development Agreement, dated as of December 15, 1999, as amended by a First Amendment to Disposition and Development Agreement, dated as of November 20, 2000 and a Second Amendment to Disposition and Development Agreement, dated as of \_\_\_\_\_, 2001 (referred to collectively herein as the "DDA") pursuant to which the Developer agreed to, among other things, acquire, in phases, certain real property located within the boundaries of the Cordelia Redevelopment Project (the "Site") from the Agency and develop and construct an office complex referred to as the Green Valley Corporate Park (the "Office Park"). The Property constitutes a portion of the Site.

C. As provided in the DDA, the Agency has constructed, or shall construct or cause to be constructed, the Spine Road Improvements as shown on the approved Tentative Map for the Office Park. As further provided in the DDA, the Developer, or

its successors and assigns, shall pay to the Agency a pro rata share of the costs for construction of such Spine Road Improvements (the "Reimbursement Payment").

D. The parties desire to enter into this Agreement to set forth the conditions for such Reimbursement Payment.

NOW, THEREFORE, the Agency and Developer agree as follows:

1. Developer, or its successors in interest, shall pay to Agency the Reimbursement Payment, as follows:

- a. The Reimbursement Payment shall be equal to a pro rata share of the Improvement Costs incurred by Agency for construction of the Spine Road Improvements, determined as set forth in 1(c) below.
- b. Payment shall be made by Developer or its successor in interest at the time of, and as a condition to, issuance of a building permit for development of all or any portion of the Property.
- c. The Reimbursement Payment shall be determined by (i) dividing the number of acres contained in the Property by (ii) the total number of acres within the Site and (iii) multiplying the resultant fraction by the total Improvement Costs incurred by the Agency for construction of the Spine Road Improvements.

[Example: Assuming 132 acres in the Site; 7 acres in Phase 4 parcel; \$3,500,000 Improvement Costs. Prior to issuance of a building permit for development on the Phase 4 Parcel, Developer would be required to pay One Hundred Eighty-Five Thousand Six Hundred Six Dollars and Five Cents (\$185,606.05 Improvement Costs payment (7 divided by 132, multiplied by \$3,500,000 = \$185,606.05).]

2. The Agency estimates that the total cost for constructing the Spine Road Improvements is approximately THREE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$3,500,000); however, the actual costs for such Improvements shall be determined by the Agency upon completion of the Improvements, and the Agency shall provide evidence to the Developer of such actual Improvement Costs.

3. This Agreement, including the Developer's obligation to make the Reimbursement Payment, shall be an obligation that runs with the land. In the event Developer sells or transfers its interest in the Property, this Agreement, including the obligation to make the Reimbursement Payment hereunder, shall remain in full force and effect and shall be enforceable as to such successor in interest, unless and until such Reimbursement Payment is made.

4. This Agreement and the Developer's obligations hereunder shall terminate upon the completion of the Spine Road Improvements by the Agency and the payment in full by Developer to Agency of the Reimbursement Payment applicable to



the Property. Upon payment in full of the applicable Reimbursement Payment applicable to the Property, Agency agrees to execute such documents as may be necessary to terminate this Agreement and release the Developer (or its successors in interest, as the case may be) from its obligation hereunder.

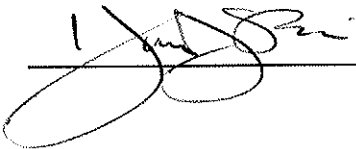
IN WITNESS WHEREOF, Agency and Developer have executed this Agreement on the day and year first above written.

REDEVELOPMENT AGENCY OF THE CITY  
OF FAIRFIELD

By: \_\_\_\_\_

"AGENCY"

H.J. SHEIN, INC.,  
an Illinois corporation

By:  \_\_\_\_\_

"DEVELOPER"

ATTACHMENT NO. 10  
TENTATIVE PARCEL MAP  
[To Be Inserted]