

CALIFORNIA COASTAL COMMISSION

South Coast Area Office
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**RECORD PACKET COPY****TU 10****STAFF REPORT: DEVELOPMENT AGREEMENT**

DATE: December 11, 2001

TO: Commissioners and Interested Persons

FROM: Deborah Lee, Deputy Director
Teresa Henry, South Coast Area Office District Manager
Al Padilla, Coastal Program Analyst

SUBJECT: Public Hearing and Commission Action on a Development Agreement (#5-01-445) for the RAND Corporation located at 1700 Main Street, Santa Monica, County of Los Angeles (For Public Hearing and Commission Action at the January 7-11, 2002 Commission meeting in Los Angeles)

SUMMARY OF STAFF RECOMMENDATION:

Staff is recommending that the Commission APPROVE the development agreement as submitted. The proposed development agreement is in conformity with the Chapter 3 policies of the Coastal Act and with the Commission's action on CDP No. 5-01-196 and 5-01-209, approved in November 2001.

STAFF NOTE:

On November 13, 2001, the California Coastal Commission granted two permits for the site. The first permit was to the City of Santa Monica, Coastal Development Permit 5-01-209, for the demolition of a two and five story, 295,000 square foot institutional use building, and two vacant and former apartment buildings, and improvements for temporary parking for use by the RAND Corporation during construction. The second permit, Coastal Development Permit 5-01-196, was to the RAND Corporation, for development of a five-story, 69 foot high (as measured from centerline of frontage road), 320,409 gross square foot building for institutional use, over three levels of subterranean parking, providing 825 spaces; new public street (Vicente Terrace) connecting Main Street and Ocean Avenue; restriping of roadway lanes, and a public pedestrian walkway.

Although the development agreement purports to vest certain planning documents, those vested components pertain to local planning only and do not serve for local coastal planning (LCP) purposes under the Coastal Act, nor do they restrict what may or may not be approved under any subsequent coastal development permit. Thus, for any project that has not yet received Coastal Act authorization, the Development Agreement (DA) does not bind the Commission (or local agency with a certified LCP and delegated authority) from conducting a full analysis pursuant to the Coastal Act and any applicable LCP in assessing whether to approve such projects. Since the development agreement

imposes no restrictions on the applicable Coastal Act analysis and any projects proposed in the future will be assessed pursuant to the dictates of the Coastal Act; the DA is not inconsistent with the Coastal Act.

ADDITIONAL INFORMATION:

Questions concerning the subject development agreement should be directed to Al Padilla, South Coast District Office, California Coastal Commission, 200 Oceangate, Suite 1000, Long Beach, CA 90802. (562) 590-5071.

I. STAFF RECOMMENDATION, MOTION AND RESOLUTION OF APPROVAL OF FINDINGS

MOTION: *I move that the Commission approve Development Agreement 5-01-445, as submitted.*

STAFF RECOMMENDATION OF APPROVAL:

Staff recommends a YES vote on the motion. Passage of this motion will result in approval of the development agreement as submitted and adoption of the following resolution and findings. The motion passes only by affirmative vote of a majority of the Commissioners present.

APPROVAL OF DEVELOPMENT AGREEMENT

The Commission hereby **APPROVES** the development agreement on the grounds that the development, would be in conformity with the provisions of Chapter 3 of the California Coastal Act of 1976, including the public access and recreation policies of Chapter 3, would not prejudice the ability of the local government having jurisdiction over the area to prepare a Local Coastal Program conforming to the provisions of Chapter 3 of the Coastal Act, and would not have any significant adverse impacts on the environment within the meaning of the California Environmental Quality Act.

II. FINDINGS AND DECLARATIONS

The Commission hereby finds and declares:

A. Background and Content of Development Agreement

1. Contents of a Development Agreement

California Government Code Sections 65864-65869.5 authorizes any city, county, or city and county, to enter into a development agreement with any person having a legal or equitable interest in real property for the development of property owned by that entity. A development agreement specifies the permitted uses of the property, the density or intensity of use, the maximum height and size of proposed buildings, and provisions for reservation or dedication of land for public purposes. According to Government Code Section 65865.2, the development agreement "...may include conditions, terms, restrictions, and requirements for subsequent discretionary actions, provided that such conditions, terms, restrictions, and requirements for subsequent discretionary actions shall not prevent development of the land for the uses and to the density or intensity of development set forth in the agreement. The agreement may provide that construction shall be commenced within a specified time and that the project or any phase thereof be completed within a specified time. The agreement may also include terms and conditions relating to applicant financing of necessary public facilities and subsequent reimbursement over time." Government Code Section 65866 states further that, "...[u]nless otherwise provided by the development agreement, rules, regulations, and official policies governing permitted uses of the land, governing density, and governing design, improvement, and construction standards and specifications, applicable to development of the property subject to a development agreement, shall be those rules, regulations, and official policies in force at the time of execution of the agreement. A development agreement shall not prevent a city, county, or city and county, in subsequent actions applicable to the property, from applying new rules, regulations, and policies which do not conflict with those rules, regulations, and policies applicable to the property as set forth herein, nor shall a development agreement prevent a city, county, or city and county from denying or conditionally approving any subsequent development project application on the basis of such existing or new rules, regulations, and policies."

However, pursuant to Section 65869 "...[a] development agreement shall not be applicable to any development project located in an area for which a local coastal program is required to be prepared and certified pursuant to the requirements of Division 20 (commencing with Section 30000) of the Public Resources Code, unless: (1) the required local coastal program has been certified as required by such provisions prior to the date on which the development agreement is entered into, or (2) in the event that the required local coastal program has not been certified, the California Coastal Commission approves such development agreement by formal commission action." Since the City of Santa Monica does not have a certified local coastal program, any development agreement that pertains to property within the City's coastal zone must be approved by the Commission. Thus, RAND Corporation has submitted the subject development agreement (herein 'DA').

2. Location of Area to be Affected by Proposed Development Agreement

The subject DA pertains to approximately 3.7 acres. The proposed area is located on the west side of Main Street, north of the intersection of Main Street and Pico Boulevard, in

the City of Santa Monica (see Exhibit No. 1). The subject property is developed with a paved surface parking lot. The parking lot serves as part of the support parking for the RAND Corporation building on the adjoining 11.3 acre property.

RAND originally owned the entire 15 acre property, however, in April 2000, RAND sold 11.3 acres to the City of Santa Monica (Redevelopment Agency). The 11.3 acres contained the main RAND building and ancillary structures, totaling approximately 295,000 square feet, surface parking lots and two former apartment buildings. As part of an Owner's Participation Agreement between RAND and the City, RAND leased back from the City, the 11.3 acres to continue use of the existing facilities until the new RAND building is constructed.

3. Recently Approved Coastal Development Permits

On November 13, 2001, the Commission approved Coastal Development Permits 5-01-196(RAND) and 5-01-209(City of Santa Monica). Coastal Development Permit 5-01-196(RAND) was for the construction of a five-story, 69 foot high (as measured from centerline of frontage road), 320,409 gross square foot building for institutional use, over three levels of subterranean parking providing 825 spaces; new public street (Vicente Terrace) connecting Main Street and Ocean Avenue; restriping of roadway lanes, and a public pedestrian walkway, on a 3.7 acre parcel. The permit was approved with special conditions regarding: 1) submittal of a temporary parking plan; 2) participation in a parking, car pool and transit incentive program; 3) water quality mitigation; 4) archaeological resource recovery plan; and 5) notice to the applicant that the Development Agreement needs Commission approval to be effective in the Coastal Zone.

Coastal Development Permit 5-01-209(City of Santa Monica) was for the demolition of a two and five story, 295,000 square foot institutional use building, and two vacant and former apartment buildings on 11.3 acre site. Following the removal of the apartment buildings the apartment building sites will be improved as temporary parking for use by the RAND Corporation during the construction phase of the new RAND building. The permit was approved with special conditions regarding: 1) complying with the City's water quality standards for urban runoff; and 2) notice to the applicant that the Development Agreement needs Commission approval to be effective in the Coastal Zone.

B. Development

Section 30250 of the Coastal Act states in part that:

(a) New residential, commercial, or industrial development, except as otherwise provided in this division, shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and

where it will not have a significant adverse effects, either individually or cumulatively, on coastal resources.

Section 30251 of the Coastal Act states in part that:

The scenic and visual qualities of coastal areas shall be considered and protected as a resource of public importance. Permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, to minimize the alteration of natural landforms, to be visually compatible with the character surrounding areas, and, where feasible, to restore and enhance visual quality in visually degraded areas.

The proposed project site is presently the location of the existing RAND Corporation south paved parking lot. The site consists of approximately 3.7 acres. The general vicinity is developed with residential, hotels, office, and retail uses. Land uses immediately surrounding the area, include City Hall, a Los Angeles County Court facility, and the Santa Monica Civic Auditorium, all located east of Main Street. To the west of Main Street, land uses include RAND, Chez Jay restaurant, Ocean Lodge Motel, and several vacant parcels that are used as surface parking lots along Ocean Avenue. To the southwest is the Pacific Shores Hotel.

The DA contemplates the construction of a single building consisting of five floors and measuring approximately 72 feet in height (above average natural grade), with mechanical equipment extending an additional 17 feet, and phased demolition of the existing buildings.

Visual resource issues related to development of the site concern compatibility of the height of the building with the surrounding area and potential impacts to coastal views. The DA limits the building height to a maximum of 69 feet (street curb to building roof).

The height of the building is consistent with the surrounding area. Heights of existing surrounding development vary from approximately 30 feet to over 96 feet in height. Buildings within the Civic Center measure two and three stories, while the Civic Auditorium measures approximately 60 feet in height. The Pacific Shores Hotel, located to the southwest of the proposed site is eight stories and over 96 feet in height. Currently under construction directly to the east of the proposed site is a four story, 57 foot high, commercial office/retail building [5-90-928 (Maquire Thomas Partners)].

The proposed development will be located approximately two and a half blocks from the Santa Monica beach area. The project site is located east of a row of parcels located along the eastern side of Ocean Avenue. Some of these parcels are developed and others will be redeveloped with multiple story buildings. The west side of Ocean Avenue is developed with multi-story hotels, motels and other businesses.

The Commission has previously approved the development contemplated by the DA under CDP No. 5-01-196. The building height approved under CDP No. 5-01-196 is consistent with the height contemplated by the DA. Furthermore, the Commission found that due to the project's location and existing development between the project site and the ocean, the proposed building would not have any adverse impacts on public coastal views.

Although the DA purports to vest certain planning documents, those vested components pertain to local planning only and do not serve for local coastal planning (LCP) purposes under the Coastal Act, nor do they restrict what may or may not be approved under any subsequent coastal development permit. Thus, for any projects that have not yet received Coastal Act authorization, the DA does not bind the Commission (or local agency with a certified LCP and delegated authority) from conducting a full analysis pursuant to the Coastal Act and any applicable LCP in assessing whether to approve such projects. Since the DA imposes no restrictions on the applicable Coastal Act analysis, and any projects proposed in the future will be assessed pursuant to the dictates of the Coastal Act, the DA is not inconsistent with the Coastal Act. Accordingly, the DA would not in any way interfere with the Commission's ability to deny or modify any project to assure consistency with Sections 30250 and 30251 of the Coastal Act. Therefore, the Commission finds that the DA would not be inconsistent with Sections 30250 and 30251 of the Coastal Act.

C. Coastal Access

The Commission has consistently found that a direct relationship exists between the provision of adequate parking and the availability of public access to the coast. Section 30252 of the Coastal Act requires that new development should maintain and enhance public access to the coast by providing adequate parking facilities. Section 30252 of the Coastal Act states in part:

The location and amount of new development should maintain and enhance public access to the coast by . . . (4) providing adequate parking facilities or providing substitute means of serving the development with public transportation. . .

1. Parking

The development contemplated by the DA requires a minimum total of 825 parking spaces and allows up to a maximum of 1030 parking spaces. The maximum limit provides the applicant flexibility in increasing the parking, if required by the Coastal Commission.

In CDP No. 5-01-196 the applicant proposed 825 spaces and provided documentation to support the project's demand for only 825 spaces. According to a submitted parking analysis, the peak parking occupancy for the existing RAND building is approximately 729 spaces, or approximately 2.5 spaces per 1,000 square feet of floor area. In addition to the

study, the applicant had a parking consultant, Myer, Mohaddes Associates, Inc., conduct further research into the parking and trip generation characteristics of other institutional uses. The analysis included review of available parking and trip generation data from the Institute of Transportation Engineers (ITE) and other published sources, and contacts with other research and development (R&D) facilities comparable to RAND.

According to published transportation data, the peak parking demand rates for the R&D facilities range from 1.14 spaces per 1000 square feet to 2.07 spaces. These rates range from 26 to 53% less than those for commercial office use. Based on data from other similar R&Ds, including a benchmark study from Stanford Research Institute (SRI), which is considered similar to RAND, the parking provided ranged from 1.1 spaces per 1,000 square feet to 2.68 spaces per 1,000 square feet. These rates are also below the parking rates for commercial office use.

As stated above, the primary functions at RAND are institutional, including research and information dissemination. As such, the operations at RAND are not typical of a commercial office building. RAND employs a high number of personnel/consultants, that work at home, or work part time at the facility. Furthermore, based on a survey conducted for RAND's Emission Reduction Plan (ERP) for the City, it was shown that employees exhibit a high participation rate in ridesharing, transit usage, work at home, and non-motorized forms of commuting. In November 1999, a parking occupancy survey was conducted at RAND's parking lots. An analysis of the parking operations indicate an average demand of 681 spaces, with a weekday high of 695 spaces.

Based on this information, the Commission found, in approving CDP No. 5-01-196, that the 825 parking spaces proposed was adequate to support the demand. Therefore, the parking supply contemplated by the DA is consistent with CDP No. 5-01-196.

During construction, RAND will require interim parking due to the loss of the south surface parking lot where the new building is proposed. To ensure that the interim parking demand is adequately met, the Commission, required as a condition of CDP No. 5-01-196, that RAND provide adequate replacement parking during the construction period. The Commission approved temporary parking lots under CDP No. 5-01-209, to support the interim demand. The construction of the temporary parking spaces, and use by RAND, is contemplated by the DA.

2. Traffic

The traffic study for the project, indicates that there will be traffic impacts to nearby intersections, and identifies measures to mitigate the impacts. These measures include modifications to intersection striping to provide additional turn lanes. To further minimize traffic impacts to the surrounding streets, the project will provide two ingress and egress points. One will be from Main Street and the second will be from the new street: Vicente Terrace. The Main Street entrance will provide dual ingress lanes with adequate setback from the street to provide for on-site queuing of vehicles. Vicente Terrace, which will be

located along the southern portion of the project site, will be improved as a 25-foot wide roadway with landscaping and walkway, to provide through access from Main Street to Ocean Avenue. Vicente Terrace will provide the general public a new vehicular and pedestrian route from the Civic Center/Main Street area to Ocean Avenue. This also will help minimize traffic impacts to the nearby existing intersections.

All development of the site must be undertaken in a manner which is consistent with the requirements imposed by the Commission in its authorization of development under CDP No. 5-01-196 and 5-01-209, which maintains and enhances public access, as required by the Chapter 3 policies of the Coastal Act. Any impacts associated with any future project on the site would be identified and mitigated through the coastal development permit process.

3. Conclusion

All parking and traffic impacts associated with development contemplated by the DA were identified and mitigated by the Commission in CDP No. 5-01-196. The parking and traffic measures contemplated by the DA are similar with the Commission approved CDP No. 5-01-196. Although the DA purports to vest certain planning documents, those vested components pertain to local planning only and do not serve for local coastal planning (LCP) purposes under the Coastal Act, nor do they restrict what may or may not be approved under any subsequent coastal development permit. Thus, for any projects that has not yet received Coastal Act authorization, the DA does not bind the Commission (or local agency with a certified LCP and delegated authority) from conducting a full analysis pursuant to the Coastal Act and any applicable LCP in assessing whether to approve such projects. Since the DA imposes no restrictions on the applicable Coastal Act analysis, and any projects proposed in the future will be assessed pursuant to the dictates of the Coastal Act, the DA is not inconsistent with the Coastal Act. Accordingly, the DA would not in any way interfere with the Commission's ability to deny or modify any project to assure consistency with Sections 30252 of the Coastal Act. Therefore, the Commission finds that the DA would not be inconsistent with Sections 30252 of the Coastal Act.

D. Water Quality

Section 30231 of the Coastal Act states:

The biological productivity and the quality of coastal waters, streams, wetlands, estuaries, and lakes appropriate to maintain optimum populations of marine organisms and for the protection of human health shall be maintained and, where feasible, restored through, among other means, minimizing adverse effects of waste water discharges and entrainment, controlling runoff, preventing depletion of ground water supplies and substantial interference with surface water flow, encouraging waste water reclamation, maintaining natural vegetation buffer areas that protect riparian habitats, and minimizing alteration of natural streams.

The development contemplated in the DA poses a potential source of pollution due to contaminated runoff from the proposed construction activity, development of a parking lot and other hardscape. The City, to mitigate potential impacts from development, has adopted an Urban Runoff Ordinance. The ordinance requires projects to incorporate best management practices with extensive recommendations and measures to reduce or prevent contaminants from running off the site. The City requires all new development to achieve twenty- percent reduction of the projected runoff for the site and the use of oil and water separators or clarifiers to remove petroleum-based contaminants and other pollutants. Furthermore, the City has a new state-of-the-art stormwater treatment facility that treats all dry weather storm runoff. Runoff from all new development is directed to existing stormdrains, which direct stormwater to the treatment facility.

The contemplated DA requires that the applicant prepare a Stormwater Pollution Prevention Plan (SWPPP), and obtain a National Pollutant Discharge Elimination System permit (NPDES), if necessary, in compliance with the standards and requirements of the California Regional Water Quality Control Board (RWQB).

Coastal Development Permit No. 5-01-196 was approved with a special condition requiring that the development comply with all applicable City water quality standards, which require conformance with the RWQB requirements. The water quality requirements of the DA are consistent with CDP No. 5-01-196.

Although the DA purports to vest certain planning documents, those vested components pertain to local planning only and do not serve for local coastal planning (LCP) purposes under the Coastal Act, nor do they restrict what may or may not be approved under any subsequent coastal development permit. Thus, for any projects that has not yet received Coastal Act authorization, the DA does not bind the Commission (or local agency with a certified LCP and delegated authority) from conducting a full analysis pursuant to the Coastal Act and any applicable LCP in assessing whether to approve such projects. Since the DA imposes no restrictions on the applicable Coastal Act analysis, and any projects proposed in the future will be assessed pursuant to the dictates of the Coastal Act, the DA is not inconsistent with the Coastal Act. Accordingly, the DA would not in any way interfere with the Commission's ability to deny or modify any project to assure consistency with Sections 30231 of the Coastal Act. Therefore, the Commission finds that the DA would not be inconsistent with Section 30231 of the Coastal Act.

E. Cultural Resources

Section 30244 of the Coastal Act states:

Where development would adversely impact archaeological or paleontological resources as identified by the State Historic Preservation Officer reasonable mitigation measures shall be required.

The proposed site is currently developed and has been disturbed in the past. According to the EIR, archaeological records indicate the presence of two prehistoric sites within a one-mile radius of the Civic Center area. The EIR states that the potential for archaeological resources is small due to past development of the site, however, there is a remote possibility of a deeply buried site being uncovered during excavation.

The development contemplated in the DA includes deep excavations to construct the subterranean parking levels. In CDP No. 5-01-196, to address the potential of uncovering archaeological resources and to ensure consistency with Section 30244 of the Coastal Act, the Commission imposed a special condition to require the applicant to monitor all grading and construction activities and required appropriate recovery and mitigation measures, regarding excavation, reporting and curation.

Although the DA purports to vest certain planning documents, those vested components pertain to local planning only and do not serve for local coastal planning (LCP) purposes under the Coastal Act, nor do they restrict what may or may not be approved under any subsequent coastal development permit. Thus, for any projects that has not yet received Coastal Act authorization, the DA does not bind the Commission (or local agency with a certified LCP and delegated authority) from conducting a full analysis pursuant to the Coastal Act and any applicable LCP in assessing whether to approve such projects. Since the DA imposes no restrictions on the applicable Coastal Act analysis, and any projects proposed in the future will be assessed pursuant to the dictates of the Coastal Act, the DA is not inconsistent with the Coastal Act. Accordingly, the DA would not in any way interfere with the Commission's ability to deny or modify any project to assure consistency with Sections 30244 of the Coastal Act. Therefore, the consistent with Section 30244 of the Coastal Act.



EXHIBIT NO. 1

APPLICATION NO.

6-CI-446

Vicinity Map



California Coastal Commission

Location Map

Region
CALIFORNIA
COASTAL COMMISSION

COPY

DEVELOPMENT AGREEMENT

BY

CITY OF SANTA MONICA

AND

RAND CORPORATION

NOVEMBER 23, 2000

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EXHIBIT NO. 2

APPLICATION NO.

5-C1-445

Development Agreement



California Coastal Commission

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DEVELOPMENT AGREEMENT

This Development Agreement ("Agreement"), dated for reference purposes November 23, 2000, is entered into by and between RAND CORPORATION, a California non-profit corporation ("RAND"), and the CITY OF SANTA MONICA, a municipal corporation organized and existing pursuant to the laws of the State of California and the Charter of the City of Santa Monica ("City"), with reference to the following facts:

RECITALS

A. Pursuant to California Government Code Section 65864 et seq. and Chapter 9.48 of the Santa Monica Municipal Code (collectively, the "Development Agreement Statutes"), the City is authorized to enter into binding development agreements with persons or entities having legal or equitable interest in real property for the development of such real property.

B. RAND is the owner of approximately 3.7 acres of land located in the City of Santa Monica, State of California, as more particularly described in Exhibit "A-1" attached hereto and incorporated herein by this reference (the "Property").

C. RAND is a technology-driven, institutional office facility consisting of administrative, research, analysis, educational, philanthropic, charitable, and ancillary or accessory uses, which has been located in the City for fifty-two years. RAND is one of the largest employers in the City.

D. In or about April, 2000, RAND sold the parcel adjacent to the Property (the "Agency Parcel") to the Santa Monica Redevelopment Agency (the "Agency") pursuant to that certain Owner's Participation Agreement entered into on or about November 18, 1999 (the "OPA") and is currently leasing such parcel from the City under that certain Lease entered into on or about November 18, 1999 (the "Lease"). The Agency Parcel is more particularly described on Exhibit "A-2" attached hereto.

E. The City intends to redevelop the Civic Center District and as such the City Council adopted a Civic Center Specific Plan on or about November 23, 1993 (the "CCSP"). The CCSP permits RAND to replace its existing facilities on the Agency Parcel with up to 500,000 square feet of new facilities. To aid in the redevelopment of the Civic Center, the City and RAND desire to relocate RAND from the Agency Parcel and allow RAND to construct a new building to suit RAND's organizational and business needs on the Property.

F. An Application for a Development Agreement, pursuant to Santa Monica Municipal Code ("SMMC") Section 9.48.020, was filed by RAND with the City on

November 30, 1999 ("Development Application"). The Development Application is for the planned development of the Property ("Project"). The Project is more fully described in the Draft Environmental Impact Report dated June, 2000 (State Clearinghouse No. 1999122208) and Final Environmental Impact Report dated August, 2000 for the Project (collectively, the "EIR") and as set forth in this Agreement. The Development Application was designated by the City as Application No. DA 00-001.

G. Concurrently with its processing of the Development Application, the City has processed amendments to the CCSP (the "CCSP Amendment") pursuant to SMMC Section 9.04.20.18.080(c) to insure consistency between the CCSP and this Agreement ("CCSP Application").

H. RAND has paid all necessary costs and fees associated with the City's processing of the Development Application and this Agreement.

I. The overriding purpose of the Project is to provide RAND with new replacement office space on the Property. The parties desire to enter into this Agreement in conformance with the Development Agreement Statutes in order to achieve the development of the Project, defined below, on the Property. The parties likewise desire to provide a land use on the Property consistent with the CCSP and provide public services and urban infrastructure, all in the promotion of the health, safety, and general welfare of the residents of the City. The Project will be a vital part of the redevelopment of the Civic Center District and requires the assurances set forth in this Development Agreement with respect to the identification of specific development standards and requirements in order to accommodate the development of the Property.

J. The City Council has determined that a development agreement is appropriate for the proposed development of the Property. This Agreement shall (1) eliminate uncertainty in planning for, and securing orderly development of, the Project, (2) assure installation of necessary improvements, (3) provide for public infrastructure and services appropriate to development of the Project, (4) preserve substantial City discretion in reviewing subsequent development of the Property, and (5) otherwise achieve the goals and purposes for which the Development Agreement Statutes were enacted.

K. This Agreement is consistent with the public health, safety, and welfare needs of the residents of the City and the surrounding region. The City has specifically considered and approved the impact and benefits of the development of the Property in accordance with this Agreement upon the welfare of the region. The Project will provide a number of public benefits, including retaining one of the largest employers in the City, consolidating RAND's existing operations, constructing certain public street improvements to facilitate better traffic circulation, improving the aesthetics of the Property through the construction of a new, well-designed building and enhanced landscaping, and enlarging the range of childcare options of the community through financial and policy research contributions by RAND.

L. The City Council has found that the provisions of the Development Agreement are consistent with the relevant provisions of (1) City's General Plan, and (2) the CCSP, as amended.

M. On September 19, 2000, the City Council held a duly noticed public hearing on RAND's application for the Development Agreement (Planning Application No. 00-001) and certified the EIR, and on October 25, 2000, the City Council adopted Ordinance No. 1989 approving this Agreement.

NOW THEREFORE, in consideration for the covenants and conditions hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1

DEFINITIONS

Definitions. In this Agreement, unless the context otherwise requires:

1.1 "Agreement" means this Development Agreement entered into between the City and RAND as of the Effective Date.

1.2 "ARB" means the City's Architectural Review Board.

1.3 "City Council" shall mean the City Council of the City of Santa Monica, or its designee.

1.4 "City General Plan" or "General Plan" shall mean the applicable General Plan of the City of Santa Monica.

1.5 "Civic Center District" is that certain real property bounded on the north by the Interstate Freeway No. 10, on the east by Fourth Street, on the south by Pico Boulevard, and on the west by Ocean Avenue.

1.6 "Discretionary Approvals" are actions which require the exercise of judgement or a discretionary decision, and which contemplate and authorize the imposition of revisions or additional conditions, by the City, including any board, commission, or department of the City and any officer or employee of the City; as opposed to actions which in the process of approving or disapproving a permit or other entitlement merely require the City, including any board, commission, or department of the City and any officer or employee of the City, to determine whether there has been compliance with applicable statutes, ordinances, regulations, or conditions of approval.

1.7 "Including" means "including, but not limited to."

1.8 "LUCE" means the Land Use and Circulation Elements of the General Plan.

1.9 "Legal action" shall mean any action in law or equity.

1.10 "Planning Director" shall mean the Planning Director of the City of Santa Monica, or his or her designee.

ARTICLE 2

DESCRIPTION OF THE PROJECT

2.1 General Description. The Project includes all aspects of the proposed development of the Property as more particularly described in this Agreement and on the Project Plans which are attached as Exhibit "B" ("Project Plans"). In the event of a conflict or inconsistency between the text of this Agreement and the Project Plans, the Project Plans will prevail.

2.1.1 Project Context.

- a. The context is summarized in Drawing C1-101, "Plot Plan," and Drawing CI-102, "Vicinity Plan."
- b. The location of the building on the parcel and the entrances to the subterranean parking garage are shown in Drawing A1-100, "Area Site Plan."
- c. The project setbacks are shown in Drawing A1-100A, "Building Setback Diagram."
- d. The Project site plan with vehicular and pedestrian circulation patterns around the Project (both with and without the proposed future traffic circle) are shown in Drawing A1-102, "Site Plan with Interim Traffic Circle and First Court Alley Conditions."

2.1.2 Interior Functions and Layouts. The principal functions to be housed on each of the five occupied floors of the Project and the floor area related to each function are shown in a series of five drawings.

- a. The Main Street level, shown in Drawing A2-101, "Ground Level Plan," includes the lobby, private offices and workstations, meeting rooms and related facilities, the main library, information technology work rooms, showers/ lockers and exercise room, lavatories, activity hubs, and a landscaped courtyard open to the sky.

- b. The second occupied floor, shown in Drawing A2-102, "Second Level Plan," includes private offices and workstations, a specialty library, a large interior area of meeting rooms and offices and workstations which have special restricted access controls, lavatories, activity hubs, and the cafeteria with indoor seating and outdoor terrace seating. The third, fourth, and fifth occupied floors, shown in Drawings A2-103, A2-104, A2-105, "Third Level Plan, Fourth Level Plan, and Fifth Level Plan," respectively, include private offices and workstations, smaller meeting rooms, lavatories, and activity hubs.

2.1.3 Rooftop Functions and Layouts. The mechanical equipment, elevator shafts, and the screening devices surrounding them are shown in Drawing A2-106, "Penthouse Plan" and "Rooftop Plan," respectively.

2.1.4 Subterranean Parking Structure. There are three full levels and a fourth level of structured parking below ground. Two full versions of the parking garage layout are provided in two sets of drawings.

(a) The first set (A2-P01A through A2-P04A, "Levels P1 through P4 Parking Plans") show a minimum total of 825 parking spaces (of which compact spaces comprise up to 40 percent, and of which disabled access spaces comprise 2 percent). The first level of the parking garage, shown in Drawing A2-P01A, "Level P1 Parking Plan," includes vehicular parking spaces, bicycle parking (both long-term and short-term), service and facilities equipment rooms (e.g., electrical and telephone services, recycling and trash collection areas, central plan), and shipping and receiving and loading dock facilities. The second, third, and fourth (partial) levels of the parking garage are shown in Drawings A2-P02A, A2-P03A, and A2-P04A, "Level P2 Parking Plan, Level P3 Parking Plan, and Level P4 Parking Plan," respectively, include vehicular parking spaces. This plan depicts parking for RAND.

(b) The second set (A2-P01B through A2-P04B, "Levels P1 through P4 Parking Plans") show a total of 1030 parking spaces (of which compact spaces comprise up to 40 percent and tandem spaces comprise 20 percent). This plan will allow for increased parking if required by the California Coastal Commission.

2.1.5 Exterior Building Elevations. The design and materials for the building exterior are shown in a series of drawings. Because of the structure's elliptical shape, there are no standard 90-degree angle corners. However, the curvature of the two arcs of the ellipse result in four somewhat distinct faces of the building. Each face is featured in a separate drawing that includes a materials list.

(a) The northeast face, adjacent to the proposed traffic circle and across Main Street from the courthouse, is shown in Drawing A3-101, "Northeast Quadrant Elevation." This section of the building includes the public entrance to RAND, including a curved driveway for passenger drop-off.

(b) The southeast face, which continues along Main Street across from the Civic Auditorium, is shown in Drawing A3-102, "Southeast Quadrant Elevation." The third, fourth, and fifth floor comprise one facade design. The second floor steps out from the building face and is characterized by a landscaped stepback, with plants along the stepback area and visible from the sidewalk. The first floor houses a set of conference rooms in which RAND will conduct most of its meetings which involve the general public. Although architecturally not a part of the facade, the small "tail" section of the arc that faces Main Street south of Pico Boulevard is included in this drawing. It is distinguished by a fifth-floor landscaped terrace.

(c) The southwest face, located along the First Court alley and extending from Vicente Terrace to the staff entrance facing the Maguire Partners office project, is shown in Drawing A3-103, "Southwest Quadrant Elevation." Along this face, the P1 parking level provides vehicular access to the loading dock and trash and recycling holding areas. The loading dock and storage areas are encompassed wholly within the building footprint at the P1 level. The southeast face adjacent to the loading dock will be accented with display windows (accessible from inside the P1 level). These windows would be available to house displays such as arts and crafts projects from local area schools or childcare facilities. There will be landscaping adjacent to the wall containing the display windows.

(d) The northwest face, shown in Drawing A3-104, "Northwest Quadrant Elevation," is punctuated by a staff entrance connecting the Main Street level interior courtyard to the First Court and Maguire Partners project pedestrian pathways, a single-level step-out that will house part of the RAND Graduate School and which incorporates a landscaped stepback above the first occupied floor with plants along the perimeter, and a landscaped stepback at the fifth occupied floor with plants lining the perimeter. Finally, as in the case of the southern end of the building, the northern tip of the ellipse is included in this drawing although its face is separated from the northwest arc of the building. It will also have a fifth-floor terrace with perimeter plantings.

2.1.6 Cross-Section Illustration. Drawing A3-105, "Building Section," shows the cross section of the structure from the P4 level of the subterranean parking garage to the rooftop mechanical and elevator penthouses.

2.2 Principal Components of the Project. The Project will serve as the corporate headquarters and principal research site for RAND, an internationally recognized policy research and educational institution. It will house and support research, management, instructional, administrative, and support services staff who also provide management and administrative support to other RAND sites in the United States and abroad. New construction shall not exceed 308,869 square feet of Floor Area. Following completion of the new building and the relocation of RAND staff from the existing headquarters building, the Project will conclude with the demolition and remediation of the existing building.

The Project is an elliptically shaped building surrounding interior courtyard spaces that are open to the sky. It will house primarily enclosed private offices and semi-enclosed workstations,

augmented by shared work areas and meeting spaces, libraries and computer labs, and shared employee amenity spaces such as a staff cafeteria.

2.2.1 Among the principal components of new construction will be:

- (a) Five floors of office and related space. The building height at Main Street (as measured at the Project's front entrance) will not exceed sixty-nine (69) feet from street curb to building roof.)
- (b) Enclosed offices and semi-enclosed workstations.
- (c) A research library with hardcopy holdings, meeting spaces and reading rooms, computer stations for reference searching.
- (d) A staff cafeteria with a seating capacity of 60-100, augmented by outdoor seating area.
- (e) Information technology and simulation modeling labs.
- (f) Showers, lockers, fitness room.
- (g) Meeting rooms, conference rooms, videoconference facilities.
- (h) Activity hubs (spaces that will incorporate interoffice mail stops, printers, photocopy machines, fax machines, vending machines, informal conversation areas, and so forth).
- (i) Interior courtyard. Three levels of courtyard spaces (enclosed by the building but open to the sky) occur, one at the Main Street level (built over the P1 parking level), the second located in a terrace at the second occupied level, and third on the rooftop of the second occupied level and accessible from the third occupied level of the building. The street-level courtyard will include approximately 11,314 square feet, the second-level terrace will include approximately 2,140 square feet, and the third occupied-level courtyard will include approximately 19,280 square feet. Access to the street-level courtyard will be through the Main Street entryway for all pedestrians and through the First Court entryway for staff.
- (j) Subterranean parking garage, including carpool, vanpool, and bicycle parking. The parking garage will conform to one of the two sets of plans respectively described in Sections 2.1.4(a) and 2.1.4(b) above.
- (k) The public pedestrian entry will be located off of Main Street in the northeast building quadrant. A second pedestrian entry, restricted to RAND staff and visitors escorted by RAND staff, is in the northwest building quadrant facing the First Court alley.

(l) The loading and service entry and related facilities occur at the P1 parking level and are accessible from First Court. The loading dock is completely enclosed within the P1 parking level as are related facilities such as shipping and receiving, trash and recycling bins, central plant, and other building maintenance functions. The alley will feature enhanced pavement and a landscaped zone that defines the corner of First Court and Vicente Terrace and is highlighted by show windows at the M level that will be available to local schools and childcare centers for art and handicraft project displays. Doors to the loading bay area will be closed during non-business. Landscaping along the easterly side of First Court is included as part of the Project's landscape plans.

(m) The scope of the landscape and hardscape design for the Project are shown in Drawing A1-100, "Area Site Plan," Drawing A1-102, "Site Plan with Interim Traffic Circle and First Court Alley Conditions," and Sheet L1-100, "Concept Landscape Plan". Landscape zones surround the Project's perimeter, while the interior courtyards and the vehicle court entry include a combination of landscape and hardscape elements. Signage will include a pedestrian-level institutional sign embedded in a landscaped wall at the entry court, and directional signs at approaches to driveways and Vicente Terrace at Main Street.

2.3 No Obligation to Develop.

2.3.1 Except as specifically provided herein:

(a) Nothing in this Agreement shall be construed to require RAND to proceed with the construction or any other implementation of the Project or any portion thereof.

(b) The decision to proceed or to forbear or delay in proceeding with implementation or construction of the Project or any portion thereof shall be in RAND's sole discretion.

(c) Failure by RAND to proceed with construction or implementation of the Project or any portion thereof shall not give rise to any liability, claim for damages or cause of action against RAND, except as may arise pursuant to a nuisance abatement proceeding under SMMC Chapter 8.96, or any successor legislation.

2.3.2 Failure by RAND to proceed with construction or implementation of the Project or any portion thereof shall not result in any loss or diminution of development rights, except upon expiration of RAND's vested rights pursuant to this Agreement.

2.3.3 Notwithstanding any provision of this Section 2.3 to the contrary, RAND shall be required to implement all mitigation measures and conditions required under this Agreement which are attributable to the phase of the Project on which RAND has commenced construction in accordance with Exhibit "C".

2.4 Definitions Related to Development Standards. For purposes of this Agreement, the following terms shall have the meanings set forth below. For those definitions that cross-

reference provisions of the Zoning Ordinance, the referenced provisions of the City of Santa Monica Comprehensive Land Use and Zoning Ordinance (Chapter 9.04 of the SMMC) ("Zoning Ordinance") are included in Exhibit "D".

2.4.1 "Average Natural Grade" has the meaning set forth in Section 9.04.02.030.350 of the Zoning Ordinance which is in effect on the Effective Date. The City and RAND mutually agree that the Average Natural Grade of the Parcel is an elevation of 53 feet 4 inches (53' 4") above sea level.

2.4.2 "Building Height" means the vertical distance measured from the Average Natural Grade to the highest point of the roof across the parcel, excluding Building Height Exceptions. "Building Height Exceptions" mean the following items to be excluded from the calculation of Building Height:

(a) Architectural appurtenances such as chimneys, vents, stacks, ducts, skylights and steeples as long as they do not exceed five (5') feet above the building height.

(b) Legally required parapets, fire separation walls, and open work safety guard rails as long as they do not exceed forty-two inches (42") in height.

(c) Elevator shafts, and stairwells as long as they do not exceed more than fourteen (14') feet in height above the roofline.

(d) Mechanical equipment screens and parapets, so long as they do not rise more than fourteen feet (14') above the roofline, are setback from the building face by no less than fourteen feet (14'), and occupy no more than twenty-five percent (25%) of the total roof area.

2.4.3 "Floor Area" shall have the meaning set forth in Section 9.04.02.030.315 of the Zoning Ordinance, which is in effect on the Effective Date; provided, however, that, notwithstanding anything to the contrary in such section, unenclosed deck or balcony areas or areas used for parking shall not be included in the calculation of Floor Area.

2.4.4 "Subterranean Garage" shall have the meaning set forth in Section 9.04.02.030.340 of the Zoning Ordinance, which is in effect on the Effective Date.

2.4.5 "Subterranean Parking" means parking uses which are in a Subterranean Garage.

2.5 Vested Rights.

2.5.1 Approval of Project Schematic Drawings. The City hereby approves Schematic Drawings prepared by RAND's Architects ("Schematics") which delineate the improvements to be constructed for the Project. The City shall maintain a complete copy of the Schematics, stamped "Approved" by the City, in the Office of the City Clerk, and RAND shall

maintain a complete copy of the Schematics, stamped "Approved" by the City, in its offices at the Project site. The Schematics to be maintained by the City and RAND shall be a half-size set. Further detailed plans for the building and improvements, including, without limitation, structural plans and working drawings shall be developed by RAND subsequent to the Effective Date based upon the Schematics.

2.5.2 Minor Modifications to Project. RAND may make minor changes to the Project or Project Site Plan without amending this Agreement upon approval of the Planning Director pursuant to the Planning Director's typical practice of reviewing minor modification requests for projects together with specific findings by the Planning Director that the proposed changes: (i) are consistent with the Project's approvals as approved by the City Council, the ARB and the Planning Commission (upon appeal of the ARB), (ii) are consistent with the provisions, purposes and goals of this Agreement, (iii) are not detrimental to the public health, safety, convenience or general welfare, and (iv) will not significantly and adversely affect the architectural integrity of the Project or the public benefits associated with the Project ("Minor Modifications"). The Planning Director shall not unreasonably withhold, condition or delay his or her approval of a request for a Minor Modification, provided, however, that the City may impose fees, exactions, conditions, and mitigation measures in connection with approval of a Minor Modification, subject to Section 4.4 below.

2.5.3 Modifications Requiring Amendment to this Agreement. Any proposed modification to the Schematics which would conflict with the following standards ("Major Modifications") shall not constitute a Minor Modification and shall require an amendment of this Agreement:

- (a) The minimum setbacks of the building, which are set forth in Section 2.9, shall not be reduced;
- (b) The Floor Area of the building shall not exceed the square footage limitation in Section 2.2;
- (c) The building shall not exceed a Building Height of six stories and seventy-two (72) feet, except as set forth in Section 7.3.3. below;
- (d) The use of the building shall not be varied from the permitted uses defined in Section 2.6.1 below;
- (e) The number of parking spaces shall not vary from the range set forth in Section 2.8 below;
- (f) The number or location of access points to the building shall not be changed;
- (g) The building location and siting on the Property shall not be changed; and

(h) Design, massing and building configuration shall not be varied to render such aspects out of substantial compliance with the Project Plans.

Notwithstanding anything to the contrary herein or in the Existing Regulations, if the City approves a Minor Modification or amendment to this Agreement for a Major Modification, as the case may be, RAND shall not be required to obtain any other Discretionary Approvals for such modification, except for ARB approval in the case of certain Major Modifications.

2.5.4 Right to Develop. Except as expressly provided in Section 2.5.5 below, during the term of this Development Agreement RAND shall have the vested right to (a) develop and construct the Project in accordance with (i) the Schematics and any Minor Modifications thereto which are approved in accordance with Sections 2.5.1 and 2.5.2, and (ii) the requirements and obligations of RAND related to the improvements which are specifically set forth in this Agreement, and (b) use and occupy such improvements for the permitted uses set forth in Section 2.6. Except for any required approvals from the ARB pursuant to Section 6.1 of this Agreement, the City shall have no further discretion over the elements of the Project which have been delineated in the Project Plans or the Schematics approved by the City.

2.5.5 Duration of Vested Rights.

RAND's vested rights to develop as set forth in Section 2.5.4 above shall expire if RAND fails to obtain a building permit for the Project within two (2) years after the Effective Date, and obtain a temporary or final certificate of occupancy within four (4) years of issuance of building permit. If the vested rights granted to RAND under Section 2.5.4 terminate, any new development on the Property shall be governed by the City laws, ordinances and policies in effect at the time that the application for such new development is deemed complete. Notwithstanding anything to the contrary contained herein, including Article 11 below, or the Existing Regulations, if RAND is diligently pursuing a building permit or a certificate of occupancy, as the case may be, but does not anticipate being able to obtain such permit or certificate within the applicable time limit set forth above, RAND may apply to the Planning Director for an extension of time. The Planning Director may, in his or her sole good faith discretion, extend the time limits set forth herein upon a showing of good cause by RAND and upon such terms and conditions as the Planning Director reasonably deems appropriate. Notwithstanding anything that the contrary contained herein, upon expiration of RAND's vested rights, the City shall not have the right to seek damages or specific performance to compel RAND to commence or complete construction of the Project; provided however, that the City shall retain all rights pursuant to SMMC Chapter 8.96, or any successor legislation.

2.6 Uses.

2.6.1 Permitted Uses. Subject to Section 13.1, the City specifically approves, as permitted uses, the following uses for the Project: institutional office use, ancillary or accessory uses, and such other uses as may be authorized by the City pursuant to Section 8.1 below. For purposes of this Section 2.6.1, "institutional office use" shall mean research, analysis, educational, philanthropic or charitable uses, and related administrative uses. "Ancillary or

accessory uses" shall mean those functions and services provided primarily in support of the Project's occupants and not the public (e.g. travel office, credit union, newspaper kiosk and print shop).

2.7 Special Elements.

2.7.1 Public and Street Improvements.

(a) Vicente Terrace. Prior to or concurrently with the City's issuance of a Certificate of Occupancy for the project, RAND shall take all necessary and appropriate steps to dedicate a portion of the Project, as shown on Exhibit "F" attached hereto, for the construction of a new street, Vicente Terrace, from Main Street to Ocean Avenue, provided that the Agency dedicates the 15-foot portion of the Agency Parcel and the City provides the portion of adjacent City property shown on such Exhibit for the construction of the road. RAND shall complete construction of Vicente Terrace at its sole cost and expense prior to such issuance of a certificate of occupancy, subject to the provisions of Section 4.2 below.

(b) Main Street Circle. The City may improve a portion of Main Street adjacent to the Property with a traffic circle. Notwithstanding anything to the contrary contained herein or under the Existing Regulations, RAND's sole obligation in connection with improvements to Main Street, including such traffic circle, shall be to offer irrevocably for dedication to the City the surface portion of the Property ("Main Street Circle Dedication") shown on Exhibit "G" attached hereto, while expressly reserving all subterranean rights; provided, however, that RAND's subterranean use of the Main Street Circle Dedication shall not materially impact or interfere with the City's use of the surface as a traffic circle. RAND shall make such irrevocable offer to dedicate prior to or concurrently with the City's issuance of a certificate of occupancy for the Project. If the City makes the decision not to construct the Main Street Circle or reduces the size of the circle such that all or a portion of the Main Street Circle Dedication is no longer needed to construct the Circle, such offer shall be terminated or revised to conform to the portion needed.

(c) Sidewalk Dedication. Prior to or concurrently with the City's issuance of a certificate of occupancy for the Project, RAND shall take all necessary and appropriate steps to dedicate a portion of the Project, as shown on Exhibit "H", for the construction of a new sidewalk for the City. RAND shall complete construction of such sidewalk at its sole cost and expense prior to such issuance of a certificate of occupancy, subject to the provisions of Section 4.2 below.

(d) Pedestrian Pathway. Upon notice from the City, RAND shall take all necessary and appropriate steps to provide an easement across a portion of the Project, as designated by the City, for the construction of a new pedestrian pathway, provided that (a) the design and location of the pathway are mutually agreeable to RAND and the City, and (b) the City and RAND finalize such design and location on or before one hundred twenty (120) days prior to expected issuance of a certificate of occupancy. The City shall not withhold any permit or approval for the Project, including ARB approval, if the design and alignment is not

sufficiently resolved at the time RAND seeks such permit or approval. RAND shall complete construction of such pathway at its sole cost and expense prior to issuance of a certificate of occupancy, subject to the provisions of Section 4.2 below.

2.7.2 Main Street Driveway. Upon notice from the City, RAND agrees to relocate the northern driveway to its subterranean parking from Main Street to Olympic Drive provided that (a) Olympic Drive will be constructed between Main Street and the driveway prior to opening of the new driveway, (b) the Agency provides access across the Agency's property by conveyance of fee interest, easement or other means mutually acceptable to RAND and the Agency, and (c) the design of the new driveway is mutually acceptable to RAND and the City.

2.8 Parking. Except for the drop-off vehicle zone reserved at the entry court, all parking shall be located in the Subterranean Parking Garage as shown on the Project Plans. Notwithstanding anything to the contrary contained in this Agreement or the Existing Regulations, the parking provided for the Project shall be 825 spaces; provided, however, that RAND may provide up to 1030 spaces if required by the California Coastal Commission. The provisions of this Section 2.8 and the Project Plans set forth the exclusive off-street parking requirements for the Project and supercede all other minimum space parking requirements under the Existing Regulations, including Part 9.04.10 of the Zoning Code.

2.9 Setbacks. RAND shall maintain the setbacks for the Property as set forth on Exhibit "E" attached hereto.

2.10 Signage. The location, size, materials and color of any signage shall be reviewed by the ARB in accordance with the procedures set forth in Article 6. All signs on the Property shall be subject to the Santa Monica Sign Code, a copy of which is included as Exhibit "I".

ARTICLE 3

CONSTRUCTION

3.1 Construction Mitigation Plan. During the construction phase of the Project, RAND shall comply with the Construction Mitigation Plan ("Construction Mitigation Plan") attached as Exhibit "N" hereto.

3.2 Construction Staging. Subject to the Agency's approval, RAND shall have, for the duration of the construction of the Project, the right to use the Agency Parcel for ingress and egress and that portion of the Agency Parcel known as the "pit lot" (the "Pit Lot") and the area adjacent to the Kenter Canyon storm drain for construction staging purposes (the "Construction Staging Areas"), as more particularly described on Exhibits "J-1" and "J-2" and incorporated herein by this reference. RAND shall not be required to obtain any additional permit for such use, including but not limited to a temporary use permit.

3.3 Alley Access. If RAND can provide alternate access which is reasonably sufficient, as determined by the Planning Director to allow for the provision of trash pick-up, delivery and parking access to the Ocean Lodge, Chez Jay, and RAND's own existing facilities, the City shall permit RAND to close temporarily the portion of the Alley as depicted in Exhibit "K" during its construction period for the safety and protection of persons who would use a portion of the alley, provided that RAND shall restore the Alley as shown on Exhibit "L" prior to issuance of a certificate of occupancy for the Project.

3.4 Construction Hours. RAND shall be permitted to perform construction between the hours of 8:00 a.m. to 6:00 p.m. Monday through Friday, and 9:00 a.m. to 5:00 p.m. Saturday; provided, however, that (a) concrete pours may begin at 7:00 a.m. Monday through Friday and 8:00 a.m. Saturday and may continue until 10:00 p.m. Monday through Saturday, as needed, subject to the conditions and public notice requirements set forth in the Construction Mitigation Plan; and (b) interior construction work which does not generate noise audible beyond the Property line may also be performed between the hours of 7:00 a.m. to 8:00 a.m. and 6:00 p.m. to 7:00 p.m. Monday through Friday, and 8:00 a.m. to 9:00 a.m. and 5:00 p.m. to 6:00 p.m. Saturday.

ARTICLE 4

PROJECT FEES, EXACTIONS, MITIGATION MEASURES AND CONDITIONS

4.1 Fees, Exactions, Mitigation Measures and Conditions.

(a) Fees and Exactions. RAND shall be responsible for the payment of only those fees and exactions as are expressly set forth on Exhibit "C" in connection with the development of the Project.

(b) Mitigation Measures and Conditions of Approval. RAND shall be responsible only for the and implementation of those mitigation measures and conditions of approval as are expressly set forth on Exhibit "C-2" attached hereto.

4.2 Agency Contribution Over OPA Limit. The City acknowledges that the OPA provides that, in the event RAND obtains entitlements for any construction on the Property, and in the event RAND provides evidence satisfactory to Agency that RAND has expended more than One Million Seven Hundred Thousand Dollars (\$1,700,000) in payments to the City and to third parties mutually agreed to by Agency and RAND to receive payments for permits, fees (including costs for an environmental impact report), exactions (including RAND's direct contributions for child care), off-site improvements and/or mitigations (including direct design and engineering work required for specific improvements) to satisfy the conditions of approval imposed by the City upon such entitlements, then Agency shall contribute the amount in excess of that \$1,700,000, up to a maximum Agency contribution equal in amount to the lower of (a) the actual and reasonable out of pocket costs to RAND for the remediating and disposing hazardous materials and demolishing RAND's existing facilities on the City Parcel (the "Demolition

Work”) and remediation of improvements (excluding soil remediation costs), or (b) Two Million Three Hundred Thousand Dollars (\$2,300,000). No costs associated with documentary transfer taxes, transaction-related consulting fees or other transaction costs associated with the acquisition property close of escrow under the OPA shall be considered when calculating the aforementioned One Million Seven Hundred Thousand Dollars (\$1,700,000) in payments to the City.

4.3 Permitted Fees, Exactions, Mitigation Measures and Conditions. Except as expressly set forth in Sections 4.4 (relating to modifications) and 5.2.1 (relating to Subsequent Code Changes) below, the City shall only charge and impose those fees, exactions, mitigation measures and conditions, including, without limitation, dedications and any other fees relating to development or the privilege of developing the Property, as are set forth in Exhibit “C” attached hereto, and the City may not increase or add such fees, mitigation measures, conditions or exactions. If any of the mitigation measures or conditions set forth on Exhibit “C” are satisfied by others, RAND shall be deemed to have satisfied such measures or conditions.

4.4 Conditions on Modifications. The City may impose fees, exactions, mitigation measures and conditions in connection with its approval of Minor or Major Modifications, provided that such approval shall be subject to the following conditions: (i) if RAND will occupy the Project, all such fees, exactions, mitigation measures and conditions shall be assessed on a “net” basis consistent with Option I of the EIR; and (ii) all fees, exactions, mitigation measures and conditions shall otherwise be in accordance with applicable law.

4.5 RAND Contribution to Early Childhood Development Programs.

(a) Early Childhood Education Center. RAND shall contribute to the City the sum of \$500,000 for the purpose of supporting a future early childhood development center (the “Center”) in the Civic Center District. RAND shall provide the City payment in full prior to receiving a building permit for the Project. The City shall deposit such contribution into an interest-bearing trust fund account (the “Fund”) that will accrue interest during the period from initial payment by RAND until depletion of the Fund. All principal and interest from the Fund shall be used solely for the purpose of promoting full-day affordable, quality childcare and early child development opportunities for young children (infants through pre-school).

Principal and interest from the Fund will be disbursed by the City in annual payments to support Center operations, beginning at the time that RAND receives a certificate of occupancy for the Project. The number, and amount of such disbursements will be determined by mutual agreement of the City, RAND, and the Center operator. During the term of the Fund, in consideration of RAND’s contribution, the City shall earmark 25 percent of annual disbursement for tuition subsidies for the children of RAND employees based on a sliding scale tuition schedule considering family income, family size and other relevant financial circumstances. The balance of the annual disbursement shall be designated for the benefit of children in the Santa Monica community at the City’s good faith sole discretion. RAND applicants with the lowest total household income shall receive priority for the tuition subsidies. The sliding scale tuition schedule shall be developed by the mutual agreement of the City, RAND, and the Center operator. Other enrollment priorities shall be determined by the City.

RAND employees not qualifying for tuition subsidies may enroll their children on a full-cost, space available basis. RAND shall use reasonable efforts on an ongoing basis to inform its employees of opportunities available at the Center and the availability of tuition subsidies for those families who are eligible.

If the Center is not yet fully operational at the time the Project receives its certificate of occupancy, RAND shall have the option in its good faith sole discretion to direct the City to begin the tuition subsidy program at alternative facilities.

If the Project does not receive its certificate of occupancy, the \$500,000 contribution and accrued interest shall be returned to RAND upon expiration of its vested rights as set forth in Section 2.5.5 above.

(b) Policy Analysis Partnership on Childhood Development and Education.

In partnership with the Center and other child-related and education-related initiatives of the community, RAND shall also use reasonable good faith efforts to pursue funding opportunities from governmental or philanthropic sources for work aimed at improving the state of knowledge and promising practices for early childhood development and education, including policy research and early childhood development program planning, implementation and evaluation. The long-term goal of these activities is to develop a "lab school" in the Civic Center to serve as a model program and to act as a focal point for early childhood development activities of other institutions in the community. RAND shall develop a written plan (including a project proposal development strategy and time line) for addressing this objective, involving the City and community-based organizations. This plan shall be submitted to the City within twelve (12) months of the effective date of the Development Agreement. Annual status reports detailing successful initiatives and projects as well as planned activities for the subsequent year shall be made available to the City within ninety (90) days after the close of each calendar year. At five (5) year intervals, RAND, the City, and designated community-based organizations will review the accomplishments of this initiative and determine by mutual agreement what, if any, changes in program focus or activities may be appropriate.

(c) Community Access to Early Childhood Development Research. On an annual basis RAND shall work with City public schools and community partners to convene a community conference for the purpose of providing community access to and awareness of current research from RAND and other experts on a broad range of child-related topics including early childhood development and education policy. This conference shall be broadly advertised in the City to encourage the maximum feasible participation by local early childhood educators and community members. RAND shall also provide electronic community access to RAND research publications on child-related issues. Working with local community organizations, RAND shall develop a child policy web-based information resource capability. These efforts shall commence within twelve months of the effective date of this Development Agreement. Annual status reports detailing the status of these initiatives and activities planned for the subsequent year, shall be made available to the City within 90 days after the close of each calendar year. At five (5) year intervals, RAND, the City and designated community-based organizations will review the accomplishments of this initiative and determine by mutual

agreement what, if any, changes in program focus or activities may be appropriate.

ARTICLE 5

EFFECT OF AGREEMENT ON CITY LAWS AND REGULATIONS

5.1 Development Standards for the Property; Existing Regulations. The following development standards and restrictions set forth in this Section govern the use and development of the Project and shall constitute the Existing Regulations, except as otherwise provided herein.

5.1.1 Defined Terms.

(a) For purposes of this Section 5, the following terms shall have the meanings set forth below:

(1) "Existing Regulations" collectively means all of the following which are in force and effect as of the Effective Date: (i) the General Plan (including, without limitation, the LUCE); (ii) the City's Zoning Code; (iii) the CCSP, as amended; and (iv) any and all ordinances, rules, regulations, standards, specifications and official policies of the City governing, regulating or affecting the demolition, grading, design, development, building, construction, occupancy or use of buildings and improvements or any exactions therefor.

(2) "Subsequent Code Changes" collectively means all of the following which are adopted or approved subsequent to the Effective Date, whether such adoption or approval is by the City Council, any department, division, office, board, commission or other agency of the City, by the people of the City through charter amendment, referendum, initiative or other ballot measure, or by any other method or procedure: (i) any amendments, revisions, additions or deletions to the Existing Regulations or (ii) new codes, ordinances, rules, regulations, standards, specifications and official policies of the City governing or affecting the grading, design, development, construction, occupancy or use of buildings or improvements or any exactions therefor. "Subsequent Code Changes" includes, without limitation, any amendments, revisions or additions to the Existing Regulations imposing or requiring the payment of any fee, special assessment or tax.

Except as provided in Section 5.2, development of the buildings and improvements, including without limitation, the development standards for the demolition, grading, design, development, construction, occupancy or use of such buildings and improvements, and any exactions therefor, shall be governed by the Existing Regulations. Any provisions of the Existing Regulations inconsistent with the provisions of this Agreement, to the extent of such inconsistencies and not further, are hereby deemed modified to that extent necessary to effectuate the provisions of this Agreement. The Project shall be exempt from: (a) all discretionary acts or review by the City or any body or agency thereof, other than architectural review as specified in Section 6.1, it being understood that any subsequent review

shall be ministerial; (b) the application of any subsequent local development or building moratoria, development or building rationing systems or other restrictions on development ("Building Moratoria") which would adversely affect the rate, timing, or phasing of construction of the Project, and (c) Subsequent Code Changes which are inconsistent with this Agreement.

5.2 Permitted Subsequent Code Changes.

5.2.1 This Agreement shall not prevent the City from applying the following Subsequent Code Changes to the development:

(a) Processing fees and charges imposed by the City to cover the estimated actual costs to City or processing applications for development approvals including: (i) all application, permit, and processing fees incurred for the processing of this Agreement, any administrative approval of a Minor Modification, or any amendment of this Agreement in connection with a Major Modification; (ii) all building plan check and building inspection fees for work on the Property in effect at the time an application for a grading permit or building permit is applied for; and (iii) the public works plan check fee and public works inspection fee for public improvements constructed and installed by RAND; for monitoring compliance with any development approvals, or for monitoring compliance with environmental impact mitigation measures; provided that such fees and charges are uniformly imposed by the City at similar stages of project development on all similar applications and for all similar monitoring.

(b) General or special taxes, including, but not limited to, property taxes, sales taxes, parcel taxes, transient occupancy taxes, business taxes, which may be applied to the Property or to businesses occupying the Property, provided, however, that the tax (i) is of general applicability City-wide and does not burden the Property disproportionately to other institutional development within the City, and (ii) is not a levy, assessment, fee or tax imposed for the purpose of funding public or private improvements on the Agency Parcel or other property located within the CCSP area ("Improvement Assessments"), except as expressly set forth on Exhibit "C" attached hereto.

(c) Procedural regulations relating to hearing bodies, petitions, applications, notices, documentation of findings, records, manner in which hearings are conducted, reports, recommendations, initiation of appeals, and any other matters of procedure; provided such regulations are uniformly imposed by the City on all matters, do not result in any unreasonable decision-making delays and do not affect the substantive findings established in this Agreement.

(d) Regulations governing construction standards and specifications which are of general application that establish standards for the construction and installation of structures and associated improvements, including, without limitation, the City's Building Code, Plumbing Code, Mechanical Code, Electrical Code and Fire Code; provided that such construction standards and specifications are applied on a City-wide basis and do not impair the Project approvals granted in this Agreement.

(e) Any City regulations to which RAND has consented in writing.

(f) Collection of such fees or exactions as are imposed and set by governmental entities not controlled by City but which are required to be collected by City.

(g) Regulations which do not impair the rights and approvals granted to RAND hereunder. For the purposes of this Section 5.2.1(g), regulations which impair RAND's rights or approvals include, but are not limited to, regulations (a) which materially increase the cost of the Project (except as provided in Section 5.2.1(a), (b) and (d) above), (b) which would materially delay development of the Project, including but not limited to, RAND's ability to obtain a building permit or certificate of occupancy within the time periods provided in Section 2.5.5 above, or (c) which decrease the Project's density or height, increase the setbacks or required parking, or restrict the permitted uses provided herein.

5.2.2 This Agreement shall not be construed to prevent the City from applying new rules, regulations and policies in which circumstances are as specified in Government Code Section 65866.

5.2.3 In the event that state or federal laws or regulations, enacted after this Agreement is executed, prevent or preclude compliance with one or more of the provisions of this Agreement, such provisions of this Agreement shall be modified or suspended as may be necessary to comply with such state or federal laws or regulations; provided, however, that this Agreement shall remain in full force and effect to the extent it is not inconsistent with such laws or regulations and to the extent such laws or regulations do not render such remaining provisions impractical to enforce.

5.3 Incorporation of Development Standards. The development standards and procedures in Section 2 shall also govern the development of the Property and shall be part of the Existing Regulations.

5.4 Common Set of Existing Regulations. Prior to the Effective Date, City and RAND shall use reasonable efforts to identify, assemble and copy three identical sets of the Existing Regulations, for the City and RAND, so that if it becomes necessary in the future to refer to any of the Existing Regulations, there will be a common set of the Existing Regulations available to all parties.

5.5 Conflicting Enactments. Except as provided in Section 5.2.1, any Subsequent Code Change which would conflict in any way with or be more restrictive than the Existing Regulations shall not be applied by City to any part of the Property. RAND may, in its sole discretion, give City written notice of its election to have any Subsequent Code Change applied to such portion of the Property as it may own, in which case such Subsequent Code Change shall be deemed to be an Applicable Rule insofar as that portion of the Property is concerned. In the event of any conflict or inconsistency between the terms and conditions of this Agreement and the Existing Regulations, the terms and conditions of this Agreement shall control.

5.6 Timing of Development. Because the California Supreme Court held in Pardee Construction Co. v. City of Camarillo, 37 Cal.3d 465 (1984), that failure of the parties to provide for the timing of development resulted in a later adopted initiative restricting the timing of development to prevail over the parties' agreement, it is the intent of RAND and the City to cure that deficiency by expressly acknowledging and providing that no Subsequent Code Change that purports to limit the rate or timing of development over time or alter the sequencing of development phases, whether adopted or imposed by the City Council or through the initiative or referendum process, shall apply to the Property or prevail over this Agreement. In particular, but without limiting any of the foregoing, no numerical restriction shall be placed by City on the amount of square footage that can be built each year on the Property.

ARTICLE 6

ARCHITECTURAL REVIEW BOARD

6.1 Architectural Review Board Approval and Exemption from Chapter 9.36. In order to meet the established milestones for construction, demolition and deliverance of the Agency Parcel to the City as set forth in the OPA and Lease, RAND must begin preparation of the Project's working drawings on an accelerated basis. Therefore, certain elements of the design review process have been incorporated in the review process of this Agreement and will be considered and approved by the City Council pursuant to this Agreement to allow RAND to commence such working drawings with some degree of certainty.

6.1.1 ARB. Only the Project's signage and exterior and ground-level courtyard landscaping plans shall be subject to review and approval or conditional approval by the ARB in accordance with design review procedures in effect under the Existing Regulations. The ARB shall not review any features which are specifically approved by this Agreement or in the Project Plans attached as Exhibit "B". The ARB shall have no authority to disapprove or conditionally approve or otherwise adversely affect any features or matters which have been specifically approved by this Agreement or in the Project Plans (including, but not limited to height, density and setback or the structural design of the Project) unless expressly authorized to do so by this Agreement. Decisions of the ARB are appealable to the Planning Commission in accordance with the Existing Regulations.

6.1.2 Exemption From Section 9.36 of Code. Notwithstanding anything to the contrary contained herein or in the Existing Regulations, unless RAND's vested rights expire pursuant to Section 2.5.5 above, RAND shall be exempt from, and not be required to obtain any further certification or other approval under, Chapter 9.36 of the Zoning Code in connection with the demolition of the existing RAND building.

ARTICLE 7

CITY TECHNICAL PERMITS

7.1 Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below:

7.1.1 "Technical City Permits" means any ministerial approvals, consents or permits from the City or any office, board, commission, department, division or agency of the City, which are necessary for the actual construction of the Project or any portion thereof in accordance with the Project Site Plan, Schematics and this Agreement. Technical City Permits include, without limitation (a) building permits, (b) related mechanical, electrical, plumbing and other technical permits, and (c) demolition, excavation and grading permits.

7.1.2 "Technical Permit Applications" means any applications required to be filed by RAND for any Technical City Permits.

7.2 Diligent Action by City.

7.2.1 Upon satisfaction of the conditions set forth in Section 7.3, the City shall accept the Technical Permit Applications and Certificate of Occupancy inspection requests filed by RAND with the City and shall diligently proceed to process such Technical Permit Applications and Certificate of Occupancy inspection requests to completion.

7.2.2 Upon satisfaction of the conditions set forth in Section 7.3, the City shall diligently issue the Technical City Permits and Certificates of Occupancy which are the subject of the Technical Permit Applications and Certificate of Occupancy inspection requests.

7.3 Conditions for Diligent Action By the City.

7.3.1 The obligation of the City to accept and diligently process the Technical Permit Applications which are filed by RAND in accordance with Section 7.2.1 is subject to the satisfaction of the following conditions:

(a) RAND shall have completed and filed all Technical Permit Applications which are required under the administrative procedures and policies of the City which are in effect on the date when the Technical Permit Application is filed, provided that such procedures and policies are uniformly in force and effect throughout the City.

(b) RAND shall have paid all processing and permit fees established by the City in connection with the filing and processing of any Technical Permit Application which are in effect on the date when the Technical Permit Application is filed, provided that such fees are uniformly in force and effect throughout the City ("Applicable Permit Fees").

(c) RAND shall have obtained the approval of the ARB referred to in Section 6.1.1. above.

7.3.2 The obligation of the City to issue a Technical City Permit for a proposed building under Section 7.2.2 which is the subject of a Technical Permit Application filed by RAND is subject solely to the satisfaction of the following conditions:

(a) RAND shall have complied with all of its obligations under this Agreement which are required to be performed prior to or concurrent with the issuance of the Technical City Permits for the proposed building.

(b) RAND shall have received any permits or approvals from other governmental agencies which are required by law to be issued prior to or concurrent with the issuance of the Technical City Permits for the proposed building.

(c) The proposed building conforms to the development standards for that building established in this Agreement. In the event that a proposed building is not in conformance, RAND shall have the right to seek any relief from such standards under the procedures then available in the City.

(d) The proposed building conforms to the Administrative and Technical Construction Codes of the City (Article VIII 1 of the Santa Monica Municipal Code) ("Technical Codes") in effect on the date that the Technical Permit Application is issued.

7.3.3 From time to time, the City's Technical Codes are amended to meet new technical requirements related to techniques of building and construction. If the sole means of achieving compliance for the Project with such revisions to the Technical Codes made after the Effective Date ("New Technical Requirements") would require an increase from the allowable Building Height established in this Agreement for the Project, then the Planning Director is hereby authorized to grant RAND limited relief from the allowable Building Height without amending this Agreement. Any such approval shall be granted only after the Planning Director's receipt of a written request for such relief from RAND. RAND is required to supply the Planning Director with written documentation of the fact that compliance with the New Technical Requirements cannot be achieved by some other method. Any such relief shall only be granted to the extent necessary in the Planning Director's determination for RAND to comply with the New Technical Requirements.

7.4 Duration of Technical City Permits. The duration of Technical City Permits issued by the City in accordance with Section 7.2.2, and any extensions of such Technical City Permits, shall be established in accordance with the Technical Codes in effect at the time that the Technical City Permits are issued. The lapse or expiration of a Technical City Permit shall not preclude or impair RAND from subsequently filing another such Technical Permit Application during the Term of this Agreement (subject to the vested rights time limits established in Sections 2.5.5 of this Agreement), which shall be processed by the City in accordance with the provisions of this Article 7.

7.5 Demolition Permits. RAND shall demolish the existing improvements on the Agency Parcel in two phases. The first phase of demolition shall be the residential buildings fronting Ocean Avenue (the "Ocean Avenue Improvements"), and the second phase of demolition shall be the existing RAND facility (the "RAND Improvements"). RAND shall be exempt from the requirements of Sections 9.04.10.16.010(2) and (3) of the Zoning Code (which would otherwise require RAND to obtain (a) a permit to commence construction of a replacement project or (b) approval of a property maintenance plan, in order to obtain a demolition permit).

7.6 Temporary Use Permits. The Property is currently the site which serves a portion of the parking needs for the RAND Improvements. Commencement of construction of the Project will require the demolition of such parking lot and the relocation of the parking to an alternate site. The Agency and RAND have agreed pursuant to the terms under the OPA and the Lease that RAND may use the portion of the Agency Parcel previously occupied by the Ocean Avenue Improvements for a temporary surface parking lot serving RAND's temporary parking needs during the construction process, (the "Ocean Avenue Site"). In the event that the Property and the Ocean Avenue Site are both unavailable for parking due to concurrent demolition, the City shall permit RAND to utilize an offsite location temporarily to provide necessary parking until the Ocean Avenue Site can be used for parking. Notwithstanding anything to the contrary contained in Section 9.04.20.06 of the Zoning Code, the City shall diligently process and issue a temporary use permit for RAND's use of the Ocean Avenue Site for parking as shown on Exhibit "M" attached hereto (the "Temporary Use Permit"). The Temporary Use Permit shall expire upon the issuance of a certificate of occupancy for the Project. Notwithstanding anything to the contrary contained herein or in the Existing Regulations, the surface parking lot on the Ocean Avenue Site may be a gravel lot consistent with the existing parking lot on said property, and RAND may recycle the pavement on the Property to use to cover the Ocean Avenue Site in order to meet the City's sustainability goals. The Temporary Use Permit shall not be conditioned except as expressly set forth in Exhibit "C". Also notwithstanding anything to the contrary contained herein or in the Existing Regulations, (a) the temporary use of a parking lot shall not be subject to additional City permits, approvals, licenses or inspections, and (b) compliance with performance standards shall not be required for the issuance of this Temporary Use Permit, except as expressly shown on Exhibit "M" attached hereto.

7.7 North Lot and Ocean Avenue Lot Restriping. Notwithstanding anything to the contrary contained herein or in the Existing Regulations, RAND may restripe the existing North Parking Lot and Ocean Avenue Lot as shown on Exhibit "M" attached hereto to provide tandem spaces during the construction phase of the Project.

7.8 Certificate of Occupancy. The parties contemplate that upon the completion of the Project RAND shall move into the Project and thereafter demolish the existing RAND Improvements on the Agency Parcel and a portion of the RAND Parcel. Therefore, the issuance of a temporary certificate of occupancy for the Project shall not be contingent on the prior demolition of RAND Improvements or the prior installation of landscaping on the RAND Parcel in the current location of such Improvements, which are to be demolished. As a condition to the

City's issuing a final certificate of occupancy. RAND shall either (a) complete such demolition and installation of landscaping for the RAND Parcel, or (b) suitably guarantee such completion by posting a bond, letter of credit or other security reasonably satisfactory to the City for the cost of such landscaping improvements.

7.9 Separate Permit for Garage. The City acknowledges that RAND intends to construct the Subterranean Garage before it has completed construction drawings of the remainder of the Project. Provided that RAND complies with all applicable Existing Regulations (as amended by Subsequent Code Changes) and the terms and conditions of this Agreement, including Section 7.3 above, the City shall issue a separate foundation-only building permit for the Subterranean Garage.

ARTICLE 8

AMENDMENT AND MODIFICATION

8.1 Amendment and Modification of Development Agreement. Subject to the notice and hearing requirement of the applicable Development Agreement Statutes, this Agreement may be modified or amended from time to time only with the written consent of RAND and the City or their successors and assigns in accordance with the provisions of the Santa Monica Municipal Code and Section 65868 of the Government Code.

ARTICLE 9

TERM

9.1 Effective Date. This Agreement shall be dated, and the obligations of the parties hereunder shall be effective as of the date upon which the ordinance approving this Agreement becomes effective ("Effective Date"). The parties shall execute this Agreement within ten (10) working days of the Effective Date.

9.2 Term.

9.2.1 The term of this Agreement shall commence on the Effective Date and shall continue for fifty-five (55) years thereafter ("Term"), unless the Term is otherwise terminated pursuant to Section 11 after the satisfaction of all applicable public hearing and related procedural requirements.

9.2.2 Upon termination of this Agreement, the parties hereto shall execute an appropriate certificate of termination in recordable form ("Termination Certificate"), which shall be recorded in the official records of Los Angeles County.

ARTICLE 10

PERIODIC REVIEW OF COMPLIANCE

10.1 City Review. The City shall review this Development Agreement once each year, on or before each anniversary of the Effective Date ("Periodic Review"), in accordance with this Section 10 in order to determine whether or not RAND is out-of-compliance with any specific term or provision of this Agreement. At commencement of each Periodic Review, the City shall notify RAND in writing that said Periodic Review is or has been commenced.

10.1.1 Evidence of Good Faith Compliance. During each Periodic Review, the City shall require, in writing, that RAND demonstrate that it has during the preceding twelve (12) month period, been in good faith compliance with this Agreement. For purposes of this Agreement, the phrase "good faith compliance" shall mean the following: (a) conformance by RAND with the requirements of the Existing Regulations, except as otherwise modified by this Agreement; (b) conformance by RAND with the terms and conditions of this Agreement; and (c) the existence of any specified Excusable Delays which prevented or delayed the timely performance by RAND of any of its obligations under this Agreement.

10.1.2 Information to be Provided RAND. The City shall deliver to RAND a copy of all staff reports prepared in connection with a Periodic Review, written comments from the public and, to the extent practical, all related exhibits concerning such Periodic Review either concurrently with the delivery of a Notice of Default, defined below.

10.1.3 Notice of Default; Cure Rights. If during any Periodic Review, the City reasonably concludes on the basis of substantial evidence that RAND has not demonstrated that it is in good faith compliance with this Agreement, then the City may issue and deliver to RAND a written "Notice of Default" pursuant to Section 11.1.1 below, and RAND shall have the opportunity to cure such default pursuant to Section 11.1.2.

10.1.4 Failure of Periodic Review. The City's failure to review at least annually compliance by RAND with the terms and conditions of this Agreement shall not constitute or be asserted by any Party as a breach by any other Party of this Agreement.

10.2 Termination of Development Agreement. If RAND fails to timely cure any item(s) of non-compliance set forth in a Notice of Default, then the City shall have the right but not the obligation to initiate proceedings for the purpose to terminating this Agreement pursuant to Section 11.4 below.

ARTICLE 11

DEFAULT

11.1 Notice and Cure.

11.1.1 In the event of failure by either party hereto substantially to perform any term, covenant or condition of this Agreement which is required on its part to be performed ("Default"), the non-defaulting party shall have those rights and remedies provided in this Agreement, provided that such non-defaulting party has first sent a written notice of Default, in the manner required by Section 15.1, specifying the precise nature of the alleged Default (including references to pertinent Sections of this Agreement and the Existing Regulations or Subsequent Code Changes alleged to have been breached), and the manner in which the alleged Default may satisfactorily be cured ("Notice of Default"). In the event of a Default by RAND, the Notice of Default shall also be provided to any Mortgagee of RAND which has delivered a Request for Notice to the City in accordance with Section 12.

11.1.2 In the case of a monetary Default by RAND, RAND shall promptly commence to cure the identified Default and shall complete the cure of such Default within thirty (30) business days after receipt by RAND of the Notice of Default or provide evidence of Excusable Delay as defined in Section 11.8 below. In the case of a non-monetary Default by either party, the alleged defaulting party shall promptly commence to cure the identified Default and shall complete the cure within thirty (30) days after receipt of the Notice of Default or provide evidence of Excusable Delay. The thirty (30) day cure period for a non-monetary Default shall be extended as is reasonably necessary to remedy such Default, provided that the alleged defaulting party commences such cure promptly after receiving the Notice of Default and continuously and diligently pursues such remedy at all times until such Default is cured.

11.1.3 Notwithstanding anything to the contrary contained herein, the City's exercise of any of its rights or remedies under this Article 11 shall be subject to the provisions of Section 15.8 below.

11.2 Remedies for Monetary Default.

11.2.1 In the event of Default by RAND in the performance of any of its monetary obligations under this Agreement which remains uncured (a) twenty (20) business days after receipt by RAND of a written notice of default from the City and (b) after expiration of Mortgagee's Cure Period under Section 12.1 (if a Mortgagee of RAND has delivered a Request for Notice to the City in accordance with Section 12.1), the City shall have available any right or remedy provided in this Agreement, at law or in equity. All of said remedies shall be cumulative and not exclusive of one another, and the exercise of any one or more of said remedies shall not constitute a waiver or election in respect to any other available remedy.

11.2.2 In the event of a monetary default by RAND, the City shall not be required to comply with the procedures set forth in Section 11.4.

11.3 Remedies for Non-Monetary Default.

11.3.1 In the event of non-monetary Default by either party hereunder which remains uncured: (a) after expiration of all applicable notice and cure periods, and (b) in the case of a Default by RAND, after the expiration of Mortgagee's Cure Period under Section 12.1 (if a Mortgagee of RAND has delivered a Request for Notice to the City in accordance with Section 12.1), the non-defaulting party shall have available any right or remedy provided in this Agreement, or provided at law or in equity except as prohibited by this Agreement. All of said remedies shall be cumulative and not exclusive of one another, and the exercise of any one or more of said remedies shall not constitute a waiver or election in respect to any other available remedy.

11.3.2 Due to the size, nature and scope of the Project and due to the fact that it will not be practical or possible to restore the Property to its condition as of the date of this Agreement once implementation of this Agreement has begun, RAND may be foreclosed from other choices it may have had for the use of the Property or portions of the Property. RAND has invested significant time and resources, performed extensive planning and processing of the Project, and will be investing even more significant time and resources in implementing the Project in reliance upon the terms of this Agreement. Consequently, the City and RAND acknowledge that monetary damages and remedies at law generally are inadequate and that specific performance is an appropriate remedy for the enforcement of this Agreement. Therefore, unless otherwise expressly provided herein, the remedy of specific performance shall be available to RAND and the City under this Agreement in the event of a non-monetary Default by the other party.

11.3.3 The City and RAND hereby stipulate that RAND shall be entitled to obtain relief in the form of a writ of mandate in accordance with Code of Civil Procedure Section 1085 or Section 1094.5, as appropriate, to remedy any non-monetary Default by the City of its obligations and duties under this Agreement. Nothing in this Section 11.3.3, however, is intended to alter the evidentiary standard or the standard of review applicable to any action of, or approval by, the City pursuant to this Agreement or with respect to the Project.

11.3.4 RAND acknowledges that the City would not have entered into this Agreement if the City were to be liable in damages under or with respect to this Agreement or the application thereof. Consequently, and except for the payment of attorneys' fees in accordance with Section 15.11 and court costs, the City shall not be liable in damages to RAND or to any Transferee, and RAND covenants on behalf of itself and its successors in interest not to sue for or claim any damages:

(a) for any non-monetary Default of, or which arises out of, this Agreement;

11.3.4(b) for the taking, impairment or restriction of any right or interest conveyed or provided hereunder or pursuant hereto; or

11.3.4(c) arising out of or connected with any dispute, controversy or issue regarding the application or interpretation or effect of the provisions of this Agreement.

11.3.5 The City and RAND agree that the provisions of Section 11.3.4 do not apply if the City has unreasonably or maliciously disregarded the terms of this Agreement and further agree that the provisions of Section 11.3.4 do not limit the liability of the City, if any, for damages which: (a) are not for a non-monetary Default of this Agreement or which do not arise under this Agreement; (b) are not with respect to any right or interest conveyed or provided hereunder or pursuant hereto; or (c) do not arise out of or which are not connected with any dispute, controversy or issue regarding the application, interpretation, or effect of the provisions of this Agreement.

11.3.6 The City acknowledges that RAND would not have entered into this Agreement if RAND were to be liable in damages in connection with any non-monetary Default hereunder. Consequently, and except for the payment of attorney's fees in accordance with Section 15.11, court costs, and nuisance abatement proceedings, RAND shall not be liable in damages to the City for any non-monetary Default and the City covenants not to sue for or claim any damages for:

(a) any non-monetary Default of, or which arises out of, this Agreement;
or

(b) arising from or connected with any dispute, controversy or issue regarding the application or interpretation or effect of the provisions of this Agreement.

11.3.7 The City and RAND agree that the provisions of this Section 11.3.6 do not limit the liability of RAND, if any, for damages which (a) are for a monetary Default, or which do not arise under this Agreement, (b) are not with respect to any right or interest conveyed or provided hereunder or pursuant hereto, or (c) do not arise out of or which are not connected with any dispute, controversy, or issue regarding the application, interpretation or effect of the provisions of this Agreement.

11.3.8 Except as provided herein, the provisions of this Section 11.3 shall not limit any other rights, remedies, or causes of action that either the City or RAND may have at law or equity.

11.4 Termination of Agreement by City.

11.4.1 In the event that (a) the City finds and determines pursuant to Section 10.1, on the basis of substantial evidence, that RAND has not been in good faith compliance with the terms and conditions of this Agreement, or (b) the City finds and determines that there has been a non-monetary Default by RAND of its obligations under this Agreement which has not been cured during the application notice cure periods under Sections 11.1.1 and 11.1.2, the City may commence proceedings to terminate or modify this Agreement pursuant to this Section 11.4.

11.4.2 The procedures for termination or modification of this Agreement by the City for the grounds set forth in Section 11.4.1 are as follows:

(a) The City shall provide a written notice to RAND (and to any Mortgagee of RAND which has delivered a Request for Notice to the City in accordance with Section 12.1) of its intention to terminate or modify this Agreement unless RAND (or the Mortgagee) cures or corrects the acts or omissions that constitute the basis of such determinations by the City ("Hearing Notice"). The Hearing Notice shall be delivered by the City to RAND in accordance with Section 15.1 and shall contain the time and place of a public hearing to be held by the City Council on the determination of the City to proceed with termination or modification of this Agreement. The public hearing shall not be held earlier than: (i) thirty-one (31) days after delivery of the Hearing Notice to RAND or (ii) if a Mortgagee has delivered a Request for Notice in accordance with Section 12.1, the day following the expiration of the Mortgagee Cure Period.

(b) If, following the conclusion of the public hearing, the City Council: (i) determines that RAND is in Default of its non-monetary obligations under this Agreement or has not been in good faith compliance with this Agreement pursuant to Section 10.1, as applicable and (ii) further determines that RAND (or the Mortgagee, if applicable) has not cured the acts or omissions that constitute the basis of the determination under subsection (i) or if those acts or omissions could not be reasonably remedied prior to the public hearing that RAND (or the Mortgagee) has not in good faith commenced to cure or correct such acts or omissions prior to the public hearing or is not diligently and continuously proceeding therewith to completion the City Council may terminate or modify this Agreement. The City and RAND mutually acknowledge and agree that the City cannot unilaterally modify the provisions of this Agreement pursuant to this Section 11.4 and that any such modification requires the consent of RAND. In the event that RAND does not consent to a modification submitted by the City pursuant to this Section 11.4, the City Council may elect to terminate this Agreement.

11.5 Cessation of Rights and Obligations. If this Agreement is terminated on account of a Default, the rights, duties and obligations of the parties hereunder shall cease as of the date of such termination except as otherwise provided in this Agreement. If the City is the terminating party, then any and all benefits, including money received by the City, shall be retained by the City.

11.6 Completion of Improvements. Notwithstanding the provisions of Sections 11.3 through 11.5, but subject to Section 2.5.5 above, if prior to termination of this Agreement, RAND has performed substantial work and incurred substantial liabilities in good faith reliance upon a building permit issued by the City then RAND shall have acquired a vested right to: complete construction of the building in accordance with the terms of the building permit and occupy or use such building upon completion for the use(s) permitted for that building as delineated in Section 2.6 above. Any building completed or occupied pursuant to this Section shall be considered legal non-conforming subject to all City ordinances standards and policies as they then exist governing legal non-conforming buildings and uses unless the building

otherwise complies with the property development standards for the district in which it is located and the use is otherwise permitted or conditionally permitted in the district.

ARTICLE 12

MORTGAGEES

12.1 Encumbrances on the Property. The parties hereto agree that this Agreement shall not prevent or limit RAND, in any manner, at RAND's sole discretion, from encumbering the Property or any portion thereof or any improvement thereon by any mortgage, deed of trust or other security device securing financing with respect to the Property ("Mortgage"). The City acknowledges that the lender(s) providing such financing may require certain Agreement interpretations and agrees upon request, from time to time, to meet with RAND and representatives of such lender(s) to consider in good faith any such request for interpretation. The City will not unreasonably withhold its consent to provide any such requested interpretation. Any mortgagee of a mortgage or a beneficiary of a deed of trust ("Mortgagee") on the Property shall be entitled to the rights and privileges set forth in this Article 12.

12.1.1 Mortgage Not Rendered Invalid. Except as provided in Section 12.12, neither entering into this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish, or impair the lien of any mortgage or deed of trust on the Property made in good faith and for value.

12.1.2 Priority of Agreement. This Agreement shall be superior and senior to the lien of any Mortgage. Any acquisition or acceptance of title or any right or interest in or with respect to the Property or any portion thereof by a Mortgagee (whether pursuant to foreclosure, trustee's sale, deed in lieu of foreclosure, lease termination or otherwise) shall be subject to all of the terms and conditions of this Agreement.

12.1.3 Right of Mortgagee to Cure Default

(a) A Mortgagee may give notice to the City, specifying the name and address of such Mortgagee and attaching thereto a true and complete copy of the Mortgage held by such Mortgagee ("Request for Notice"). If the Request for Notice shall be given, at the same time the City sends such notice to RAND, the City shall send to such Mortgagee a copy of each Notice of Default or Hearing Notice from the City to RAND which relates to, affects, or potentially may adversely affect, the interest of RAND in the Property or portion thereof which serves as security for the Mortgage. The copy of the Notice of Default or Hearing Notice sent to the Mortgagee pursuant to this Section 12.1.3(a) shall be addressed to such Mortgagee at its address last furnished to the City. The period within which a Mortgagee may cure a particular Default shall not begin to run until the City has sent to the Mortgagee such copy of a Notice of Default or Hearing Notice.

(b) The Mortgagee, after the copy of such Notice of Default or Hearing Notice has been given, shall thereupon have a period of: (a) ten (10) days in the case of any Default in the payment of money and (b) thirty (30) days in the case of any other Default, beyond the cure period afforded to RAND under this Agreement, for remedying the Default or causing the same to be remedied ("Mortgagee's Cure Period"). If RAND shall be in Default hereunder, such Mortgagee shall have the right to remedy such Default, or cause the same to be remedied prior to the conclusion of the Mortgagee's Cure Period and otherwise as herein provided. The City shall accept performance by any such Mortgagee of any covenant, condition, or agreement on RAND's part to be performed hereunder with the same force and effect as though performed by RAND.

(c) The period of time given to the Mortgagee to cure any Default by RAND which reasonably requires that said Mortgagee be in possession of the Property to do so, shall be deemed extended to include the period of time reasonably required by said Mortgagee to obtain such possession (by foreclosure, the appointment of a receiver or otherwise) promptly and with due diligence, provided, however, that during such period all other obligations of RAND under this Agreement, including, without limitation, payment of all amounts due, are being duly and promptly performed.

12.1.4 Mortgagee Not Obligated Under Agreement.

(a) No Mortgagee shall have any obligation or duty under this Agreement to perform the obligations of RAND's or the affirmative covenants of RAND's hereunder or to guarantee such performance unless and until such time as a Mortgagee takes possession or becomes the owner of the estate covered by its Mortgage, and then only for obligations arising or accruing during or with respect to the time a Mortgagee is in possession or is the owner under such estate.

(b) Nothing in Section 12.1.4(a) is intended, nor should be construed or applied, to limit or restrict in any way the City's authority to terminate this Agreement, as against any Mortgagee as well as against RAND if any curable Default hereunder (including, without limitation, any Default in the payment of any amount due) is not completely cured within the time period allowed in Section 12.1.3 for such cure.

ARTICLE 13

TRANSFERS AND ASSIGNMENTS

13.1 Transfers/Assignments

13.1.1 Not Severable from Ownership Interest in Property. This Agreement shall not be severable from RAND's interest in the Property and any transfer of the Property or any portion thereof shall automatically operate to transfer the benefits and burdens of this Agreement with respect to the transferred Property or transferred portions, as applicable.

13.1.2 Occupation Rights. Unless the Development Agreement is amended, the Project may only be occupied by an entity other than RAND if the following conditions are met: (1) No more than a combined total of 15,000 square feet of the Project may be leased to entities other than RAND, (2) the entity or entities must conform to the permitted uses set forth in Section 2.6.1 and (3) prior to entering into a binding lease agreement to rent such space to qualified tenants, RAND shall submit a written request to the Planning Director setting forth in reasonable detail (a) the identity of the tenant(s), (b) the nature of the proposed use, (c) the nature of the potential environmental impacts and (d) information sufficient to demonstrate that Section 13.1.5 will be implemented. The Planning Director shall consider such request with reasonable promptness, but in all cases within thirty (30) days and shall approve the proposed lease(s) if he or she determines, in his or her good faith reasonable discretion, that the environmental impacts of the proposed user(s) will be no more than the environmental impacts identified in the Option 1 Analysis of the August 2000 Final Environmental Impact Report prepared for the Project ("identified environmental impacts") and that Section 13.1.5 will be implemented. Proposed leases to users which have environmental impacts which are greater than the identified environmental impacts or proposed leases which cumulatively total more than 15,000 square feet of space in the Project shall be considered Major Modifications subject to City approval as provided in Section 8.1.

For purpose of this Section 13.1.2, occupation of the Project by RAND's subsidiaries or affiliates controlled by or under common control with RAND shall be considered to be occupation of the Project by RAND.

13.1.3 Transfer Rights. Subject to the Agency's Right of First Offer under the OPA and Section 13.1.2, RAND may sell, transfer, exchange, encumber or otherwise dispose of its interest in the Property ("transfer"), if the following conditions are met: (1) the transferee must conform to the permitted uses set forth in Section 2.6.1 and (2) prior to a transfer becoming effective, RAND shall submit a written request to the Planning Director setting forth in reasonable detail (a) the identity of the transferee, (b) the nature of the proposed use, (c) a detailed analysis of the environmental impacts of the proposed use and (d) information sufficient to demonstrate that Section 13.1.5 will be implemented. The Planning Director shall conduct an independent analysis of such information with reasonable promptness, but in all cases within one-hundred and five (105) days and shall approve the proposed transfer if he or she determines, in his or her good faith reasonable discretion, that (a) the environmental impacts of the proposed transferee will be no more than the environmental impacts identified in the Option 1 Analysis of the August 2000 Final Environmental Impact Report prepared for the Project ("identified environmental impacts") and (b) the transferee conforms to the permitted uses set forth in Section 2.6.1. Proposed transfers to transferees (a) which have environmental impacts which are greater than the identified environmental impacts or (b) which do not conform to the permitted uses set forth in Section 2.6.1 shall be considered Major Modifications subject to City approval as provided in Section 8.1.

13.1.4 Release Upon Transfer. Upon the sale, transfer, or exchange of all of RAND's right, title and interest to the Property in accordance with Section 13.1.3, RAND shall be released from its obligations under this Agreement with respect to the Property if : (a) RAND has provided written notice of such transfer to City; and (b) the Property Transferee executes and delivers to City a written agreement in which the Property Transferee expressly and unconditionally assumes all of the obligations of RAND under this Agreement with respect to the Property.

13.1.5 Transportation Management. In the event that the Project is occupied by multiple tenants, a Transportation Management Association ("TMA") for the Project shall be established to assure that transportation demand management strategies continue to be implemented.

ARTICLE 14

INDEMNITY TO CITY

14.1 Indemnity to City.

14.1.1 Indemnity. RAND agrees to and shall defend, indemnify and hold harmless the City, its City Council, boards and commissions, officers, agents, employees, volunteers and other representatives (collectively referred to in this Article as "City") from and against any and all loss, liability, damages, cost, expense, claims, demands, suits, attorney's fees and judgments (collectively referred to as "Damages"), including but not limited to claims for damage for personal injury (including death) and claims for property damage arising directly or indirectly from the following: (1) for any act or omission of RAND or those of its officers, board members, agents, employees, volunteers, contractors, subcontractors or other persons acting on its behalf (collectively referred to in this Article as "RAND") which occurs during or relates to this Agreement; (2) for any act or omission related to the operations of RAND, including but not limited to the maintenance and operation of areas on the Property accessible to the public. RAND's obligation to defend, indemnify and hold harmless applies to all actions and omissions of RAND's as described above caused or alleged to have been caused in connection with the Project or Agreement, except to the extent any Damages are caused by the sole active negligence or willful misconduct of the City. This Section 14.1.1 applies to all Damages suffered or alleged to have been suffered regardless of whether or not the City prepared, supplied or approved plans or specifications or both for the Project.

14.1.2 City's Right to Defense. The City shall have the right to approve legal counsel retained by RAND to defend any claim, action or proceeding which RAND is obligated to defend pursuant to Section 14.1.1, which approval shall not be unreasonably withheld or delayed. In the event that any conflict of interest results during the mutual representation of the City and RAND in defense of any such action, or in the event of the City's reasonable dissatisfaction with counsel retained by RAND, the City shall have the right (a) at RAND's costs and expense, to have the City Attorney undertake and continue the City's defense, or (b) with

RAND's approval, which shall not be reasonably withheld or delayed, to select separate outside legal counsel to undertake and continue the Citiv's defense.

ARTICLE 15

GENERAL PROVISIONS

15.1 Notices. All notices under this Agreement shall be in writing and shall be deemed delivered when personally received by the addressee, or within three (3) calendar days after deposit in the United States mail by registered or certified mail, postage prepaid, return receipt requested, to the following parties and their counsel at the addresses indicated below, provided, however, if any party to this Agreement delivers a notice or causes a notice to be delivered to any other party to this Agreement, a duplicate of that Notice shall be concurrently delivered to each other party and their respective counsel:

To City: City of Santa Monica
1685 Main Street, Room 204
Santa Monica, CA 90401
Attention: City Manager

With a Copy to: City of Santa Monica
1685 Main Street, Room 212
Santa Monica, CA 90401
Attn: Planning and Community Development Director

To RAND: Rand Corporation
1700 Main Street
Santa Monica, California 90407-2138
Attn: Bonnie Holmes

With a Copy to: Greenberg Glusker Fields Claman &
Machtinger LLP
1900 Avenue of the Stars, Suite 2100
Los Angeles, California 90067
Attention: Dale Goldsmith, Esq.

Notice given in any other manner shall be effective when received by the addressee. The addresses for notices may be changed by notice given in accordance with this provision.

15.2 Entire Agreement; Conflicts. This Agreement represents the entire agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof. Should any or all of the provisions of this Agreement be found to be in conflict with any other provision

or provisions found in the Existing Regulations. then the provisions of this Agreement shall prevail.

15.3 Binding Effect. It is intended and determined that the provisions of this Agreement shall constitute covenants which shall run with the land comprising the Property during the Term for the benefit thereof and that the burdens and benefits thereof shall bind and enure to the benefit of all successors-in-interest to the parties hereto. Every party who now or hereafter owns or acquires any right, title, or interest in or to any portion of the Project during the Term is and shall be conclusively deemed to have consented and agreed to every provision contained herein, to the extent relevant to said right, title or interest, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Project.

15.4 Agreement Not for Benefit of Third Parties. This Agreement is made and entered into for the sole protection and benefit of RAND and the City and their respective successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

15.5 No Partnership or Joint Venture. Nothing in this Agreement shall be deemed to create a partnership or joint venture between the City and RAND or to render either party liable in any manner for the debts or obligations of the other.

15.6 Estoppel Certificates. Either party may, at any time, and from time to time, deliver written notice to the other party requesting such party to certify in writing (the "Estoppel Certificate"): (a) that this Agreement is in full force and effect, (b) that this Agreement has not been amended or modified either orally or in writing, or if so amended, identifying the amendments, (c) whether or not, to the knowledge of the responding party, the requesting party is in Default or claimed Default in the performance of its obligations under this Agreement, and, if so, describing the nature and amount of any such Default or claimed Default, and (d) whether or not, to the knowledge of the responding party, any event has occurred or failed to occur which, with the passage of time or the giving of notice, or both, would constitute a Default and, if so, specifying each such event. A party receiving a request hereunder shall execute and return such Certificate within thirty (30) days following the receipt thereof. The City manager shall have the right to execute any Estoppel Certificate requested by RAND under this Section 15.6. The City acknowledges that an Estoppel Certificate may be relied upon by any Transferee, Mortgagee or other party.

15.7 Time. Time is of the essence for each provision of this Agreement of which time is an element.

15.8 Excusable Delays. In addition to any specific provisions of this Agreement, non-performance by RAND of its obligations under this Agreement shall be excused when it has been prevented or delayed by reason of any act, event or condition beyond the reasonable control of RAND (collectively, "Excusable Delays") for any of the following reasons:

(a) War, insurrection, walk-outs, riots, floods, earthquakes, fires, casualties, acts of God, or similar grounds for excused performances;

(b) Governmental restrictions or moratoria imposed by the City or by other governmental entities or the enactment of conflicting State or Federal laws or regulations;

(c) The imposition of restrictions or moratoria by judicial decisions contesting the validity, or seeking the enforcement or clarification of, this Agreement whether instituted by RAND, the City or any other person or entity;

(d) The institution of a referendum pursuant to Government Code Section 65867.5 or a similar public action seeking to in any way invalidate, alter, modify or amend the ordinance adopted by the City Council approving and implementing this Agreement;

(e) Inability to secure necessary labor, materials or tools, due to strikes, lockouts, or similar labor disputes; and

(f) Extraordinary delays (as determined by the Planning Director in his or her good faith discretion) in the Coastal Commission's permitting process in obtaining a Coastal Development Permit for the Project.

15.8.1 Under no circumstances shall the inability of RAND to secure financing be an Excusable Delay to the obligations of RAND.

15.8.2 In order for an extension of time to be granted for any Excusable Delay identified in Section 15.8, written notice of the Excusable Delay must be given by the requesting party within thirty (30) days that RAND becomes aware of the Excusable Delay. The extension of time for an Excusable Delay shall be for the actual period of the delay.

15.9 Governing Law. This Agreement shall be governed exclusively by the provisions hereof and by the laws of the State of California.

15.10 Cooperation in Event of Legal Challenge. In the event of any court action or proceeding challenging the validity of this Agreement, RAND shall indemnify, hold harmless, pay all costs actually incurred, and provide defense in said action, with counsel reasonably satisfactory to both the City and RAND. The City shall cooperate with RAND in any such defense as RAND may reasonably request.

15.11 Attorneys' Fees. If any party commences any action for the interpretation, enforcement, termination, cancellation or rescission of this Agreement, or for specific performance for the breach hereof, the prevailing party shall be entitled to its reasonable attorneys' fees, litigation expenses and costs. Attorneys' fees under this Section shall include attorneys' fees on any appeal as well as any attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. Such attorneys' fees shall be paid whether or not such action is prosecuted to judgment. In any case where this Agreement provides that the City

or RAND is entitled to recover attorneys' fees from the other, the party so entitled to recover an amount equal to the fair market value of services provided by attorneys employed by it as well as any attorneys' fees actually paid by it to third parties. The fair market value of the legal services for public attorneys shall be determined by utilizing the prevailing billing rates of comparable private attorneys.

15.12 Recordation. The parties hereto shall cause this Agreement to be recorded in the Official Records of the County of Los Angeles. The cost, if any, of recording this Agreement shall be borne by RAND.

15.13 No Waiver. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought and referring expressly to this Section 15.13. No delay or omission by either party in exercising any right or power accruing upon non-compliance or failure to perform by the other party under any of the provisions of this Agreement shall impair any such right or power or be construed to be a waiver thereof, except as expressly provided herein. No waiver by either party of any of the covenants or conditions to be performed by the other party shall be construed or deemed a waiver of any succeeding breach or nonperformance of the same or other covenants and conditions hereof of this Agreement.

15.14 Construction. The parties agree that each party and its legal counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto.

15.15 Other Governmental Approvals. RAND may apply for such other permits and approvals as may be required for development of the Project in accordance with this Agreement from other governmental or quasi-governmental agencies having jurisdiction over the Property. The City shall reasonably cooperate with RAND in its endeavors to obtain such permits and approvals. Additionally:

15.15.1 Further Assurances; Covenant to Sign Documents. Each party shall take all actions and do all things, and execute, with acknowledgment or affidavit, if required, any and all documents and writings, that may be necessary or proper to achieve the purposes and objectives of this Agreement.

15.15.2 Reimbursement and Apportionment. Although the parties do not contemplate a condition of a Future Approval requiring excess capacity or size of required dedications or public facilities beyond that required by the Existing Regulations, nothing in this Agreement precludes City or RAND from entering into any reimbursement agreements for the portion (if any) of the cost of any dedications, public facilities and/or infrastructure that City, pursuant to this Agreement, may require as conditions of the Future Approvals, to the extent that they are in excess of those reasonably necessary to mitigate the impacts of the Project or development on the Property.

15.15.3 Processing. Upon satisfactory completion by RAND of all required preliminary actions and payments of appropriate processing fees, if any, City shall, subject to all legal requirements, promptly initiate, diligently process, and complete at the earliest possible time all required steps, and expeditiously act upon any approvals and permits necessary for the development by RAND of the Property in accordance with this Agreement, including, but not limited to, the following:

- (a) the processing of applications for and issuing of all Discretionary Approvals requiring the exercise of judgment and deliberation by City;
- (b) the holding of any required public hearings; and
- (c) the processing of applications for and issuing of all City Technical Permits pursuant to Section 7 requiring the determination of conformance with this Agreement.

15.15.4 No Revocation. Approval or future approval for the Development of the Project or the Property shall not be revoked or subsequently disapproved once issued by the City provided that the development of the Project or the Property is in accordance with such approval. Any disapproval by the City shall state in writing the reasons for such disapproval and the suggested actions to be taken in order for approval to be granted.

15.15.5 Processing During Third Party Litigation. In the event of the filing of any third party lawsuit(s) against City or RAND relating to this Agreement or to other development issues affecting the Property, the City shall not delay or stop the development, processing or construction of the Property, approval of the Future Approvals, or issuance of City Technical Permits, unless the third party obtains a court order preventing the activity. City shall not stipulate or fail to oppose the issuance of any such order.

15.15.6 State, Federal or Case Law. Where any state, federal or case law allows City to exercise any discretion or take any act with respect to that law, City shall, in an expeditious and timely manner, at the earliest possible time, (i) exercise its discretion in such a way as to be consistent with, and carry out the terms of, this Agreement and (ii) take such other actions as may be necessary to carry out in good faith the terms of this Agreement.

15.16 Venue. Any legal action or proceeding arising out of this Agreement shall be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court in that County, or in the Federal District Court in the Central District of California.

15.17 Exhibits. The following exhibits which are part of this Agreement are attached hereto and each of which is incorporated herein by this reference as though set forth in full:

Exhibit "A-1"	Property
Exhibit "A-2"	Agency Parcel
Exhibit "B"	Project Plans

Exhibit "C"	Permitted Fees, Exactions, Mitigation Measures and Conditions
Exhibit "D"	Zoning Ordinance
Exhibit "E"	Project Setbacks
Exhibit "F"	Vicente Terrace Dedication
Exhibit "G"	Traffic Circle Dedication
Exhibit "H"	Sidewalk Dedication
Exhibit "I"	Santa Monica Sign Code
Exhibit "J"	Construction Staging Area
Exhibit "K"	Alley Closure Area
Exhibit "L"	Alley Restoration Standard
Exhibit "M"	Parking Plans for Ocean Avenue and North Parking Lots
Exhibit "N"	Construction Mitigation Plan

In the event that any inconsistencies exist between the Exhibits and the text of this Agreement, the text of this Agreement shall prevail.

15.18 Counterpart Signatures. The parties may execute this Agreement on separate signature pages which, when attached hereto, shall constitute one complete Agreement.

15.19 Certificate of Performance. Upon the completion of the Project, or Phase thereof, or upon performance of this Agreement or its earlier revocation and termination, City shall provide RAND, upon RAND's request, with a statement ("Certificate of Performance") evidencing said completion, termination or revocation and the release of RAND from further obligations hereunder, except for any further obligations which survive such completion, termination or revocation. The Certificate of Performance shall be signed by the appropriate agents of RAND and City and shall be recorded in the official records of Los Angeles County, California. Such Certificate of Performance is not a notice of completion as referred to in California Civil Code Section 3093.

15.20 Interests of RAND. RAND represents to the City that, as of the Effective Date, it is the owner of the entire Property, subject to encumbrances, easements, covenants, conditions, restrictions, and other matters of record.

15.21 Operating Memoranda. The provisions of this Agreement require a close degree of cooperation between City and RAND. During the Term of this Agreement, clarifications to this Agreement and the Existing Regulations may be appropriate with respect to the details of performance of City and RAND. If and when, from time to time, during the terms of this Agreement, City and RAND agree that such clarifications are necessary or appropriate, they shall effectuate such clarification through operating memoranda approved in writing by the City and RAND, which, after execution, shall be attached hereto and become part of this Agreement and the same may be further clarified from time to time as necessary with future written approval by City and RAND. Operating memoranda are not intended to and cannot constitute an amendment to this Agreement but mere ministerial clarifications, therefore public notices and hearings shall

not be required. The City Attorney shall be authorized, upon consultation with, and approval of, RAND, to determine whether a requested clarification may be effectuated pursuant to this Section or whether the requested clarification is of such character to constitute an amendment hereof which requires compliance with the provisions of Section 8.1 above. The authority to enter into such operating memoranda is hereby delegated to the City Manager and the City Manager is hereby authorized to execute any operating memoranda hereunder without further Council action.

15.22 Acknowledgments, Agreements and Assurance on the Part of RAND.

15.22.1 RAND's Faithful Performance. The parties acknowledge and agree that RAND's faithful performance in developing the Project on the Property and in constructing and installing certain public improvements pursuant to this Agreement and complying with the Existing Regulations will fulfill substantial public needs. The City acknowledges and agrees that there is good and valuable consideration to the City resulting from RAND's assurances and faithful performance thereof and that same is in balance with the benefits conferred by the City on the Project. The parties further acknowledge and agree that the exchanged consideration hereunder is fair, just and reasonable. RAND acknowledges that the consideration is reasonably related to the type and extent of the impacts of their respective projects on the community and the Property, and further acknowledge that the consideration is necessary to mitigate the direct and indirect impacts caused by RAND on the Property.

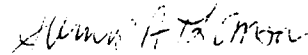
15.22.2 Obligations to be Non-Recourse. As a material element of this Agreement, and as an inducement to RAND to enter into this Agreement, each of the parties understands and agrees that the City's remedies for breach of the obligations of RAND under this Agreement shall be limited as described in Section 11 above.

15.23 Not a Public Dedication. Except as otherwise expressly provided herein, nothing herein contained shall be deemed to be a gift or dedication of the Property, or of the Project, or any portion thereof, to the general public, for the general public, or for any public use or purpose whatsoever, it being the intention and understanding of the parties that this Agreement be strictly limited to and for the purposes herein expressed for the development of the Project as private property.

15.24 Severability and Termination. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, or if any provision of this Agreement is superseded or rendered unenforceable according to any law which becomes effective after the Effective Date, the remainder of this Agreement shall be effective to the extent the remaining provisions are not rendered impractical to perform, taking into consideration the purposes of this Agreement.

RAND:

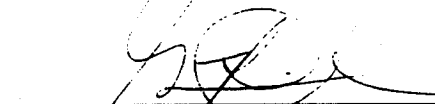
RAND CORPORATION.
a California non-profit corporation



JAMES A. THOMSON
President and Chief Executive Officer

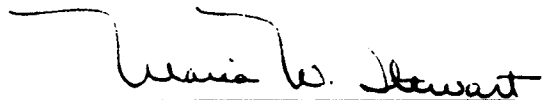
CITY:

CITY OF SANTA MONICA.
a municipal corporation



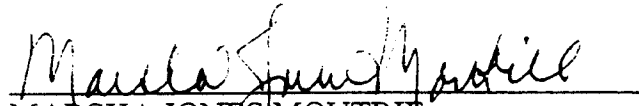
GORDON R. ANDERSON
Assistant City Manager

ATTEST:



MARIA STEWART
City Clerk

APPROVED AS TO FORM:



MARSHA JONES MOUTRIE
City Attorney

State of California

)

) ss.

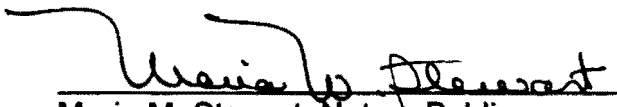
County of California

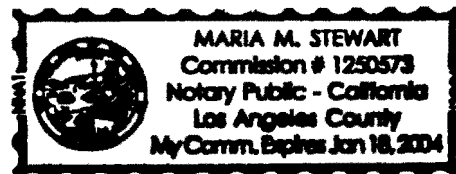
)

On January 25, 2001, before me, Maria M. Stewart, Notary Public, personally appeared Gordon Anderson, Assistant City Manager of Santa Monica, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal:

SEAL:


Maria M. Stewart, Notary Public



Title/Type of Document:

Development Agreement/Rand Corporation

Document Date:

November 23, 2000

Address, if any:

N/A

Number of pages:

41 plus exhibits (309 total)

Other signers:

James Thomson, Rand Corp., CEO

Signer is representing the City of Santa Monica.

NOTARIAL ACKNOWLEDGEMENT

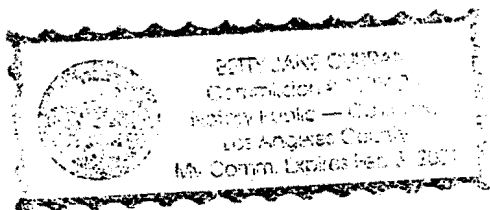
STATE OF CALIFORNIA)

) ss.

COUNTY OF LOS ANGELES)

On February 1, 2001, before me Betty Jane Curd, Notary Public, personally appeared **James Thomson**, personally known to me **OR** ~~proved to me on the basis of satisfactory evidence~~ to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument

WITNESS my hand and official seal.



Betty Jane Curd
Notary Public

EXHIBIT A-1

To

Development Agreement

LEGAL DESCRIPTION OF RETENTION PROPERTY

THOSE PORTIONS OF LOTS 11 AND 13 OF TRACT NO. 1347 IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 18 PAGE 89 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF THE RANCHO SAN VICENTE Y SANTA MONICA IN SAID CITY, COUNTY AND STATE AS PER MAP RECORDED IN BOOK 3 PAGES 30 AND 31 OF PATENTS IN THE OFFICE OF SAID COUNTY RECORDER DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHEASTERLY LINE OF OCEAN AVENUE, 100 FEET WIDE WITH THE NORTHWESTERLY LINE OF PICO AVENUE FORMERLY FREMONT AVENUE, 80 FEET WIDE AS BOTH STREETS ARE SHOWN ON SAID MAP OF TRACT NO. 1347; THENCE ALONG SAID NORTHEASTERLY LINE OF OCEAN AVENUE, NORTH $44^{\circ}19'00''$ WEST 315.24 FEET TO THE SOUTHEASTERLY LINE OF THAT PARCEL SHOWN ON MAP FILED IN BOOK 112 PAGE 45 OF RECORDS OF SURVEY IN THE OFFICE OF SAID COUNTY RECORDER AS HAVING A BEARING AND DISTANCE OF "NORTH $45^{\circ}41'09''$ EAST 349.82 FEET"; THENCE ALONG SAID LINE, NORTH $45^{\circ}41'09''$ EAST 170.01 FEET TO THE TRUE POINT OF BEGINNING, SAID POINT BEING AT THE INTERSECTION OF SAID LINE WITH THE SOUTHEASTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF FIRST COURT, 20 FEET WIDE AS SHOWN ON SAID MAP OF RECORD OF SURVEY; THENCE CONTINUING ALONG SAID LINE, NORTH $45^{\circ}41'09''$ EAST 179.81 FEET TO THE WESTERLY LINE OF MAIN STREET, 80 FEET WIDE AS SHOWN ON SAID MAP OF RECORD OF SURVEY; THENCE ALONG SAID WESTERLY LINE, NORTH $15^{\circ}19'02''$ WEST 298.71 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 200.00 FEET, NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $28^{\circ}59'54''$ AN ARC DISTANCE OF 101.22 FEET AND NORTH $44^{\circ}18'56''$ WEST 345.20 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 200.00 FEET, A RADIAL LINE TO SAID CURVE BEARS NORTH $58^{\circ}50'19''$ WEST, SAID CURVE BEING TANGENT AT ITS POINT OF ENDING TO A LINE PARALLEL WITH AND DISTANT WESTERLY 12.50 FEET MEASURED AT RIGHT ANGLES FROM THE CENTERLINE OF THAT CERTAIN 15.00 FOOT WIDE EASEMENT FOR STORM DRAIN RECORDED IN BOOK 6738 PAGE 396 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED IN SAID OFFICIAL RECORD AS HAVING A BEARING AND LENGTH OF "NORTH $8^{\circ}13'23''$ WEST 313.34 FEET"; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $38^{\circ}57'16''$ AN ARC DISTANCE OF 135.98 FEET TO SAID PARALLEL LINE; THENCE ALONG SAID PARALLEL LINE AND ITS SOUTHERLY PROLONGATION, SOUTH $7^{\circ}47'35''$ EAST 401.79 FEET TO SAID NORTHEASTERLY LINE OF FIRST COURT, 20 FEET WIDE; THENCE SOUTHEASTERLY ALONG SAID LINE AND ITS SOUTHEASTERLY PROLONGATION, SOUTH $44^{\circ}18'57''$ EAST 305.95 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT A-2

To

Development Agreement

LEGAL DESCRIPTION OF ACQUISITION PROPERTY

"LEGAL DESCRIPTION"

PARCEL 1:

THAT PORTION OF THE RANCHO SAN VICENTE Y SANTA MONICA, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3 PAGES 30 AND 31 OF PATENTS, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHEASTERLY LINE OF OCEAN AVENUE, 100 FEET WIDE, DISTANT NORTH $44^{\circ} 19' 51''$ WEST THEREON 60 FEET FROM THE MOST WESTERLY CORNER OF LOT 1 OF SCOTT'S ADDITION TO SANTA MONICA, AS PER MAP RECORDED IN BOOK 7 PAGES 58 AND 59 OF MISCELLANEOUS RECORDS; THENCE NORTH $44^{\circ} 19' 51''$ WEST ALONG THE NORTHEASTERLY LINE OF OCEAN AVENUE, A DISTANCE OF 289.61 FEET, MORE OR LESS, TO THE MOST SOUTHERLY CORNER OF THAT CERTAIN PARCEL OF LAND DESCRIBED AS PARCEL NO. 2 IN DEED RECORDED IN BOOK 13410 PAGE 143, OFFICIAL RECORDS; THENCE NORTH $17^{\circ} 31' 32''$ EAST ALONG THE EASTERLY LINE OF SAID PARCEL 2, A DISTANCE OF 24.11 FEET TO AN INTERSECTION WITH THE SOUTHERLY LINE OF THE 80.0 FOOT STRIP OF LAND DESCRIBED IN PARCEL NO. 11 IN THE FINAL ORDER OF CONDEMNATION IN CASE NO. 378110 OF THE SUPERIOR COURT, OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF LOS ANGELES, A CERTIFIED COPY OF SAID FINAL ORDER BEING RECORDED IN BOOK 13179 PAGE 100, OFFICIAL RECORDS, (A RADIAL LINE TO SAID SOUTHERLY LINE FROM SAID POINT OF INTERSECTION BEARS NORTH $14^{\circ} 32' 45''$ WEST); THENCE EASTERLY ALONG SAID SOUTHERLY LINE ALONG A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 765 FEET THROUGH AN ANGLE OF $23^{\circ} 05' 50''$ A DISTANCE OF 308.39 FEET TO A POINT; THENCE NORTH $52^{\circ} 21' 25''$ EAST ALONG SAID SOUTHERLY LINE TANGENT TO SAID CURVE AT THE LAST MENTIONED POINT, A DISTANCE OF 161.91 FEET; THENCE EASTERLY ALONG SAID SOUTHERLY LINE ALONG A CURVE CONCAVE SOUTHERLY, TANGENT TO SAID COURSE, HAVING A RADIUS OF 760 FEET THROUGH AN ANGLE OF $3^{\circ} 34' 12''$ A DISTANCE OF 47.35 FEET TO AN INTERSECTION WITH THE SOUTHWESTERLY LINE OF MAIN STREET, 80 FEET WIDE, AS DESCRIBED IN THE FINAL ORDER OF CONDEMNATION IN CASE NO. 121082 OF THE SUPERIOR COURT OF COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, A CERTIFIED COPY OF SAID ORDER BEING RECORDED IN BOOK 4818 PAGE 195, OFFICIAL RECORDS; THENCE SOUTH $44^{\circ} 19' 32''$ EAST ALONG SAID SOUTHWESTERLY LINE OF MAIN STREET, A DISTANCE OF 179.29 FEET MORE OR LESS TO A POINT IN A LINE THAT IS PARALLEL WITH AND DISTANT NORTHWESTERLY 60 FEET, MEASURED AT RIGHT ANGLES FROM THE NORTHEASTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF SAID LOT 1 OF SCOTT'S ADDITION TO SANTA MONICA; THENCE SOUTH $45^{\circ} 40' 09''$ WEST ALONG SAID PARALLEL LINE, A DISTANCE OF 519.80 FEET MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION THEREOF DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHEASTERLY LINE OF OCEAN AVENUE, 100 FEET WIDE, DISTANT NORTH $44^{\circ} 19' 51''$ WEST THEREON, 60 FEET FROM THE MOST WESTERLY CORNER OF LOT 1 OF SCOTT'S ADDITION TO SANTA MONICA, AS PER MAP RECORDED IN BOOK 7 PAGES 58 AND 59 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID NORTHEASTERLY LINE NORTH $44^{\circ} 19' 51''$ WEST, 90.00 FEET; THENCE PARALLEL WITH THE NORTHWESTERLY LINE OF SAID LOT 1 OF SCOTT'S ADDITION TO SANTA MONICA, NORTH $45^{\circ} 40' 09''$ EAST 100.00 FEET; THENCE PARALLEL WITH SAID NORTHEASTERLY LINE SOUTH $44^{\circ} 19' 51''$ EAST 90.00 FEET TO A LINE PARALLEL WITH SAID NORTHWESTERLY LINE OF LOT 1, WHICH PASSES THROUGH THE POINT OF BEGINNING; THENCE ALONG SAID LAST MENTIONED PARALLEL LINE SOUTH $45^{\circ} 40' 09''$ WEST 100.00 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

A PORTION OF RANCHO SAN VICENTE Y SANTA MONICA, IN THE CITY OF SANTA MONICA, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3 PAGES 30 AND 31 OF PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT, SAID POINT BEING THE MOST NORTHERLY CORNER OF LOT 10, TRACT NO. 1347, AS PER MAP RECORDED IN BOOK 18 PAGE 89 OF MAPS, IN THE OFFICE OF SAID RECORDER; THENCE NORTH 12 DEGREES 57 MINUTES 04 SECONDS WEST ALONG THE EASTERLY LINE OF LOT 11 IN SAID TRACT NO. 1347 AND ITS NORTHERLY PROLONGATION 57.97 FEET TO THE SOUTHERLY CORNER OF THE LAND DESCRIBED IN THE DEED FROM SOUTHERN PACIFIC RAILROAD COMPANY, TO PACIFIC ELECTRIC RAILWAY COMPANY, RECORDED IN BOOK 3950 PAGE 81, OFFICIAL RECORDS IN SAID OFFICE; THENCE ALONG THE WESTERLY BOUNDARY LINE DESCRIBED IN SAID DEED, NORTH 4 DEGREES 59 MINUTES 36 SECONDS EAST 163.50 FEET TO THE NORTHERLY TERMINUS OF THE COURSE DESCRIBED AS "NORTH 14 DEGREES 45 MINUTES EAST, 108.45 FEET" IN THE DEED FROM PACIFIC ELECTRIC RAILWAY COMPANY TO SOUTHERN PACIFIC RAILROAD COMPANY, RECORDED IN BOOK 3960 PAGE 211 OF DEEDS, RECORDS OF SAID COUNTY; THENCE ALONG THE WESTERLY BOUNDARY LINE OF SAID LAST MENTIONED DEED, NORTH 0 DEGREES 33 MINUTES 34 SECONDS WEST 75.93 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY AND HAVING A RADIUS OF 528.34 FEET; THENCE NORTHERLY ALONG SAID CURVE IN SAID WESTERLY LINE AN ARC DISTANCE OF 16.51 FEET; THENCE SOUTH 15 DEGREES 45 MINUTES 27 SECONDS EAST ALONG THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF MAIN STREET, 80 FEET WIDE, DESCRIBED AS HAVING A BEARING OF NORTH 16 DEGREES 00 MINUTES WEST, IN DECREE IN CASE NO. 131082, SUPERIOR COURT RECORDED IN BOOK 4818 PAGE 195, OFFICIAL RECORDS OF SAID COUNTY, A DISTANCE OF 253.45 FEET MORE OR LESS, TO THE NORTHEASTERLY PROLONGATION OF THE SOUTHEASTERLY LINE OF SAID LOT 11; THENCE SOUTH 45 DEGREES 15 MINUTES 26 SECONDS WEST ALONG SAID NORTHEASTERLY PROLONGATION 96.79 FEET MORE OR LESS TO THE POINT OF BEGINNING.

PARCEL 1:

ALL THAT CERTAIN PIECE OR PARCEL OF LAND SITUATE LYING AND BEING IN THE CITY OF SANTA MONICA, BEING A PORTION OF THE RANCHO SAN VICENTE Y SANTA MONICA, AS PER MAP RECORDED IN BOOK 3 PAGES 30 AND 31 OF PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

BEGINNING AT THE MOST WESTERLY CORNER OF LOT 1 OF SCOTT'S ADDITION TO SANTA MONICA, AS PER MAP RECORDED IN BOOK 7 PAGES 58 AND 59 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF SAID COUNTY RECORDER, SAID POINT OF BEGINNING BEING ALSO THE POINT OF BEGINNING OF THE PARCEL OF LAND DESCRIBED IN PARCEL 1 IN THE DEED DATED MARCH 14, 1940, FROM SOUTHERN PACIFIC COMPANY AND SOUTHERN PACIFIC RAILROAD COMPANY TO THE CITY OF SANTA MONICA, RECORDED ON MAY 8, 1940, IN BOOK 17489 PAGE 151 OF OFFICIAL RECORDS; THENCE NORTH $45^{\circ} 15' 00''$ EAST, ALONG THE SOUTHEASTERLY LINE OF THE LAND DESCRIBED IN PARCEL 1 IN SAID DEED DATED MARCH 14, 1940, ALSO THE NORTHWESTERLY LINE OF SAID LOT 1 AND THE NORTHEASTERLY PROLONGATION THEREOF, 170.00 FEET TO A POINT IN A LINE THAT IS PARALLEL WITH AND DISTANT 20.00 FEET NORTHEASTERLY, AT RIGHT ANGLES, FROM THE NORTHEASTERLY LINES OF LOTS 1 TO 18 BOTH INCLUSIVE OF SCOTT'S ADDITION TO SANTA MONICA, SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE SOUTH $44^{\circ} 45' 00''$ EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 1145.69 FEET, MORE OR LESS, TO THE MOST SOUTHERLY CORNER OF SAID LOT 11; THENCE ALONG THE SOUTHEASTERLY LINE OF SAID LOT, NORTH $45^{\circ} 15'$ EAST 82.94 FEET TO A POINT IN THE SOUTHWESTERLY LINE OF THE LAND DESCRIBED IN DEED RECORDED IN BOOK 1033 PAGE 296 OF DEEDS, SAID POINT BEING ALSO THE MOST EASTERLY CORNER OF SAID LOT 11; THENCE ALONG SAID SOUTHWEST LINE NORTH $12^{\circ} 57' 30''$ WEST 58.23 FEET TO THE MOST SOUTHERLY CORNER OF THE LAND DESCRIBED IN THE DEED FROM SOUTHERN PACIFIC RAILROAD COMPANY TO PACIFIC ELECTRIC RAILWAY COMPANY RECORDED IN BOOK 3950 PAGE 81 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG THE WEST LINE OF SAID LAST MENTIONED LAND, NORTH $4^{\circ} 59' 10''$ EAST 163.50 FEET TO THE NORTHERLY TERMINUS OF THE COURSE DESCRIBED AS NORTH $14^{\circ} 45'$ EAST 108.45 FEET IN THE DEED FROM PACIFIC ELECTRIC RAILWAY COMPANY TO SOUTHERN PACIFIC RAILROAD COMPANY, RECORDED IN BOOK 3960 PAGE 211 OF SAID OFFICIAL RECORDS; THENCE ALONG THE BOUNDARY LINE DESCRIBED IN SAID DEED, NORTH $0^{\circ} 34'$ WEST 75.93 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE WESTERLY HAVING A RADIUS OF 528.34 FEET; THENCE NORTHERLY ALONG SAID CURVE, 23.43 FEET; THENCE NORTH $3^{\circ} 06' 30''$ WEST 64.02 FEET MORE OR LESS, TO THE SOUTHWESTERLY LINE OF MAIN STREET, 80 FEET WIDE, AS DESCRIBED IN THE DECREE IN CASE NO. 131082 SUPERIOR COURT. A CERTIFIED COPY OF SAID DECREE BEING RECORDED IN BOOK 4818 PAGE 195 OF SAID OFFICIAL RECORDS; THENCE ALONG SAID SOUTHWESTERLY LINE, NORTH $44^{\circ} 45' 56''$ WEST 871.06 FEET TO THE MOST EASTERLY CORNER OF THE LAND DESCRIBED IN SAID PARCEL 1 IN SAID DEED DATED MARCH 14, 1940 THENCE SOUTH $45^{\circ} 15' 00''$ WEST, ALONG THE SOUTHEASTERLY LINE OF THE LAND DESCRIBED IN SAID PARCEL 1, ALSO THE NORTHEASTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF SAID LOT 1, A DISTANCE OF 349.80 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM LOT 11 OF TRACT NO. 1247 AS PER MAP RECORDED IN BOOK 18 PAGE 89 OF MAPS.

PARCEL 4:

THAT PORTION OF THE RANCHO SAN VICENTE Y SANTA MONICA, THE SURFACE AND 500 FEET OF THE SUBSURFACE VERTICALLY IN DEPTH BELOW THE SURFACE, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3 PAGE 30 OF PATENTS, RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHEASTERLY LINE OF OCEAN AVENUE, 100 FEET WIDE, DISTANT NORTH $44^{\circ} 19' 51''$ WEST THEREON, 60 FEET FROM THE MOST WESTERLY CORNER OF LOT 1 OF SCOTT'S ADDITION TO SANTA MONICA, AS PER MAP RECORDED IN BOOK 7, PAGES 58 AND 59 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID NORTHEASTERLY LINE NORTH $44^{\circ} 19' 51''$ WEST 90.00 FEET; THENCE PARALLEL WITH THE NORTHWESTERLY LINE OF SAID LOT 1 OF SCOTT'S ADDITION TO SANTA MONICA, NORTH $45^{\circ} 40' 09''$ EAST 100.00 FEET; THENCE PARALLEL WITH SAID NORTHEASTERLY LINE SOUTH $44^{\circ} 19' 51''$ EAST 90.00 FEET TO A LINE PARALLEL WITH SAID NORTHWESTERLY LINE OF LOT 1, WHICH PASSES THROUGH THE POINT OF BEGINNING; THENCE ALONG SAID LAST MENTIONED PARALLEL LINE SOUTH $45^{\circ} 40' 09''$ WEST 100.00 FEET TO THE POINT OF BEGINNING.

PARCEL 5:

LOTS 1 AND 2 OF SCOTT'S ADDITION TO SANTA MONICA, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 7 PAGE 59 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND

THAT PORTION OF FIRST COURT, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON THE MAP OF SCOTT'S ADDITION TO SANTA MONICA, RECORDED IN BOOK 7 PAGES 58 AND 59 OF MISCELLANEOUS RECORDS, RECORDS OF LOS ANGELES COUNTY, LYING NORTHWESTERLY OF A LINE THAT IS PARALLEL WITH AND DISTANT 20.00 FEET NORTHWESTERLY, MEASURED AT RIGHT ANGLES, FROM THE SOUTHEASTERLY PROLONGATION OF THE SOUTHEASTERLY LINE OF LOT 2, SAID SCOTT'S ADDITION TO SANTA MONICA.

EXCEPTING THEREFROM THE SOUTHEASTERLY 20 FEET OF SAID LOT 2.

PARCEL 6:

ALL OF LOT 7 AND THE SOUTHWESTERLY 10 FEET OF THE NORTHEASTERLY 11.50 FEET OF LOT 13 OF TRACT NO. 1347, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 18 PAGE 89 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

SAID PORTION OF LOT 13 WAS VACATED BY THE CITY OF SANTA MONICA BY RESOLUTION NO. 2425 AS RECORDED MARCH 17, 1961 AS INSTRUMENT NO. 3560.

PARCEL 7:

ALL OF LOT 11 AND THE NORTHEASTERLY 10 FEET OF THE SOUTHEASTERLY 21.50 FEET OF LOT 13 OF TRACT NO. 1347, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 18 PAGE 89 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

SAID PORTION OF LOT 13 WAS VACATED BY THE CITY OF SANTA MONICA BY RESOLUTION NO. 2425 AS RECORDED MARCH 17, 1961 AS INSTRUMENT NO. 3560.

PARCEL 8:

THE SOUTHERLY 22 FEET OF LOT 18 OF SCOTT'S ADDITION TO SANTA MONICA, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 7 PAGES 58 AND 59 OF MISCELLANEOUS RECORDS, BOUNDED NORTHERLY BY A LINE PARALLEL WITH 22 FEET NORTHERLY FROM THE SOUTHEASTERLY LINE OF SAID LOT 18.

PARCEL 9:

THAT PORTION OF RANCHO SAN VICENTE Y SANTA MONICA, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3 PAGES 30 AND 31 OF PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BOUNDED BY THE FOLLOWING DESCRIBED LINES:

ON THE SOUTHWEST BY THE NORTHEAST LINE OF OCEAN AVENUE, 100 FEET WIDE, AS SAID OCEAN AVENUE IS SHOWN ON MAP OF TRACT NO. 1347, AS PER MAP RECORDED IN BOOK 18 PAGE 89 OF MAPS; ON THE NORTHWEST BY THE SOUTHEAST LINE OF LOT 18 OF SCOTT'S ADDITION TO SANTA MONICA, AS PER MAP RECORDED IN BOOK 7 PAGES 58 AND 59 OF MISCELLANEOUS RECORDS; ON THE NORTHEAST BY THE SOUTHWEST LINE OF PROPERTY CONVEYED TO CITY OF SANTA MONICA FOR ALLEY PURPOSES (COMMONLY CALLED FIRST COURT) BY PARCEL 3 OF THE DEED RECORDED IN BOOK 17489 PAGE 151 OF OFFICIAL RECORDS, AND ON THE SOUTHEAST BY THE NORTHWEST LINE OF LOT 7 OF SAID TRACT NO. 1347.

PARCEL 10:

THAT PORTION OF THE RANCHO SAN VICENTE Y SANTA MONICA, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3 PAGES 30 AND 31 OF PATENTS, RECORDS OF LOS ANGELES COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF LOT 1 OF SCOTT'S ADDITION TO SANTA MONICA, AS PER MAP RECORDED IN BOOK 7 PAGES 58 AND 59 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE RECORDER OF LOS ANGELES COUNTY; THENCE NORTHEASTERLY AT RIGHT ANGLES TO OCEAN AVENUE AND ALONG THE NORTHWESTERLY LINE OF SAID LOT 1 AND THE NORTHEASTERLY PROLONGATION THEREOF TO ITS INTERSECTION WITH THE SOUTHWESTERLY LINE OF MAIN STREET, 80 FEET WIDE, AS DESCRIBED IN THE DECREE IN CASE NO. 131082, SUPERIOR COURT, A CERTIFIED COPY OF SAID DECREE BEING RECORDED IN BOOK 4818 PAGE 195 OF OFFICIAL RECORDS; THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY LINE OF MAIN STREET, A DISTANCE OF 60 FEET TO A POINT; THENCE SOUTHWESTERLY ALONG A LINE PARALLEL WITH AND DISTANT 60 FEET NORTHWESTERLY, MEASURED AT RIGHT ANGLES, FROM SAID NORTHWESTERLY LINE OF SAID LOT 1 OF SCOTT'S ADDITION TO SANTA MONICA AND ITS NORTHEASTERLY PROLONGATION TO A POINT IN THE NORTHEASTERLY LINE OF OCEAN AVENUE, 100 FEET WIDE; THENCE SOUTHEASTERLY ALONG SAID NORTHEASTERLY LINE OF OCEAN AVENUE, A DISTANCE OF 60 FEET TO THE POINT OF BEGINNING.

PARCEL 11:

THAT PORTION OF THE RANCHO SAN VICENTE Y SANTA MONICA, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3 PAGES 30 AND 31 OF PATENTS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHERLY CORNER OF LOT 1 OF SCOTT'S ADDITION TO SANTA MONICA, AS PER MAP RECORDED IN BOOK 7 PAGES 58 AND 59 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE RECORDER OF LOS ANGELES COUNTY; THENCE NORTHEASTERLY ALONG THE NORTHEASTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF SAID LOT 1, A DISTANCE OF 10 FEET TO A POINT, SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE SOUTHEASTERLY ALONG A LINE THAT IS PARALLEL WITH AND DISTANT 10 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES, FROM THE NORTHEASTERLY LINE OF LOTS 1 TO 18, BOTH INCLUSIVE, OF SAID SCOTT'S ADDITION, A DISTANCE OF 80.00 FEET, MORE OR LESS, TO ITS INTERSECTION WITH THE NORTHEASTERLY PROLONGATION OF A LINE THAT IS PARALLEL WITH AND DISTANT 20.00 FEET NORTHWESTERLY, MEASURED AT RIGHT ANGLES, FROM THE SOUTHEASTERLY LINE OF LOT 2, SAID SCOTT'S ADDITION; THENCE NORTHEASTERLY ALONG SAID LAST MENTIONED PARALLEL LINE, A DISTANCE OF 10 FEET TO A POINT; THENCE NORTHWESTERLY ALONG A LINE PARALLEL WITH AND DISTANT 20 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES, FROM THE NORTHEASTERLY LINE OF SAID LOTS 1 TO 18, BOTH INCLUSIVE, A DISTANCE OF 80.00 FEET, MORE OR LESS, TO ITS INTERSECTION WITH THE NORTHEASTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF SAID LOT 1; THENCE SOUTHWESTERLY ALONG SAID NORTHEASTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF SAID LOT 1, A DISTANCE OF 10 FEET TO THE TRUE POINT OF BEGINNING.

LOT 9 AND THE NORTHWEST 7 FEET OF THE SOUTHWEST 100 FEET OF LOT 10
OF SCOTT'S ADDITION TO SANTA MONICA, IN THE CITY OF SANTA MONICA,
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN
BOOK 7 PAGE 58 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE
COUNTY RECORDER OF SAID COUNTY.

LOT 10, OF SCOTT'S ADDITION TO SANTA MONICA, IN THE CITY OF SANTA
MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP
RECORDED IN BOOK 7 PAGES 58 AND 59 OF MISCELLANEOUS RECORDS, IN
THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THE SOUTHWESTERLY 100 FEET OF THE NORTHWESTERLY 7
FEET THEREOF.

LOT 11 OF SCOTT'S ADDITION TO SANTA MONICA, IN THE CITY OF SANTA
MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP
RECORDED IN BOOK 7 PAGES 58 AND 59 OF MISCELLANEOUS RECORDS, IN
THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

LOT 12 OF SCOTT'S ADDITION TO SANTA MONICA, IN THE CITY OF SANTA
MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP
RECORDED IN BOOK 7 PAGES 58 AND 59 OF MISCELLANEOUS RECORDS, IN
THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

LOT 13 OF SCOTT'S ADDITION TO SANTA MONICA, IN THE CITY OF SANTA
MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP
RECORDED IN BOOK 7 PAGES 58 AND 59 OF MISCELLANEOUS RECORDS, IN
THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

LOT 3 OF SCOTT'S ADDITION OF SANTA MONICA, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 7 PAGES 58 AND 59 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

LOT 4 OF SCOTT'S ADDITION OF SANTA MONICA, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 7 PAGES 58 AND 59 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

LOT 6 OF SCOTT'S ADDITION TO SANTA MONICA, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 7 PAGES 58 TO 59 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

LOT 7 OF SCOTT'S ADDITION TO SANTA MONICA, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 7 PAGES 58 AND 59 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

LOT 8 OF SCOTT'S ADDITION TO SANTA MONICA, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 7 PAGES 58 AND 59 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION THEREOF DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF LOTS 11 AND 13 OF TRACT NO. 1347 IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 18 PAGE 89 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF THE RANCHO SAN VICENTE Y SANTA MONICA IN SAID CITY, COUNTY AND STATE AS PER MAP RECORDED IN BOOK 3 PAGES 30 AND 31 OF PATENTS IN THE OFFICE OF SAID COUNTY RECORDER DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHEASTERLY LINE OF OCEAN AVENUE, 100 FEET WIDE WITH THE NORTHWESTERLY LINE OF PICO AVENUE FORMERLY FREMONT AVENUE, 80 FEET WIDE AS BOTH STREETS ARE SHOWN ON SAID MAP OF TRACT NO. 1347; THENCE ALONG SAID NORTHEASTERLY LINE OF OCEAN AVENUE, NORTH $44^{\circ}19'00''$ WEST 315.24 FEET TO THE SOUTHEASTERLY LINE OF THAT PARCEL SHOWN ON MAP FILED IN BOOK 112 PAGE 45 OF RECORDS OF SURVEY IN THE OFFICE OF SAID COUNTY RECORDER AS HAVING A BEARING AND DISTANCE OF "NORTH $45^{\circ}41'09''$ EAST 349.82 FEET"; THENCE ALONG SAID LINE, NORTH $45^{\circ}41'09''$ EAST 170.01 FEET TO THE TRUE POINT OF BEGINNING, SAID POINT BEING AT THE INTERSECTION OF SAID LINE WITH THE SOUTHEASTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF FIRST COURT, 20 FEET WIDE AS SHOWN ON SAID MAP OF RECORD OF SURVEY; THENCE CONTINUING ALONG SAID LINE, NORTH $45^{\circ}41'09''$ EAST 179.81 FEET TO THE WESTERLY LINE OF MAIN STREET, 80 FEET WIDE AS SHOWN ON SAID MAP OF RECORD OF SURVEY; THENCE ALONG SAID WESTERLY LINE, NORTH $15^{\circ}19'02''$ WEST 298.71 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 200.00 FEET, NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $28^{\circ}59'54''$ AN ARC DISTANCE OF 101.22 FEET AND NORTH $44^{\circ}18'56''$ WEST 345.20 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 200.00 FEET, A RADIAL LINE TO SAID CURVE BEARS NORTH $58^{\circ}50'19''$ WEST, SAID CURVE BEING TANGENT AT ITS POINT OF ENDING TO A LINE PARALLEL WITH AND DISTANT WESTERLY 12.50 FEET MEASURED AT RIGHT ANGLES FROM THE CENTERLINE OF THAT CERTAIN 15.00 FOOT WIDE EASEMENT FOR STORM DRAIN RECORDED IN BOOK 6738 PAGE 396 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED IN SAID OFFICIAL RECORD AS HAVING A BEARING AND LENGTH OF "NORTH $8^{\circ}13'23''$ WEST 313.34 FEET"; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $38^{\circ}57'16''$ AN ARC DISTANCE OF 135.98 FEET TO SAID PARALLEL LINE; THENCE ALONG SAID PARALLEL LINE AND ITS SOUTHERLY PROLONGATION, SOUTH $7^{\circ}47'35''$ EAST 401.79 FEET TO SAID NORTHEASTERLY LINE OF FIRST COURT, 20 FEET WIDE; THENCE SOUTHEASTERLY ALONG SAID LINE AND ITS SOUTHEASTERLY PROLONGATION, SOUTH $44^{\circ}18'57''$ EAST 305.95 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT "B"

PROJECT PLANS

EXHIBIT B

The following drawings constitute the "Project Plans" and are incorporated in the Development Agreement hereto as:

Index of Drawings

Sheet Number	Sheet Title:	Drawing Date:
C1-101	Cover Sheet	9/26/00
C1-101	Plot Plan	6/30/00 Revised 9/26/00
C1-102	Vicinity Plan	6/30/00 Revised 9/26/00
L1-100	Landscape Plan	6/30/00 Revised 9/26/00
A1-100	Area Site Plan	6/30/00 Revised 9/26/00
A1-100A	Land Dedication/Building Setback Diagrams	6/30/00 Revised 9/26/00
A1-101	Site Axonometric	6/30/00 Revised 9/26/00
A1-102	Site Plan w/Interim Traffic Circle & First Court Alley Conditions	6/30/00 Revised 9/26/00
A2-P04A	Level P4 Parking Plan	6/30/00
A2-P03A	Level P3 Parking Plan	6/30/00
A2-P02A	Level P2 Parking Plan	6/30/00
A2-P01A	Level P1 Parking Plan	6/30/00
A2-P04B	Level P4 Parking Plan - Tandem	6/30/00
A2-P03B	Level P3 Parking Plan - Tandem	6/30/00
A2-P02B	Level P2 Parking Plan - Tandem	6/30/00
A2-P01B	Level P1 Parking Plan - Tandem	6/30/00
A2-101	Ground Level Plan	6/30/00 Revised 9/26/00
A2-102	Second Level Plan	6/30/00 Revised 9/26/00
A2-103	Third Level Plan	6/30/00 Revised 9/26/00
A2-104	Fourth Level Plan	6/30/00 Revised 9/26/00
A2-105	Fifth Level Plan	6/30/00 Revised 9/26/00
A2-106	Roof Plan	6/30/00 Revised 9/26/00
A2-107	Typical Floor Interior Layout	6/30/00 Revised 9/26/00
A3-101	Northeast Quadrant Elevation	9/26/00
A3-102	Southeast Quadrant Elevation	6/30/00 Revised 9/26/00
A3-103	Southwest Quadrant Elevation	6/30/00 Revised 9/26/00
A3-104	Northwest Quadrant Elevation	6/30/00 Revised 9/26/00
A3-105	Building Section	6/30/00 Revised 9/26/00
A3-106	Building Section	6/30/00

EXHIBIT C

MITIGATION MEASURES AND CONDITIONS OF APPROVAL

MITIGATION MEASURES

AESTHETICS

1. All trees that must be removed shall be transplanted, unless approved by the City's Community and Cultural Services Department as unsuitable for relocation.
2. All trees to be transplanted shall be relocated on-site or to a nearby location, as approved by the City's Community and Cultural Services Department. All tree transplantation shall be performed by a qualified arborist, landscape architect, or tree expert, as approved by the City's Community and Cultural Services Department. All trees that are to be reused on-site shall be boxed in appropriately sized containers and temporarily relocated to protect them from physical injury.
3. Any trees approved for removal shall be replaced on a one-to-three basis. Replacement shall be of a similar variety to those removed, as approved by the City's Community and Cultural Services Department, and no smaller than 36-inch box trees.
4. No street trees shall be removed unless approved by the City's Community and Cultural Services Department. Any street trees approved for removal shall be transplanted as directed by the City's Community and Cultural Services Department. Any street trees that have been transplanted, or approved by the City's Community and Cultural Services Department as unsuitable for relocation, shall be replaced on a one-to-one basis. The size, location, and type of replacement trees will be subject to approval of the City's Community and Cultural Services Department.
5. Prior to submitting the project to the Architectural Review Board, a landscaping plan, including a street tree plan, shall be prepared, to the satisfaction of the Director of Planning and the Director of Community and Cultural Services, by a licensed California landscape architect. During occupancy, all landscape areas shall be maintained in a first-class condition at all times and any plants that die shall be replaced immediately on a one-to-one basis.
6. Prior to the issuance of a certificate of occupancy, RAND shall install exterior building lighting that sheds light pools only on the project site, incorporating "cut-off" shields as appropriate. North and west facades shall incorporate the minimal lighting needed to satisfy safety requirements.

7. Landscape illumination and exterior sign lighting shall be accomplished with low-level, unobtrusive fixtures. Such lighting shall be creatively shielded to direct light pools away from off-site viewers.
8. Finish materials, including glazing, shall be of a low reflectivity to minimize glare. Development shall include low-reflective roofing materials to reduce glare potential for nearby development that may have downward views of the project's roof.

CONSTRUCTION EFFECTS

9. During construction, dust generated by the development activities shall be kept to a minimum with a goal of retaining dust on the site as follows:
 - During clearing, grading, earth moving, excavation, or transportation of cut or fill materials, water trucks or sprinkler systems are to be used to prevent dust from leaving the site and to create a crust after each day's activities cease. Provisions shall be made prior to and during watering to prevent runoff from leaving the site.
 - During construction, water trucks or sprinkler systems shall be used to keep all areas of vehicle movement damp enough to prevent dust from leaving the site. At a minimum, this would include wetting down such areas in the later morning and after work is completed for the day and whenever wind exceeds 15 miles per hour.
 - Soil stockpiled for more than two days shall be covered, kept moist, or treated with soil binders to prevent dust generation.
10. During construction, any construction equipment used on the site must meet the following conditions in order to reduce NO_x emissions:
 - The engine size must be the minimum practical size;
 - The number of pieces of equipment operating simultaneously must be minimized through efficient management practices;
 - Construction equipment must be maintained in tune per manufacturer's specifications;
 - Equipment shall be equipped with 2 to 4-degree engine timing retard or precombustion chamber engines;
 - Catalytic converters shall be installed, if feasible;
 - Diesel-powered equipment such as booster pumps or generators should be replaced by electric equipment, if feasible; and
 - Construction truck trips shall be scheduled, to the extent feasible, to occur during non-peak hours.
11. During construction, all diesel equipment shall be operated with closed engine doors and shall be equipped with factory-recommended mufflers.

12. During construction, electrical power shall be used to run air compressors and similar power tools.
13. Construction shall comply with the City of Santa Monica Noise Ordinance and with the provisions of this Agreement. All construction activity which generates noise levels above those allowed by the City of Santa Monica Noise Ordinance shall be limited to between the hours of 10:00 AM and 3:00 PM.
14. Prior to issuance of demolition permits, RAND shall prepare and submit a demolition plan for review and approval by the City. The plan shall include methods to maximize salvage and recycling of building and landscape materials. The plan shall include a recovery rate for each material type in the demolition contract. The plan shall also include strategies for the salvage of reusable historic materials and reusable materials in good conditions. RAND shall be required to comply with such Plan during the demolition process.
15. During construction and demolition activities, RAND shall separate for recycling all materials that are accepted for recycling in the Los Angeles region, including, but not limited to, metals, woodwaste, and clean fill.
16. Prior to demolition, RAND shall schedule the removal of reusable and recyclable materials to maximize recovery rate.
17. During construction and demolition, RAND shall provide and use separate bins for all recyclables on-site. Such bins shall be labeled clearly in several languages or with universal symbols. RAND shall also provide orientation prior to the start of construction for workers to train them to use the recycle bins provided. If there is insufficient space on-site, RAND shall contract with a recycling company to receive mixed loads for separation and recycling.
18. During construction, RAND shall use pre-engineered or factory cut material. Examples of this type of material include, but are not limited to, factory trusses, laminated and other engineered wood products, sheet metal cladding and roofing, 9-foot gypsum board, pre-cut headers, and pre-assembled joist bridging. RAND shall also use reusable and recyclable forming materials, such as steel forms or standard wood systems, where feasible.

CULTURAL RESOURCES

19. Prior to the alteration of the interior or exterior of the existing RAND facility, including the removal of any significant landscaping, and prior to the issuance of a demolition permit for the existing RAND facility, RAND shall retain the services of a Historic Resources Consultant (to be approved by the City) to prepare an Historic American Building Survey level 2 documentation for the current RAND facility. This report shall document the significance of the

building and its physical conditions, both historic and current, through site plans, historic maps, photographs, written data, and text, and shall include:

- 1) Written text (HABS Narrative Format) documenting the architecture and historic significance of the property, including contextual history of RAND and its significant role in American history, as well as its history in Santa Monica. Biographical information about John D. Williams, the designer of the concept, and H. Roy Kelley, the architect, shall also be included, including published references to the construction, the activities of RAND during the building's period of significance, and other bibliographic sources.
- 2) Photographic documentation noting all exterior elevations and interior character-defining features. Photographs shall be large format, black and white, archival processed, and taken by a professional photographer familiar with the recordation of historic buildings, and prepared in a format consistent with Historic American Buildings Survey (HABS) standards for large format and field photography.

20. Since the RAND building is eligible as a City of Santa Monica Landmark, all recordation prepared in accordance with the mitigation measure above shall be forwarded to the City of Santa Monica City Planning Divisions and the Santa Monica Public Library, who shall act as public archivists.

21. At the commencement of project construction, all workers associated with earth disturbing procedures shall be given an orientation regarding the possibility of exposing unexpected cultural remains by an archaeologist and directed as to what steps are to be taken if such a find is encountered.

22. In the event that archaeological resources are unearthed during project construction, all earth disturbing work within the vicinity of the find must be temporarily suspended or redirected until an archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission (NAHC). The NAHC will then identify the person(s) thought to be the Most Likely Descendent (MLD) of the deceased Native American, who will then help determine what course of action should be taken in dealing with the remains.

GEOLOGY / SOILS

23. Design and construction of the buildings shall be engineered to withstand the expected ground acceleration that may occur at this site. The calculated

design base ground motion for the site should take into consideration the soil type, potential for liquefaction, and the most current and applicable seismic attenuation methods that are available. All on-site structures shall comply with applicable provisions of the Uniform Building Code and the California Building Code in effect at the time of issuance of the building permit.

24. Prior to issuance of a building permit, a geotechnical study shall be completed to adequately assess the liquefaction potential of the soils underlying the proposed bottom grade of the parking structure (approximately 42 feet below current grade). The borings shall be completed up to approximately 90 feet below the existing ground surface or up to 50 feet below the bottom grade of the parking lot excavation, as determined necessary by the Building Officer. If these soils are confirmed to be prone to seismically-induced liquefaction, appropriate techniques to minimize liquefaction potential shall be prescribed and implemented. All on-site structures shall comply with applicable methods of the Uniform Building Code. Suitable measures to reduce liquefaction impacts could include specialized design of foundations by a structural engineer, removal or treatment of liquefiable soils to reduce the potential for liquefaction, drainage to lower the groundwater table to below the level of liquefiable soils, in-situ densification of soils, or other alterations to the ground characteristics.
25. During construction, all artificial fill material or unsuitable native soil located below the footprint of the proposed structure shall be removed and hauled off site or processed into a suitable building material.
26. All fill material used for construction shall be approved by a geotechnical or civil engineer, and all backfill and foundation sub-grade shall be certified by a geotechnical or civil engineer for proper compaction.
27. All fill material used for backfill after abandonment of the below-grade level beneath the existing RAND building shall be approved by a geotechnical or civil engineer. In addition, the backfill shall be certified by a geotechnical or civil engineer for proper compaction.
28. The information obtained and recommendations set forth in the most recent geotechnical study (Law/Crandall, 2000) shall be used to design the excavation and shoring to prevent destabilization of the sidewalls. A civil or geotechnical professional shall field test the excavation to determine proper sloping of the excavations. Where proper slopes cannot be used, shoring must be used. This shoring shall be designed to the satisfaction of the project civil engineer and take into account all lateral load parameters and the possible presence of groundwater at the bottom grade of the excavation or the base of the shoring soldier piles (if used). A monitoring system shall be implemented to evaluate the shoring system.

29. Both the excavation for the proposed parking structure and the excavation associated with the abandonment of the below-grade level of the existing RAND building shall comply with all applicable regulations of the California Occupational Safety and Hazard Administration guidelines as they pertain to excavations.
30. Before issuance of a building or excavation permit, a groundwater study shall be completed to predict the groundwater levels expected during excavation activities. The study shall include the installation of at least one on site groundwater monitoring well and an historical evaluation of groundwater levels in the site area. If it is discovered that the groundwater levels will pose a problem, then appropriate measures shall be taken to de-water the excavation before grading and construction of the parking structure begins. In addition, the parking lot design shall include a mechanism of removing groundwater or percolating surface water which may collect at the base of the parking structure. The removal system shall be designed to prevent the parking garage from flooding.
31. Dewatering during the construction of the parking garage may result in the handling and disposal of contaminated groundwater. As shown in the Phase II environmental assessment of the subject site, there is contaminated groundwater beneath the site. Groundwater pumping associated with the construction of the subterranean parking structure may result in the drawing in of those contaminants. If groundwater is to be pumped during construction, the proper discharge permits (such as a National Pollution Discharge Elimination System- NPDES permit) or sanitary sewer discharge permit must be obtained from the Regional Water Quality Control Board or the Sanitary District, respectively. Sampling of the discharge is to be performed, as required by the permit conditions.
32. If groundwater or percolating surface water removal is to be continuously performed to maintain the usability of the parking garage, then the proper groundwater discharge permits shall be obtained. Generally, a NPDES permit is obtained from the Regional Water Quality Control Board for the discharge of groundwater into the storm drain system. The permit conditions generally require periodic monitoring for contaminants and the calculation of discharge volume. If such a system is to be installed at this site, then the appropriate permits must be obtained, the permit conditions followed, and the groundwater removal system shall be maintained in proper order to ensure its proper operation.
33. Prior to the issuance of a certificate of occupancy, all walls of the parking structure shall be waterproofed to protect against corrosive effects of water contact.

34. Prior to issuance of a building permit for the foundation or superstructure, whichever occurs first, soil samples of final sub-grade areas and excavation sidewalls shall be collected and analyzed for their expansion index. For areas where the expansion index is found to be greater than 20, the appropriate grading and foundation designs shall be engineered to withstand the existing conditions. The expansion testing may be foregone if the grading and foundations are engineered to withstand the presence of highly expansive soils.
35. Prior to issuance of building permits for the foundation or superstructure, whichever occurs first, RAND shall require the building contractor to prepare and institute a Stormwater Pollution Prevention Plan (SWPPP) during construction. A SWPPP for site construction shall be developed prior to the initiation of grading and implemented for all construction activity on the project site in excess of five acres. The SWPPP shall include specific BMPs to control the discharge of material from the site. BMP methods may include, but would not be limited to, the use of temporary retention basins, straw bales, sand bagging, mulching, erosion control blankets, soil stabilizers and dust control using the minimum amount of water without adding to runoff. Additional BMPs shall be implemented for any fuel storage or fuel handling that could occur on-site during construction and the temporary storage of all heavy equipment shall be confined to one localized area. The SWPPP must be prepared in accordance with the guidelines adopted by the SWRCB.
36. During construction, all stockpiles of excavated material shall be covered with an impervious material during storage and shall be removed from the site within 3 weeks of being excavated or they shall be used for grading or backfill if the material fulfills the requirements of measures 26 and 27 above.

HAZARDS AND HAZARDOUS MATERIALS

37. During demolition, onsite structures should have the ACMs removed according to proper abatement procedures recommended by the asbestos consultant. All abatement activities should be in compliance with California and Federal OSHA, and with the South Coast Air Quality Management District requirements. Only asbestos trained and certified abatement personnel should be allowed to perform asbestos abatement activities onsite. All ACMs removed from onsite structure should be hauled and disposed of by a transportation company certified to handle asbestos and hazardous materials.
38. Prior to the demolition of any of the current structures, a licensed lead-based paint consultant should be contracted to evaluate the onsite structures for lead-based paint. If lead-based paint is discovered, it should be removed according to proper abatement procedures recommended by the consultant. All abatement activities should be in compliance with California and Federal

OSHA, and with the South Coast Air Quality Management District requirements. Only lead-based paint trained and certified abatement personnel should be allowed to perform abatement activities onsite. All lead-based paint removed from onsite structure should be hauled and disposed of by a transportation company certified to handle hazardous or regulated waste.

39. Prior to issuance of a building permit for the foundation or superstructure, whichever occurs first, RAND shall perform additional soil sampling and analysis near the former arroyo and storm drain to determine lateral extent of contamination.
40. The results of the soil sampling within the Phase II ESA shall be forwarded to the local regulatory agency (City of Santa Monica Environmental Program Division, Los Angeles Regional Water Quality Control Board, and/or the State of California Environmental Protection Agency Department of Toxic Substances Control). The agency should review the data and either sign off on the property or determine if any additional investigation or remedial activities are deemed necessary.
41. Upon demolition of the existing buildings, RAND shall perform additional soil sampling and analysis in the area of the former service station.
42. The results of the groundwater sampling within the Phase II ESA shall be forwarded to the appropriate regulatory agency (City of Santa Monica Environmental Program Division, Los Angeles Regional Water Quality Control Board, and/or the State of California Environmental Protection Agency Department of Toxic Substances Control). The agency should review the data and sign off on the property or determine if any additional investigation or remedial activities are deemed necessary.
43. The final report for the tank closure activities shall be reviewed. If the available information is not adequate, additional focused assessment activities are recommended to further evaluate the potential hazards associated with the six former USTs. In addition, if the existing RAND buildings are demolished, the City Environmental Programs Division should be contacted regarding any additional tank abandonment requirements for the in-place abandoned tanks, including, but not limited to, additional investigations.
44. Upon demolition of the existing buildings, RAND shall obtain all necessary permits from the City to abandon these structures. RAND shall perform additional soil sampling and analysis in the area of the hydraulic elevators and clarifier and groundwater sampling and analysis in the area of the clarifier. Contamination shall be remediated in accordance with the requirements of the appropriate agency.

NOISE

45. Prior to the issuance of a certificate of occupancy, parapets shall be installed around all rooftop ventilation systems. All equipment and placement shall comply with the City's noise ordinance.
46. During occupancy, all trash pickups shall be restricted to daytime operating hours (7:00 AM to 10:00 PM).

TRANSPORTATION / TRAFFIC

47. Prior to issuance of a certificate of occupancy, RAND shall modify the intersection striping at Ocean Avenue/Neilson Way & Pico Boulevard to provide an additional left turn lane on the southbound approach and make all associated improvements to the existing traffic signal and to the roadway. The resulting lane configuration on the southbound approach would be two exclusive left-turn lanes, one through lane and one shared through/right-turn lane.

UTILITIES / SERVICE SYSTEMS

48. Prior to issuance of a certificate of occupancy, RAND shall install water efficient plumbing fixtures, including ultra low-flow toilets, and low-flow showers in accordance with City requirements.
49. Prior to issuance of a certificate of occupancy, RAND shall comply with Sections of Title 20 and Title 24 of the California Administrative Code regarding water consumption.
50. Prior to issuance of a certificate of occupancy, a low volume irrigation system shall be installed for all landscaping.
51. Prior to the issuance of a certificate of occupancy, RAND shall install an irrigation system to maintain all irrigated landscaping with recycled water and the system shall be connected to recycled water systems when they become available.
52. Prior to the issuance of a certificate of occupancy, the proposed project shall be required to achieve a zero net impact on the City's wastewater flows through retrofits of a sufficient number of existing occupancies with ultra-low flow flush toilets to offset the project's wastewater increase.

53. Prior to the issuance of a certificate of occupancy and during occupancy, RAND shall include mixed office paper, cardboard, scrap metal, newspaper, glass and plastic bottles, and metal cans (aluminum and steel) generated from project operations in a general facility recycling program, to be approved by the City.
54. Prior to the issuance of a certificate of occupancy and during occupancy, RAND shall utilize products made from recycled materials to the extent feasible. This may include office, food service, and janitorial supplies, carpeting, paint, re-refined lubrication oil, tire stops in parking lots and plastic lumber park benches. If requested by RAND, the City of Santa Monica Solid Waste Management Division can provide technical assistance in locating, obtaining, and using products made with recycled materials.
55. During occupancy, public education materials on waste prevention, recycling, used-oil recycling, re-refined oil, hazardous waste reduction and management, composting and buying recycled content products shall be displayed in the appropriate areas within the RAND Headquarters structure.
56. Prior to the issuance of a certificate of occupancy, RAND shall provide the City, and follow during occupancy, a recycling plan that identifies all programs to be utilized to reduce solid waste generation and disposal by a minimum of 50%, from the estimates based on the City's solid waste generation rates. The plan shall include, at a minimum upon concurrence of the City's Solid Waste Management Division, the following items:
- Description of all activities which will reduce solid waste generation by a minimum of 50%;
 - Methodology for monitoring activities for program effectiveness/efficiency;
 - Compilation and provision of quarterly diversion updates/reports to the City – 30 days after the end of each calendar quarter listing the amount of wastes disposed and recycled by tons;
 - Listing of solid waste/recycling/service providers utilized to provide recycling/composting/waste reduction programs; and
 - Annual evaluation of program submitted to the City's Solid Waste Management Division.

CONDITIONS OF APPROVAL

57. RAND shall participate in an analysis managed and funded by the City which will determine the feasibility of a Civic Center district-wide heating and cooling system that could provide for the cooling and/or heating needs of the buildings within or adjacent to the Civic Center. If such a system is determined to be both feasible and cost-effective, prior to issuance of a certificate of occupancy, the RAND project shall be constructed so that the building can be connected to a Civic Center District Heating and Cooling system that may be constructed at a future date by the City.

58. RAND shall offer to dedicate that portion of the Property necessary for the construction of the Main Street Circle, pursuant to Section 2.7.1(b) of the Development Agreement.
59. Prior to the issuance of a building permit, RAND shall design the northern driveway to its subterranean parking at Main Street to maximize its pedestrian-orientation, to the satisfaction of the Director of Planning.
60. Prior to the issuance of a building permit, RAND shall design the surface treatment adjacent to its truck loading dock to maximize its pedestrian-orientation, to the satisfaction of the Director of Planning.
61. Prior to the issuance of a certificate of occupancy, sidewalks, curbs, gutters, paving and driveways which need replacing or removal as a result of the project as determined by the Department of Environmental and Public Works Management shall be reconstructed to the satisfaction of the Department of Environmental and Public Works Management. Approval for this work shall be obtained from the Department of Environmental and Public Works Management prior to issuance of the building permits.
62. Prior to issuance of a building permit, during construction, prior to the issuance of a certificate of occupancy, and during occupancy, RAND shall comply with all mandatory measures of the proposed Green Building Ordinances, including:
- Construction of a building that meets an energy conservation target that is 25 percent below 1998 Title 24 standards for office buildings;
 - Preparation of and compliance with an approved Demolition and Site Protection Plan which specifies the recovery rate for each type of material used in the demolition of the building;
 - Use of at least four major construction materials which have post-consumer recycled content that meets EPA recycled content guidelines; and
 - Use of unglazed solar collectors to preheat commercial process water where applicable.
63. Prior to the issuance of a certificate of occupancy, RAND shall install streetlights and pedestrian lights adjacent to the site to the satisfaction of the Department of Environmental and Public Works Management that are consistent with the lighting specifications for the entire Civic Center Specific Plan area, and according to the specifications of the City.
64. Prior to the issuance of a certificate of occupancy, RAND shall install street trees and irrigation, sidewalks, and parkway groundcover and irrigation adjacent to the site and to the satisfaction of the City that are consistent with the sidewalk and landscape specifications for the entire Civic Center Specific

Plan area, and according to the specifications of the City. RAND shall be responsible for maintenance of the street trees until three years following receipt of a certificate of occupancy.

65. Prior to issuance of a certificate of occupancy, RAND shall construct Vicente Terrace between Main Street and Ocean Avenue, and install accompanying sidewalks, curbs, gutters, paving, streetlights, pedestrian lights, street trees and irrigation, and parkway groundcover and irrigation to the satisfaction of the City that are consistent with the specifications for the entire Civic Center Specific Plan area, and according to the specifications of the City. RAND shall be responsible for maintenance of the street trees until three years following receipt of a certificate of occupancy.
66. All off-site improvements required by the Development Agreement shall be installed by RAND. Plans and specifications for off site improvements shall be prepared by a registered civil engineer and approved by the City Engineer.
67. The project shall use anti-graffiti materials on surfaces likely to attract graffiti.
68. To mitigate storm water and surface runoff from the project site, an Urban Runoff Mitigation Plan may be required by the Department of Environmental and Public Works Management (EPWM) pursuant to Municipal Code Chapter 7.10. RAND shall contact EPWM to determine applicable requirements, which include the following:
 - Non-stormwater runoff, sediment and construction waste from the construction site and parking areas is prohibited from leaving the site;
 - An sediments or materials which are tracked off-site must be removed the same day they are tracked off-site;
 - Excavated soil must be located on the site and soil piles should be covered and otherwise protected so that sediments do not go into the street or adjoining properties;
 - Washing of construction or other vehicles shall be allowed adjacent to a construction site. No runoff from washing vehicles on a construction site shall be allowed to leave the site;
 - Drainage controls may be required depending on the extent of grading and topography of the site.
 - New development is required to reduce projected runoff pollution by at least twenty percent through incorporation of design elements or principles, such as increasing permeable surfaces, diverting or catching runoff via swales, berms, and the like; orientation of drain gutters towards permeable areas; modification of grades; use of retention structures and other methods.
69. Parking areas and structures and other facilities generating wastewater with significant oil and grease content are required to pretreat these wastes before

discharging to the City sewer or storm drain system. Pretreatment will require that a clarifier or oil/water separator be installed and maintained on site. In cases where settleable solids are present (or expected) in greater amounts than floatable oil and grease, a clarifier unit will be required. In cases where the opposite waste characteristics are present, an oil/water separator with automatic oil draw-off will be required instead. The Environmental and Public Works Management Department will set specific requirements. Building Permit plans shall show the required installation.

70. Any new restaurant or cafeteria at the site with fewer than 50 seats capacity shall install a grease interceptor with minimum 750 gallons static holding capacity in order to pretreat sewered grease. Facilities with greater than 50 seats are required to install an interceptor with 1000 gallons minimum holding capacity. The Environmental and Public Works Management Department may modify the above requirements only for good cause. Specifically, the facility must demonstrate to the satisfaction of the Industrial Waste Section and Building and Safety Division that interceptor installation is not feasible at the site in question. In such cases where modifications are granted, grease traps will be required in the place of an interceptor. Building permit plans shall show the required installation.

FEES

71. Prior to submittal for ARB review, RAND shall pay full City fees for processing of ARB review.
72. Prior to submittal for plan check, RAND shall pay full City plan check fees.
73. Prior to issuance of building permits, RAND shall pay full City fees for building permits, seismic maps, tiebacks, EPWM construction fees, and water meter fees.
74. Prior to issuance of a building permit, RAND shall pay the Wastewater Capital Facility Fee (pursuant to Municipal Code Section 7.04.460), Water Capital Facility Fee (pursuant to Municipal Code Section 7.12.090), and Water Consumption Mitigation Fee (pursuant to Municipal Code Section 7.16.050) only for the net increase of 13,869 square foot of the new building relative to the existing facility.
75. In accordance with Sections 9.04.10.12.010-9.04.10.12.040 of the Santa Monica Municipal Code, prior to issuance of a building permit, RAND shall execute an irrevocable letter of credit or other form of security acceptable to the City for the payment of an in-lieu fee for housing and parks equal to \$2.25/sq.ft. for the first 15,000 sq.ft. of net rentable office floor area and \$5.00/sq.ft. for the remaining net rentable office floor area. This fee shall be adjusted for inflation by the percentage change in the Consumer Price Index

("CPI") between October 1984 through the month in which the payment is made. Upon mutual agreement of the developer and the City, the developer may satisfy the Project Mitigation measures by providing low and moderate income housing or developing new park space on or off the project site. To fulfill this obligation an agreement shall be secured in writing by the developer and approved by the City Attorney and City staff prior to issuance of a building permit. This fee will be calculated based on the net increase of 13,869 square feet of the new building relative to the existing facility.

76. Prior to issuance of a demolition permit, RAND shall pay full City fees for all required demolition permits.

77. RAND shall make a contribution for early childhood development in accordance with Section 4.5 of the Development Agreement.

CITY REVIEW AND MONITORING

78. This approval is for those plans dated June 30, 2000, a copy of which shall be maintained in the files of the City Planning Division. Project development shall be consistent with these plans, except as otherwise specified in these conditions of approval or elsewhere in the Development Agreement.

79. Final parking layout and specifications shall be subject to the review and approval of the Transportation Management Division.

80. Prior to submittal of landscape plans for Architectural Review Board review, RAND shall contact the Department of Environmental and Public Works Management regarding urban runoff plans and calculations.

81. Prior to submittal of landscape plans for Architectural Review Board review, RAND shall review disabled access review disabled access requirements with the Building and Safety Division and make any necessary changes in the project design to achieve compliance with such requirements. The Architectural Review Board, in its review, shall pay particular attention to the aesthetic, landscaping, and setback impacts of any ramps or other features necessitated by accessibility requirements.

82. Construction period signage shall be subject to the approval of the Architectural Review Board.

83. The project shall comply with the disabled access requirements of Title 24 of the California Administrative Code. Disabled access requirements shall be subject to the review and approval of the Building and Safety Division.

84. Landscaping plans shall comply with Part 9.04.10.04.100 (Landscaping Standards) of the Zoning Ordinance regarding landscape maintenance and protection.
85. No gas or electric meters shall be located within the Main Street or First Court setback areas.
86. Pursuant to the requirements of Public Resources Code Section 21081.6, the City Planning Division will coordinate a monitoring and reporting program regarding any required changes to the project made in conjunction with project approval and any conditions of approval, including those conditions intended to mitigation or avoid significant effects on the environment. This program shall include, but is not limited to, ensuring that the Planning Division itself and other City divisions and departments such as the Building and Safety Division, EPWM Department, Fire Department, Police Department, Resource Management Department, and Finance Department are aware of project requirements which must be satisfied prior to issuance of a Building Permit, Certificate of Occupancy, or other permit, and that other responsible agencies are also informed of conditions relating to their responsibilities. RAND shall exhibit compliance with the conditions contained in this Exhibit in a written report submitted to the Planning Director and the Building Officer prior to (i) issuance of Technical City Permits for the construction of the building or parking structure or (ii) the occupancy of the building or parking structure. Upon City's request, RAND shall provide periodic reports demonstrating compliance with such conditions.
87. RAND shall continue to implement transportation demand management programs, in compliance with Santa Monica Municipal Code Chapter 9.16, and best efforts shall be made to maintain the baseline trip generation rates as demonstrated by empirical traffic counts collected for the environmental impact report prepared for the project. The empirical trip generation rates are as follows:
- 6.05 car trips per 1,000 square feet daily
 - 1.29 peak hour car trips per 1,000 square feet between 7 and 9 a.m.
 - 0.64 peak hour car trips per 1,000 square feet between 4 and 6 p.m.

CONSTRUCTION

88. During demolition and construction, a security fence, the height of which shall be the maximum permitted by the Zoning Ordinance, shall be maintained around the perimeter of the lot. The lot shall be kept clear of all trash, weeds, etc.
89. Prior to issuance of a demolition permit, RAND shall prepare, for Building and Safety Division approval, a rodent and pest control plan to insure that

demolition and construction activities at the site do not create pest control impacts on the project neighborhood.

90. Unless otherwise approved by the Department of Environmental and Public Works Management, all sidewalks shall be kept clear and passable during the grading and construction phase of the project.
91. Vehicles hauling dirt or other construction debris from the site shall cover any open load with a tarpaulin or other secure covering to minimize dust emissions.
92. The property owner shall insure any graffiti on the site is promptly removed through compliance with the City's graffiti removal program.
93. A copy of these conditions shall be posted in an easily visible and accessible location at all times during construction at the project site. The pages shall be laminated or otherwise protected to ensure durability of the copy.
94. No person shall permit any fence, wall, hedge, tree, planting, or other obstructions to obscure or block the visibility of drivers of automobiles entering and exiting an alley, driveway, or other vehicle accessway or to constitute an unreasonable and unnecessary hazard to persons lawfully using an adjacent sidewalk, alley, street or other right-of-way. Any fence, wall, hedge, tree planting, or other obstruction shall be located at least 5' from the closest intersection of any parcel line with the street, alley, driveway, or garage entrance.
95. RAND shall make its best efforts to minimize the use of Ocean Avenue by construction vehicles.
96. Construction staging shall not be permitted on Ocean Avenue.
97. RAND shall make its best efforts to minimize construction parking west of Ocean Avenue.
98. If the Director of Planning determines that dust problems have been created due to the use of gravel or other loose materials on the sites of demolished buildings, RAND shall cover those sites with firm paving materials.

MISCELLANEOUS

99. The building address shall be painted on the roof of the building and shall measure four feet by eight feet (32 square feet).
100. A security gate shall be provided across the opening to the subterranean garage. The security gate shall be equipped with an electronic or other

system which will open the gate to provide visitors with vehicular access to the garage without leaving their vehicles. The security gate shall receive approval of the Police and Fire Departments prior to issuance of a building permit.

101. Final approval of any mechanical equipment installation will require a noise test in compliance with SMMC Section 4.12.040. Equipment for the test shall be provided by the owner or contractor and the test shall be conducted by the owner or contractor. A copy of the noise test results on mechanical equipment shall be submitted to the Community Noise Officer for review to ensure that noise levels do not exceed maximum allowable levels for the applicable noise zone.
102. Final building plans submitted for approval of a building permit shall include on the plans a list of all permanent mechanical equipment to be placed indoors which may be heard outdoors.
103. Within thirty (30) days after final approval of the project, a sign shall be posted on site stating the date and nature of the approval. The sign shall be posted in accordance with the Zoning Administrator guidelines and shall remain in place until a building permit is issued for the project. The sign shall be removed promptly when a building permit is issued for the project.

F:\PLAN\ADMIN\CIVCTR\RAND\CC3\CONDITIONS OF APPROVAL.DOC

EXHIBIT "D"

ZONING ORDINANCE

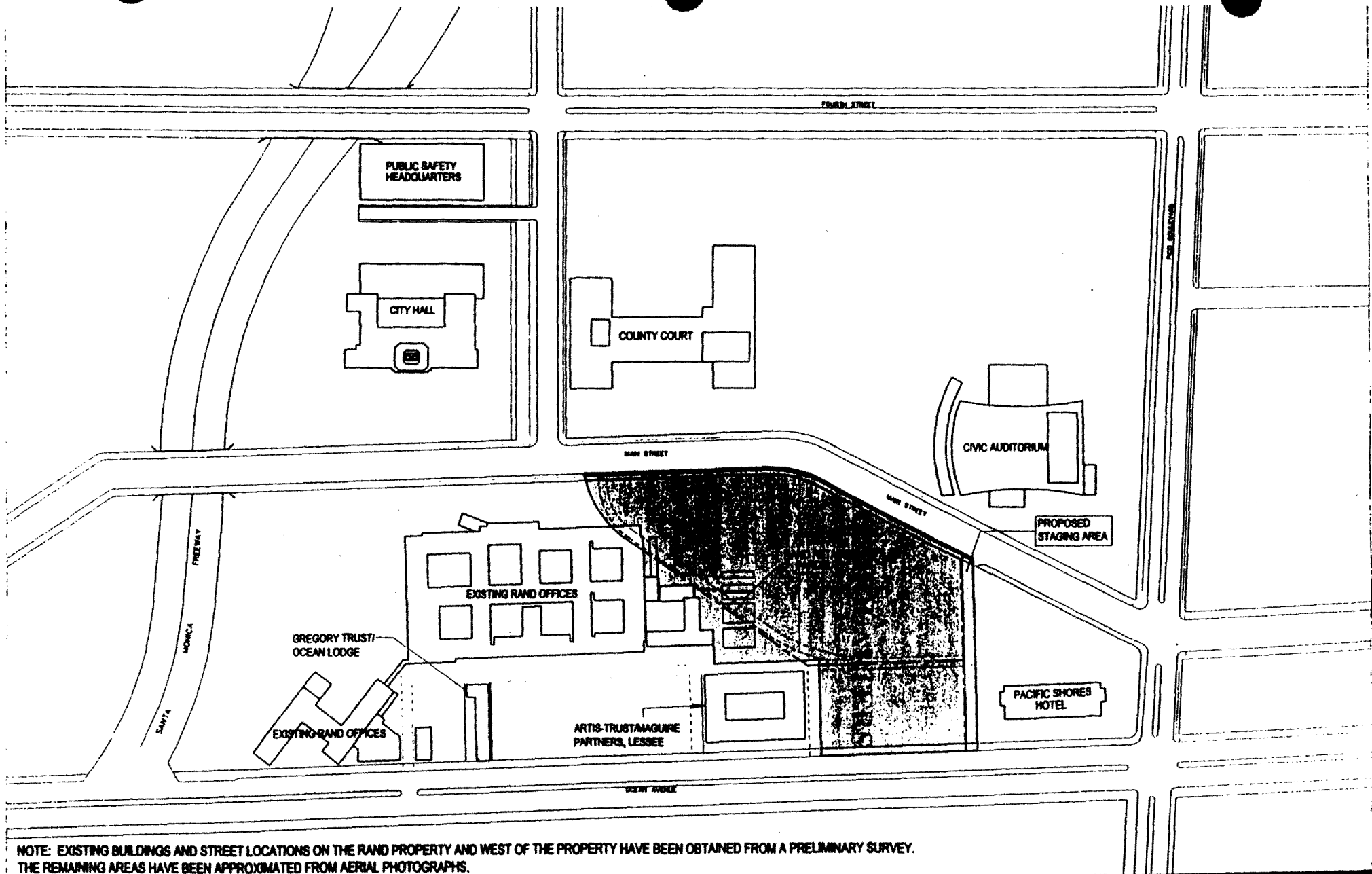
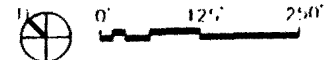


EXHIBIT J -1 - CONSTRUCTION STAGING ZONES

(IF CONCRETE STRUCTURE)

□ CONSTRUCTION STAGING AREA



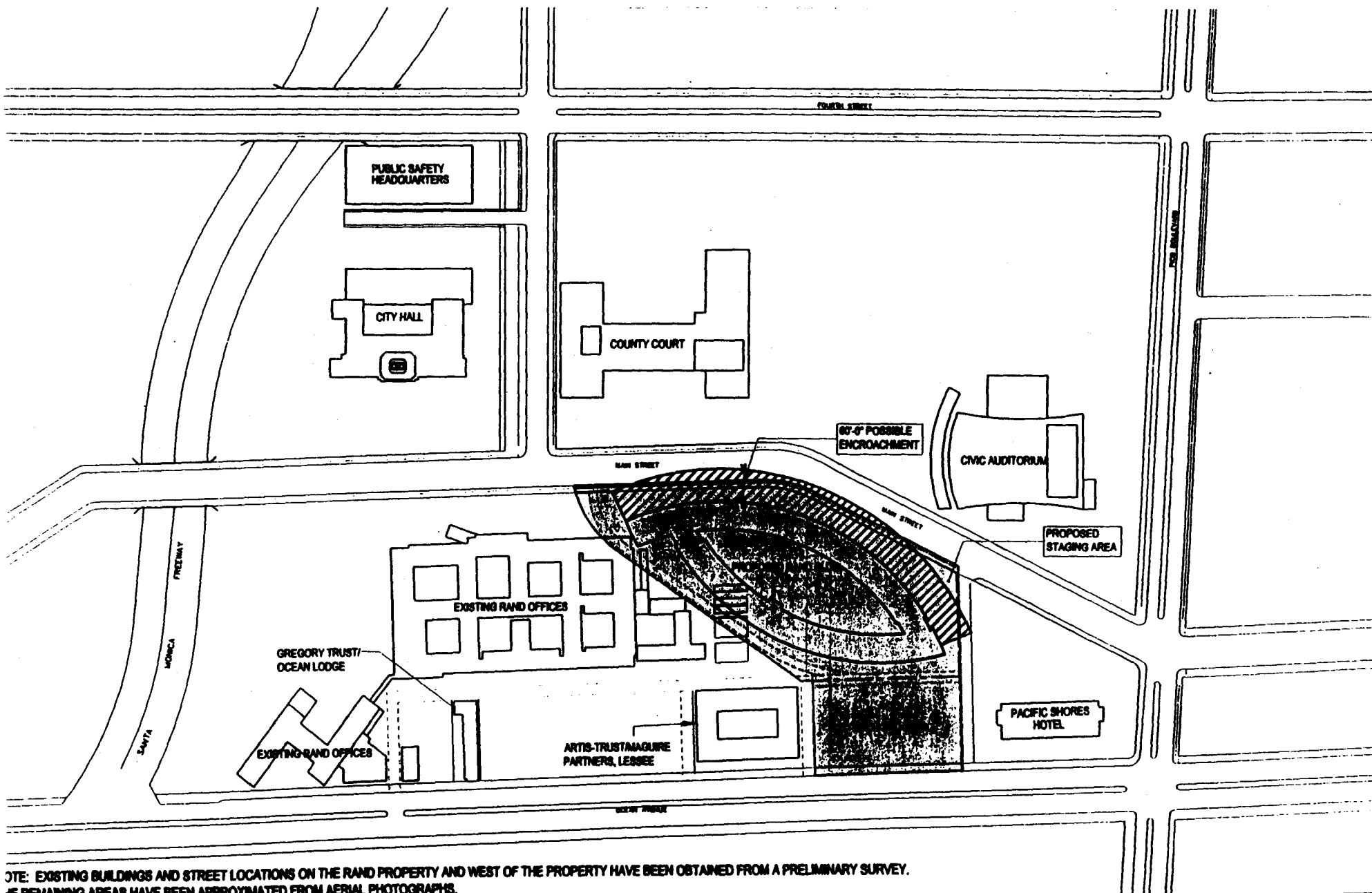


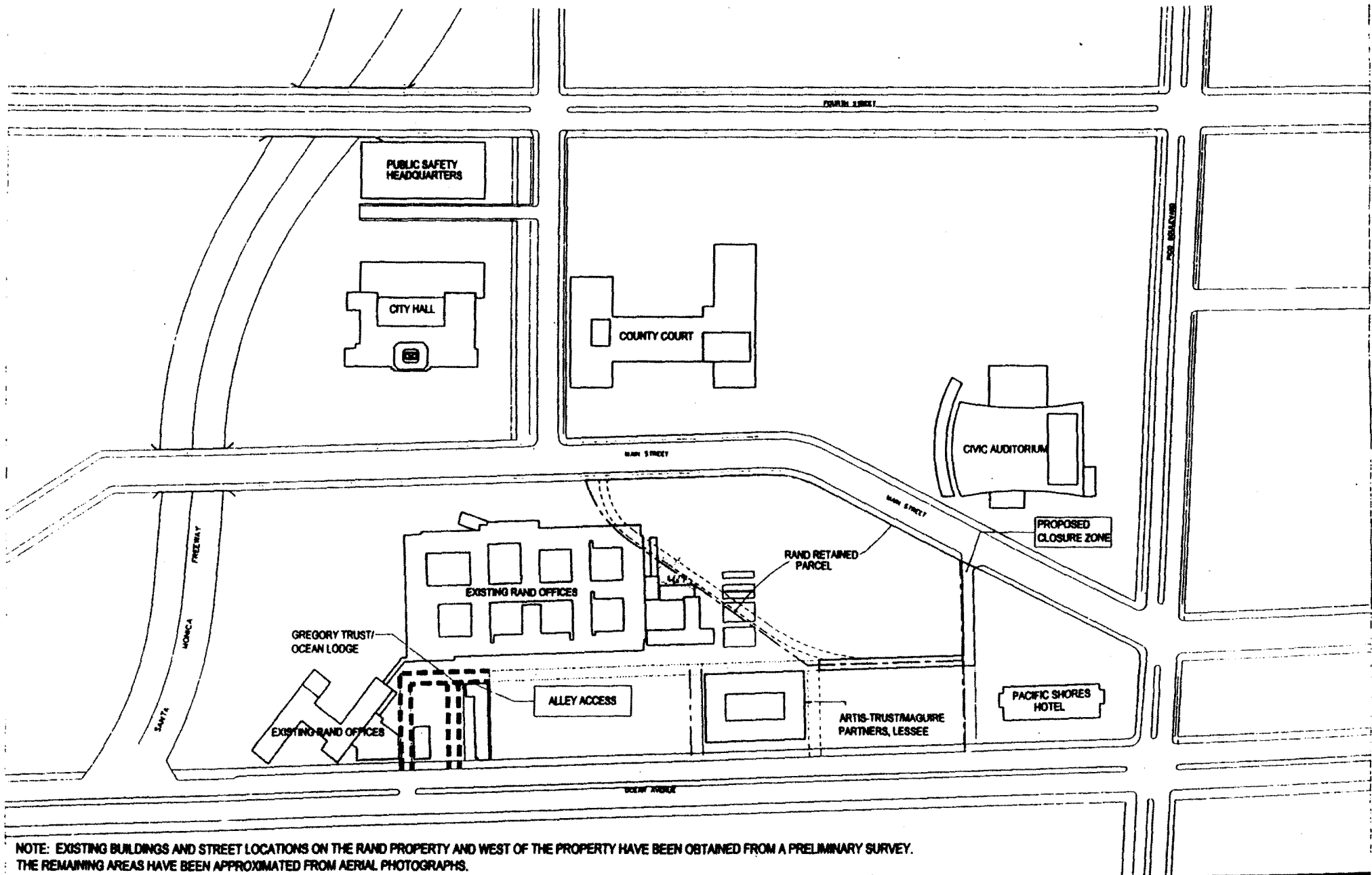
EXHIBIT J -2 - CONSTRUCTION STAGING ZONES

(IF STRUCTURAL STEEL BUILDING)

CONSTRUCTION STAGING AREA

DEFINES A ZONE OF 60'-0" FROM FACE OF PROPOSED NEW BUILDING FOR POSSIBLE ENCROACHMENT INTO STREET FOR CONSTRUCTION STAGING AREA

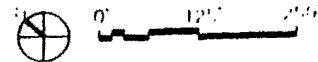




NOTE: EXISTING BUILDINGS AND STREET LOCATIONS ON THE RAND PROPERTY AND WEST OF THE PROPERTY HAVE BEEN OBTAINED FROM A PRELIMINARY SURVEY. THE REMAINING AREAS HAVE BEEN APPROXIMATED FROM AERIAL PHOTOGRAPHS.

EXHIBIT K-1 - ALLEY CLOSURE PLAN

PROPOSED CLOSURE ZONE
 ALTERNATIVE ALLEY ACCESS



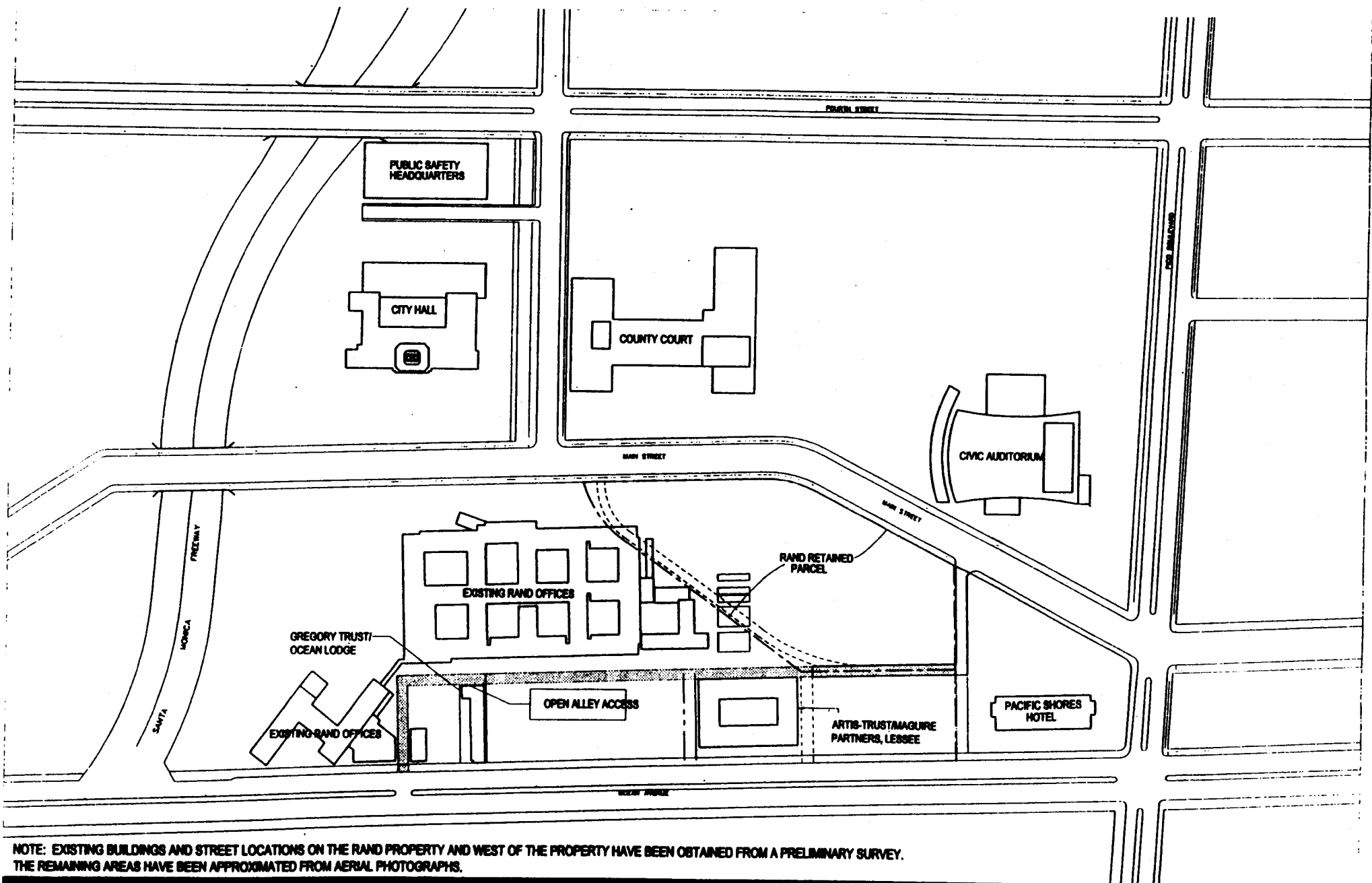
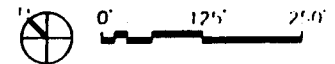


EXHIBIT L - ALLEY OPEN AT END OF RAND CONSTRUCTION

 ALLEY OPEN AT END OF RAND CONSTRUCTION (EXISTING LOCATION)



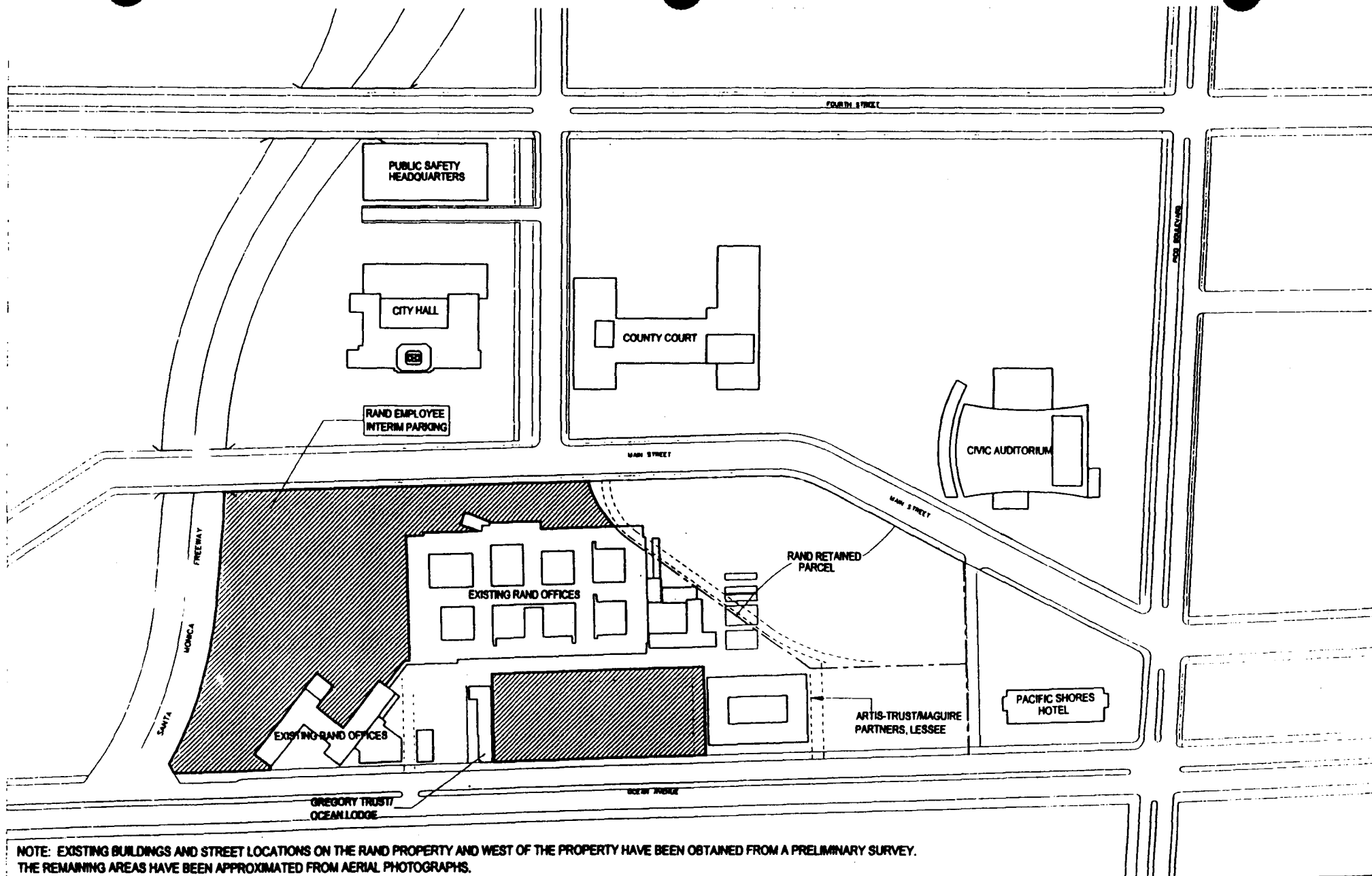


EXHIBIT M - RAND EMPLOYEE PARKING DURING CONSTRUCTION

 RAND EMPLOYEE PARKING DURING CONSTRUCTION

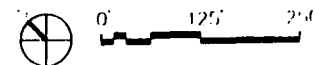


EXHIBIT 'N'

CONSTRUCTION MITIGATION PLAN

CONSTRUCTION MITIGATION PLAN
FOR
RAND CORPORATE HEADQUARTERS

____ MAIN STREET
SANTA MONICA, CALIFORNIA

September 25, 2000

III. ALLEY CLOSURE PLAN

(Continued)

The closure would occur upon the creation of alternative alley access across the parking lot which RAND will be using for employee parking (i.e., the "Unoccupied Portion" as designated in the OPA.). Please see Exhibit D-1 to clarify the alley segment to be closed and the alternative alley access path. Exhibit D-2 demonstrates that the alley will be reopened upon completion of RAND's construction.

IV. CONSTRUCTION STAGING ZONES

Primary construction staging shall occur in the "pit lot" located between the RAND retention parcel and Ocean Avenue. Secondary staging shall occur on other portions of RAND's retention parcel or in the closed portion of the alley, as designated in Exhibit E-1. No construction staging shall occur on Ocean Avenue.

If the building's structural system is poured-in-place concrete, no encroachment into Main Street is expected during structural pours. If the building is constructed of structural steel, the need may arise to occasionally place a mobile crane in the parking lane of Main Street. The outer limits of this encroachment are shown on Exhibit E-2. The maximum time that the street might be impacted would be approximately eight weeks.

If encroachment into Main Street is required, all necessary permits must be obtained from the Department of Environmental and Public Works Management prior to commencing work. The construction fence must be extended around the area of work within the public right-of-way. If requested by the Department of Environmental and Public Works Management, temporary pedestrian barricades must be installed.

V. RAND EMPLOYEE PARKING DURING CONSTRUCTION

Prior to the start of construction, RAND will restripe several of its parking lots to maximize employee parking in a tandem mode. It will also create temporary, tandem-striped parking spaces in the Ocean Avenue locations where vacant buildings currently sit. The areas shown on Exhibit F will be designated for this purpose.

It is anticipated that some RAND employees will elect to work from home during the construction period and that, as a consequence, total employee parking demand will decline from its current level. Further, RAND will seek to enhance its existing TDM program to encourage additional ridesharing and use of public transportation. It is expected that RAND's employee parking can be fully accommodated on the property which RAND currently occupies.

In the event that sufficient employee parking is temporarily unavailable due to concurrent demolition of the parking lots, the City shall permit RAND to utilize an offsite location on a short term basis to provide necessary parking until the onsite lots can be used for that purpose.

If such offsite parking is more than 1,000 yards from RAND's premises, an employee shuttle shall be supplied.

VII. TRAFFIC ACCESS, TRUCK HAULING, AND TRAFFIC CONTROL PLAN:
(Continued)

All permits from the City of Santa Monica will be obtained prior to setting up of detours, and coordination with affected agencies will be performed a minimum of three (3) days prior to starting the work.

VIII. ON-SITE STORAGE:

All material for construction will be stored on the construction site or on the land which RAND has under lease from the Santa Monica Redevelopment Agency. The construction site and any storage areas will be fenced to provide security and public safety and to screen views from the public right-of-way.

IX. OFF-SITE STAGING:

During parking structure excavation and during concrete pours, it is possible that multiple trucks will be stacked on-site, in the portion of First Court Alley which is closed to the public, or outside of City limits.

X. USE OF PUBLIC RIGHT-OF-WAY

It may be necessary to close the Main Street sidewalk adjacent to the construction site during a portion of the project. The project proposal includes reconstruction of the Main Street curb and gutter and the construction of new sidewalk adjacent to the project site, which will necessitate closing of the parking lane in front of the project. This parking lane serves Civic Center visitors but is not used for residential parking. Allowing for the prospect that utility lines may need to be added or relocated in this area, it is estimated that the parking lane might be closed for 4-8 weeks.

Prior to such closure, appropriate permits will be obtained from the Department of Environmental and Public Works Management and construction fencing will be extended around the area of work within the public right-of-way. If requested by the Department of Environmental and Public Works Management, temporary pedestrian barricades must be installed.

If direct truck ingress or egress from Ocean Avenue to the staging area of the "pit lot" is provided, a temporary driveway will need to be cut across the Ocean Avenue sidewalk in the approximate area shown on Exhibit I.

XI. DEMOLITION PROCEDURE:

Demolition will be accomplished in two phases, as indicated on Exhibit J. The first phase will include two buildings and one surface parking lot which currently exist on the "Unoccupied Portion" of the land which the Agency is acquiring from RAND. This demolition is expected to occur either: a) if/when the City deems the structures a safety hazard and liability, once the Redevelopment Agency accepts title to the land; or b) after the City Council certifies the project EIR and approves RAND's plan to construct a new headquarters facility. Demolition sites will be fenced during demolition for public safety.

XII. DEMOLITION MATERIALS RECYCLING PLAN (Continued)

Furnishings in the existing RAND building will be disposed of in several ways. Some will be relocated to the new facility. Others will be sold to refurbishers for remanufacturing and reuse. The remainder may be offered to various charitable and educational organizations or sent to appropriate disposal sites.

XIII. CONSTRUCTION MATERIALS PLAN:

During construction, separate containers will be provided so that scrap materials will be separated for recycling. This will apply to both construction materials and office waste.

Specific subcontractors will be assigned to manage the disposal of trade-related materials (e.g., the mechanical contractor will deal with the disposal of scrap sheet metal), and the general contractor will manage miscellaneous recycling such as paper, aluminum, and cardboard.

Since most of the building's exterior holds a constant curve, relatively minimal form lumber will be needed and these forms can be reused throughout construction of the structure and/or skin. Additionally, timbers for parking structure shoring and reshoring will be reused whenever possible.

Efforts will be made during the construction process to invite subcontractors and suppliers who manufacture or fabricate their products from recycled materials to incorporate these into their work proposals. Bid instructions will also state that subcontractors can make recommendations to substitute products that are equal to those specified but which are environmentally superior or that are made from recycled materials. All such recommendations will be submitted to the owner, the architect and the owner's sustainability consultant for review and approval prior to installation.

XIV. CULTURAL RESOURCES

In the event that human remains of Native American origin, fossils, cultural or archeological resources are encountered during the course of work on the project site, excavation and earthwork will be suspended, and RAND's construction coordinator will be notified. In the case of human remains, the County coroner's office and the Native American Heritage Commission will determine procedures for dealing with the remains.

In the case of fossils, a qualified paleontologist will examine and assess the findings, and will recommend further investigation or mitigation measures. In the case of cultural or archeological resources, the State Historic Preservation Office will examine and assess the findings, and will recommend further investigation or mitigation measures.

XV. PILE DRIVING OPERATIONS

No pile driving is expected on this construction project. All soldier beams required for shoring will be drilled. All drilling equipment is expected to be contained within RAND's property and therefore would not encroach into the public right-of-way.

XX. NOISE MITIGATION MEASURES (Continued)

All construction equipment will be maintained in good working order and will be operated to minimize noise and exhaust emissions during construction. They will be fitted with muffling devices to reduce noise levels as much as feasible, and will be located so that they are as far from public areas as is practicable for construction activities.

Equipment on site will not be kept running unless it is in operation, and concurrent use of high-noise and high-emission equipment will be minimized.

XXI. DUST MITIGATION MEASURES:

During excavation and backfilling, standard watering procedures will be applied to prevent dust emissions.

Unpaved driving zones will be covered with a bed of gravel and will be wetted at least twice a day. All soil stockpiles will be covered to prevent dust from blowing out of the job site. Trucks carrying soil that come to and leave the job site will have their loads covered with tarps so that dust is not carried on to the public right-of-way.

Roadways into and out of the job site will be swept or washed as needed at the end of the work day to eliminate the movement of dust during non-working hours. Excavation and backfilling activities will be suspended during hours when wind speeds are above 35 MPH.

XXII. DEWATERING:

Boring reports do not indicate the presence of ground water at the levels that will be excavated. Consequently, there are no plans for a dewatering system. In the event of rainfall, temporary slump pumps will be used to remove water from the construction area, along with appropriate erosion control measures. No construction related run-off will be allowed to enter the City of Santa Monica's storm drain system.

XXIII. MAINTENANCE:

The perimeter of the construction site will be kept clear of trash, weeds and construction debris. Roadways into and out of the job site will be swept or washed as needed at the end of the day to eliminate the movement of dust during non-working hours. Any graffiti on the site will be promptly removed through compliance with the City of Santa Monica's graffiti removal program.

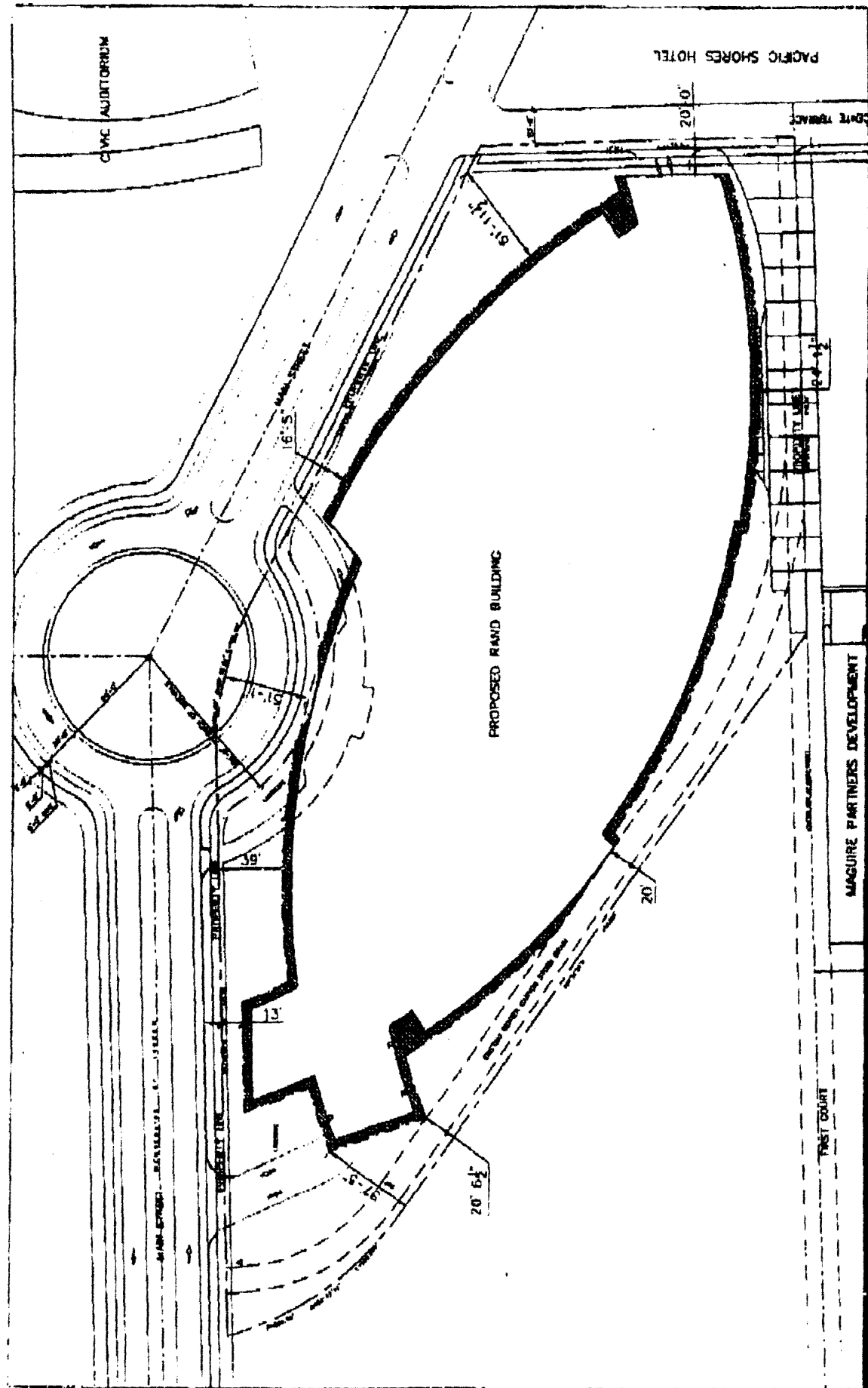
Existing conditions will be inspected and documented in a pre-construction survey of the site. Any sidewalks, curbs, gutters, paving and driveways that are damaged due to construction activities will be replaced prior to occupancy of the building.

XXV. PUBLIC INFORMATION PROGRAM: (Continued)

The community will be able to follow the progress of construction by direct observation through the construction fences along Main Street, and from Ocean Avenue. Additional meetings with the community can be scheduled as they are deemed necessary.

XXVI. TREE TRANSPLANTATION:

An inventory will be taken of on-site trees which will be impacted by the construction process. A hazard assessment will then be prepared by an independent arborist who will report his findings and conclusions to the City for approval. RAND will transplant those trees which the independent arborist and the City's arborist deem appropriate and sufficiently sound for relocation.



LEGEND

UNION, BECAUSE THE TWO MEMBERS WERE 6-000 LBS. 3-1/2 FEET TALL AND THE OTHER WAS 5-10 FEET TALL. THESE TWO MEN WERE DESCRIBED AS WHITE, MEDIUM BUILD, DARK HAIR, AND WERE WEARING BLUE JEANS AND A RED SWEATSHIRT. THE OTHER TWO MEN WERE DESCRIBED AS WHITE, MEDIUM BUILD, DARK HAIR, AND WERE WEARING BLUE JEANS AND A RED SWEATSHIRT. THE OTHER TWO MEN WERE DESCRIBED AS WHITE, MEDIUM BUILD, DARK HAIR, AND WERE WEARING BLUE JEANS AND A RED SWEATSHIRT.

EXHIBIT E - PROJECT SETBACKS

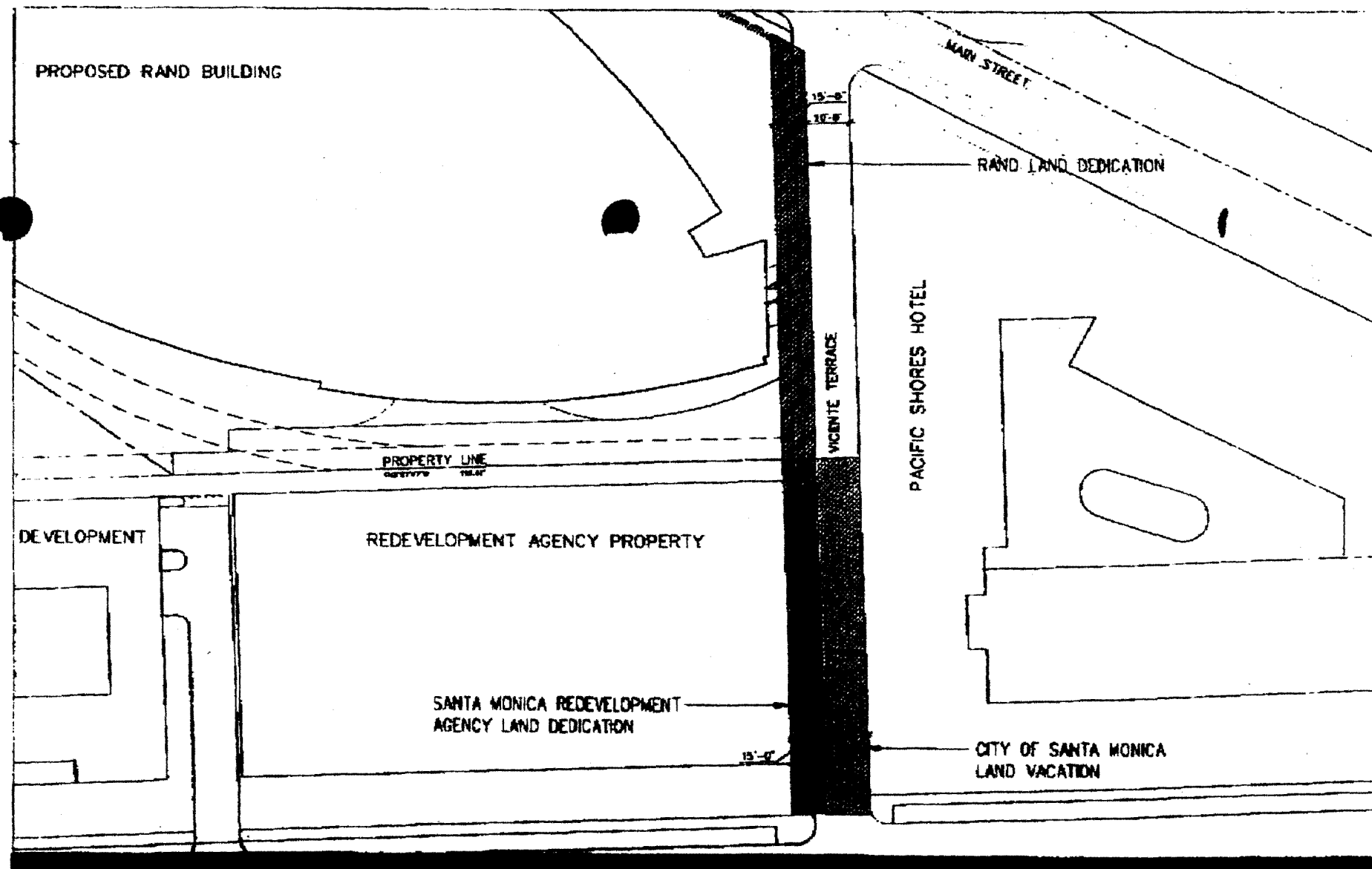





EXHIBIT F - VICENTE TERRACE DEDICATIONS

-  RAND LAND DEDICATION
-  CITY OF SANTA MONICA LAND VACATION
-  SANTA MONICA REDEVELOPMENT AGENCY LAND DEDICATION



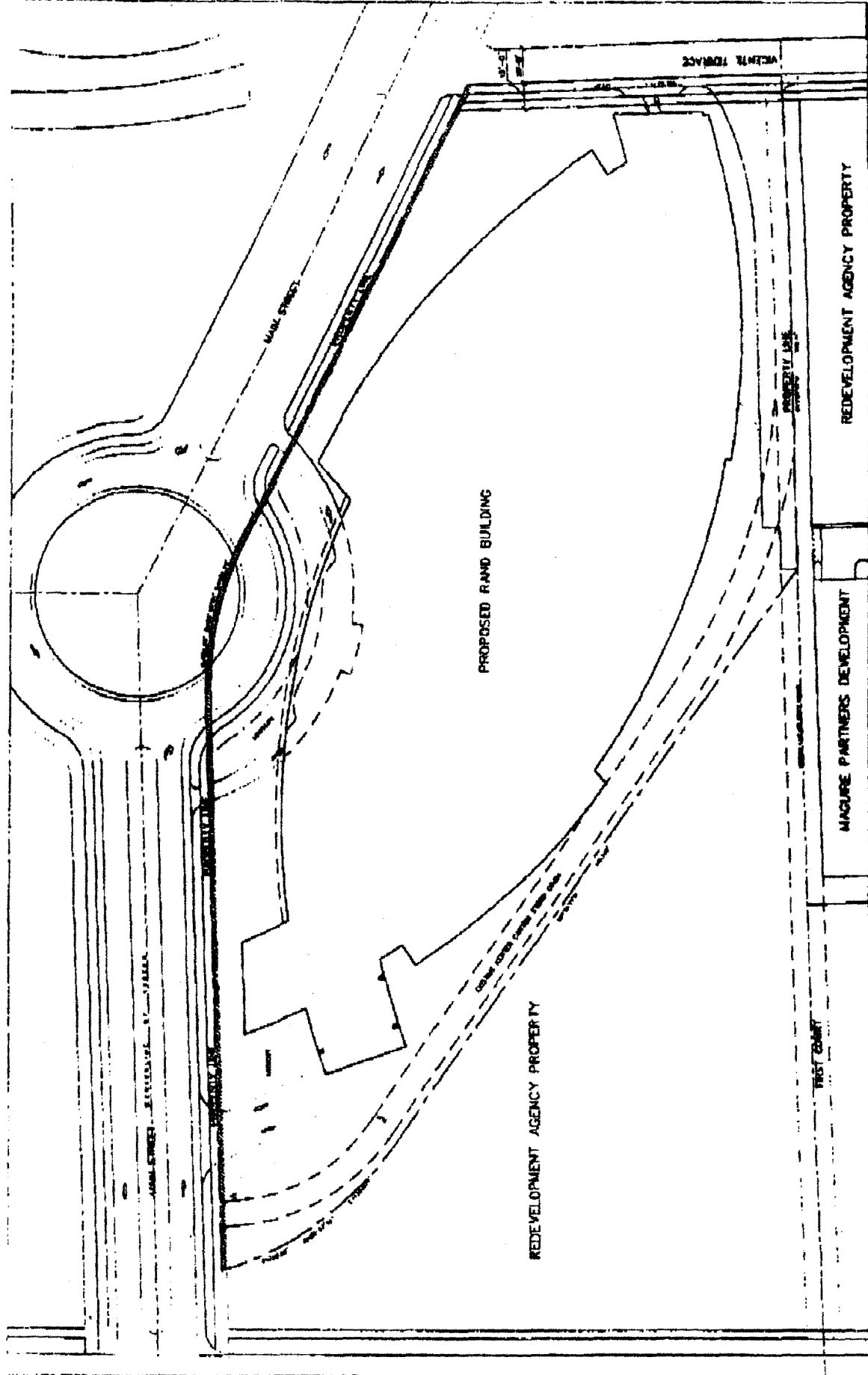
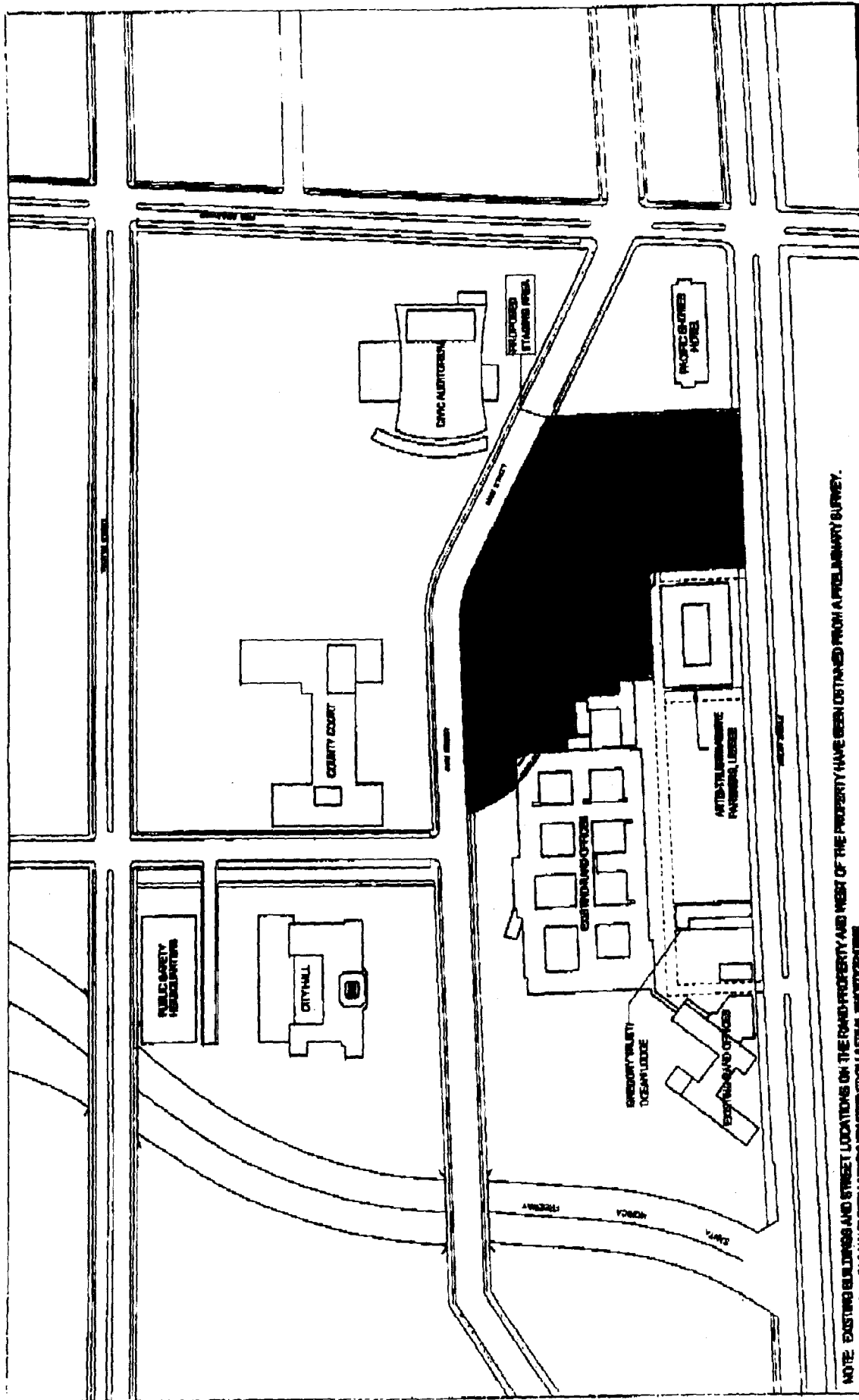



EXHIBIT H - RAND MAIN STREET 3'-0" BACK OF SIDEWALK DEDICATION

3'-0" DEDICATION AT BACK OF MAIN STREET SIDEWALK



NOTE: EXISTING BUILDINGS AND STREET LOCATIONS ON THE RAND PROPERTY AND WEST OF THE PROPERTY HAVE BEEN OBTAINED FROM A PRELIMINARY SURVEY. THE REMAINING AREAS HAVE BEEN APPROXIMATED FROM AERIAL PHOTOGRAPHY.

EXHIBIT J-1 - CONSTRUCTION STAGING ZONES **(IF CONCRETE STRUCTURE)**

 CONSTRUCTION STAGING AREA

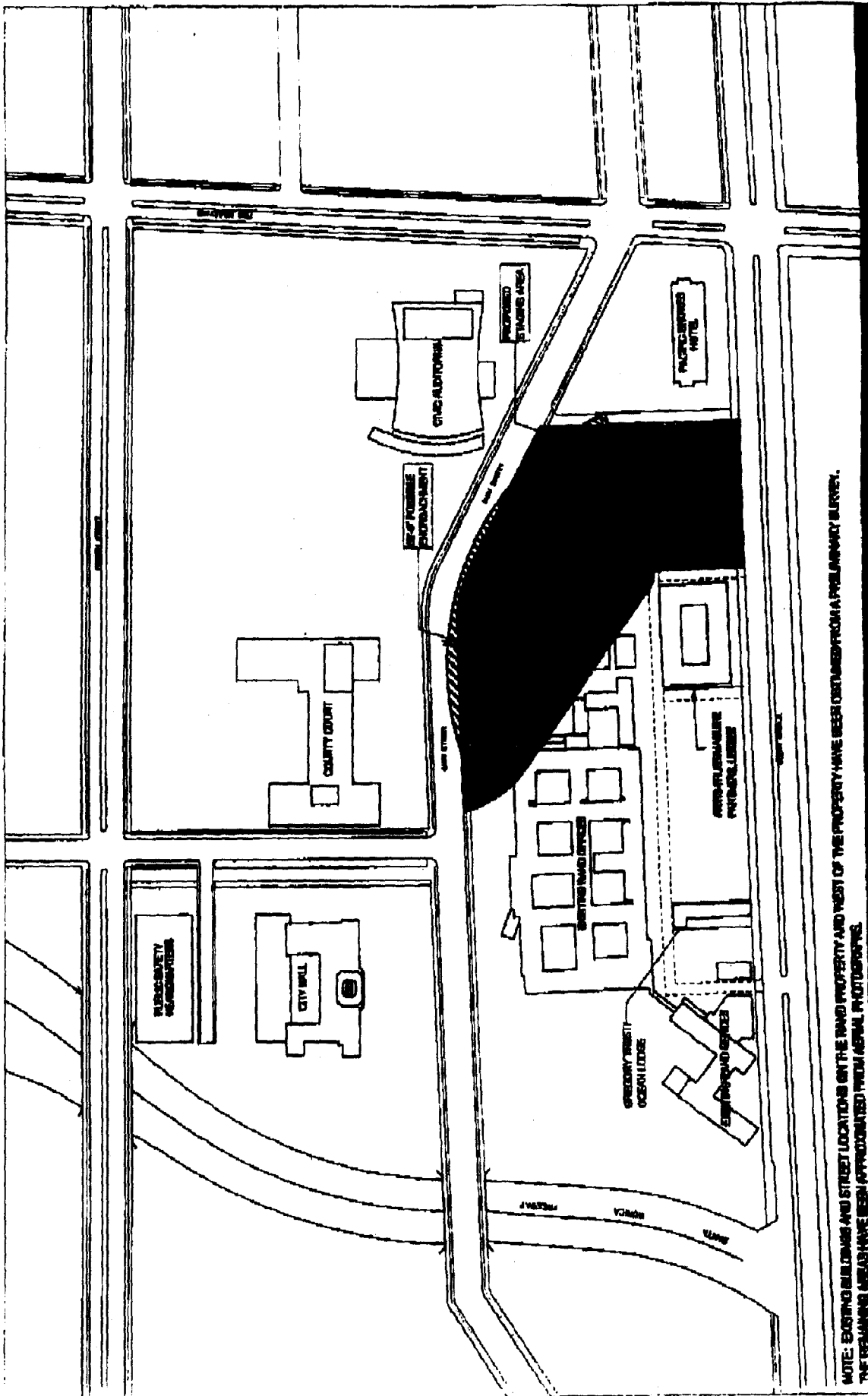
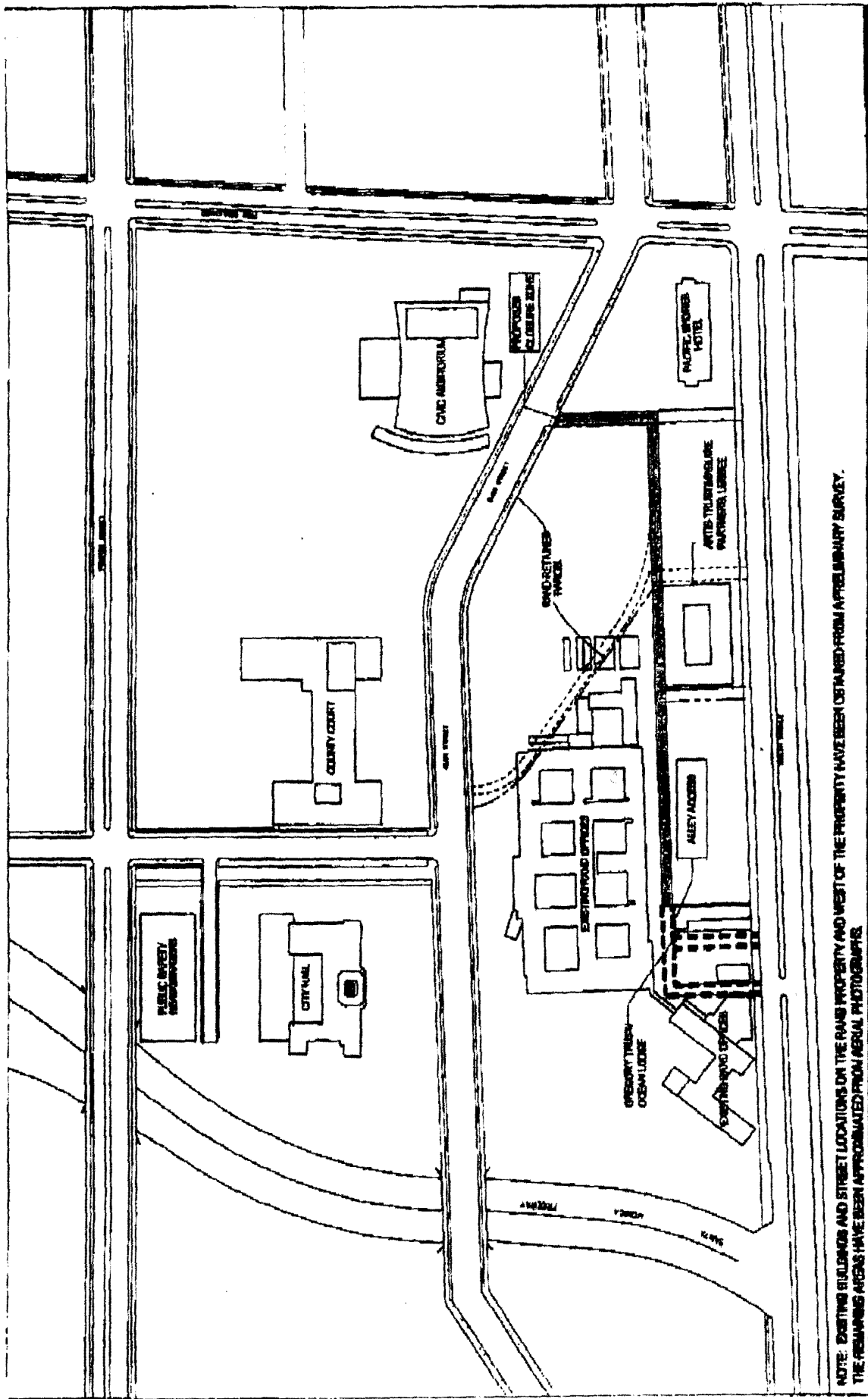


EXHIBIT J-2 - CONSTRUCTION STAGING ZONES

(IF STRUCTURAL STEEL BUILDING)

DEFINES A ZONE OF 80' FROM FACE OF PROPOSED NEW BUILDING FOR POSSIBLE ENCROACHMENT INTO STREET FOR CONSTRUCTION STAGING AREA

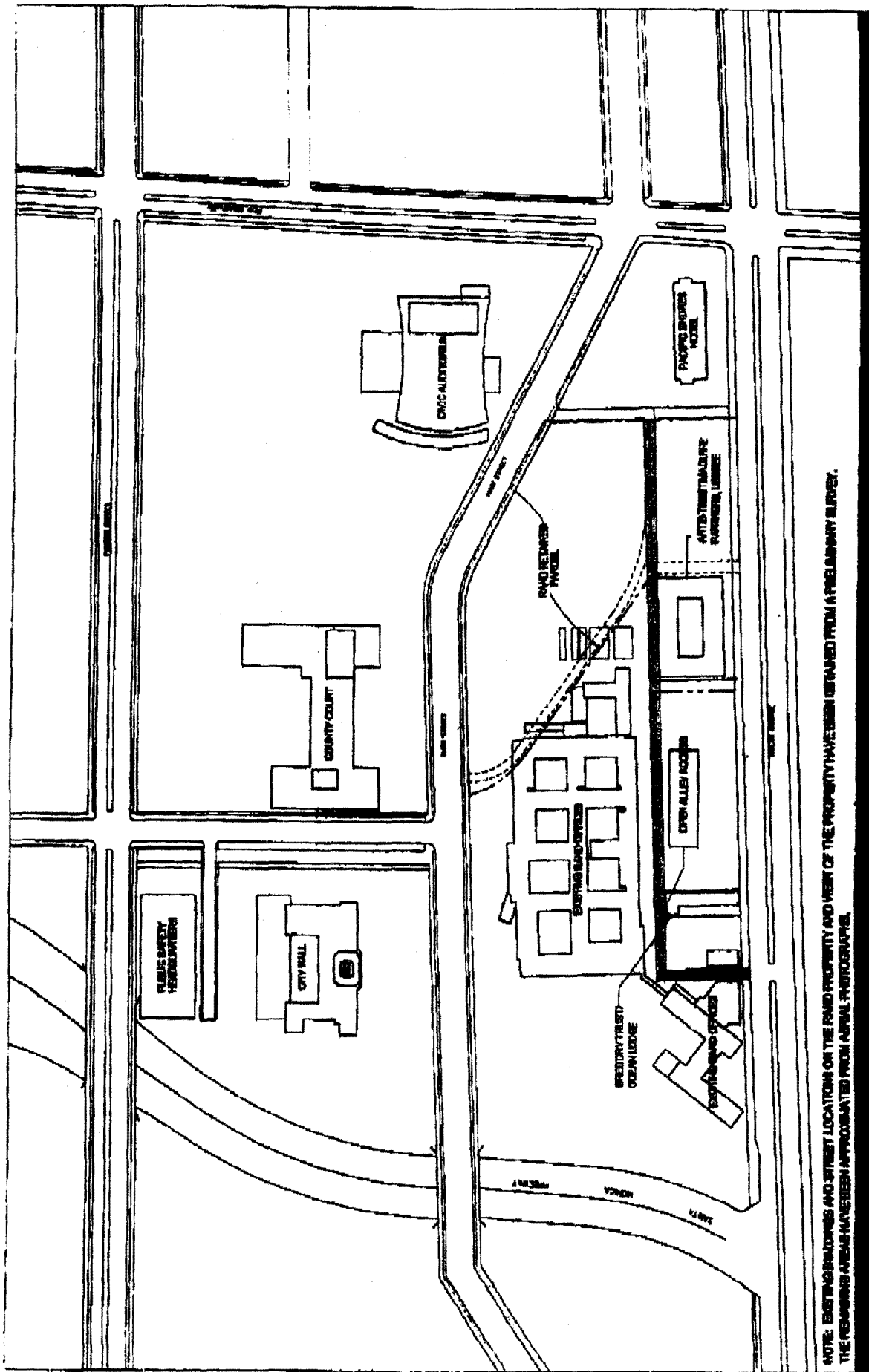




NOTE: EXISTING BUILDINGS AND STREET LOCATIONS ON THE RAND PROPERTY AND WEST OF THE PROPERTY HAVE BEEN OBTAINED FROM A PRELIMINARY SURVEY. THE REMAINING AREAS HAVE BEEN APPROXIMATED FROM AERIAL PHOTOGRAPHS.

EXHIBIT K-1 - ALLEY CLOSURE PLAN

- PROPOSED CLOSURE ZONE
- ALTERNATIVE ALLEY ACCESS



NOTE: EXISTING BUILDINGS AND STREET LOCATIONS ON THE RAND PROPERTY AND WEST OF THE PROPERTY HAVE BEEN OBTAINED FROM A PRELIMINARY SURVEY. THE REMAINING AREAS HAVE BEEN APPROXIMATED FROM AERIAL PHOTOGRAPHS.

EXHIBIT L - ALLEY OPEN AT END OF RAND CONSTRUCTION

■ ALLEY OPEN AT END OF RAND CONSTRUCTION (EXISTING LOCATION)



052

75



NOTE: EXISTING BUILDINGS AND STREET LOCATIONS ON THE PAVED PROPERTY AND MOST OF THE PROPERTY HAVE BEEN OBTAINED FROM A PRELIMINARY SURVEY. THE REMAINING AREAS HAVE BEEN APPROXIMATED FROM AERIAL PHOTOGRAPHS.

EXHIBIT M - RAND EMPLOYEE PARKING DURING CONSTRUCTION

TRAINED EMPLOYEE PARKING DURING CONSTRUCTION



CALIFORNIA COASTAL COMMISSION

South Coast Area Office
200 Oceangate, Suite 1000
Long Beach, CA 90802-4302
(562) 590-5071

COMMISSION ACTION ON 11.13.01

- ☒ Approved as Recommended
☐ Denied as Recommended
☐ Approved with Changes
☐ Denied
☐ Other

Filed:

49th Day:

80th Day:

Staff:

Staff Report:

Hearing Date:

Commission Action:

7/31/01

9/10/01

1/19/02

AJP-LB

10/23/02

11/13-16/01

**TU 13b****STAFF REPORT: REGULAR CALENDAR****APPLICATION NUMBER:** 5-01-196**APPLICANT:** RAND Corporation**AGENT:** Bonnie Holmes**PROJECT LOCATION:** 1700 Main Street, Santa Monica**EXHIBIT NO. 3****APPLICATION NO.**

5-01-445

CDD # 196 - Develop
ment Approved for

DPA site



California Coastal Commission

PROJECT DESCRIPTION: Construct five-story, 69 foot high (as measured from centerline of frontage road), 320,409 gross square foot building for institutional use, over four levels of subterranean parking providing 825 spaces; new public street (Vicente Terrace) connecting Main Street and Ocean Avenue; restriping of roadway lanes, and a public pedestrian walkway, on a 3.7 acre site.

Lot Area:	163,173 square feet
Building Coverage:	67,226 square feet
Pavement Coverage:	32,165 square feet
Landscape Coverage:	63,447 square feet
Parking Spaces:	825
Ht above Avg nat. grade:	72 feet
Zoning:	Civic Center District

LOCAL APPROVALS RECEIVED: Approval in Concept; Development Agreement between the City of Santa Monica and RAND Corporation

SUBSTANTIVE FILE DOCUMENTS: Development Agreement between the City of Santa Monica and RAND Corporation; RAND Corporation Headquarters Building, Final Environmental Impact Report, August 2000.

SUMMARY OF STAFF RECOMMENDATION:

Staff recommends approval with special conditions on the basis that the project, as conditioned, conforms with the public access and resource protection policies of the Coastal Act. Special Conditions include submittal of a temporary parking plan; participation in a parking, car pool and transit incentive program; water quality mitigation; archaeological resource recovery plan; and notice to the applicant that the Development Agreement needs Commission approval to be effective in the Coastal Zone.

STAFF RECOMMENDATION:**I. MOTION, STAFF RECOMMENDATION AND RESOLUTION FOR 5-01-196:**

Staff recommends that the Commission make the following motion and adopt the following resolution:

MOTION: *I move that the Commission approve Coastal Development Permit #5-01-196 pursuant to the staff recommendation.*

STAFF RECOMMENDATION OF APPROVAL:

Staff recommends a **YES** vote. Passage of this motion will result in approval of the permit as conditioned and adoption of the following resolution and findings. The motion passes only by affirmative vote of a majority of the Commissioners present.

RESOLUTION TO APPROVE THE PERMIT:

The Commission hereby approves a permit, subject to the conditions below, for the proposed development and adopts the findings set forth below on grounds that the development as conditioned will be in conformity with the provisions of Chapter 3 of the California Coastal Act and will not prejudice the ability of the local government having jurisdiction over the area to prepare a local coastal program conforming to the provisions of Chapter 3. Approval of the permit complies with the California Environmental Quality Act because either 1) feasible mitigation measures and/ or alternatives have been incorporated to substantially lessen any significant adverse effects of the development on the environment, or 2) there are no further feasible mitigation measures or alternative that would substantially lessen any significant adverse impacts of the development on the environment.

II. STANDARD CONDITIONS:

1. Notice of Receipt and Acknowledgment. The permit is not valid and development shall not commence until a copy of the permit, signed by the permittee or authorized agent, acknowledging receipt of the permit and acceptance of the terms and conditions, is returned to the Commission office.
2. Expiration. If development has not commenced, the permit will expire two years from the date this permit is reported to the Commission. Development shall be pursued in a diligent manner and completed in a reasonable period of time. Application for extension of the permit must be made prior to the expiration date.

3. Interpretation. Any questions of intent or interpretation of any condition will be resolved by the Executive Director or the Commission.
4. Assignment. The permit may be assigned to any qualified person, provided assignee files with the Commission an affidavit accepting all terms and conditions of the permit.
5. Terms and Conditions Run with the Land. These terms and conditions shall be perpetual, and it is the intention of the Commission and the permittee to bind all future owners and possessors of the subject property to the terms and conditions.

III. SPECIAL CONDITIONS

1. Parking, Car Pool and Transit Incentive Program

a) The applicant shall provide for a parking, carpool and transit incentive program as follows:

(1) The applicant shall actively encourage employee participation in a Transportation Ride Sharing.

(2) A public transit fare reimbursement program shall be implemented by the applicant. The system shall be in effect for at least a 30-year period. The applicant shall provide for partial reimbursement to one hundred percent of the employees of the development for public transit fare to and from work.

(3) The applicant shall provide a bicycle parking area, free of charge, on the property.

(4) The applicant shall implement a publicity program, the contents of which is subject to the review and approval of the Executive Director, that indicates how the future occupants of the development will be made aware of the provisions of this special condition. The publicity program shall be implemented during the first month of occupancy of the new development.

b) PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the applicant shall execute and record a deed restriction in a form and content acceptable to the Executive Director, reflecting the above restrictions on development within the applicant's parcel or parcels. The deed restriction shall include legal descriptions of the applicant's entire parcel or parcels. The deed restriction shall run with the land, binding all successors and assigns, and shall be recorded free of prior liens that the Executive Director determines may affect the enforceability of the restriction. This deed restriction shall not be removed or changed without a Coastal Commission

approved amendment to this coastal development permit unless the Executive Director determines that no amendment is required.

2. Interim Parking

Prior to issuance of the permit, for the review and approval by the Executive Director, the applicant shall provide temporary parking plans indicating the location and number of the temporary parking spaces, attendant parking and hours of availability. A minimum of 291 relocated parking spaces shall be provided. The existing parking spaces within the other RAND parking lots shall remain. Furthermore, the applicant shall agree in writing that the relocated parking will be available and maintained during the construction period, or until the parking in the new building is made available. If portions of the parking spaces within the new building become available for use, the applicant can proportionately reduce the number of temporary spaces provided under the temporary parking plan.

3. Dewatering of Groundwater

Prior to issuance of the permit, for the review and approval by the Executive Director, the applicant shall agree in writing that any required dewatering of the site due to groundwater intrusion, or percolating surface water, during construction or post-construction will require filters to be installed on all dewatering pumps and sump pumps.

4. Water Quality Standards

With the acceptance of this permit the applicant agrees to comply with all applicable City of Santa Monica water quality requirements as required under the City's Municipal Code that are in effect at the time of approval of this permit.

5. Archaeological Resources

PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the applicant shall agree in writing, subject to the review and approval of the Executive Director, to the following:

A. Native American Monitor.

If historic artifacts are discovered, a Native American monitor shall be present on-site during all excavation activities to monitor the work. The monitors shall meet the requirements set forth in the Native American Heritage Commission Guidelines for Monitors/Consultants of Native American Cultural, Religious, and Burial Sites.

B. Review of Treatment Plan.

In the event that cultural resources are discovered and a Treatment Plan (mitigation plan) is prepared, the Treatment Plan shall be submitted to the Executive Director for review and approval. Based on the mitigation procedures outlined in the Treatment Plan, the Executive Director will determine if an amendment to this permit is required.

C. Curation Facility.

1. Artifacts collected as a result of this project shall be curated at a qualified curation facility, such as the Los Angeles County Museum of Natural History. A qualified curation facility is one that meets the State Office of Historic Preservation Guidelines for Curation of Archaeological Collections.
2. Prior to completion of archaeological work at the site the applicant shall submit, for the review and approval of the Executive Director, evidence that:
 - (a) the curation facility meets the State Office of Historic Preservation Guidelines for Curation of Archaeological Collections; and
 - (b) evidence of the facility's willingness to accept the collection.
3. If no qualified curation facility is available at the time the project is complete, an amendment to this permit shall be required to determine the appropriate curation process.

6. Development Agreement

With the acceptance of this permit, the applicant is placed on notice that the Development Agreement is an agreement between the applicant and the City, and is not effective in the Coastal Zone, until the Development Agreement is formally submitted and approved by the Coastal Commission.

IV. FINDINGS AND DECLARATIONS:

The Commission hereby finds and declares:

A. Project Description and Location

The applicant proposes to construct five-story, 69 foot high (as measured from centerline of frontage road), 320,409 gross square foot building for institutional use, over four levels of subterranean parking providing 825 spaces; new public street (Vicente Terrace) connecting Main Street and Ocean Avenue; and a public pedestrian walkway, on a 3.7 acre site. The project will also include roadway improvements to provide additional turn lanes along Main Street and Ocean Avenue, at Pico Boulevard.

The proposed project is located on the west side of Main Street, north of the intersection of Main Street and Pico Boulevard, in the City of Santa Monica (see Exhibit No 1, 2, and 3). The site is presently the location of the existing RAND Corporation south paved parking lot.

The surrounding area is developed with the existing two and five-story RAND Corporation building to the north, a multi-story hotel to the south, the Santa Monica Civic Auditorium and County Courthouse to the east, and a vacant three-story apartment building to the west.

The RAND Corporation and the City of Santa Monica have entered into a Development Agreement, which in part, requires RAND to demolish the old building once the new building has been constructed. A separate permit application (CDP application No. 5-01-209) has been filed by the City and is concurrently before the Commission.

In August 1992, the Commission certified, with suggested modifications, the land use plan portion of the City of Santa Monica's Local Coastal Program, excluding the area west of Ocean Avenue and Neilson way (Beach Overlay District), and the Civic Center/RAND area. On September 15, 1992, the City of Santa Monica accepted the LUP with suggested modifications.

B. RAND Property History

Since the early 1950's the RAND Corporation has owned and occupied approximately 15 acres located between Ocean Avenue to the west, Main Street to the east, the I-10 Freeway to the north and Pico Boulevard to the south. The existing RAND building is a two and five story, 295,000 square foot building along Ocean Avenue and Main Street. The building covers approximately 40 percent of the 15 acre site. The remaining property is comprised of surface parking lots and several dilapidated and abandoned buildings.

In early 2000, RAND and the City of Santa Monica entered into a Development Agreement (DA). As part of the DA, RAND sold 11.3 acres of the 15 acres to the City (Santa Monica Redevelopment Agency) and retained 3.7 acres for the construction of the new RAND building. RAND has leased back from the City most of the 11.3 acres through mid 2004, and will occupy the existing building until its new facility is completed.

RAND is a nonprofit national and international "think Tank" institution that assists policy and decision making through research and analysis. It was created in 1946, by their original client, the U.S. Air Force (then the Army Air Forces). Today, RAND's work involves assisting all branches of the U.S. military community, and applying expertise to social and international issues.

C. Development

Section 30250 of the Coastal Act states in part that:

(a) New residential, commercial, or industrial development, except as otherwise provided in this division, shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have a significant adverse effects, either individually or cumulatively, on coastal resources.

Section 30251 of the Coastal Act states in part that:

The scenic and visual qualities of coastal areas shall be considered and protected as a resource of public importance. Permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, to minimize the alteration of natural landforms, to be visually compatible with the character surrounding areas, and, where feasible, to restore and enhance visual quality in visually degraded areas.

The proposed project site is presently the location of the existing RAND Corporation south paved parking lot. The site consists of approximately 3.68-acres. The general vicinity is developed with residential, office, and retail uses. Land uses immediately surrounding the area, include City Hall, a Los Angeles County Court facility, and the Santa Monica Civic Auditorium, all located east of Main Street. To the west of Main Street, land uses include RAND, Chez Jay restaurant, Ocean Lodge Motel, and several vacant parcels that are used as surface parking lots along Ocean Avenue. To the southwest is the Pacific Shores Hotel.

Heights of existing surrounding development vary from approximately 30 feet to over 96 feet in height. Buildings within the Civic Center measure two and three stories, while the Civic Auditorium measures approximately 60 feet in height. The Pacific Shores Hotel, located to the southwest of the proposed site is eight stories and over 96 feet in height. Currently under construction directly to the east of the proposed site is a four story, 57 foot high, commercial office/retail building [5-90-928 (Maquire Thomas Partners)].

The proposed project will consist of five floors and measure approximately 72 feet in height (above average natural grade), with mechanical equipment extending an additional 17 feet. Therefore, the proposed project is compatible in use and scale with existing development and is consistent with past Commission permit action for the area.

The proposed development will be located approximately two and a half blocks from the Santa Monica beach area. The project site is located east of a row of parcels located along the eastern side of Ocean Avenue. Some of these parcels are developed and

others will be redeveloped with multiple story buildings. The west side of Ocean is developed with multi-story hotels, motels and other businesses. Because of the project's location and existing development between the project site and the ocean the proposed building will not have any adverse impacts on public coastal views.

The Commission, therefore, finds that the proposed project will be compatible with the character and scale of the surrounding uses and with Sections 30250 and 30251 of the Coastal Act.

D. Coastal Access

The Commission has consistently found that a direct relationship exists between the provision of adequate parking and the availability of public access to the coast. Section 30211 of the Coastal Act states that:

Development shall not interfere with the public's right of access to the sea where acquired through use of legislative authorization, including, but not limited to, the use of dry sand and rocky coastal beaches to the first line of terrestrial vegetation.

Section 30252 of the Coastal Act requires that new development should maintain and enhance public access to the coast by providing adequate parking facilities. Section 30252 of the Coastal Act states in part:

The location and amount of new development should maintain and enhance public access to the coast by. . . (4) providing adequate parking facilities or providing substitute means of serving the development with public transportation. . .

Therefore, in order to conform to the requirements of the Coastal Act, the proposed project must provide adequate support parking in order not to negatively impact parking for coastal access. The applicant is proposing to provide 825 on-site parking spaces with a multi-level subterranean parking garage for the 320,409 square foot institutional use building. Because of the unique use, the Commission does not have parking standards for this particular type of Research and Development use. The closest use applicable to the project would be commercial office.

According to the applicant, there are approximately 887 parking spaces spread over five separate surface parking lots at the RAND facility site (the actual number varies due to unmarked spaces located on gravel lots). The North Lot provides 330 spaces, The South Lot provides 339 spaces, the unpaved West Lot provides 90 spaces, the Lower Lot provides 95 spaces and the unpaved West Annex Lot provides 30 spaces. Of this total, according to City records, 545 spaces were City required support spaces as of 1979.

Based on current parking standards and the City required parking for RAND, the existing use may be under parked, however, because the use was existing prior to the Coastal Act,

the use and parking has been grandfathered in. Since 1979, the Commission has approved a number of development projects on the RAND site. One of the projects was for the replacement of ten portable trailers (office use) with 9,282 square feet of factory fabricated office structures [5-85-601 (RAND)]. It was determined that the replacement project would require 22 additional support parking spaces. Therefore, the total existing required support spaces increased to 567 (545 + 22).

The additional parking provided above the City's code requirements, has been used as additional support parking by RAND, and for other leased uses, such as parking for off-site construction projects. According to the applicant, of the approximate total of 887 spaces, 750 spaces are reserved for RAND employees and visitor use, and the remaining 137 are occasionally leased to third parties.

According to the EIR, based on a parking study (*Santa Monica Civic Center Parking Study*, Kaku Associates, 1998) the peak parking occupancy for the existing RAND building is approximately 729 spaces, or approximately 2.5 spaces per 1,000 square feet of floor area. In addition to the study for the EIR, the applicant had a parking consultant, Myer, Mohaddes Associates, Inc., conduct further research into the parking and trip generation characteristics of other institutional uses. The analysis included review of available parking and trip generation data from the Institute of Transportation Engineers (ITE) and other published sources, and contacts with other research and development facilities comparable to RAND.

According to published transportation data (see Exhibit No. 5), the peak parking demand rates for the R&D facilities range from 1.14 spaces per 1000 square feet to 2.07 spaces. These rates range from 26 to 53% less than those for commercial office use. Based on data from other similar R&Ds, including a benchmark study from Stanford Research Institute (SRI), which is considered similar to RAND, the parking provided ranged from 1.1 spaces per 1,000 square feet to 2.68 spaces per 1,000 square feet. These rates are also below the parking rates for commercial office use.

As stated above, the primary functions at RAND are institutional, including research and information dissemination. As such, the operations at RAND are not typical of a commercial office building. RAND employs a high number of personnel/consultants, that work at home, or work part time at the facility. Furthermore, based on a survey conducted for RAND's Emission Reduction Plan (ERP) for the City, it was shown that employees exhibit a high participation rate in ridesharing, transit usage, work at home, and non-motorized forms of commuting. In November 1999, a parking occupancy survey was conducted at RAND's parking lots. An analysis of the parking operations indicate an average demand of 681 spaces, with a weekday high of 695 spaces.

The new RAND building will provide 825 parking spaces, a ratio of 2.57 spaces per 1,000 square feet. This ratio is greater than the ITE rate for research centers and is near the upper range from the benchmark study from Stanford Research Institute.

As proposed, the RAND building will provide approximately 25,409 square feet (or 8.6%) more than the existing building square footage. However, according to RAND, it is not anticipated that RAND's current 1,044 employee work force will increase. The increase in square footage is necessitated by the age of the existing building and inadequate space provided by the existing building for the existing employees. The new building will improve the office space, library and meeting rooms, and employee amenities, such as the cafeteria. The RAND building will provide 825 parking spaces, an increase of 96 spaces from their peak occupancy (*Santa Monica Civic Center Parking Study*, Kaku Associates, 1998). The parking ratio also increases from 2.47 (based on peak demand) to 2.57 spaces per 1,000 square feet. Therefore, the proposed development will provide adequate parking to meet the current demand of the proposed development and will not adversely impact beach access.

However, during construction of the new building, RAND will continue to operate in the existing building. Because of the siting of the new building, 339 parking spaces in the south parking lot will be impacted during the construction of the new building. The applicant proposes to temporarily relocate these spaces to other areas of the property and will use attendant assisted stack parking in some areas of their property to maximize the number of spaces. Under the Development Agreement, the City will demolish two former RAND buildings along Ocean Avenue, and the area will be used by RAND as temporary additional parking. Through these measures 291 parking spaces of the 339 displaced will be relocated. Moreover, to further mitigate the potential impact during construction RAND will intensify its Transportation Demand Management program (a City required program to minimize vehicle trips and reduce emissions) and increase ride-sharing and encourage employees to work at home during the construction period. Therefore, the temporary impact due to loss of parking during construction will not be significant. However, to ensure that additional temporary parking is provided during the construction period, the applicant shall provide temporary parking plans indicating the location of the temporary parking spaces, including attendant parking. Furthermore, the applicant shall agree in writing that the relocated parking will be available and maintained during the construction period, or until the parking in the new building is made available.

In past Santa Monica permit action the Commission has required that parking facilities of commercial development that provide 10 or more parking spaces, be made available to the general public when the business is not in operation during the week and weekend. This increases the availability of public parking and reduces the impact that projects have due to increased traffic and parking demands in the area. The proposed development will be a non-priority type use and would generate traffic that could adversely impact beach access. However, requiring public access to the building during typical non-business hours poses security problems. As stated, RAND does not function as a typical office use. A portion of RAND's work force operate on a 24 hour, 7 day per week schedule. Moreover, RAND is a high-security institution, due to the military and governmental work involved. Allowing the general public access to the building will present significant security issues (see Letter from Garth Pettijohn, Supervisory Special Agent of the Protective Liaison Section, Exhibit No. 6). Therefore, due to the type of use and security issues, it is not appropriate to

require parking to be available to the public after normal business hours and during the weekend. However, the increase in development within the Coastal Zone will increase the amount of traffic in the area and the Commission has also required that businesses participate in a parking and transit incentive program to mitigate traffic impacts. Therefore, to mitigate any impacts due to traffic the applicant shall agree to participate in a parking, car pool and transit incentive program to encourage employees to use alternative means of transportation.

The Traffic study included in the EIR, indicates that there will be traffic impacts to nearby intersections, and identifies measures to mitigate the impacts. These measures include modifications to intersection striping to provide additional turn lanes. These measures have been incorporated into the project and are required by the City. To further minimize traffic impacts to the surrounding streets, the project will provide two ingress and egress points. One will be from Main Street and the second will be from the new street: Vicente Terrace. The Main Street entrance will provide dual ingress lanes with adequate setback from the street to provide for on-site queuing of vehicles. Vicente Terrace, which will be located along the southern portion of the project site, will be improved as a 25-foot wide roadway with landscaping and walkway, to provide through access from Main Street to Ocean Avenue. Vicente Terrace will provide the general public a new vehicular and pedestrian route from the Civic Center/Main Street area to Ocean Avenue. This also will help minimize traffic impacts to the nearby existing intersections.

In addition to the roadway improvements, the proposed development will include a pedestrian walkway around the northwesterly portion of the property from Main Street to First Court alley, which is located to the west of the property, midway between and parallel to Main Street and Ocean Avenue (see Exhibit No. 3). This walkway will provide an alternative pedestrian route to Ocean Avenue, which leads to access points to the beach.

The Commission, therefore, finds that, as conditioned, the project will not adversely impact coastal access and will be consistent with Section 30211 and 30252 of the Coastal Act..

E. Control of Polluted Runoff

Section 30230 states:

Marine resources shall be maintained, enhanced, and where feasible, restored. Special protection shall be given to areas and species of special biological or economic significance. Uses of the marine environment shall be carried out in a manner that will sustain the biological productivity of coastal waters and that will maintain healthy populations of all species of marine organisms adequate for long-term commercial, recreational, scientific, and educational purposes.

Section 30231 states:

The biological productivity and the quality of coastal waters, streams, wetlands, estuaries, and lakes appropriate to maintain optimum populations of marine organisms and for the protection of human health shall be maintained and, where feasible, restored through, among other means, minimizing adverse effects of waste water discharges and entrainment, controlling runoff, preventing depletion of ground water supplies and substantial interference with surface water flow, encouraging waste water reclamation, maintaining natural vegetation buffer areas that protect riparian habitats, and minimizing alteration of natural streams.

The proposed project poses a potential source of pollution due to contaminated runoff from the proposed parking lot and other hardscape. The City, to mitigate potential impacts, has adopted an Urban Runoff Ordinance. The ordinance requires projects to incorporate best management practices with extensive recommendations and measures to reduce or prevent contaminants from running off the site. The City requires all new development to achieve twenty- percent reduction of the projected runoff for the site and the use of oil and water separators or clarifiers to remove petroleum-based contaminants and other pollutants. Furthermore, the City has a new state-of-the-art stormwater treatment facility that treats all dry weather storm runoff. Runoff from all new development is directed to existing stormdrains, which direct stormwater to the treatment facility.

Coastal Commission water quality staff has previously reviewed the City of Santa Monica's water quality standards for similar projects and have determined that the City's standards are consistent with standards imposed by the Commission.

However, unlike previous Commission approved projects, this proposed project involves a significant amount of excavation. A potential water quality problem can come from excavation for the underground parking garage. Based on test borings, groundwater was found at depths of 47 to 50 feet below grade. The proposed subterranean structure is proposed at a depth of approximately 33 feet below grade. As proposed, the applicant's consultants state that the depth of construction will not adversely impact the groundwater. Although the structure will be above the level of the groundwater, future groundwater levels may rise above the base of the structure during construction and require dewatering. In addition, groundwater and/or percolating surface water may collect in the bottom of the parking structure after construction.

If groundwater is to be pumped during construction, the EIR states that a National Pollution Discharge Elimination System (NPDES) permit or a sanitary sewer discharge permit will be obtained from the Regional Water Quality Control Board or the Sanitary District. However, to ensure that the dewatering does not adversely impact water quality by introducing sediments or other contaminants into coastal waters, via the storm drain, a special condition is necessary requiring the applicant to provide the installation of filters on all dewatering pumps and sump pumps. Therefore, only as conditioned will the proposed project be consistent with past Commission action with regards to water quality requirements and minimize water quality impacts. To ensure that the development complies with the City requirements, a special condition is necessary that requires the

applicant to agree to comply with the water quality requirements of the City. The Commission, therefore, finds that, as conditioned, the development will be consistent with Section 30230 and 30231 of the Coastal Act.

F. Cultural Resources

Section 30244 of the Coastal Act states:

Where development would adversely impact archaeological or paleontological resources as identified by the State Historic Preservation Officer, reasonable mitigation measures shall be required.

The proposed site is currently developed and has been disturbed in the past. According to the EIR archaeological records indicate the presence of two prehistoric sites within a one-mile radius of the Civic Center area. The EIR states that the potential for archaeological resources is small due to past development of the site, there is a remote possibility of a deeply buried site being uncovered during excavation.

In past permit action, the Commission has required the applicants to monitor all grading and construction activities and required appropriate recovery and mitigation measures, regarding excavation, reporting and curation. To ensure that the project is consistent with Past Commission action, special conditions are necessary to ensure consistency with the Coastal Act. To assure that the proposed project remains sensitive to the concerns of the affected Native American groups, a Native American monitor should be present at the site during all excavation activities to monitor the work, if artifacts or remains are discovered. The monitor should meet the qualifications set forth in the NAHC's guidelines. Therefore, as conditioned, the proposed project is consistent with Section 30244 of the Coastal Act which requires reasonable mitigation measures be provided to offset impacts to archaeological resources.

Once a site is determined to contain significant cultural resources a Treatment Plan (Mitigation Plan) will be prepared and reviewed by the appropriate Federal and State reviewing agencies. The Treatment Plan will outline actions to be implemented to mitigate impacts to the cultural resources found at the site(s). To determine whether the Treatment Plan is consistent with the proposed permit or if an amendment to this permit is required, the applicant shall submit a copy of the Treatment Plan to the Commission. The Executive Director, after review of the Treatment Plan, will determine if an amendment will be required. The Executive Director will require an amendment if there is significant additional excavation required or there is a significant change in area of disturbance or change in the type of excavation procedures.

In the event that grave goods are found the Los Angeles County Coroner's Office will be notified in compliance with state law, and they in turn will request the Native American Heritage Commission to determine the cultural affiliation.

The Commission's Archaeological Guidelines also recommend that the research design include arrangements for curation of collections when appropriate, and dissemination of the research findings. Regarding curation, there must be some assurance that the collection and related field records, catalogs and reports will be properly curated. Without proper curation there is no assurance that the value of information obtained will be retained in perpetuity. A qualified curation facility is one that meets the State Historic Preservation Office (SHPO) guidelines, such as the San Bernardino County Museum. However, there is no guarantee that the facility will be able to accept the collections once the artifacts are ready for curation. Consequently, if another facility is available that meets SHPO's guidelines, it would also be appropriate to allow curation to occur there. In any case, curation of any significant artifacts must be assured in order to find that the proposed project meets Section 30244 of the Coastal Act's requirement for reasonable mitigation. Therefore, as a condition of approval, artifacts of significant cultural value collected as a result of this project at the archaeological sites shall be curated at a qualified curation facility. If no qualified curation facility is available at the time the project is complete, an amendment to this permit shall be required to determine the appropriate curation process. The Commission finds, therefore, that as conditioned, the proposed project is consistent with Section 30244 of the Coastal Act.

G. Local Coastal Program

(a) Prior to certification of the Local Coastal Program, a Coastal Development Permit shall be issued if the issuing agency, or the Commission on appeal, finds that the proposed development is in conformity with the provisions of Chapter 3 (commencing with Section 30200) of this division and that the permitted development will not prejudice the ability of the local government to prepare a Local Coastal Program that is in conformity with the provisions of Chapter 3.

In August 1992, the Commission certified, with suggested modifications, the land use plan portion of the City of Santa Monica's Local Coastal Program, excluding the area west of Ocean Avenue and Neilson way (Beach Overlay District), and the Civic Center/RAND area. On September 15, 1992, the City of Santa Monica accepted the LUP with suggested modifications.

Under the City's current zoning, the proposed new use is a permitted use. As conditioned the project will not adversely impact coastal resources and beach access. The Commission, therefore, finds that the proposed project will be consistent with the Chapter 3 policies of the Coastal Act and will not prejudice the ability of the City to prepare a Local Coastal Program consistent with the policies of Chapter 3 of the Coastal Act as required by Section 30604(a).

H. Development Agreement

California Government Code Section 65869 stipulates that development agreements shall not be applicable to development in the coastal zone unless, prior to certification of the

local coastal program ("LCP") for the jurisdiction in which the development is located, the Commission, through formal action, approves the development agreement.

Since the LCP for the City of Santa Monica has not been certified, the Commission will have to approve the development agreement before the agreement can be effective. The Development Agreement is currently not before the Commission. The applicant has submitted the Development Agreement as a background document as part of the application for the Coastal Development Permit. Therefore, a special condition is necessary placing the applicant on notice that the development agreement is an agreement between the applicant and the City, and is not effective in the Coastal Zone.

I. California Environmental Quality Act

Section 13096 of the Commission's administrative regulations requires Commission approval of Coastal Development Permit applications to be supported by a finding showing the application, as conditioned by any conditions of approval, to be consistent with any applicable requirements of the California Environmental Quality Act (CEQA). Section 21080.5(d)(2)(A) of CEQA prohibits a proposed development from being approved if there are feasible alternatives or feasible mitigation measures available which would substantially lessen any significant adverse effect which the activity may have on the environment.

As conditioned, all potential adverse impacts have been adequately mitigated. There are no feasible alternatives or mitigation measures available which would substantially lessen any significant adverse impact which the activity may have on the environment. Therefore, the proposed project is found consistent with CEQA and the policies of the Coastal Act.



EXHIBIT NO.

2

Application Number

5-01-196

Vicinity Map

California Coastal Commission

Location Map

CALIFORNIA
COASTAL COMMISSION
Region

Santa Monica Civic Center District

¥ Land retained by RAND: 3.7 acres
(future site of the headquarters project)

¥ Land sold to the City of Santa Monica:
11.3 acres (purchased by the
Redevelopment Agency of Santa
Monica)

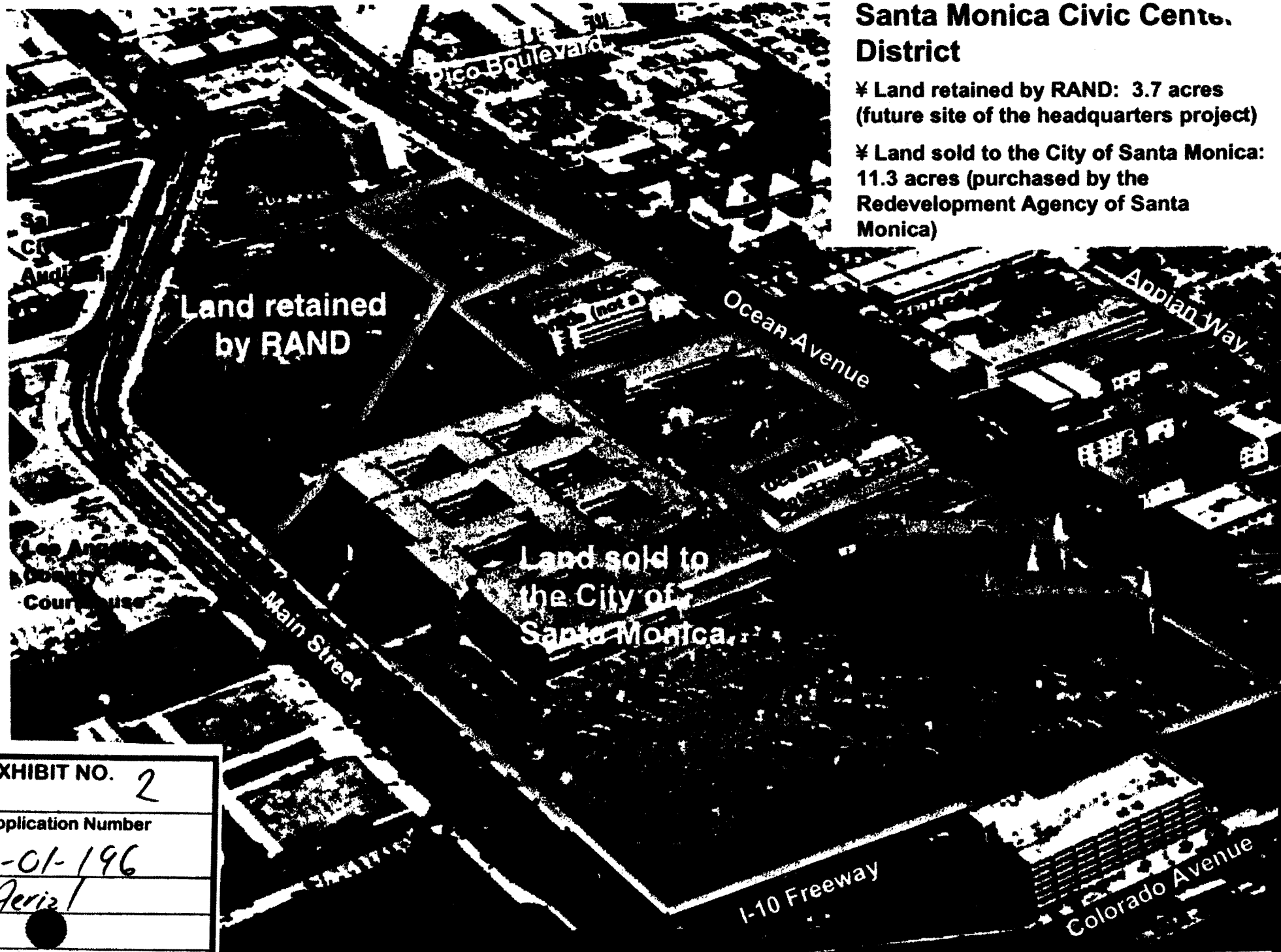


EXHIBIT NO.

2

Application Number

5-01-196

Periz 1

California Coastal Commission

5-01-196

RECEIVED
MAY 24 2001

CALIFORNIA
COASTAL COMMISSION

Main Street

Pedestrian
walkway

First Court Alley

Vicente
Terrace

Ocean Avenue

EXHIBIT NO. 3
Application Number 5-01-196
Site Plan
California Coastal Commission

DMJ

RAN
CORPORATE HEADQUARTERS
SANTA MONICA, CALIF
1700 Main Street
Santa Monica, CA
90401-2000
(310) 393-1011

PLACE & DATE
OFFICIAL RECORD
FILE NO. 10-10-01
DATE 10-10-01

FILE - CONSULTING ENGINEER
CONSULTING ENGINEER
10-10-01
DATE 10-10-01

FILE - LAYERS & APPROVALS
LAYER 1: LAYERS
DATE 10-10-01

FILE - LAYERS & APPROVALS
LAYER 2: LAYERS
DATE 10-10-01

FILE - LAYERS & APPROVALS
LAYER 3: LAYERS
DATE 10-10-01

FILE - LAYERS & APPROVALS
LAYER 4: LAYERS
DATE 10-10-01

FILE - LAYERS & APPROVALS
LAYER 5: LAYERS
DATE 10-10-01

FILE - LAYERS & APPROVALS
LAYER 6: LAYERS
DATE 10-10-01

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LAYER 7: LAYERS
DATE 10-10-01

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DATE 10-10-01

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LAYER 18: LAYERS
DATE 10-10-01

FILE - LAYERS & APPROVALS
LAYER 19: LAYERS
DATE 10-10-01

FILE - LAYERS & APPROVALS
LAYER 20: LAYERS
DATE 10-10-01

DM

R A N

COMPANY NAME

1700 1st Street

San Francisco, CA

94107-1234

Phone (415) 555-1234

FAX (415) 555-1234

WWW.RAN.COM

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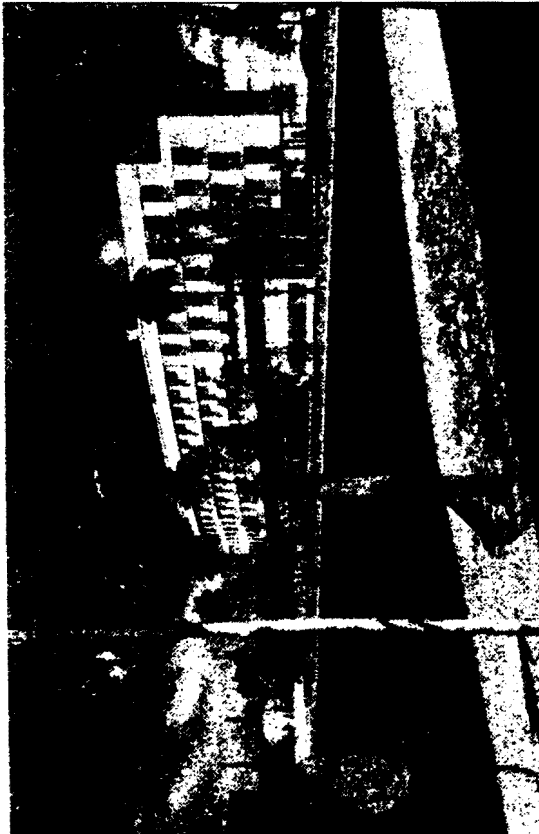
San Francisco, CA

94107-1234

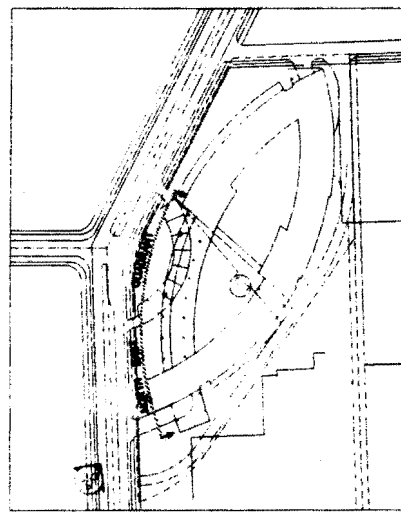
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FAX (415) 555-1234

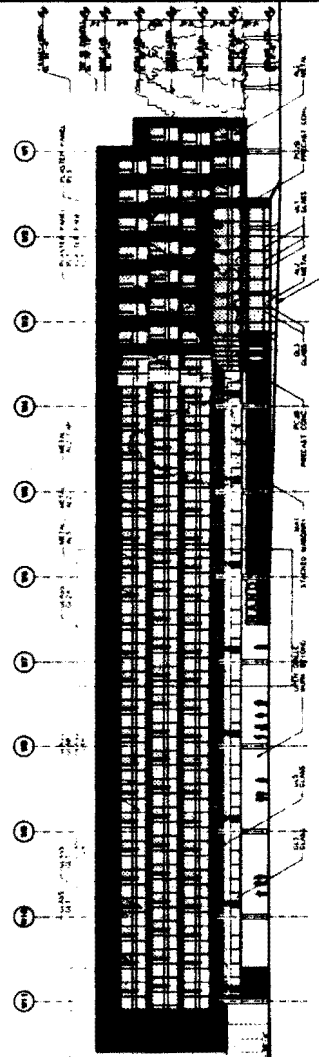
WWW.RAN.COM



C1 | PERSPECTIVE VIEW FROM NORTHEAST
Scale: 1/8" = 1'-0"



C4 | KEY PLAN
Scale: 1/8" = 1'-0"



SOUTHEAST QUADRANT

ELEVATION
Scale: 1/8" = 1'-0"

EXHIBIT NO. 4
Application Number 5-01-196
Elevation

Table 1. Comparison of Parking and Trip Rates: Office Versus R&D ("Institutional")

Land Use Category	No. Studies	Peak Rate	% Difference Compared to General Office
Peak Parking Demand (Source: <i>Parking Generation</i> , 2 nd Edition, Institute of Transportation Engineers, 1987)			
General Office	207	2.79 spaces/KSF	-
Government Office	3	3.84 spaces/KSF	38%
Research Center	1	1.75 spaces/KSF	-37%
Parking Supply (Source: <i>San Diego Traffic Generators</i> , San Diego Association of Governments, July, 1998)			
Large Commercial Office	3	3.51 spaces/KSF	-
Science R&D - IRW/LSI	1	2.07 spaces/KSF	-41%
Science R&D - Salk Institute	1	1.14 spaces/KSF	-68%
Daily Trip Generation (Source: <i>San Diego Traffic Generators</i> , San Diego Association of Governments, July, 1998)			
Large Commercial Office	3	17 trips/KSF	-
Corporate Headquarters	?	7 trips/KSF	-59%
Government Office (civic center)	?	90 trips/KSF	629%
Science Research & Development	7	8 trips/KSF	-53%
Daily Trip Generation (Source: <i>Trip Generation</i> , 6 th Edition, Institute of Transportation Engineers, 1997)			
General Office Building	78	11.01 trips/KSF	-
Corporate Headquarters	7	7.72/KSF	-30%
Single Tenant Office Building	14	11.57/KSF	5%
Office Park	12	16.42/KSF	49%
Research & Development Center	28	8.11/KSF	-26%

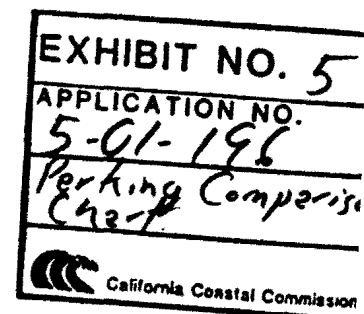


Table 2. Institutional Use Parking and Employee Density Survey Results

Facility	Size	No. Parking Spaces	Spaces per KSF	No. Employees	Employees per KSF
Hughes Research, Malibu	234,000	537	2.29	484	2.07
MIT Lincoln Laboratory	1,600,000	1,760	1.10	2,580	1.61
Software Engr Inst, CMU	152,000	314	2.07	300	1.97
John Hopkins Univ	1,400,000	3,800	2.71	2,900	2.39
Center for Naval Analysis	161,121	402	2.5	455	2.82
SRI Benchmarking Study Results (see attached)					
Average of 8 Research Institutions	1,743,650	n.a.	n.a.	2,655	1.52
Average of 7 Silicon Valley Firms	611,309	n.a.	n.a.	1,514	2.48



United States Department of State

Bureau of Diplomatic Security

Special Agent in Charge
Edward R. Roybal Federal Building
255 East Temple Street
Room 1273
Los Angeles, CA 90012

April 7th, 2000

Iao Katagiri
Deputy Vice President
RAND
1700 Main Street
Santa Monica, CA 90407-2138

Dear Ms. Katagiri,

It was a pleasure meeting with you last week. We appreciate being informed proposed plan for construction of your new facility. As you know, we have had a large number of dignitary visits to your facility over the years. Based on our extensive experience in dignitary protection and physical security, I would like to offer the following analysis regarding your new facility:

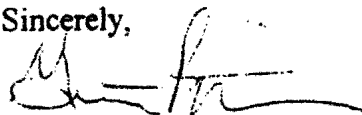
- As discussed, public access to your parking structure is currently under review. From a protective security standpoint, it is preferable that access be limited to RAND employees and individuals who have official business with RAND. In most instances this scenario would preclude both extensive bomb sweeps of the structure prior to a dignitary's arrival and restricting of access to the structure while a dignitary is on-site.
- I fully concur with your plan for two ingress/egress points to the parking structure. Obviously this would provide us with the option of both a primary and alternate entrance for high threat protective details. In addition, with a capacity of over 800 vehicles this would help to ensure an expedited departure from the structure in the event of an untoward incident.
- The current proposal for a primary drop site is a semi-subterranean area on the east side of the main building. I also concur with this plan, although there are some issues involved with the proposal. While the proposed main drop site offers our protectees additional cover and concealment from street-side activities it also presents logistical difficulties in terms of re-staging a motorcade. The presence of a motorcade in this area would also have the effect of, in essence, shutting down your primary arrival and departure site for other visitors while our protectee is on-site. If this were the case, other visitors to the facility would no doubt choose to be picked up or dropped on Main Street, thus causing extensive traffic tie-ups. Even though Main Street would undoubtedly be posted to take this possibility into account, it is unlikely that signs

EXHIBIT NO. 6
Application Number 5-01-196
Letter from Bureau of Diplomatic Security
California Coastal Commission

will have the desired effect. Rather, it would take concerted, sustained effort by the Santa Monica Police Department to keep Main Street clear.

Once again, it was a pleasure meeting with you and discussing these issues, and we appreciate having the opportunity to provide input regarding our protective concerns. Please feel free to contact me at any point in the future regarding further development and implementation plans for your new facility. I remain,

Sincerely,

A handwritten signature in black ink, appearing to read 'Garth W. Pettijohn', with a stylized flourish at the end.

Garth W. Pettijohn
Supervisory Special Agent
Protective Liaison Section