

## LEASE OPTION AGREEMENT

This LEASE OPTION AGREEMENT ("Agreement"), dated this 21 day of May, 2024 (the "Effective Date"), is entered into by and between the COUNTY OF VENTURA ("County"), and Karls LLC., a California Limited Liability Company ("Developer"). County and Developer may be referred to collectively as the "Parties" or individually as a "Party."

1. Subject of Agreement. County and Developer desire to enter into this Agreement for the potential development of the real property owned by County located in the Channel Islands Harbor. Pursuant to this Agreement, Developer will undertake to satisfy predevelopment conditions for development in accordance with a "Scope of Development" as follows: removal of an existing structure, construction and rehabilitation of a multi-use center containing approximately 25,000 square feet of rentable retail space, park and playground space, an approximately 30 room hotel and multiple children's attractions (collectively, "Improvements"), pursuant to plans to be prepared by Developer and reviewed, approved accepted by County (the "Project"). County and Developer acknowledge and agree that the Project may change based upon governmental approvals and entitlements. In the event that all predevelopment conditions of this Agreement have been fully satisfied by Developer, as determined by County, construction and subsequent operation of the Improvements will be implemented after recordation of a memorandum of lease ("Memorandum of Lease") to be recorded in the Official Records of Ventura County.

The lease agreement ("Lease") described and noticed in said Memorandum of Lease shall contain the terms and conditions set forth in Exhibit "1" to this Agreement, attached hereto and incorporated herein by this reference, which shall be executed by the Parties upon County's determination that Developer has satisfied all predevelopment conditions. The location and legal description of the future leased premises ("Leased Premises") will be set forth in Exhibit "A" to the Lease ("Leased Premises Map") and Exhibit "B" to the Lease ("Legal Description") which exhibits shall be prepared and attached to the Lease by County at the time the Lease is executed. The Lease shall not be effective for any purpose until recordation of the above-described

Memorandum of Lease, and Developer shall have no right of possession with regard to the Leased Premises until such Memorandum of Lease is recorded.

- A. This Agreement shall be effective for a term of one year from the Effective Date set forth above, at which time this Agreement shall, subject to 1B below, at the option of County, terminate without further notice.
- B. However, if (i) Developer has complied, and is then diligently undertaking efforts to comply, with the Schedule of Performance in the attached Exhibit "1" and its other obligations under this Agreement, and (ii) prior to the expiration of the term then in effect, Developer so elects by written notice to County, this Agreement shall be jointly extended by the Parties for up to two additional one-year terms by Developer's timely payment of the applicable Development Fee defined and set forth below in Article 7(D);
- C. Notwithstanding the above, in no event shall the term of this Agreement extend beyond three years, nor shall the initial year term, or the term of any extension, be effective unless prior to such extension County shall have received the Development Fee for such term or term extension.

2. Prohibition Against Change in Ownership, Management and Control of Developer.

Developer represents and agrees that its long-term leasing of the Leased Premises, and its other undertakings pursuant to this Agreement, are and will be used for the purpose of developing the Leased Premises with the Improvements and for the operation of such Leased Premises as improved, and not for the purposes of any sale, assignment or speculation in landholding prior to completing the construction of the Improvements. Developer acknowledges that the qualifications and identity of Developer and of the Developer's partners and affiliates are of particular concern to County; that it is because of such represented intentions and the qualifications and identity of Developer and its affiliates that County is entering into this Agreement with Developer; and that the rights and obligations of Developer under this Agreement are personal to Developer and cannot be assigned or delegated by Developer. Developer agrees that a change in Developer's management, control or ownership (exceeding a cumulative change of 25% or more) would, for all practical purposes, constitute a transfer or disposition of rights of Developer and, therefore, the

Parties agree that no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement unless County gives its prior written approval. Developer therefore agrees that it shall not assign or attempt to assign this Agreement or any right herein, nor make any total or partial sale, transfer, conveyance or assignment of its interest in the whole or any part of this Agreement without the prior written approval of County's Board of Supervisors (the "Board"). County acknowledges that Developer may seek to form a Single Purpose Entity ("SPE") to own and undertake the development of the Leased Premises, but Developer will be the Controlling Owner of such SPE, and County's review and approval shall be required, not to be unreasonably withheld, to assign this Lease Option Agreement to said SPE.

3. County Acting in Its Proprietary Capacity. Although County is a governmental agency and subdivision of the State of California having regulatory powers, the Parties agree and acknowledge that negotiation and execution of this Agreement and the Lease, as contemplated by this Agreement, is undertaken by County in its proprietary capacity and not in its regulatory capacity. Developer understands, acknowledges and agrees that County retains all of its regulatory powers over the Leased Premises, and that the development contemplated hereby is subject to all applicable laws and regulations of County and other governmental agencies having jurisdiction thereof, which agencies may also include, but are not limited to, the California Coastal Commission. Developer acknowledges that the current land use entitlements applicable to the Leased Premises may not authorize the development of the Improvements contemplated under this Agreement, and that Developer therefore will have to apply for other land use entitlements and demolition, grading, building and other permits ("building permits") without any assurance from County that such will be granted or issued. Developer agrees to comply with all applicable laws and ordinances in order to implement the development of the Improvements, including application for all required land use entitlements and building permits. Nothing in this Agreement constitutes a promise or assurance by County that such land use entitlements will be granted or building permits issued, nor is the County obligated to obtain the agreement or assurance from any other governmental agencies that such agencies will do so, nor is the Board obligated to amend any of its own laws or regulations regarding land use entitlements or building permits, or grant a variance, a conditional use permit or any building permits.

4. Intentionally Deleted.

5. Developer's Plans. Developer agrees that it shall prepare and submit to Director or such other official of the County as the County may direct, plans ("Developer's Plans") to be prepared by Developer and submitted in a timely manner for the development and improvement of the Leased Premises by Developer in accordance with, within the limitations of, and for the sole uses established by this Agreement and the Lease, including in the Scope of Development, as described in Article 1 of the Agreement, and the Schedule of Performance in the attached Exhibit "1," and that Developer's Plans are subject to Director's review, comment and approval for general conformance to plans submitted by Developer and approved by Director prior to execution of this Agreement. After execution of this Agreement, Developer shall first prepare and submit to Director an overall plan for the Project, showing the layout and location of how and where the Project will be developed, including such matters as schematic plans, building locations, access roads, parking facilities, public access, proposed view corridors, open spaces, administrative offices and other facilities. All agreements by Developer or any of its affiliates with third parties for the preparation of Developer's Plans shall provide and ensure that County has the right to and shall actually receive copies of all such Developer's Plans. The process for preparation, submission and approval of Developer's Plans for the Project are as follows:

- A. Developer's Plans shall be submitted in the following order: 1. concept drawings; 2. schematic plans; 3. design development plans; and 4. construction drawings, all of which shall be consistent with and meet the requirements of County's "Design Criteria and Specifications for Construction and Maintenance by Developer" ("Design Criteria"), a copy of which has been delivered to Developer. Each of the Developer's Plans shall be submitted only after the previous submission has been approved by Director.
- B. Director shall, in a writing to be delivered to Developer, approve or disapprove Developer's Plans. Developer and Director shall initial and date each page of the drawings and documents so approved, except for such changes that may be mutually agreed upon between the Developer and Director. Any such changes shall be reduced to a written document and be within the limitations of the Scope of

Development for the Project. Any disapproval of plans by the Director shall be stated in a writing delivered to the Developer along with the reasons for disapproval, and Developer shall rework and resubmit all plans so disapproved for further review and approval as soon as reasonably practicable. Notwithstanding anything to the contrary herein, to the extent any portion of any subsequent submission of plans to the Director conforms to that portion of the previously approved set of plans, the portion of said subsequent submission previously approved by Director shall be deemed approved with no further right of approval by the Director unless the Project has materially changed, including due to changes made by Developer or required by the California Coastal Commission or any other government agency or official, department or bureau having jurisdiction, and said changes require changes to those portion of Approved Plans previously approved.

- C. When the construction drawings have been approved by Director, the construction drawings and all of Developer's Plans previously approved by Director shall together constitute the "Approved Plans" referenced in this Agreement and in the Lease. Notwithstanding anything to the contrary herein, if a conflict exists between the approved construction drawings and any iteration of Developer's Plans previously approved by Director, the construction drawings as approved shall prevail. All construction drawings must be in compliance with any requirements imposed by the California Coastal Commission or other regulatory agencies.
- D. During the preparation of all Developer's Plans, Director and Developer shall hold regular progress meetings to coordinate the preparation of, submission to, and review of construction plans and related documents. If any revision or corrections of Developer's Plans approved by Director shall be required by the County, the California Coastal Commission or any other government agency or official, department or bureau having jurisdiction, or any lending institution involved in financing the Leased Premises, the Developer and Director shall cooperate in efforts to obtain a mutually acceptable alternative; provided that nothing contained herein shall obligate Director or Developer to agree to any such alternative.

E. Developer to Obtain Permits; Financing; Perform Work; Provide Plans, etc.:

Developer agrees, in accordance with the Schedule of Performance in the attached Exhibit "1" and at its own expense without cost or expense to County:

- a. To apply for, diligently pursue and work cooperatively with County to pursue the granting of such other land use entitlements and approvals from any other agencies (such as, zoning changes, conditional use permits, variances) and all approvals from the California Coastal Commission, including any applications to the City of Oxnard in the case of a required amendment to the City's certified Local Coastal Plan, as required to allow the development of the Improvements that constitute the Project. Developer further agrees to reimburse County for any costs incurred by County for environmental, traffic, or other studies that may be required to obtain such entitlements and approvals. Prior to the Developer's filing of any application with such agencies, Developer shall first deliver a copy thereof to Director for Director's signature and approval, together with an extra copy for retention by Director. Developer shall reimburse County for such cost or expense within 30 days after written demand by County specifying the cost or expense for which the demand is made.
- b. To prepare and complete construction drawings to comply with the applicable building and safety codes, to apply for and diligently pursue the issuance of the necessary building permits based on such construction drawings, and to deliver copies of such applications to Director;
- c. To prepare a budget ("Budget") for the cost of development and construction of the Improvements for the Project and to obtain sources of financing to pay for the costs of development and construction of the Improvements within the Budget, including loans, equity contributions and other sources, and to deliver the Budget and evidence of such financing to Director for review and approval. Evidence of such financing ("Evidence of Financing") shall include:

- i. A copy of all final construction and permanent loan documents (e.g., notes, trust deeds, indentures, loan agreements and other security instruments, the "Loan Documents") which are to be in effect concurrently with the effective date of the Lease to assure closing of the loan no later than the "Closing" defined in Article 15 below and that at the Closing loan funds shall be available for use to pay for the completion of the Improvements in accordance with the Budget with the equity to be provided by Developer; and
  - ii. Proof of acceptance of each loan commitment, if any, by Developer and proof of payment of all loan commitment fees then due and which are required to fund the financing commitments; and
  - iii. Evidence satisfactory to Director of sources of capital sufficiently liquid to demonstrate that Developer has adequate funds to cover the difference, if any, between the development cost minus financing authorized by mortgage loans, and that such equity funds will be available and committed to the Project at the Closing; and
  - iv. A copy of the contract between Developer and the general contractor for the development of the Leased Premises, certified by Developer to be a true and complete copy thereof; and
  - v. Any other agreements, instruments or documents necessary to enable Developer to commence and thereafter diligently complete the separate construction and operation of the Project as applicable.
- d. Board Approval. Notwithstanding the foregoing, in the event that any of the schematic plans, design development plans or construction drawings deviate from the Approved Plans to the extent that the County is therefore required to amend the Public Works Plan, then such amendment shall be subject to review and approval by the Board, and the time periods set forth above for approval by Director of the schematic plans, design development plans or construction drawings, as applicable, shall be extended as

necessary in order to obtain such approval. Such extension shall be issued in writing by Director.

6. County Conditions. The delivery of the leasehold for the Lease and recordation of the Memorandum of Lease by County are contingent upon the full and complete satisfaction of each and every one of the conditions set forth below, which are to be satisfied by Developer at its sole expense and at no cost or expense to County. To the extent that County incurs any cost or expense that Developer is obligated to incur (for example, and without limitation, the costs of complying with the California Environmental Quality Act (CEQA) or the equivalent Certified Regulatory Program as administered by the California Coastal Commission), Developer shall reimburse County for such cost or expense within 30 days after written demand by County specifying the cost or expense for which the demand is made. Developer covenants to exercise its reasonable commercial efforts to satisfy the following conditions in a timely manner in accordance with the Schedule of Performance in the attached Exhibit "1." Each of these conditions ("County Conditions") must be satisfied fully or waived in writing by Director, with such satisfaction not to be unreasonably withheld. The County Conditions are:

- A. Developer shall have obtained Director's written approval of all required Developer's Plans in accordance with and as provided in this Agreement.
- B. Developer shall have caused the preparation of any and all studies and reports to comply with the requirements of CEQA, including pursuant to the Certified Regulatory Program of the California Coastal Commission, to implement the Approved Plans for the Project, which shall be subject to the certification of County.
- C. Developer shall have obtained all required land use entitlements, approvals and consents and the building permits for the construction and completion of the Improvements. With respect to the entitlements and approvals, the time period for any appeal and challenge of such entitlements and approvals shall have lapsed without appeal or challenge; or in the event of such appeal or challenge, that Developer has either prevailed or settled to its and the County's satisfaction, unless specifically waived by the Director.



- D. Developer shall have paid a "Development Fee" to County as follows:
- (i) \$15,000 due and payable concurrently with the execution of this Agreement;
  - (ii) \$20,000 due and payable on the first anniversary of the Effective Date; if applicable; and
  - (iii) \$30,000 to be paid on the second anniversary of the Effective Date if the term of this Agreement is to be extended for an additional year at that time.
- E. Developer shall have obtained the financing and contracts pursuant to the Evidence of Financing approved by Director, including equity contributions and construction loans, in such form to assure Director that such financing shall be available and committed to pay for such construction upon recordation of the Memorandum of Lease;
- F. If Developer requires a title insurance policy, Developer shall arrange to have its leasehold title insured under its own title policy including such reasonable endorsements, as may be requested by Developer and its lender, that is, its "Approved Mortgagee" (as defined in the Lease).
- G. Developer shall have, delivered to the title company, either (i) the required Loan Documents for recordation in favor of Developer's Approved Mortgagee, who shall act as the construction lender, or (ii) provided assurance that such recordable Loan Documents are ready for recording immediately following recordation of the Memorandum of Lease. Developer shall have procured the insurance policies or certificates thereof as required by the Lease and delivered evidence of such procurement to Director.
- H. Developer certifies in writing to the satisfaction of Director that (i) Developer is ready, willing and able, without further condition or other resource not already obtained by Developer, to commence construction of the Improvements pursuant to the Approved Plans and (ii) that upon recordation of the Memorandum of Lease, Developer will commence construction of such Improvements and will diligently pursue the completion of such construction.

- I. Developer delivers such guarantees from Developer affiliates (Completion Guarantees and/or guarantees of lease obligations) as may be required under the County's Lease or by the Lender.
  - J. Developer and Director shall have jointly or concurrently certified in writing to the Board that the County Conditions and any conditions of the Developer (except for recordation of the respective Memorandum of Lease, concurrent delivery of the Lease, recordation of the respective Loan Documents and the issuance of the title insurance policies) have been satisfied (if such be the case), and the Board shall have thereafter authorized Director to execute and deliver such instruments as may be necessary for the Closing.
7. Developer's Conditions. Developer shall not have the obligation to agree to the Closing or to accept the conveyance of the leasehold for the Lease if the County Conditions have not been satisfied; provided that nothing contained herein shall relieve Developer from the obligation to exert its reasonable commercial efforts to satisfy each and every one of the County Conditions.
8. Developer's Exercise of Option. Once the final entitlements and approvals have been obtained, Developer may exercise its option under this Lease Option Agreement to proceed forward with entering into the Lease by written notice to County, all subject to the other provisions and conditions of this Agreement being fulfilled. If Developer fails to exercise its option, it shall not be obligated to enter into the Lease.
9. Conveyance of the Leasehold and Delivery of Possession. County and Developer agree to use all reasonable efforts to perform or cooperate with all acts and satisfy all conditions they are respectively required to perform or satisfy, and which are reasonably necessary for conveyance of leasehold in the form of the Lease and recordation of the Memorandum of Lease in sufficient time for such leasehold to be conveyed in accordance with the Schedule of Performance in the attached Exhibit "1." The Lease shall be effective only upon recordation of the Memorandum of Lease at the Closing.
10. Developer's Due Diligence; Condition of the Leased Premises. Developer represents that it is familiar and fully informed as to the physical condition of the Leased Premises and the

improvements located thereon, has made (or will make) its own investigations, inspections, testing and evaluations of the soils, engineering problems, hazardous substances and other site conditions ("Soils Conditions") as it deems appropriate, and has (or will have) determined that the estimated costs of remediation, if any, of the Soils Conditions discovered on the Leased Premises by Developer have not caused or will not cause Developer to disapprove the Soils Conditions or to elect not to proceed with the agreed development and operation of the Leased Premises under the Lease. Developer agrees to rely upon the results of such tasks and its own evaluation of its due diligence without any warranty or representation by County.

A. As set forth more fully in the Lease, the Leased Premises shall be conveyed in an "as is" physical condition (including the improvements in place thereon) with no warranty or liability, express or implied on the part of the County as to the condition of the buildings, the condition of the soil or the geology of the soil. County shall have no obligation with respect to any toxic, hazardous or contaminated materials to be found on the Leased Premises, and Developer shall assume all obligations with respect to the Soil Conditions from and after the effective date of the Lease. Developer acknowledges and agrees that the improvements in place on the Leased Premises have no value for County in regard to the intended development, and that Developer may remove and demolish any improvements at its sole cost and as required to implement the Approved Plans, but not until after commencement of the Lease. Developer shall inform County immediately if any toxic, hazardous or contaminated materials are found on the Leased Premises and the Lessee's plans to remove or remediate such material.

B. Except as otherwise provided in the Lease, Developer hereby releases County, as of the effective date of this Agreement, from all demands, causes of action, liabilities, losses, damages, reimbursement for costs and/or expenses (including attorney's fees and court costs) or any other claims that Developer has or may have against County arising out of or in any way connected with the Soil Conditions, including but not limited to the existence of any hazardous and/or toxic substances, other kinds of soil or water contamination or pollutants of any kind, thereon or therein. Developer shall provide

County with copies of any reports Developer obtains concerning the Soils Conditions prior to Closing.

11. Condition of Title. Except as provided in the Lease, Developer agrees that it is not relying on and releases County from any warranty or representation made at any time by County or its officers, directors, agents and employees, as to the condition of title to the Leased Premises, except that County represents that it is the owner of a fee simple interest in the real property underlying the Leased Premises. Conditions of any existent or future Land Use Entitlements or regulations shall not be deemed encumbrances. In the event any new encumbrances on title ("New County Encumbrances") are discovered by title company or Developer during its review of the condition of title for the Leased Premises, County shall, upon written request of Developer, cooperate with Developer to cause such New County Encumbrances to be removed or released, provided that such undertaking does not require County to incur any payment, cost, institution of litigation or other expenses in so doing. In no event shall County be deemed to be in default under this Agreement if such New County Encumbrances are not released or removed. Developer shall obtain such title reports and inspections of the public records as Developer deems appropriate; the condition of title, if Developer does not disapprove any exceptions discovered thereby, or encumbrances on such title that are otherwise discovered by Developer, shall be subject to all such exceptions and encumbrances throughout the term of this Agreement and, if still in place, during the term of the Lease. Developer agrees that any claim it may have regarding the condition of title to the Leased Premises shall not be asserted against County and shall be asserted, if at all, under any title insurance policy it may procure, in which policy Developer shall require the title company to waive any rights of subrogation the Title Company may otherwise have had against County. In no event shall the County's title to the Leased Premises be subordinated to any obligation or undertaking of Developer, nor shall County be obligated to pledge or hypothecate any interest it has or may have in this Agreement or in the Lease.

- A. If at any time Developer determines in good faith that one or more of the County Conditions will not be fulfilled within the time allowed, or if it objects to any New County Encumbrances, Developer shall give written notice thereof to Director, and unless Director

shall in writing extend the time for the satisfaction of the County Conditions, either Director or Developer shall have the right to terminate this Agreement by delivery of written notice of such election to the other.

- B. Developer shall periodically, and when requested to do so, verbally communicate with Director as to the status of Developer's progress in fulfilling the County Conditions and, upon written request from Director, Developer shall provide written reports to Director as to the status of its progress in fulfilling the County Conditions and supply written evidence of such progress (e.g., applications, correspondence, status reports, etc.). Prior to submission by Developer of the Budget, the final Plans and Specifications, Evidence of Financing, or any other documentation required by and under the terms of this Agreement, Developer shall submit preliminary documentation to prepare County for its review and approval of such final submissions.

12. No Security Financing Prior to Conveyance. As discussed and agreed to in Article 3 hereinabove, Developer shall not encumber, assign or attempt to assign its interest in this Agreement, and shall not attempt to or actually encumber, assign or attempt to assign the Leased Premises or any interest of County in or to the Leased Premises, or the prospective interests of County or Developer in or to the Lease, prior to recordation of the Memorandum of Lease. Upon recordation of the Memorandum of Lease, Developer may encumber its leasehold interest in the Lease to secure financing for its costs of development of the Improvements in accordance with the Budget, and the rights and obligations of holders of such Loan Documents shall be in accordance with the terms of the Lease. Developer shall not enter into any agreement for financing the construction of the Improvements unless (a) the proceeds of such financing are to be applied solely to pay, or reimburse Developer, for the development and construction costs of the Improvements as are to be constructed, (b) the Loan Documents shall not be effective to encumber the Leased Premises unless approved by Director as consistent with this Agreement and the Lease, and (c) the Loan Documents are to be effective only upon recordation of the Memorandum of Lease.

13. County Obligation to Maintain the Leased Premises. During the term of this Agreement, County shall not lease or otherwise encumber the Leased Premises in a manner that would extend for a term beyond month to month without Developer's approval. Under this

Agreement, Developer shall have no right to possession or use of the Leased Premises at any time prior to recordation of the Memorandum of Lease and shall have no obligation to pay any property or other tax related thereto including any possessory interest tax. Developer shall, pursuant to license agreements and any permits that may be issued by County from time to time, be entitled to rights of entry (without possession) for the purpose of conducting studies, soil tests, geological investigations and other similar predevelopment activities related to Developer's preparation of its plans for development under the terms of this Agreement. County shall not be obligated to insure, repair or replace any damages to the current improvements for any reason whatsoever, including but not limited to for the purpose of insuring the improvements for the benefit of Developer, nor shall County be obligated to name or include Developer as an additional insured or loss payee; and if County has or does insure the current improvements, Developer shall not have any right to the insurance proceeds or benefits therefrom. County may deliver the current improvements to Developer in whatever condition as they may be, including as damaged. County shall not be obligated to construct or further improve the Leased Premises or restore the improvements due to any damages to the improvements thereon; however, County shall not create or develop any improvements that interfere with or prevent the development of the Improvements by Developer during the term of this Agreement. County shall not be obligated to remove or demolish any improvements or otherwise prepare the premises for Developer and Developer shall be obligated, at its own cost, to demolish any improvements on the premises and to otherwise prepare the Leased Premises and soil for development prior to or upon execution of the Lease. Any furniture, fixtures or equipment, along with the current improvements, remaining on the premises after termination of any prior lease shall be and remain the property of County which property the County may remove or leave on the premises without any obligation to Developer and may require Developer to remove upon execution of the Lease. Upon execution of the Lease, County shall notify Developer if it elects to remove any such property or release it and leave it on the Leased Premises. If the County elects to release it and leave it on the Leased Premises, Developer shall have all rights to all such property and may sell, dispose, or retain it in its sole discretion. County's notice to Developer regarding said property shall be given such as to not delay Developer in its Schedule of Performance in the attached Exhibit "1" or construction schedule.

14. Closing. Subject to the terms and conditions of this Agreement, and at such time as the County Conditions and the Developer Conditions have been fully satisfied, Developer and County agree to cause, through and by means of escrow instructions mutually satisfactory to Director and Developer, delivery of a fully executed original of the Memorandum of Lease for the Lease to the Title Company with instructions to the Title Company to record all documents needed to further the construction of the Improvements pursuant to Approved Plans and Lease, to deliver any and all of its title insurances policies pursuant to this Agreement, to record the Memorandum of Lease in the official records of the Ventura County Recorder before recordation of the Loan Documents to secure financing the Leased Premises, and to provide for the payment (or deposits) of all funds as may be required. Recordation of the Memorandum of Lease in accordance with the terms and conditions of this Agreement shall be deemed the last Closing event. County and Developer shall provide all additional instructions to Title Company as may be requested, appropriate and necessary, as long as such are consistent with this Agreement and the Lease.

- A. Developer shall pay all the fees, charges and costs of the Title Company, including those required to implement the Closing, and shall hold County harmless from all such fees, charges and costs, including, without limitation, the fee and costs for receiving and causing recordation of the Memorandum of Lease, the premiums for any title insurance policies required by Developer or its construction lender, and the Documentary Transfer Tax, if any.
- B. Concurrently with delivery of an executed original of the Memorandum of Lease to the Title Company for recordation, County and Developer shall jointly and properly execute escrow instructions and execute and deposit with the Title Company (a) three additional duplicate Memorandum of Leases instruments, two of which are to be delivered to Director and one to Developer (the recorded, original Memorandum of Lease shall be returned to County after recording); (b) four duplicate original copies of the Lease, two of which are to be delivered by the Title Company to Developer and two of which shall be delivered by the Title Company to Director; (c) and all insurance policies or certificates thereof required by the Lease which shall be delivered by the Title Company to County. The documents and instruments so delivered shall be deemed conditionally delivered, to become

unconditionally effective and in force and effect upon the last Closing event. Neither of the Memorandum of Lease nor the Lease as conditionally delivered shall be recorded by either Party. Upon recordation of the original Memorandum of Lease by the Title Company, the documents and instruments so delivered shall without further notice or action be deemed unconditionally delivered and in full force and effect.

Promptly upon Closing and in accordance with the Schedule of Performance in the attached Exhibit "1" for the Lease, Developer shall begin and thereafter diligently prosecute to completion the construction of the Improvements and the development of the Leased Premises.

15. If Director fails to deliver any approvals or notices as required under this Agreement to Developer within 15 business days after receipt by Director of any submission, Lessee shall deliver a notice to Director stating that if the Director does not deliver his/her approval or disapproval within 10 days after delivery of such notice to Director of Director's failure to approve or disapprove, the submission shall be deemed approved. If Director fails to deliver a written disapproval of such submission at the end of the 10<sup>th</sup> day after such 10-day notice, the submission shall be deemed approved.

16. Parties' Mailing Addresses.

- A. County: Ventura County Harbor Department, 3900 Pelican Way, Oxnard, California 93035, Attn: Director. All notices and submissions by Developer for County's review or approval shall be addressed to Director at the address set forth above.
- B. Developer: Karls LLC Attn: Robert Dahl, 1401 21<sup>st</sup> St., Suite R, Sacramento, CA 95811-5226

17. Notices, Demands and Communications Between the Parties. All notices, requests, demands and other communications (collectively, "Notice(s)") hereunder shall be in writing and given by (i) established express delivery service which maintains delivery records, (ii) hand delivery, or (iii) certified or registered mail, postage prepaid, return receipt requested, to the Parties at the addresses noted in Section 16 above, or at such other address as the Parties may designate by Notice delivered in the above-stated manner. A copy of any Notice to Director shall delivered to Office of the County Counsel, 800 South Victoria Avenue, L#1830, Ventura,



California 93009-0001. Notices may also be given by e-mail or fax, provided the Notice is concurrently given by one of the above-stated methods. Notices are effective upon receipt, or upon attempted delivery if delivery is refused or impossible because of the intended recipient's failure to provide a reasonable means for accomplishing delivery.

18. No Liability of County Officials and Employees. At all times hereunder, Director shall be acting as an official of County and on its behalf. Neither Director, nor any member of the Board, nor any other member, official, agent, or employee of County shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by County or for any amount which may become due to Developer or successor, or on any obligation under the terms of this Agreement, and Developer agrees not to institute or prosecute any lawsuit, action, litigation or other proceeding which alleges or seeks to prove to the contrary.

19. Incorporation of Exhibits. All exhibits referenced in this Agreement or as attachments or exhibits to the form of the Lease, or otherwise attached to this Agreement, are hereby incorporated in this Agreement as though fully set forth herein.

20. No Third Party Beneficiaries. The Parties agree that there are not to be any third-party beneficiaries under this Agreement. The benefits accruing under this Agreement are for the benefit of County and Developer only, and nothing contained herein is intended to confer, nor shall this Agreement be construed to confer, any benefits, rights or privileges upon any other person or party.

21. Entire Agreement, Waivers and Amendments. This Agreement constitutes the entire understanding and agreement of the Parties and integrates all of the terms and conditions mentioned herein or incidental hereto, and it supersedes all negotiations or previous agreements and communications, whether written or oral, between the Parties with respect to all or any part of the subject matter hereof. Any and all waivers of the provisions of this Agreement, or any of them, must be in a writing signed by the authorized representative of the waiving Party, and all amendments hereto must be in one or more writings signed by the authorized representatives of County and Developer. Upon the effectiveness of the Lease, this Agreement shall lapse, terminate and be of no further force or effect.

IN WITNESS WHEREOF, County and Developer have duly executed this Agreement on the Effective Date set forth above.

COUNTY OF VENTURA, a political subdivision  
of the State of California.

County of Ventura:

By: Michael Tripp  
Michael Tripp  
Title: Harbor Director

Developer:

Karls LLC

By: Robert Dahl  
Robert Dahl  
Its: Managing Member

**Exhibit 1  
Lease Option Agreement  
Schedule of Performance**

Share Concept Drawings with Public	Completed within 45 days after Effective Date
Schematic plans submitted to Director	Within 135 days after Effective Date
Design development plans submitted to Director	Within 60 days after Director's approval of schematic plans
Prepare legal description for County review	Within 60 days after Director's approval of design development plans
Construction drawings submitted to Director	Within 120 days after approval of the last to occur of a Public Works Plan Amendment by California Coastal Commission, all governmental entitlements and approvals, and the time period for appeal and/or challenge thereof has lapsed without appeal or challenge or alternatively Developer has prevailed or settled to its satisfaction.
Apply for building permits	Within 60 days after Director's approval of construction drawings