



Agenda Item D.3
DISCUSSION/ACTION ITEM
Meeting Date: December 2, 2008

TO: Mayor and Councilmembers

FROM: Daniel Singer, City Manager

SUBJECT: 7952 Hollister Land Purchase Agreement

RECOMMENDATION:

- A. Authorize the City Manager to execute a Purchase and Sale Agreement for property located at 7952 Hollister in substantial conformance to the terms and conditions set forth in the attached agreement.
- B. Direct Staff to commence environmental study for location of a fire station in western Goleta.

BACKGROUND:

Upon the City's incorporation in February 2002, the County of Santa Barbara transferred the Santa Barbara Shores Park property to the City. Section 4.5.3 of the City's Revenue Neutrality Agreement provides that the transfer of the park property includes "an easement for a prospective fire station on the Santa Barbara Shores Park, should the County Fire District locate a fire station there." The park property included a two-acre reservation for a future fire station, however, the County acknowledged, upon incorporation, that the ultimate location and configuration of a fire station would be at the discretion of the City Council ("with the input and concurrence...of the Fire Department.")

On June 25, 2002, then Mayor Margaret Connell wrote a letter to the County indicating the City's commitment to locating, "upon request of the (Fire) District...an easement or other interest in land acceptable to the District for the purpose of construction of a fire station..." A copy of that letter is attached to this report.

The need to locate a fire station on the west end of Goleta has long been identified as a priority by the Fire District, the County of Santa Barbara, and more recently the City of Goleta. Indeed, the justification for such a site is carefully articulated in the City's adopted General Plan: Public Facilities Element (PF). PF 3.1 speaks to the firefighter-to-population ratio and response time formulas established for adequate fire protection coverage. Western Goleta is considerably underserved according to National Fire Protection Association standards (see Attachment 2: applicable Public Facilities Element sections). To remedy this deficiency, the General Plan calls for a new fire station (Fire Station #10), somewhere in the far western portion of the City near Winchester Canyon, of "a site consisting of approximately 2 acres of land" (PF 3.2).

In February 2008, the City Council gave direction to authorize staff to pursue due diligence examinations of potential sites in the western portion of the City for a future fire station and to initiate a Reimbursement Ordinance for capital financing of the siting and development of a new station. A copy of that staff report is provided as Attachment 3. Following an analysis of various properties, staff began discussions with the property owners of 7952 Hollister Avenue, a vacant 1.3 acre site which was previously home to a Standard Oil service station.

Before the Council is the opportunity to acquire this parcel. Although it qualifies as a potential site for a future fire station, environmental review must be completed prior to committing it for that use.

DISCUSSION:

If the recent Gap or Tea fires taught us anything, it is how vulnerable our area is to large-scale fires. Adding additional fire protection services to the most underserved portions of the City and surrounding unincorporated areas would constitute a sizeable achievement for the City and Fire District.

To achieve this goal, the City began investigating potential sites. The City identified 7952 Hollister as a potential site for a fire station. The City conducted a site appraisal of the 7952 Hollister site and began negotiations with the property owners. The appraisal, conducted by Hammock, Arnold, Smith & Company, established a market value for the site of \$1,115,000. Comparable sales were used to establish the price, with some of the closest local comparisons ranging from \$1,045,000 to \$1,650,000. A copy of the appraisal is available for review in the City Manager's office.

As a part of the City's due diligence process, it was discovered that soil contamination from the previous service station still existed at the site. A complete Phase I Environmental Site Assessment was therefore conducted by the City through Rincon Consultants and the contamination was identified and isolated. Cleanup efforts are the responsibility of Chevron (Standard Oil) and are being coordinated through the County's Fire Prevention Division and Hazardous Materials Section. In fact, Chevron has now signed a Remediation and Indemnity Agreement with the current property owners, Crestfield Holdings, Inc. which will also protect subsequent purchasers, including the City.

The City has now negotiated an acceptable purchase price with Crestfield Holdings in the amount of \$1,250,000 (within 10% of the appraisal and significantly lower than their asking price of \$1.5 million). In the event Council supports the purchase of the property at this price, a Purchase Agreement has been drawn up between the City of Goleta and Crestfield Holdings, by the City's legal representative Brian Pierik, and reviewed by City Attorney, Tim Giles. The Purchase and Sale Agreement which incorporates the Site Access, Remediation and Indemnity Agreement is attached to this report (Attachment 4).

Finally, the Fire District has reviewed the selected site and believes that it would meet their needs for a fire station.

At this stage, acquisition of the property is the only decision before the Council. Environmental review, in compliance with CEQA, will be conducted before any final commitment on the use of the property can be made. The CEQA process and document would tier-off of the City's General Plan/Coastal Land Use Plan Environmental Impact Report (October 2006) and make use of other environmental documentation as it becomes available in the future. A fire station project, including site plan, design elevation drawings, as well as staffing and operational plans, would need to be drafted as a precursor to that CEQA process.

Discussions have commenced with the Fire District on the financing of the construction and outfitting of a fire station. Once property acquisition and environmental review are completed, such discussions will lead to the preparation of a Memorandum of Understanding between the Fire District and City of Goleta for development of the fire station.

GOLETA STRATEGIC PLAN:

Purchase of a site which is acceptable and appropriate for a future fire station is consistent with the Goal in the Goleta Strategic Plan entitled, Improve & Maintain City Infrastructure. Specifically, this purchase may help meet the Objective: Purchase Fire Station Site in West Goleta, and move the City closer towards realizing its vision as defined within the City's Strategic Plan.

ALTERNATIVES:

While the City Council is under no obligation to purchase this particular site at this time, it is our good-faith obligation to identify and purchase an alternate site. As this property is vacant, perfectly located to serve the community, and available for purchase, it would appear ideal to meet the City's objectives as identified in the Strategic Plan above.

FISCAL IMPACTS:

While a \$1,250,000 appropriation will be required, staff is recommending it be structured as a loan/advance from the General Fund Debt Service and Cashflow Reserves. This structure would facilitate obtaining benefits from future development agreements to reimburse the General Fund for the costs associated with this purchase.

Reviewed By:

Reviewed By:

Approved By:

Tim W. Giles
City Attorney

Michelle Greene
Administrative
Services Director

Daniel Singer
City Manager

Attachments:

1. Letter from Mayor Connell to Board of Supervisors
2. Fire Station General Plan Policies
3. Staff Report February 19, 2008
4. Purchase and Sale Agreement

ATTACHMENT 1

Letter from Mayor Connell to Board of Supervisors

City of Goleta

A-34

6500 Hollister Avenue, Suite 120 • Goleta, CA 93117 • 805-961-7500

City Council:

Margaret Connell, Mayor
Jack Hawxhurst, Mayor Pro Tem
Jean Blois
Cynthia Brock
Jonny D. Wallis

2002 JUN 25 AM 8:25

COUNTY OF SANTA BARBARA
CLERK OF THE
BOARD OF SUPERVISORS

June 25, 2002

County Board of Supervisors
County of Santa Barbara
County Administrative Offices
105 East Anapamu Street
Santa Barbara, California 93101

Ladies and Gentlemen:

The City of Goleta ("City") wishes to clarify the manner in which the provisions of Section 4.5.3 of the Revenue Neutrality Agreement will be met. That provision creates an exception from the requirement that the County of Santa Barbara ("County") transfer all real property held by the County within the City boundaries to the City, that reads as follows:

"4.5.3 An easement for a prospective fire station at Santa Barbara Shores Park should the Santa Barbara County Fire District ("District") wish to locate a fire station at that location."

Although initially the County proposed to reserve an easement in its conveyance of Santa Barbara Shores Park ("Park") to the City, the County has now agreed to transfer title to the entire Park to the City in fee with no reservation of easement in consideration for the City's commitment to grant an easement or other interest in land acceptable to the District for the purpose of constructing a fire station in the area at a future date after full environmental review and processing by the City.

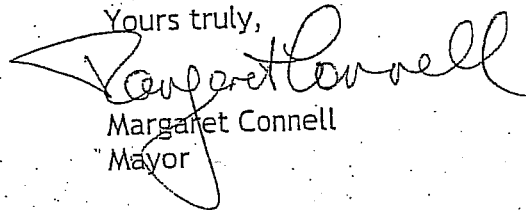
By this letter, the City commits as follow:

1. Upon request of the District, after acceptance of the Park and following full environmental review, City will convey to the District, at no cost to County or District, an easement or other interest in land acceptable to the District for the purpose of construction of a fire station at or near the Park.
2. In the event that environmental review identifies significant negative impacts associated with the construction of a fire station within the Park, the City will use its best efforts to resolve and mitigate such impacts to the fullest extent possible. Acknowledging limitations of law affecting the City Council's ability to make such future commitments, if the City cannot sufficiently resolve and mitigate such impacts, City agrees that it will identify, acquire and convey at City's expense an alternative site in the area acceptable to the District for purposes of construction of a fire station.

City also acknowledges the County's commitment reflected in the letter dated June 6, 2002 to Ed Wohlenberg, Interim City Manager, from Douglas A. Martin, Assistant Director General Services Department, that the County will make available for transfer to the City any surplus County properties owned within the City of Goleta should any County-owned property within the City be identified in the future which is not tied to a countywide service.

Thank you for your help in completing the transfer of property requirements of the Revenue Neutrality Agreement. It would be appreciated if you would execute the acknowledgment below.

Yours truly,


Margaret Connell
Mayor

Acknowledged and agreed:

COUNTY OF SANTA BARBARA

By 

Chairperson Board of Supervisors

ATTACHMENT 2

Fire Station General Plan Policies

Attachment 2
Fire Station General Plan Policies

| Related Fire Station Policy | Summary of Policy |
|---|--|
| <i>Requirements for New Station</i> | |
| PF 3 Public Safety Services and Facilities (see Policy Objective) | Fire services must be available to meet the needs of new and existing development. |
| PF 3.2 New Fire Station in Western Goleta | Fire Department determined that western Goleta near Winchester Canyon is under-served and a new station is required. City must provide a 2-acre site and the Fire Department must construct a station when funding is available. |
| PF 9.1 Integration of Land Use and Public Facilities Planning | New development must be supported by adequate facilities. |
| PF 9.2 Phasing of New Development | Development shall be allowed only when and where adequate services exist. |
| PF 9.3 Responsibilities of Developers | Construction permits shall not be granted until the developer provides for the installation and/or financing of needed public facilities. If public funds are not available, the developer shall provide the funds. |
| <i>New Station Location</i> | |
| PF 3.2 New Fire Station in Western Goleta | A fire station is required in western Goleta. |
| PF 9.4 City Infrastructure Investments to Guide Development | New facilities shall be at appropriate locations for development. |

Attachment 2 Fire Station General Plan Policies

Policy PF 3: Public Safety Services and Facilities [GP]

Objective: *Ensure that adequate fire and police services and facilities are available to meet the needs of both existing and new development in the city as well as service demands from outside Goleta's boundaries.*

PF 3.2 New Fire Station in Western Goleta. [GP/CP] The Santa Barbara County Fire Department has determined that the most under-served area in Goleta is the extreme western portion near Winchester Canyon. In conjunction with the fire department, the City shall provide a site consisting of approximately 2 acres of land for proposed new Fire Station 10 to serve the western area of the city, as shown on the map in Figure 8-1. The Santa Barbara County Fire Department will construct Fire Station 10 as soon as funding becomes available.

Policy PF 9: Coordination of Facilities with Future Development [GP/CP]

Objective: *To ensure that land use decisions are based on the planned capacity of capital facilities and that such facilities are provided when they are needed to support new development.*

PF 9.1 Integration of Land Use and Public Facilities Planning. [GP/CP] The Land Use Plan and actions on individual development applications shall be consistent with the existing or planned capacities of necessary supporting public facilities and the fiscal capacity of the City to finance new facilities.

- a. The City shall integrate its land use and public works planning activities with an ongoing program of long-range financial planning to ensure that the City's Land Use Plan is supported by quality public facilities.
- b. Individual land use decisions, including but not limited to General Plan amendments, shall be based on a finding that any proposed development can be supported by adequate public facilities.

PF 9.2 Phasing of New Development. [GP/CP] Development shall be allowed only when and where it is demonstrated that all public facilities are adequate and only when and where such development can be adequately served by essential public services without reducing levels of service elsewhere.

PF 9.3 Responsibilities of Developers. [GP/CP] Construction permits shall not be granted until the developer provides for the installation and/or financing of needed public facilities. If adequate facilities are currently unavailable and public funds are not committed to provide such facilities, the burden shall be on the developer to arrange appropriate financing or provide such facilities in order to develop. Developers shall provide or pay for the costs of generating technical information as to impacts the proposed development will have on public facilities and services. The City shall require new development to finance the facilities needed to support the development wherever a direct connection or nexus of benefit or impact can be demonstrated.

PF 9.4 City Infrastructure Investments to Guide Development. [GP/CP] The City shall plan and develop its infrastructure and public facilities in appropriate locations for development and shall encourage other public agencies to plan and implement their facilities in a manner that is consistent with and reinforces the General Plan.

ATTACHMENT 3

Staff Report February 19, 2008



Agenda Item B.2
DISCUSSION/ACTION ITEM
Meeting Date: February 19, 2008

TO: Mayor and Councilmembers

FROM: Steve Chase
Director, Planning & Environmental Services

SUBJECT: Proposed future Fire Station in the Western Portion of Goleta

RECOMMENDATION:

- A. Authorize staff to continue due diligence examination of potential sites in the western portion of the City for a future fire station;
- B. Authorize staff to initiate a Reimbursement Ordinance for capital financing of the siting and development of a new fire station;
- C. Authorize staff to initiate a Development Agreement with the developer of the Haskell's Landing project for capital financing of the new fire station;
- D. Authorize staff to schedule a public hearing for March 4th to consider the initiation of a corresponding General Plan Amendment proposed by the developer of the Haskell's Landing project relative to the new Fire Station.

BACKGROUND:

As the City's General Plan indicates the west-end of the City has inadequate fire protection services. Subsequently it has been a stated goal of the City to identify a potential site for a future station (see attached letter). The General Plan addresses this issue within the Public Facilities Element. The guiding objective is stated as follows:

Policy PF3: Public Safety Services and facilities [GP] Objective: Ensure that adequate fire and police services and facilities are available to meet the needs of both existing and new development in the city as well as service demands from outside Goleta's boundaries.

The General Plan goes on to provide specific policies that read:

PF3.2 New Fire Station in Western Goleta. [GP/CP] The Santa Barbara County Fire Department has determined that the most under-served area in Goleta is the extreme western portion near Winchester Canyon. In conjunction with the fire department, the City shall provide a site consisting of approximately 2 acres of land for proposed new Fire Station 10 to serve the western area of the city, as

shown on the map in Figure 8-1. The Santa Barbara County Fire Department will construct Fire Station 10 as soon as funding becomes available.

PF3.3 Impact Fees for Fire Protection Facilities/Equipment. [GP] Construction of the new Fire Station 10 shall be funded in part by revenues from an impact fee imposed on new development within the city, as well as upon development in the nearby unincorporated areas. Such fees may also be imposed for upgrades of existing fire stations and for new fire apparatus.

DISCUSSION:

A unique opportunity has arisen to plan for and fund the development of a new fire station on the west-end of the city, where a well documented need exists. This staff report examines the factors at-hand and seeks the City Council's authorization to proceed with a course of action that would create a financial structure for the procurement of a site and construction and outfitting of the station. A series of questions and answers follow that help explain the factors at-hand.

Where would the new fire station be located?

The General Plan Public Facilities Map Figure 8-1 identifies a conceptual location for the new fire station in the western portion of Ellwood. The location is not meant to be precise; rather, it is described as an approximate location. Staff has made inquiries of several property owners of potential sites in the area. Some interest has emerged and due diligence is proceeding as this report is being prepared. It is possible that a potential site could come forward by spring for consideration of purchase by the City.

What is the estimated cost of a new fire station?

A turn-key cost of \$8 million is estimated for a new fire station. This figure includes site procurement, engineering and architecture, site preparation, construction to critical safety standards, as well as complete outfitting for an Engine Company.

Which agency would own and operate the fire station?

The County of Santa Barbara Fire Department is expected to own, operate and staff the fire station.

What are the respective roles of the City and the County?

The City, by virtue of the agreement that brought about the Ellwood Mesa land swap, has committed to acquiring a potential site of approximately two-acres in size. The County, by the statutory responsibilities that come along with its assessment and collection of fire service impact fees, is committed to the development of a new fire station in the west-end of the Goleta Valley. The site would serve the western portion of Goleta as well as unincorporated portions of the Valley up the Gaviota Coast.

Who pays for what?

The City is responsible to procure a potential site. No capital funds have been earmarked to date. The County has indicated that it would commit the entirety of its earmarked impact fee revenues (currently around \$850,000 and expected to grow as several approved projects proceed through plan check and Building Permit). The

County indicates that it would also consider the advancement of additional capital funds, subject to reimbursement from future development within the new fire station's service area, if and when that occurs.

New, large discretionary development would also be expected to contribute funding above and beyond fire service impact fees. The General Plan provides guidance on this particular matter, as follows:

PF 9.2 Phasing of New Development. [GP/CP] Development shall be allowed only when and where it is demonstrated that all public facilities are adequate and only when and where such development can be adequately served by essential public services without reducing levels of service elsewhere.

PF 9.3 Responsibilities of Developers. [GP/CP] Construction permits shall not be granted until the developer provides for the installation and/or financing of needed public facilities. If adequate facilities are currently unavailable and public funds are not committed to provide such facilities, the burden shall be on the developer to arrange appropriate financing or provide such facilities in order to develop. Developers shall provide or pay for the costs of generating technical information as to impacts the proposed development will have on public facilities and services. The City shall require new development to finance the facilities needed to support the development wherever a direct connection or nexus of benefit or impact can be demonstrated.

PF 9.6 Concurrency. [GP/CP] The City shall develop ordinances and procedures to achieve "concurrency" for facilities essential to support development. Pursuant to those procedures, the City shall evaluate the impact of any new development on the capacity of the supporting public facilities and require, prior to final development approval, that financing be in place to correct any public facility deficiency. The evaluation of impacts shall include an analysis of the cumulative effects of other development proposals in the service area.

PF 9.7 Essential Services for New Development. [GP/CP] Development shall be allowed only when and where all essential utility services are adequate in accord with the service standards of their providers and only when and where such development can be adequately served by essential utilities without reducing levels of service below the level of service guidelines elsewhere.

- a. Domestic water service, sanitary sewer service, stormwater management facilities, streets, fire services, schools, and parks shall be considered essential for supporting new development.
- b. A development shall not be approved if it causes the level of service of an essential utility service to decline below the standards referenced above unless improvements to mitigate the impacts are made concurrent with the development for the purposes of this policy. "Concurrent with the development" shall mean that improvements are in place at the time of the

development or that a financial commitment is in place to complete the improvements.

- c. If adequate essential utility services are currently unavailable and public funds are not committed to provide such facilities, developers must provide such facilities at their own expense in order to develop.

What about the Haskell's Landing project?

The Haskell's Landing project is the first of several new development cases expected to come forward for consideration by the City over the next two-years. This 102-residential unit project would be located along Hollister Avenue directly across from Sandpiper Golf Course. The application is nearly complete and case processing won't be lengthy, since the project improves upon a forerunner project at the same location - Residences at Sandpiper.

The developer of the Haskell's Landing project, the County Fire Department and the City have been discussing options to finance the siting and development of the new fire station. A finance plan has emerged that, if approved, would comprise the following elements:

1. The City would procure a site for a new fire station;
2. The County would dedicate fire service impact fees to the station;
3. The County would advance capital funds, subject to reimbursement;
4. The City would prepare a Reimbursement Ordinance that mandates fair share arrangements or outright contributions by developers of large discretionary projects located within the service area of the new fire station;
5. The City and developer of the Haskell's Landing project would negotiate a Development Agreement, whereby the developer would contribute \$1.5 million towards the station, due at Building Permit or 4-years from approval of the agreement, whichever comes first;
6. The City would consider a General Plan Amendment that compliments these measures, while preserving Public Facilities Policy PF9.3 for the balance of the city.

When taken as a whole, the suggested finance plan provides considerable momentum towards making the new fire station a reality. Staff believes that the plan begets analysis, deliberation and, eventually, action by the City Council.

What is requested of the City Council at this time?

Should the City Council have an interest in the suggested finance plan, then the following recommendations are necessary for staff to proceed:

- A. Authorize staff to continue due diligence examination of potential sites in the western portion of the city.
- B. Authorize staff to prepare a Reimbursement Ordinance for capital financing of the siting and development of a new fire station.

- C. Authorize staff to initiate a Development Agreement with the developer of the Haskell's Landing project for capital financing of the new fire station.
- D. Authorize staff to schedule a public hearing for March 4th to consider the initiation of a corresponding General Plan Amendment proposed by the developer of the Haskell's Landing project relative to the new Fire Station.

ALTERNATIVES:

The City is faced with several competing interests for staff attention and funding at this time. The City Council could opt to redirect staff's attention to other strategic matters of equal or more critical importance, given scarce resources.

On the matter of Haskell's Landing or any other new development project within the service area of the fire station, the City Council could opt to require that full funding be in place prior to Building Permits, in reliance upon current General Plan language. A Reimbursement Ordinance or Development Agreement, along the lines of what is suggested, would not be necessary.

FISCAL IMPACTS:

Due diligence efforts at site selection and procurement of a new west-end fire station are funded from the Capital Improvement Budget. Discussions and analysis related to the Haskell's Landing project are subject to cost recovery from funds on deposit from the developer.

GOLETA STRATEGIC PLAN:

The siting of a new fire station in the west-end of the City is consistent with the Goal in the Goleta Strategic Plan entitled, "CIP & DIF Program Updates." Specifically, the suggested finance plan would meet Objective "Capital Improvements Program & Budget" and move the City closer towards realizing its vision as defined within the Strategic Plan.

LEGAL REVIEW:

The City Attorney's Office has diligently worked with the City Manager's Office and the Planning & Environmental Services Department to devise and evaluate the components of the suggested finance plan and recommended actions.

Submitted By:

Reviewed by:

Approved By:

Steve Chase, Director
Planning & Environmental
Services

Michelle Greene, Director
Administrative Services

Daniel Singer
City Manager

ATTACHMENT 4

Purchase and Sale Agreement

**PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") is entered into as of _____, 2008 (the "Effective Date"), by and between CRESTFIELD HOLDINGS, INC., a California corporation (the "Seller"), and THE CITY OF GOLETA (the "Buyer"). In consideration of the mutual covenants and agreements contained in this Agreement, the Buyer and the Seller agree as follows:

1. **BASIC TERMS**

1.1 Property. The real property that the Seller is selling and the Buyer is buying is located at 7952 Hollister Avenue, in the City of Goleta, County of Santa Barbara, State of California. The real property, together with all other property that is the subject of this Agreement, is defined more fully in Section 2.1 below.

1.2 Purchase Price. The purchase price for such property (the "Purchase Price") is One Million Two Hundred Fifty Thousand Dollars (\$1,250,000.00).

1.3 Escrow. On or promptly after the date this Agreement is executed, an escrow (the "Escrow") shall be opened with First American Title Insurance Company (the "Escrow Holder"), with an address of 5 First American Way, Santa Ana, California, 92707, Attn: _____, Telephone: _____, Fax: _____. The day the Escrow is opened is referred to in this Agreement as the "Opening of Escrow." The terms and conditions set forth in this Agreement shall constitute both an agreement between the Seller and the Buyer and escrow instructions for Escrow Holder. The Seller and the Buyer shall promptly execute and deliver to Escrow Holder any separate or additional escrow instructions requested by Escrow Holder which are consistent with the terms of this Agreement. Any separate or additional instructions shall not modify or amend the provisions of this Agreement unless otherwise expressly set forth by mutual consent of the Buyer and the Seller.

1.4 Closing Date. Escrow shall close on or before _____, 2008 (the "Closing Date"). As used in this Agreement, "Closing" means the recordation of the "Deed" (as defined below) in the Official Records of Santa Barbara County, California.

1.5 Title. The title company (the "Title Company") shall be First American Title Insurance Company, with an address of 5 First American Way, Santa Ana, California, 92707, Attention: Dawn Niehaus, Telephone: (714) 250-8401, Fax: (714) 200-0114.

1.6 The Seller's Address for Notices. All notices to be provided to the Seller hereunder shall be sent to the following addresses:

Crestfield Holdings, Inc
333 South Grand Avenue, Suite 4200
Los Angeles, California 90071
Telephone: (213) 630-5500
Telecopier: (213) 630-5555
Attn: Robert Y. Nagata

With a Copy To:

Lamb & Kawakami LLP
333 South Grand Avenue, Suite 4200
Los Angeles, California 90071
Telephone: (213) 630-5500
Telecopier: (213) 630-5555
Attn: Kevin J. Lamb, Esq.

1.7 The Buyer's Address for Notices. All notices to be provided to the Buyer hereunder shall be sent to the following addresses:

City of Goleta
130 Cremona Drive, Suite B
Goleta, California 93117
Telephone: (805) 961-7500
Telecopier: (805) 685-2635
Attn: Daniel Singer, City Manager

With a Copy To:

City of Goleta
130 Cremona Drive, Suite B
Goleta, California 93117
Telephone: (805) 961-7500
Telecopier: (805) 685-2635
Attn: Tim W. Giles, City Attorney

2. PURCHASE AND SALE

2.1 Agreement to Buy and Sell. Subject to all of the terms and conditions of this Agreement, the Seller hereby agrees to sell and convey to the Buyer and the Buyer hereby agrees to acquire and purchase from the Seller the following (collectively, the "Property"): All of the Seller's right, title and interest in and to the following: the real property described on Exhibit A attached hereto and all easements, privileges and other rights appurtenant thereto (collectively, the "Land").

2.2 Purchase Price. The Purchase Price shall be payable as follows: At least one (1) business day prior to the Closing Date, the Buyer shall deposit into Escrow, by wire transfer of federal funds, the Purchase Price, subject to adjustment by reason of any applicable prorations and the allocation of closing costs described below.

3. BUYER'S INSPECTIONS

3.1 The Buyer's Review of Title. Prior to the execution of this Agreement, the Seller has delivered to the Buyer and the Buyer has reviewed a current preliminary title report issued by the Title Company showing the condition of title to the Property, accompanied by copies of the documents referred to therein (the "Preliminary Title Report"). By execution of this Agreement, the Buyer hereby approves the condition of title as shown on the Preliminary Title Report.

4. **ADDITIONAL AGREEMENTS OF THE PARTIES**

4.1 **Conditions.** The Buyer and Seller agree that as a condition to Closing, the Seller and Chevron Environmental Management Company ("Chevron") shall execute an Access and Indemnity Agreement in the form attached hereto as Exhibit B.

4.2 **The Seller's Representations and Warranties.** The Seller hereby represents, warrants and covenants to and agrees with the Buyer as follows:

4.2.1 **The Seller's Authority.** The Seller has the power and authority to own the Property and to consummate the transactions contemplated by this Agreement. This Agreement and all instruments, documents and agreements to be executed by the Seller in connection herewith are, or when delivered shall be, duly authorized, executed and delivered by the Seller and are, or when delivered shall be, valid, binding and enforceable obligations of the Seller.

4.2.2 **Consents.** The Seller is not required to obtain any consents or approvals to consummate the transactions contemplated in this Agreement.

4.3 **The Buyer's Representations and Warranties.** The Buyer hereby represents, warrants and covenants to and agrees with the Seller as follows:

4.3.1 The Buyer has been provided with and reviewed (or chosen not to review) copies of the *Additional Soil Assessment* dated May 14, 2008 and the *Proposal for Remedial Excavation* dated May 20, 2008, both prepared by the City of Goleta's consultant, Rincon Consultant, Inc., in connection with the Property. The Buyer is aware that the Property was formerly used as a gasoline service station, and that on June 5, 2008 the Santa Barbara County Fire Department notified the City of Goleta and Chevron Environmental Management Company ("Chevron") that the Property was re-opened as a "LUFT Site" due to the identification of gasoline-impacted soil at levels in excess of current regulatory thresholds. The Buyer further acknowledges that Chevron is undertaking additional site assessments of the Property, prior to undertaking its remediation.

4.3.2 **"As Is."** The Buyer agrees as follows:

(a) Other than those explicitly stated in this Agreement, including specifically the terms of the Access and Indemnity Agreement there are no representations or warranties of any kind whatsoever, express or implied, made by the Seller in connection with this Agreement, the purchase of the Property by the Buyer, the suitability of the Property for the Buyer's intended use, the physical condition of the Property, the potential financial performance of the Property, zoning regulations, other governmental requirements, the ability of the Buyer to obtain permits or entitlements for any proposed use or development of the Property, the existence or nonexistence of Hazardous Materials on the Property, the condition of title to the Property, geologic or soils conditions, location of property lines, size/square footage of the Property and improvements, water/utility use restrictions, or whether the Property complies with applicable laws or otherwise is appropriate for the Buyer's intended use;

(b) On or before the date hereof, the Buyer has (or has chosen not to) fully investigated the Property and all matters pertaining thereto;

(c) The Buyer is not relying on any statement or representation of the Seller, its agents or its representatives nor on any information supplied by the Seller, its agents or its representatives;

(d) The Buyer, in entering into this Agreement and in completing its purchase of the Property, is relying entirely on its own investigation of the Property based on its experience in and knowledge of real property in the areas where the Property is located;

(e) The Buyer is aware (or has chosen not to be aware) of the physical condition of the Property, the potential financial performance of the Property, zoning regulations, other governmental requirements, the ability of the Buyer to obtain permits or entitlements for any proposed use or development of the Property, the existence or nonexistence of Hazardous Materials on the Property, the condition of title to the Property, geologic or soils conditions, location of property lines, size/square footage of the Property and improvements, water/utility use restrictions, whether the Property complies with applicable laws or otherwise is appropriate for the Buyer's intended use, and other matters affecting the use and condition of the Property; and

(f) **The Buyer shall purchase the Property in its "as is" condition as of the date of Closing, subject to the terms and conditions of the Access and Indemnity Agreement.**

4.3.3 Authority. The Buyer has the power and authority to own the Property and to consummate the transactions contemplated by this Agreement. This Agreement and all instruments, documents and agreements to be executed by the Buyer in connection herewith are or when delivered shall be duly authorized, executed and delivered by the Buyer and are valid, binding and enforceable obligations of the Buyer.

4.3.4 Consents. The Buyer is not required to obtain any consents or approvals to consummate the transactions contemplated in this Agreement.

4.4 Reaffirmation. The representations and warranties of the Seller and the Buyer set forth in Sections 4.1 and 4.2, respectively, are true and correct as of the date of this Agreement and shall be true and correct as of the Closing. The Seller shall be entitled to rely upon the Buyer's representations and warranties set forth in Section 4.2.1 above, notwithstanding any inspection or investigation of the Property which was made or could have been made by the Buyer.

4.5 Hazardous Material Waiver.

4.5.1 Waiver. If this transaction closes and the Buyer acquires title to the Property, the Buyer, on behalf of itself, its successors, assigns and successors-in-interest, hereby releases the Seller and its officers, partners, directors, employees, contractors, agents, subsidiaries, affiliates and its and their respective successors and assigns from and against any

and all liabilities, claims, demands, suits, judgments, causes of action (including, but not limited to, causes of action arising under the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 et seq.), losses, costs, damages, injuries, penalties, enforcement actions, fines, taxes, remedial actions, removal and disposal costs, investigation and remediation costs and expenses (including, without limit, reasonable attorneys' fees, litigation, arbitration and administrative proceeding costs, expert and consultant fees and laboratory costs), sums paid in settlement of claims, whether direct or indirect, known or unknown, arising out of, related in any way to, or resulting from or in connection with, in whole or in part, the presence or suspected presence of Hazardous Materials (defined below) in, on, under, or about the Property.

4.5.2 Waiver of California Civil Code Section 1542. In that connection, and in connection with any other release in this Agreement, the Buyer, on behalf of itself, its successors, assigns and successors-in-interest and such other persons and entities, waives the benefit of California Civil Code Section 1542, which provides as follows:

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

4.5.3 Definition. “Hazardous Material(s)” means any chemical, substance, material, controlled substance, object, condition, waste living organisms or combination thereof which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, petroleum hydrocarbons and petroleum products, lead, asbestos, radon, polychlorinated biphenyls (PCBs) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any federal, state or local law based upon, directly or indirectly, such properties or effects.

4.6 Condemnation; Damage or Destruction. In the event of any condemnation of, or damage to or destruction of, more than twenty percent (20%) of the Property, then the Seller shall promptly notify the Buyer and within three (3) business days after receipt of such notice, the Buyer shall deliver written notice to the Seller and Escrow Holder, electing either: (a) to proceed with this transaction and Closing in accordance with this Agreement notwithstanding such condemnation, damage or destruction, in which case all condemnation or any insurance proceeds shall be assigned to Buyer; or (b) to terminate this Agreement in accordance with the terms of Section 5.5. The Buyer's failure to deliver either notice to the Seller and Escrow Holder within such three (3) business day period shall constitute the Buyer's election to proceed to Closing under clause (a)

5. **CLOSING**

5.1 **Deposits Into Escrow.**

5.1.1 At least one (1) business day prior to the Closing Date, the Seller shall deposit into Escrow:

(a) A grant deed conveying the Property to the Buyer (the "Deed") on the Title Company's form, subject to (i) easements, encumbrances, covenants, conditions, restrictions, reservations, rights-of-way and other matters of whatever kind or nature shown on the Preliminary Title Report (other than judgment liens, liens securing money loaned and installments of general and special real property taxes and assessments delinquent as of the Closing), (ii) installments of general and special real property taxes and assessments not then delinquent, and (iii) any encumbrance arising from the acts or omissions of the Buyer (collectively, the "Permitted Exceptions").

(b) An affidavit or qualifying statement which satisfies the requirements of Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the "Non-Foreign Affidavit").

(c) A "Withholding Exemption Certificate, Form 590-RE", pursuant to the Revenue and Taxation Code Sections 18805 and 26131, stating either the amount of withholding required from the Seller's proceeds or that the Seller is exempt from such withholding requirement (the "Certificate").

5.1.2 At least one (1) business day prior to the Closing Date, the Buyer shall deposit into Escrow funds in accordance with the provisions of Section 2.2.2;

5.1.3 the Seller and the Buyer shall each deposit such other instruments and funds as are reasonably required by Escrow Holder or otherwise required to close Escrow and consummate the sale of the Property in accordance with the terms of this Agreement.

5.2 **Prorations.** . Real estate taxes shall be prorated as of the Closing on the basis of the most recent tax statement for the Property. If prorations are not made on the basis of the current tax year or if supplemental taxes are assessed after the Closing for the period prior to the Closing, the parties shall make any necessary adjustment after Closing by cash payment upon demand to the party entitled thereto so that the Seller shall have borne all taxes allocable to the period prior to the Closing (including all supplemental taxes which are allocable to the period prior to Closing) and the Buyer shall bear all taxes allocable to the period after the Closing (including all supplemental taxes which are allocable to the period after the Closing).

5.3 **Payment of Closing Costs.**

5.3.1 **Closing Costs Borne by the Seller.** The Seller shall bear and Escrow Holder shall discharge on the Seller's behalf out of the sums payable to the Seller hereunder (a) the portion of the costs associated with the standard coverage (CLTA) premium for the "Owner's Policy" (defined below), (b) the documentary transfer tax required in connection with the transfer of the Property to the Buyer, (c) one-half of Escrow Holder's fee, and (d) any

additional costs and charges customarily charged to sellers in accordance with common escrow practices in Santa Barbara County, California.

5.3.2 Closing Costs Borne by the Buyer. The Buyer shall deposit with Escrow Holder for disbursement by Escrow Holder (a) one-half of Escrow Holder's fee, (b) all costs and expenses of the Owner's Policy in excess of the premium to be borne by the Seller, (c) the recording fees and all sales and use taxes required in connection with the transfer of the Property to the Buyer, and (d) any additional charges customarily charged to buyers in accordance with common escrow practices in Santa Barbara County, California.

5.4 Closing of Escrow.

5.4.1 Pursuant to Section 6045 of the Internal Revenue and Taxation Code, Escrow Holder shall be designated the "closing agent" hereunder and shall be solely responsible for complying with the tax reform act of 1986 with regard to reporting all settlement information to the Internal Revenue Service.

5.4.2 Escrow Holder shall hold the Closing on the Closing Date if: (i) it has received in a timely manner all the funds and materials required to be delivered into Escrow by the Buyer and the Seller; and (ii) it has confirmed that the Title Company will issue to the Buyer its standard coverage (CLTA) title insurance policy in the amount of the Purchase Price, insuring the Buyer as the owner of the Property, subject only to the Permitted Exceptions (the "Owner's Policy").

5.4.3 To Close the Escrow, Escrow Holder shall:

(a) Cause the Deed to be recorded and thereafter mailed to the Buyer, and deliver the Owner's Policy, Certificate and Non-Foreign Affidavit to the Buyer; and

(b) Deliver to the Seller by wire transfer of federal funds, funds in the amount of the Purchase Price, plus or less any net debit or credit to the Seller by reason of the prorations and allocations of closing costs provided for in this Agreement.

5.5 Failure to Close; Cancellation. If the Escrow Holder is not in a position to Close the Escrow on the Closing Date, then this Agreement shall terminate and, Escrow Holder shall return to the depositor thereof any funds or other materials previously placed in Escrow and remaining in Escrow. Neither party shall have any further obligations pursuant to this Agreement, except that no such termination shall relieve either party of liability for any failure to comply with the terms of this Agreement.

5.6 Possession. Possession of the Property shall be delivered to the Buyer upon Closing.

6. GENERAL PROVISIONS

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

6.2 Entire Agreement. This Agreement contains the entire integrated agreement between the parties respecting the subject matter of this Agreement and supersedes all prior and contemporaneous understandings and agreements, whether oral or in writing, between the parties respecting the subject matter of this Agreement.

6.3 Legal Advice; Neutral Interpretation; Headings. Each party has received independent legal advice from its attorneys with respect to the advisability of executing this Agreement and the meaning of the provisions hereof. The provisions of this Agreement shall be construed as to their fair meaning, and not for or against any party based upon any attribution to such party as the source of the language in question.

6.4 Choice of Law. This Agreement shall be governed by the laws of the State of California.

6.5 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 or 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.

6.6 Waivers. The waiver by one party of the performance of any covenant, condition or promise under this Agreement shall not invalidate this Agreement nor shall it be considered a waiver by it of any other covenant, condition or promise under this Agreement.

6.7 Amendment. This Agreement may be amended at any time, but only by the written agreement of the Buyer and the Seller.

6.8 Relationship of Parties. The parties agree that their relationship is that of seller and buyer, and that nothing contained herein shall constitute either party the agent or legal representative of the other for any purpose whatsoever, nor shall this Agreement be deemed to create any form of business organization between the parties hereto.

6.9 Time of the Essence. Time shall be of the essence as to all dates and times of performance, whether contained herein or contained in any escrow instructions to be executed pursuant to this Agreement.

6.10 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.

6.11 Recordation; Actions to Clear Title. The Buyer shall not record this Agreement, any memorandum of this Agreement, any assignment of this Agreement or any other document which would cause a cloud on the title to the Property. If the Buyer fails to complete its purchase of the Property for any reason, then the Buyer shall, at no cost to the Seller, promptly execute, acknowledge and deliver to the Seller, all within three (3) days after written request from the Seller, a quitclaim deed, in recordable form, in favor of the Seller and any other documents requested by the Seller to remove the cloud on title to the Property that may exist as the result of the existence of this Agreement or any escrow relating to this Agreement. In the event the Buyer fails to so execute and deliver any such document, the Buyer shall pay all losses, damages, costs and expenses, including but not limited to the Seller's reasonable attorneys' fees, incurred in connection with the Buyer's breach of its obligations under this Section 6.11.

6.12 Assignment. The Buyer shall not assign the Buyer's rights or delegate its obligations hereunder without the prior written consent of the Seller in each instance, which consent the Seller may withhold in the Seller's sole and absolute discretion. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties to this Agreement.

6.13 Attorneys' Fees. In the event of any litigation involving the parties to this Agreement to enforce any provision of this Agreement, to enforce any remedy available upon default under this Agreement, or seeking a declaration of the rights of either party under this Agreement, the prevailing party shall be entitled to recover from the other such attorneys' fees and costs as may be reasonably incurred, including the costs of reasonable investigation, preparation and professional or expert consultation incurred by reason of such litigation. All other attorneys' fees and costs relating to this Agreement and the transactions contemplated hereby shall be borne by the party incurring the same.

6.14 Manner of Giving Notice. All notices and demands which either party is required or desires to give to the other shall be given in writing by personal delivery, express courier service or by telecopy followed by next day delivery of a hard copy to the address or telecopy number set forth in Sections 1.6 and 1.7 for the respective party, provided that if any party gives notice of a change of name, address or telecopy number, notices to that party shall thereafter be given as demanded in that notice. All notices and demands so given shall be effective upon receipt by the party to whom notice or a demand is being given.

6.15 Survival. Only the provisions of Article 4, Sections 5.2, 5.3, and 5.6, and Article 6 shall survive the Closing and the consummation of the transactions contemplated by this Agreement or the termination of this Agreement for any reason without the conveyance of the Property to the Buyer.

[Signatures on the Next Page]

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

SELLER

BUYER

CRESTFIELD HOLDINGS, INC.,
a California corporation

THE CITY OF GOLETA

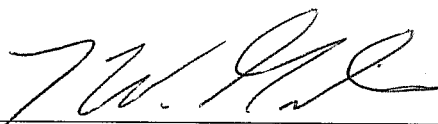
By _____
Junko Koike, President

By _____
Daniel Singer, City Manager

ATTEST:

Deborah Constantino, City Clerk

APPROVED AS TO FORM:



Tim W. Giles, City Attorney

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT B

FORM OF ACCESS AND INDEMNITY AGREEMENT

SITE ACCESS, REMEDIATION AND INDEMNITY AGREEMENT

THIS SITE ACCESS, REMEDIATION AND INDEMNITY AGREEMENT ("*Agreement*") is entered into by and between **CHEVRON U.S.A. INC.**, a Pennsylvania corporation ("*Chevron*"), and **CRESTFIELD HOLDINGS, INC.**, a California corporation ("*Owner*").

RECITALS

A. Owner holds record title to certain real property located at 7952 Hollister Avenue, in the City of Goleta, County of Santa Barbara, State of California, APN #079-21A-048, as depicted on Exhibit "A" attached hereto and incorporated herein (the "*Property*");

B. Chevron previously operated a retail service station facility on the Property, commonly known as Service Station No. 9-4268, from approximately 1968 through 1993;

C. Covered Contamination as defined below in Paragraph 1 (*Covered Contamination*) may be present on or under the Property that is subject to regulation by any federal, state or local governmental agencies having jurisdiction over environmental matters (collectively "*Agency*");

D. Chevron has been ordered by the Santa Barbara County Fire Department (the "*SBCFD*") to take corrective actions with regard to Covered Contamination on, under and about the Property;

E. The parties wish to provide for the investigation and, if necessary, cleanup of Covered Contamination, and Owner desires assurances from Chevron that it comply with its legal obligations with regard to Covered Contamination on, under and about the Property;

F. Chevron desires to provide those assurances to Owner as more expressly set forth herein; and

G. Chevron acknowledges the possibility that the Owner may, at anytime before or after Chevron completes the Work as described below in Paragraph 2 (*Cleanup*), sell the Property to another party ("*Buyer*"), to whom Chevron shall have the same obligations as more expressly set forth herein.

TERMS AND CONDITIONS

NOW THEREFORE, in consideration of the foregoing and of the mutual promises set forth below, the parties agree as follows:

1. COVERED CONTAMINATION

As used herein, "*Covered Contamination*" means petroleum hydrocarbon and motor vehicle fuel additive contamination that: (a) originated from Chevron's operations and activities on the Property prior to the Effective Date as defined below; (b) must be remediated pursuant to

applicable federal, state or local laws and regulations; and (c) is located on the Property on the Effective Date or has migrated from the Property.

2. CLEANUP

(a) Chevron shall, at its sole cost and expense, promptly and diligently perform or cause to be performed corrective actions with regard to Covered Contamination, as directed by the Agency (the "*Work*"). Chevron shall have the right to challenge any Agency directive, order or request and not assume responsibility therefore during the pendency of the challenge if its challenge is based on a good faith belief that the contamination which is the subject of the directive, order or request does not meet the definition of Covered Contamination for which Chevron would be liable under this Agreement. Said Work may include, but not be limited to: (i) installation, maintenance, replacement, periodic sampling and abandonment of wells; (ii) installation, maintenance, replacement and removal of remediation or recovery systems and associated equipment; and (iii) other work deemed necessary by Chevron or the Agency. Chevron's ability to challenge any agency directive will not be deemed a waiver of Chevron's cleanup obligation should the challenge ultimately be rejected by the final arbiter of such challenge.

(b) Except as is otherwise provided in Paragraph 4 (*Indemnity*) below, Chevron's obligation under this Paragraph 2 shall cease when (i) the Work has been completed as directed by the Agency and (ii) a no further action letter or its equivalent ("*NFA Letter*") is issued for the Property by the Agency.

(c) Chevron's obligation with regard to the Covered Contamination shall extend to parties who take title to the Property prior to the issuance of an NFA Letter ("*Successors*"). The transfer of the Property to a Buyer shall not relieve Chevron of its responsibility to complete the Work under this Agreement.

3. MANNER OF PERFORMANCE

(a) The Work. Except as may otherwise be provided herein, Chevron shall perform the Work in a manner and at times which will not unreasonably interfere with Owner's use of the Property. At all times during the term of this Agreement, Chevron shall, at its sole cost and expense, take all necessary actions to keep the Property, any improvements and personalty thereon affected by the Work, and all facilities appurtenant thereto, in good order and repair and safe condition. Owner shall cooperate with Chevron to enable the completion of the Work in a timely and cost effective manner. Chevron shall cooperate with Owner to avoid and/or minimize any interference with Owner's use, development, improvement, leasing, and/or transfer of the Property or any portion thereof. Chevron shall immediately notify any Owner, as applicable during the term of this Agreement, of any spill, release, or discharge of any hazardous material which first occurs after the Effective Date of this Agreement in, on, under or about the Property and which results from or is related to the Work. Prior to the installation of any new equipment on the Property, Chevron and Owner shall work together to determine the appropriate location and timing for installation for the new equipment. If requested in writing by Owner, or a Buyer, the requesting Owner or Buyer and its environmental consultant shall have the right to observe and review the Work activities of Chevron at any reasonable time during business hours or at any time that such Work is conducted on the Property.

(b) Access Granted. Owner and its Successors shall provide Chevron, its employees, agents, representatives, consultants and contractors with reasonable, necessary and non-exclusive access to the Property to perform the Work. With the exception of routine maintenance of Chevron's equipment on the Property, which shall include routine sampling of monitoring wells, if any, Chevron shall provide Owner with advance notice of its intended schedule for access.

(c) Agency Communications. Each party shall promptly provide the other with copies of all final reports, laboratory test results, and other communications submitted to the Agency. If either Chevron or the Owner shall for any reason request a meeting with any Agency regarding the Property or the performance of the Work, the requesting party shall provide the other party with reasonable advance notice of any such requested meeting, such that the other party may attend.

(d) Material Release. Should a material release (as defined below), leak, or other release of contamination occur either on or off the Property following the Effective Date of this Agreement and such contamination is unrelated to Chevron's retail service station operations and is not due to Chevron's negligence in conducting said Work ("*Owner's Contamination*"), then: (i) Chevron shall remain obligated to perform the Work related to the Covered Contamination, except as otherwise as provided in this Agreement; (ii) Chevron shall not be responsible for any costs associated with Owner's Contamination, including the increased costs of existing demands or orders or actions required by applicable government agencies resulting from Owner's Contamination and any other increase in costs to Chevron to undertake remedial actions relating to the Covered Contamination resulting from Owner's Contamination; (iii) Owner and its successors and assigns, thereafter shall release, indemnify and hold harmless Chevron and its affiliates from and against all claims, expenses (including reasonable attorneys' fees), loss and liability arising from Owner's Contamination at the Property. A release of contamination shall be deemed to be material if it makes the performance of the Work by Chevron significantly more difficult or significantly extends the time required to complete such Work. Any investigation, remediation, and monitoring of the Property which may be required with regard to Owner's Contamination, whether or not material, shall not be the responsibility of Chevron.

(e) Performance of the Work; Notice to Chevron of Construction. Chevron shall, to the extent not in conflict with Agency directives, ensure that the ingress and egress of Owner to, from, and across the Property are not restricted. Chevron agrees to communicate with Owner about the Work and to provide reasonable notice in accordance with subparagraph 3(b) above. While Chevron is obligated to perform the Work pursuant to the terms of this Agreement, Owner shall give Chevron reasonable advance notice of any change in the intended use of the Property and/or construction plans.

(f) Compliance. Chevron agrees, at its sole cost and expense, to conduct and perform the Work in a prompt, safe, efficient and workmanlike manner and in compliance with all Agency requirements.

(g) Restoration. If entry onto the Property by Chevron, or exercise by Chevron of any of its rights or obligations under this Agreement, result in any physical damage to the Property (ordinary wear and tear excepted), Chevron, at its sole cost and expense, shall promptly repair and restore the portions of the Property damaged, including removing any and all

equipment installed by Chevron and closing all monitoring wells, to substantially the same condition as existed prior to the damage. Chevron shall be solely responsible for the performance of an underground utility clearance prior to any work on the Property for which such a clearance is necessary or advisable.

(h) Duty to Proceed Expeditiously. Chevron shall use its best efforts to obtain necessary Agency approvals and permits as expeditiously as possible, and shall agree to perform all required Work as efficiently as possible. Chevron shall not be responsible for delays beyond Chevron's control, including but not limited to scheduling of contractors.

(i) Hazardous Materials and Wastes. Chevron shall promptly remove from the Property any wastes and hazardous materials used in or generated by the Work on the Property. Other than as agreed to by Owner and Chevron, nothing in this Agreement shall give Chevron the right to use the Property to treat or dispose of any wastes or hazardous materials. Except as otherwise required by applicable law, and as between Chevron and Owner only, Chevron shall be deemed to be the entity responsible for transportation or disposal of wastes or hazardous materials from the Property which are generated as a result of the Work, and all documentation for transportation or disposal of wastes or hazardous materials generated as the result of the Work shall be prepared and executed in Chevron's name only, and Owner shall not have any responsibility or liability therefor. If requested in writing by an Owner, Chevron shall provide copies of such documentation to such Owner.

4. INDEMNITY

(a) Chevron agrees to indemnify, defend and hold Owner (including Owner's trustees, directors, officers, partners, employees, lenders, tenants, successors and assignees) harmless from and against any liabilities, damages, costs, or losses arising from: (i) claims or lawsuits by third parties relating to the Covered Contamination or the performance of the Work by Chevron on the Property; and (ii) an Agency demand or requirement to perform an investigation or cleanup action for Covered Contamination, and all costs and expenses relating to complying with such Agency demands or requirements. Chevron shall not be responsible for any liabilities, damages, costs, or losses to the extent caused by the reckless, negligent or intentional acts or omissions of any party asserting any right under this Paragraph 4.

(b) Except as otherwise specified below, Chevron's indemnity obligation shall extend to Successors, as defined in Paragraph 2 (*Cleanup*).

(c) Chevron shall not be liable to Owner or Successors for (i) any such claims described in Chevron's indemnity under Paragraph 4(a) that are attributable to or arise from exacerbation of Covered Contamination resulting from construction on the Property following the Effective Date of this Agreement that involve subsurface excavation, soil movement, or special handling, treatment or disposal of groundwater, (ii) special, incidental or consequential damages including, without limitation, construction delays, loss of business, diminution in the value of the Property, or loss of goodwill by Owner or Successors, or (iii) any liabilities, damages, costs, or losses to the extent caused by the gross negligence or intentional acts or willful omissions of any party asserting any right under Paragraph 4(a).

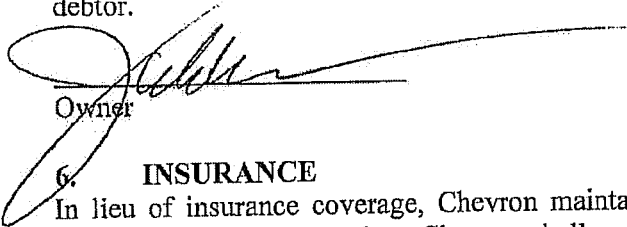
(d) Any party claiming a right to be indemnified by Chevron under this Agreement shall not be entitled to such indemnification unless said party agrees in writing to be bound by the terms of this Agreement.

(e) This Section 4 shall survive the expiration or termination of this Agreement for any reason.

5. RELEASE

In exchange for the indemnity Chevron has provided under this Agreement, Owner and Successors hereby release and forever discharge Chevron from any and all liabilities, claims, lawsuits, damages, losses that Owner now has or that Owner or Successors may have in the future arising out of or in any way related to the Covered Contamination, except with regard to Chevron's compliance with its obligations under this Agreement. The claims released herein shall include, without limitation, any and all unknown claims relating to Covered Contamination, except with regard to Chevron's compliance with its obligations under this Agreement. Owner and Successors hereby waive any and all rights it may have under any and all statutes or laws that purport to limit the scope of the general release, including, without limitation, Section 1542 of the Civil Code of the State of California, which provides as follows:

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



Owner

6. INSURANCE

In lieu of insurance coverage, Chevron maintains a self-administered claims program with respect to its duties hereunder. Chevron shall require contractors who perform the Work under this Agreement to maintain Insurance coverage in accordance with Chevron's standard practices.

7. LIENS

Chevron shall discharge at once or bond or otherwise secure against all liens and attachments that are filed in connection with the Work, and shall indemnify and save Owner and the Property harmless from and against any and all loss, damage, injury, liability and claims thereof resulting directly from such liens and attachments.

8. NOTICES

Any notices required to be made under this Agreement shall be made in writing to the address of the appropriate party as set forth below. All such notices shall be deemed to have been duly given and received upon mailing, delivery by courier or personal delivery service, or by email, provided that email delivery shall be effective when the sender has received an electronic confirmation of delivery. Parties may alter or modify their notice address by delivery of written notice pursuant to the terms of this Agreement.

To Chevron: c/o Chevron Environmental Management Company
Marketing Business Unit
145 South State College Boulevard, Suite 400
Brea, CA 92821-5818
Attn.: Sharon Vasquez, SS # 9-4268
Phone: (714) 671-3262
Email: SharonVasquez@Chevron.com

To Owner: Crestfield Holdings, Inc.
c/o Ms. Namrata Dwivedi
Lamb & Kawakami LLP
333 South Grand Avenue, Suite 4200
Los Angeles, CA 90071
Phone: (213) 630-5514
Email: ndwivedi@lamb-kawakami.com

9. APPLICABLE LAW

This Agreement shall be interpreted, and any dispute arising hereunder shall be resolved, in accordance with the substantive laws of the State of California, without reference to choice of law rules.

10. ALTERNATIVE DISPUTE RESOLUTION (ADR)

If a dispute arises between the parties relating to this Agreement, the parties agree to use the following procedure prior to pursuing other legal remedies:

(a) A meeting among the parties shall promptly be held in California, attended by individuals with decision-making authority regarding the dispute, who will attempt in good faith to negotiate a resolution of the dispute.

(b) If within fifteen (15) days after the meeting, the parties have not succeeded in negotiating a resolution of the dispute, they agree to submit the dispute to mediation using a mediator who is mutually acceptable, and to bear equally the costs of the mediation.

(c) The parties agree to participate in good faith in the mediation process related to their dispute for a period of thirty (30) days from the commencement of mediation. If the parties are not successful in resolving the dispute through mediation, then:

(1) the parties may agree to submit the matter to binding arbitration or a private adjudication; or

(2) either party may initiate litigation upon ten (10) days advance written notice to the other party.

11. WAIVER

Any waiver by either party of any term or condition of this Agreement or breach thereof, shall not operate as a waiver of any other term or condition or breach thereof, nor shall any failure to enforce a provision hereof operate as a waiver of such provision or of any other

provision hereof, nor constitute nor be deemed as a waiver or release of any party for anything arising out of, connected with or based upon this Agreement.

12. BINDING EFFECT / SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successors, assigns, purchasers and transferees, provided that Buyer executes an agreement agreeing to assume Owner's rights and obligations hereunder as of the closing date of any sale, and Chevron is provided written notice of such assignment and assumption. Any such assignee shall have the independent right to enforce the relevant terms of this Agreement directly against Chevron and/or its successors, assigns, purchasers and/or transferees without the participation or cooperation of any of the others.

13. COUNTERPARTS

This Agreement may be executed in counterparts, all of which together shall constitute one and the same agreement.

14. INTEGRATION

This document represents the entire agreement between the parties. No modification of the terms hereof shall be effective unless in writing and duly executed by the authorized representatives of the respective parties.

15. MUTUALLY DRAFTED AGREEMENT

This Agreement has been negotiated at arm's-length and between parties represented by counsel. Accordingly, any rule or law (including California Civil Code §1635 et seq.) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted the applicable provision is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose of the parties and this Agreement.

16. NO ADMISSION OF LIABILITY

The parties acknowledge and agree that neither this Agreement, the act of entering into it, or any act or omission pursuant hereto shall be construed as an admission of any nature.

17. CAPTIONS

The captions and headings used throughout this Agreement are for convenience or reference only, and the words contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or aid in the interpretation, consideration or meaning of any provisions or the scope or the intent of this Agreement.

18. SEVERABILITY

If any part, clause or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated; provided, however, in no event shall either party be deprived of a material consideration by operation of this provision.

19. RELATIONSHIP OF PARTIES

Chevron shall not for any reason, in the performance of the Work required by the terms of this Agreement, be considered to have a fiduciary relationship with Owner. The parties agree that nothing contained herein shall constitute any party the agent or legal representative of any other for any purpose whatsoever, nor shall this Agreement be deemed to create any form of business organization between the parties hereto, nor is any party granted any right or authority to assume or create any obligation or responsibility on behalf of any other party, nor shall any party be in any way liable for any debt of any other, except as provided herein.

20. WARRANTY OF AUTHORIZED SIGNATORIES

Owner warrants and represents that Owner owns the Property and has authority to enter into this Agreement. Each of the signatories hereto warrants and represents that he or she is competent and authorized to enter into this Agreement on behalf of the party for whom he or she purports to sign.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and effective as of the last date set forth below ("*Effective Date*").

CHEVRON:

Dated: 11/01/08, 2008

CHEVRON U.S.A. INC.,

a Pennsylvania corporation

By: Maureen McGinnis

Name: Maureen M. McGinnis

Its: Assistant Secretary

OWNER:

Dated: 11-7, 2008

CRESTFIELD HOLDINGS, INC.,

a California corporation

By: Janko Roike

Name: Janko Roike

Its: President