

LEASE OPTION AGREEMENT (Coliseum Property)

This Lease Option Agreement (the "**Agreement**") is made and entered into as of _____, 2012 (the "**Effective Date**") by and between the CALIFORNIA SCIENCE CENTER (also known as the Sixth District Agricultural Association), an institution of the State of California ("**Owner**"), and the UNIVERSITY OF SOUTHERN CALIFORNIA, a California nonprofit corporation ("**Optionee**"), in the following factual context:

A. Owner is the owner of certain improved real property consisting of _____ acres of land in Los Angeles County, California, as more particularly described in Section 1.1 below and in Schedule 1.1 attached hereto and incorporated herein by this reference (the "**Property**").

B. Owner currently leases the Land to the Los Angeles Memorial Coliseum Commission (the "**Commission**") pursuant to a lease dated as of January 3, 1956 and most recently amended as of February 13, 2008 (as amended, the "**Commission Lease**"). Unless sooner terminated pursuant to its terms, the Commission Lease will expire on December 31, 2054.

C. Optionee currently subleases the Land from the Commission pursuant to a lease dated as of _____, 2012 (the "**USC Lease**"), which if extended by Optionee as provided in the USC Lease, will expire on December 31, 2054. Pursuant to the USC Lease, Optionee also leases from the Commission adjacent property that includes the Los Angeles Memorial Sports Arena and its surrounding grounds (the "**Sports Arena Property**").

D. Owner and Optionee are the parties to that certain Non-Disturbance Agreement dated as of _____, 2012 (the "**NDA**"), pursuant to which Owner has agreed to recognize the USC Lease, as amended by the NDA, as a direct lease between Owner and Optionee (the "**Direct Lease**") in the event the Commission Lease terminates prior to its natural expiration date.

E. Owner and Optionee are the parties to that certain Lease Option Agreement of even date herewith, pursuant to which Owner has granted an option to Optionee to lease the Sports Arena Property on terms and conditions that are similar to the terms and conditions of this Agreement (the "**Sports Arena Option**").

F. Owner and Optionee are parties to that certain Parking Lot Lease Agreement of even date herewith pursuant to which Optionee leases certain parking lots located near and adjacent to the Property ("**Parking Lot Lease**") which parking lots serve the Property and the Sports Arena Property.

G. Optionee now desires to acquire the right to lease the Property, as defined below, upon the expiration of the USC Lease or Direct Lease, as applicable, and Owner desires to grant Optionee an option to lease the Property on the terms and conditions set forth in this Agreement.

NOW THEREFORE, for valuable consideration the receipt and sufficiency of which are acknowledged, the parties agree as follows:

Section 1. GRANT OF OPTION.

1.1 Property. Owner hereby grants to Optionee an option to lease the Property, subject to all of the terms and conditions of this Agreement. The term “**Property**” includes (a) the Land; (b) all improvements, equipment and fixtures located on the Land at the time of the Closing described in Section 7.1 below, including without limitation the structure commonly known as the Los Angeles Memorial Coliseum (collectively, the “**Improvements**”), and (c) any entitlements, governmental approvals, permits, and other intangible property associated with the Land or Improvements owned by the Owner (the “**Other Assets**”).

1.2 Option. The option described in Section 1.1 is referred to in this Agreement as the “**Option**.”

1.3 Memorandum of Option. Concurrently with the execution of this Agreement Owner shall execute, acknowledge and deliver to Optionee a memorandum of option in the form attached as Schedule 1.3 (the “**Option Memorandum**”), which Option Memorandum may be recorded by Optionee in the Official Records of Los Angeles County, California (the “**Official Records**”). In the event Optionee records the Option Memorandum in the Official Records, Optionee shall be responsible for payment of all fees and taxes associated with such recording.

1.4 Effect of Option Agreement; Interest in Real Property. The parties intend that this Agreement is given by Owner to Optionee as an option to lease the Property. The parties intend that this Agreement creates a valid and present encumbrance on the Property in favor of Optionee, effective as of the Effective Date, subject to the Commission Lease, and all liens or encumbrances disclosed in the Official Records. Therefore, this Option shall be deemed an encumbrance upon the Property during the term of this Agreement effective as of the Effective Date and shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns (subject to Section 10.7 below).

Section 2. INDEPENDENT OPTION CONSIDERATION.

In consideration of and concurrently with Owner entering into this Agreement, Optionee agrees to pay to Owner the sum of One Thousand Dollars (\$1,000) as “independent option consideration” (the “**Option Consideration**”). The Option Consideration has been bargained for and agreed to as separate and independent consideration for Optionee’s option to lease the Property pursuant to the terms herein, and for Owner’s execution and delivery of this Agreement. The Option Consideration shall be deemed fully earned by Owner upon receipt, and shall be considered non-refundable to Optionee except as otherwise provided in Section 9.1 below.

Section 3. EXERCISE OF OPTION.

3.1 Condition to Right to Exercise. Optionee may exercise the Option only if all of the following conditions have been met: (i) Optionee has completed capital improvements, in accordance with Section 11.1 and Section 11.2 of the USC Lease, with a cumulative cost (including both hard and soft construction costs) of no less than One Hundred Million Dollars (\$100,000,000.00) (the “**Capital Improvements Costs**”); (ii) Optionee has maintained the Property during the term of the USC Lease (and Direct Lease, if applicable) in good order, condition and repair, in the reasonable judgment of Owner; (iii) the USC Lease or the Direct Lease, as applicable, has not been terminated due to a material default by Optionee that continued after the expiration of all applicable notice and cure periods or otherwise terminated; and (iv) Optionee has exercised all Extension Options available to Optionee pursuant to the USC Lease or the Direct Lease, as applicable.

3.2 Exercise Notice. Optionee may exercise the Option (if at all) at any time during the final five (5) years of the USC Lease or the Direct Lease, as applicable, provided Optionee has satisfied the conditions set forth in Section 3.1, but no later than that date which is eighteen (18) months prior to the expiration of the Term including any Extension Term of the USC Lease or Direct Lease, as applicable (the “**Option Expiration Date**”) by delivering a written notice to Owner (the “**Option Notice**”). Optionee shall have the right to exercise the Option concurrently with or independently from the Sports Arena Option, in accordance with, and subject to, its terms, and shall have no obligation to exercise the Sports Arena Option in order to exercise the Option. Such Option Notice shall include: (i) a certification from Optionee that (a) Optionee is not in default of a material term of the USC Lease or Direct Lease, as applicable, and (b) no event has occurred, or is occurring, that would constitute an event of default, or breach, of a material term under the USC Lease or Direct Lease, as applicable; (ii) a certification from Optionee that Optionee has incurred the Capital Improvements Costs; and (iii) reasonably detailed supporting documentation of the expenditure of the Capital Improvements Costs (the “**Supporting Documentation**”). Upon the Owner’s receipt of the Option Notice the Owner shall have sixty (60) days to review the Supporting Documentation, and within such period the Owner shall deliver a written notice to Optionee either approving of the Supporting Documentation, or disapproving of all, or a portion, of the Supporting Documentation. In the event Owner approves of the Supporting Documentation, then the parties shall continue to proceed to the Closing in accordance with this Agreement. In the event Owner disapproves of all, or a portion of, the Supporting Documentation, then Owner’s written notice (the “**Disapproval Notice**”) shall set forth, in detail, each and every one of the Owner’s objections to the Supporting Documentation, and any such additional information required by Owner to approve of the Supporting Documentation. Thereafter, within thirty (30) days following the Optionee’s receipt of the Disapproval Notice, the Optionee shall submit such additional information, or other documentation, requested by the Owner in the Disapproval Notice. The process for the Owner’s review and approval of the Supporting Documentation shall continue until the Owner has approved of the Supporting Documentation, and the Owner shall have no obligation to execute the New Lease (as defined below) until the Optionee has obtained such approval from the Owner; provided, however, in no event shall the Owner unreasonably withhold, delay, or condition the approval of the Supporting Documentation or condition its approval of the Supporting Documentation upon receipt of documentation, information or consideration not expressly required to be provided by Optionee herein.

3.3 Failure to Exercise. Owner expressly acknowledges that Optionee may decline to exercise the Option for any or no reason as Optionee deems appropriate. If Optionee fails to exercise the Option by the Option Expiration Date, then (a) Owner shall have no obligation to refund the Option Consideration to Optionee; (b) Optionee shall promptly deliver to Owner a fully executed and acknowledged quitclaim deed to the Property and such other documentation reasonably requested by Owner to evidence termination of this Agreement; (c) this Agreement shall immediately terminate without further action of the parties; and (d) the parties shall have no further obligations to each other except as otherwise specifically provided in this Agreement and, to the extent they continue to be effective, the USC Lease (or any Direct Lease(s) between the parties), the Parking Lot Lease, the Sports Arena Option, and the NDA. This Section 3.3 is not intended to and does not in any way limit or affect any of the rights or remedies available to any party in the event the other party defaults in the due and timely performance of any of its obligations, or is in breach of any of its representations and warranties, under this Agreement.

Section 4. TERMS OF LEASE.

4.1 New Lease. At the Closing, Owner and Optionee shall enter into a lease of the Property (the “**New Lease**”) substantially in the form of Schedule 4 attached hereto and made a

part hereof by this reference (except to the extent such terms and conditions are no longer applicable or are otherwise invalid or unenforceable under California laws as of the Closing Date), for a term commencing upon expiration of the USC Lease or the Direct Lease, as applicable, and expiring on December 31, 2069, subject to Optionee's right to exercise up to two additional consecutive fifteen (15) year options, and one final option for a term of twelve (12) years. In the event Optionee leases both the Property and Sports Arena Property, both shall be included in the New Lease. In the event Optionee elects to exercise the Option but not the Sports Arena Option, the New Lease shall be modified to reflect the exclusion of the Sports Arena Property from its terms and conditions. Promptly after delivery of the Option Notice, to the extent necessary, the parties shall meet in good faith to determine if any modifications are necessary to the proposed New Lease to reflect either any new, or otherwise unanticipated, circumstances regarding the Property, or any changes in California law that make any term or provision of the proposed New Lease invalid or unenforceable. Notwithstanding anything contained herein to the contrary, in no event shall Owner be entitled to modify the New Lease to require, or condition its acceptance of the New Lease upon the requirement of, any additional consideration not expressly set forth herein.

4.2 New Lease Base Rent. Base Rent for the New Lease shall be an annual amount equal to Fair Market Rental Value of the Coliseum Property as of the commencement date of the New Lease. "**Fair Market Rental Value**" means, as of the time of determination, the arms-length fair market annual rental rate for the Coliseum Property, which shall be determined by applying a capitalization rate to the net operating income for the Coliseum Property as determined in accordance with GAAP ("**NOI**"), reduced by the Revenue Generating Capital Improvement Offsets (as defined below). The appropriate capitalization rate shall be determined by Owner, Optionee, and each Qualified Appraiser engaged pursuant to subsections (b) and (d) below based on then-current market conditions, the unique nature of the Coliseum Property, the limitations on use of the Coliseum Property and condition of the Coliseum Property at the time of the appraisal. The Fair Market Rental Value of the Coliseum Property shall be determined as follows:

(a) **Meet and Confer.** Within sixty (60) days after Optionee has delivered the Option Notice, the parties shall meet and confer in an effort to reach mutual agreement on the Fair Market Rental Value and Base Rent. In order to assist the parties in their negotiations regarding the Base Rent, Optionee shall at the time it exercises the Option Notice, provide Owner with (A) a statement of the NOI for the Coliseum Property for the last three Lease Years during the term of the USC Lease or the Direct Lease, as applicable; and (B) a statement identifying all Revenue Generating Capital Improvements (as defined below) made to the Coliseum by Optionee that have not been fully depreciated or amortized, the unamortized value of each such improvement, and the NOI generated by each such improvement during the last three Lease Years (collectively, the "**Base Rent Documentation**"). Optionee and Owner shall use the Base Rent Documentation to assist in their negotiation of the Fair Market Rental Value and Base Rent. If Optionee and Owner agree on the Fair Market Rental Value within thirty (30) days after the initiation of the meet and confer process, then the agreed upon amount shall constitute the Base Rent for the purposes of this Lease. In connection with the meet and confer process, Owner and Optionee shall attempt to agree upon what capital improvements, if any, constitute the Revenue Generating Capital Improvements, whether or not they reach agreement on the Fair Market Rental Value and Base Rent.

(b) **Selection of Appraiser.** If Optionee and Owner are unable to agree upon the Base Rent pursuant to the meet and confer process, then either party may deliver to the other party a written notice to select an appraiser (the "**Appraiser Selection Notice**"), and thereafter,

Optionee and Owner shall negotiate in good faith to identify a mutually acceptable Qualified Appraiser (as defined below) to determine the Fair Market Rental Value of the Coliseum Property and the Base Rent for the New Lease. If the parties are unable to agree on the Qualified Appraiser within thirty (30) days after the delivery of the Appraiser Selection Notice, each party shall select its own Qualified Appraiser within thirty (30) days thereafter. All appraisers selected pursuant to this Section 4.1 shall deliver written determination of the Fair Market Rental Value and Base Rent to both parties within one hundred twenty (120) days after the date of the delivery of the Appraiser Selection Notice. Each party shall pay the cost of the appraiser selected by such party and one-half of the cost of the mutually accepted appraiser, or the third appraiser (as described in subsection (d), below), as applicable.

(c) Optionee shall provide the Base Rent Documentation to each Qualified Appraiser prior to the commencement of any appraisals of the Coliseum Property. Owner and Optionee shall advise each Qualified Appraiser in writing as to the status of the meet and confer process, including any items that have been agreed upon between the parties, and any items that are disputed (for example, whether they do or do not agree upon the list of Revenue Generating Capital Improvements) Owner and Optionee may provide additional information to the Qualified Appraisers provided that any information provided by either party shall be provided to the other party and the other party's Qualified Appraiser.

(d) Determination of Fair Market Rental Value. If the parties have selected a mutually acceptable Qualified Appraiser, or if either party has failed to select its own Qualified Appraiser when required to do so, or one of the two selected appraisers fails to deliver its determination within the requisite time period, the single appraiser's determination of the Fair Market Rental Value shall be binding on both parties. If two appraisals are submitted, and if the two appraisals differ by less than ten (10) percent of the higher of the two, the average of the two shall be the Fair Market Rental Value and establish the Base Rent. If the two appraisals differ by more than ten (10) percent of the higher of the two, then the two appraisers shall immediately (and in no event later than ten (10) days following the delivery of the appraisals) select a third Qualified Appraiser who will within thirty (30) days of his or her selection make a determination of the Fair Market Rental Value by selecting either the Fair Market Rental Value submitted by Optionee's appraiser or the Fair Market Rental Value submitted by Owner's appraiser, which determination shall establish the Base Rent and be binding on both parties. The third appraiser shall not make an independent determination of the Fair Market Rental Value of the Coliseum Property.

(e) Base Rent CPI Adjustment. Base Rent shall be adjusted as of the first day of each subsequent Lease Year in accordance with the published percentage increase, if any, in the U.S. Department of Labor, Bureau of Labor Statistics Consumer Price Index - All Urban Consumers (Los Angeles-Riverside-Orange County, California) (the "CPI"). CPI adjustments shall be made based on the published percentage change in the CPI between the last CPI published during the preceding Lease Year and the last CPI published during the next immediately preceding Lease Year. Base Rent, as adjusted for CPI, shall constitute the Base Rent for that Lease Year. If the CPI is discontinued or revised during the term, such other government index of computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the CPI had not been discontinued or revised.

(f) Base Rent Capital Improvement Adjustment. Base Rent shall also be increased on the first day of the Lease Year following the year in which any Revenue Generating Capital Improvement has been fully depreciated by the amount the Fair Market Rental Value was reduced due to the Revenue Generating Capital Improvement Offset amount attributed to such Revenue Generating Capital Improvement when the Fair Market Rental Value was originally

established. If the Fair Market Rental Value is determined by the parties pursuant to subsection (a) above, the adjustments to Base Rent pursuant to this subsection (f) shall be determined by the parties as part of their determination of Fair Market Rental Value. If the Fair Market Rental Value is determined by averaging the appraisals obtained by each party, the Base Rent adjustments pursuant to this subsection (f) shall be determined by the parties after the averaged appraisal is complete, and shall be determined by the two Qualified Appraisers if the parties are not able to agree on such adjustments. If the Fair Market Rental Value is determined by the third appraiser, then the Base Rent adjustment pursuant to this subsection (f) shall be determined by the third appraiser in connection with the determination of Fair Market Rental Value by the third appraiser. The parties shall attach as an Exhibit to the New Lease a list of the Revenue Generating Capital Improvements and the Revenue Generating Capital Improvement Offsets to be used for determining Base Rent adjustments pursuant to this subsection 4.1(f).

(g) **Definitions for Purposes of Section 4.2.**

(i) **"Qualified Appraiser"** means an appraiser who is a member of the American Institute of Real Estate Appraisers with not less than ten (10) years' experience appraising income producing properties, preferably with experience appraising sports venue properties and, if possible, historic properties.

(ii) **"Revenue Generating Capital Improvements"** shall be capital improvements, if any, that are considered to directly and exclusively to generate additional Operating Receipts at the Coliseum such as the construction of suites or club areas that are sold or rented for events at premium prices, and that have not been fully depreciated or amortized as of the date of the Fair Market Rental Value determination. Upgrades, replacements and improvements to existing facilities will not constitute Revenue Generating Capital Improvements.

(iii) **"Revenue Generating Capital Improvement Offset"** shall mean the amount of additional NOI attributed to each Revenue Generating Capital Improvement in the appraisal that determined Fair Market Rental Value multiplied by the capitalization rate from such appraisal.

Section 5. REPRESENTATIONS AND WARRANTIES OF OWNER.

5.1 In General. With the exception of those representations and warranties stated in Section 5.2 and the Parking Lot Lease, the Sports Arena Option, and the NDA, Optionee has not relied and will not rely upon any representations or warranties, express or implied, affirmative or negative, concerning the Property made by Owner or the State or any of Owner's or the State's agents or employees.

5.2 Representations and Warranties of Owner. Owner represents and warrants that the following facts and circumstances are true and correct as of the Effective Date and Owner shall use commercially reasonable efforts to ensure that the following facts and circumstances are true and correct as of the Closing (as defined in Section 7.1). In the event that any of the following representations and warranties are not true and correct as of the date Optionee delivers the Option Notice to Owner, Owner shall use commercially reasonable efforts to cause such representations and warranties to be true and correct as of the Closing Date.

(a) **Authority, Authorizations and Consents.** Owner is an institution of the State of California. Owner has all necessary power and authority to enter into this Agreement and to perform its obligations hereunder. The execution, delivery and performance of this Agreement

has been duly and validly authorized by all necessary action and proceedings, and except as specifically contemplated in the New Lease, no further action or authorization is necessary on the part of Owner in order to consummate the transactions contemplated herein. This Agreement is a legal, valid and binding obligation of Owner, enforceable in accordance with its respective terms. Owner has obtained all authorizations, consents or approvals of any governmental entity or other person or entity required to be obtained or given in connection with the execution and delivery of this Agreement by Owner or the performance of any of Owner's obligations hereunder, except those authorizations, consents or approvals specifically contemplated in the New Lease.

(b) **No Violation.** The execution and delivery of this Agreement by Owner, and the performance of its obligations hereunder, do not (i) violate, or conflict with any of Owner's obligations under, any contract to which it is a party or by which it is bound, or (ii) violate (and none of such obligations shall be void or voidable under) any law, regulation, order, arbitration award, judgment or decree to which it is a party or to which it is subject.

(c) **Litigation and Claims.** To Owner's knowledge, there is no suit, action, arbitration, or legal, administrative, or other proceeding, or governmental investigation pending or threatened against or affecting any of the transactions contemplated by this Agreement.

(d) **Condemnation.** To Owner's knowledge, there are no presently pending or contemplated proceedings to condemn or declare a nuisance any part of the Land.

(e) **Options; Leases.** Except for the Commission Lease, or as otherwise disclosed pursuant to the USC Lease, no person or entity other than Optionee holds or will hold any option or other right to lease or purchase all or any part of any of the Property or any interest in the Property.

5.3 Representations and Warranties of Optionee. Optionee represents and warrants that the following facts and circumstances are true and correct as of the Effective Date. In the event that any of the following representations and warranties are not true and correct as of the date Optionee delivers the Option Notice to Owner, Optionee shall use commercially reasonable efforts to cause such representations and warranties to be true and correct as of the Closing Date.

(a) **Authority, Authorizations and Consents.** Optionee is a California nonprofit public benefit corporation. Optionee has all necessary power and authority to enter into this Agreement and to perform its obligations hereunder. The execution, delivery and performance of this Agreement by Optionee have been duly and validly authorized by all necessary action and proceedings, and no further action or authorization is necessary on the part of Optionee in order to consummate the transactions contemplated herein. This Agreement is a legal, valid and binding obligation of Optionee, enforceable in accordance with their respective terms. No authorization, consent or approval of, or notice to, any governmental entity or other person or entity is required to be obtained or given in connection with the execution and delivery of this Agreement by Optionee or the performance of any of Optionee's obligations hereunder.

(b) **No Violation.** The execution and delivery of this Agreement by Optionee, and the performance of its obligations hereunder, do not (i) violate, or conflict with any of Owner's obligations under, any contract to which it is a party or by which it is bound, or (ii) violate (and none of such obligations shall be void or voidable under) any law, regulation, order, arbitration award, judgment or decree to which it is a party or to which it is subject.

(c) **Litigation and Claims.** To Optionee's knowledge, there is no suit, action, arbitration, or legal, administrative, or other proceeding, or governmental investigation pending or threatened against or affecting any of the transactions contemplated by this Agreement.

5.4 Inaccuracies. In the event that either party becomes aware of facts or circumstances after the Effective Date that might result in any of that party's representations or warranties set forth in Sections 5.2 or 5.3 not being true as of the Closing, such party shall give prompt written notice to the other party of such facts or circumstances.

Section 6. AS-IS.

Optionee acknowledges that except to the extent of any express representations and warranties set forth in Section 5.2, the Parking Lot Lease, the Sports Arena Option, or the NDA, Owner and the State have made no representations or warranties, express or implied, regarding the Property or matters affecting the Property, whether made by the State, by Owner, or on Owner's or State's behalf or otherwise, and that except as otherwise provided in this Agreement, the leasehold interest in the Property shall be conveyed subject to, and in accordance with, the terms and conditions of the New Lease.

Section 7. CLOSING.

7.1 Time. On a date no later than ten (10) days prior to the expiration of the USC Lease or the Direct Lease, as applicable, and provided the conditions precedent set forth in Section 8 have been satisfied or waived, the parties shall each execute and exchange original counterparts and deposit into Escrow the documents described in Sections 7.3 and 7.4 below. The parties shall close the transaction contemplated by this Agreement (the "**Closing**") on a date (the "**Closing Date**") that shall be selected by Optionee giving at least ten (10) business days prior notice to Owner, unless otherwise agreed in writing by the parties. If Optionee has also exercised the Sports Arena Option, the Closing shall be combined with the closing of the Sports Arena Option.

7.2 Escrow. The parties shall conduct the Closing through Fidelity National Title Company (the "**Title Company**") or such other title company mutually agreed between the parties at the time of Closing. The terms of this Agreement (including, but not limited to, the terms contained in this Section 7), together with such additional instructions as the Title Company shall reasonably request and to which the parties shall agree, shall constitute the escrow instructions to the Title Company. If there is any inconsistency between this Agreement and any additional escrow instructions given to the Title Company, this Agreement shall control unless the intent to amend this Agreement is clearly and expressly stated in the additional escrow instructions.

7.3 Owner's Deposits into Escrow. Owner shall deposit into escrow on or before Closing the following documents:

- (a) Two duly executed counterpart originals of the New Lease;
- (b) A duly executed and acknowledged counterpart original memorandum of lease in the form of the attached Schedule 7.3(b) (the "**Memorandum of Lease**");
- (c) A certificate of Owner signed by Owner in the form of the attached Schedule 7.3(c), affirming that all of Owner's representations and warranties set forth in Section 5.2 are true in all material respects as of the Closing Date; provided however, to the extent the Owner is

aware of facts or circumstances that result in Owner's representations or warranties set forth in Sections 5.2 not being true as of the Closing, the Owner shall disclose such facts or circumstances in such certificate (the "**Owner Certificate**");

(d) Such affidavits as may be customarily and reasonably required by the Title Company; and

(e) Such additional documents, including written escrow instructions consistent with this Agreement, as may be reasonably necessary for conveyance of the Property in accordance with the terms of this Agreement.

7.4 Optionee's Deposits into Escrow. Optionee shall deposit into escrow on or before Closing:

(a) Two duly executed counterpart originals of the New Lease;

(b) A duly executed and acknowledged counterpart original of the Memorandum of Lease;

(c) A certificate of Optionee signed by a person duly authorized to do so on behalf of Optionee in the form of the attached **Schedule 7.4(c)**, affirming that all of the representations and warranties of Optionee set forth in Section 5.3 are true in all material respects as of the Closing Date; provided however, to the extent Optionee is aware of facts or circumstances that result in Optionee's representations or warranties set forth in Sections 5.3 not being true as of the Closing, the Optionee shall disclose such facts or circumstances in such certificate (the "**Optionee Certificate**");

(d) Such evidence as the Title Company may require as to the authority of the person or persons executing documents on behalf of Optionee;

(e) Such affidavits as may be customarily and reasonably required by the Title Company; and

(f) Such additional documents, including written escrow instructions consistent with this Agreement, as may be reasonably necessary for conveyance of the Property in accordance with this Agreement.

7.5 Closing. When the Title Company has received all documents identified in Sections 7.3 and 7.4, and has received written notification from Optionee and Owner that all conditions to Closing have been satisfied or waived; and the Title Company is irrevocably committed to issue the USC Title Policy, and the Owner Title Policy, each as described in Section 8, then, and only then, the Title Company shall take the following actions in the following chronological order:

(a) Record in the Official Records the Memorandum of Lease (marked for return to Optionee) against the Land;

(b) Issue the USC Title Policy to Optionee, and issue the Owner Title Policy to Owner;

(c) Deliver to Optionee: (i) a conformed copy (showing all recording information thereon) of the Memorandum of Lease, (ii) a fully executed original of the New Lease; and (iii) the Owner Certificate;

(d) Deliver to Owner: (i) a conformed copy (showing all recording information thereon) of the Memorandum of Lease, (ii) a fully executed original of the New Lease; and (iii) the Optionee Certificate.

7.6 Closing Costs. As additional consideration for the lease of the Property pursuant to the New Lease, Optionee shall pay all escrow and recording fees and other closing costs charged by the Title Company, including, but not limited to, the cost of the USC Title Policy. Optionee shall also be obligated to pay the cost of the Owner Title Policy, except to the extent the cost of such policy is attributed to endorsements requested by Owner. Owner shall pay that portion of the cost of the Owner Title Policy attributed to endorsements requested by Owner.

Section 8. CONDITIONS PRECEDENT.

8.1 Optionee's Conditions. Optionee's obligations under this Agreement to Close Escrow are subject to the fulfillment of the following conditions at or prior to the Closing Date, each of which shall be deemed waived unless Optionee exercises its rights pursuant to Section 8.3 below to terminate the Agreement or to extend the time for the Closing:

(a) **Representations and Warranties.** Owner's representations and warranties contained in Section 5.2, as restated as of the Closing in the Owner Certificate, shall be true in all material respects at and as of the Closing.

(b) **No Exceptions.** Optionee shall not object to any material qualification or any exceptions of any kind to any of the representations or warranties set forth in the Owner Certificate.

(c) **Performance.** Owner shall have performed and complied in all material respects with all covenants, agreements, terms and conditions required by this Agreement to be performed or complied with by Owner prior to or at the Closing.

(d) **Title Policy.** The Title Company shall at the Closing be irrevocably and unconditionally committed to deliver the following (the "**USC Title Policy**") to Optionee (i) a CLTA leasehold policy of title insurance (or equivalent successor title insurance), with liability to be determined at the time of Closing, insuring leasehold title to the Property vested in Optionee and containing such endorsements as Optionee shall reasonably request, or (ii) if (A) Optionee shall have so requested of Title Company, and (B) delivered all surveys to Title Company necessary for the issuance of the title policy described in this clause (ii), an ALTA extended coverage leasehold policy of title insurance (or equivalent successor title insurance), and containing such endorsements as Optionee shall reasonably request.

(e) **No Litigation.** There shall exist no pending or threatened actions, suits, arbitrations, claims, attachments, proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings by or against Owner that would materially and adversely affect Owner's ability to perform its obligations under this Agreement.

8.2 Owner's Conditions. Owner's obligations under this Agreement to Close Escrow are subject to the fulfillment of the following conditions at or prior to the Closing Date, each of

which shall be deemed waived unless Owner exercises its rights pursuant to Section 8.3 below to terminate the Agreement or to extend the time for the Closing:

(a) **Representations and Warranties.** Optionee's representations and warranties contained in Section 5.3, as restated as of the Closing in the Optionee Certificate, shall be true in all material respects at and as of the Closing.

(b) **No Exceptions.** Owner shall not object to any material qualification or any exceptions of any kind to any of the representations or warranties set forth in the Optionee Certificate.

(c) **Performance.** Optionee shall have performed and complied in all material respects with all covenants, agreements, terms and conditions required by this Agreement to be performed or complied with by Optionee prior to or at the Closing, and no default (that continues beyond all applicable notice and cure periods) of any material term has occurred under the USC Lease, or the Direct Lease, as applicable, following the delivery of the Option Notice.

(d) **No Litigation.** There shall exist no pending or threatened actions, suits, arbitrations, claims, attachments, proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings by or against Optionee that would materially and adversely affect the ability of Optionee to perform its obligations under this Agreement.

(e) **Title Policy.** The Title Company shall at the Closing be irrevocably and unconditionally committed to deliver to Owner a CLTA owner's policy of title insurance (or equivalent successor title insurance), with liability to be reasonably determined at the time of Closing, insuring fee title to the Land vested in Owner, showing the New Lease as a valid encumbrance, and containing such endorsements as Owner shall reasonably request (the "**Owner Title Policy**").

(f) **Approval of Supporting Documentation.** The Owner has approved of the Supporting Documentation as set forth in Section 3.

8.3 Failure of Conditions. So long as a party is not in default hereunder, if any condition to such party's obligation to proceed with the Closing hereunder has not been satisfied as of the Closing or any other applicable date specified in this Agreement, such party may, in its sole discretion, either (a) terminate this Agreement by delivering written notice to the other party on or before the Closing Date, (b) extend the time available for the satisfaction of such condition, or (c) elect to close, notwithstanding the non-satisfaction of such condition, in which event such party shall be deemed to have waived any such condition. If such party elects to proceed pursuant to clause (b) above, and such condition remains unsatisfied after the end of such extension period, then, at such time, such party may elect to proceed pursuant to either clause (a) or (c) of the preceding sentence. In the event the failure of a condition precedent for the benefit of either party is not satisfied due to a breach of this Agreement by the other party, the benefitted party's rights and remedies shall be as set forth in Section 9 (for example, a failure or refusal to perform a party's obligations under this Agreement or actions resulting in a material title defect).

Section 9. DEFAULT; REMEDIES.

9.1 Owner Default. In the event Owner refuses to consummate the transaction contemplated by this Agreement or in the case of any other default or breach by Owner

hereunder, Optionee shall give Owner written notice of such default or breach and shall provide Owner with thirty (30) days to cure the default or breach. In the event Owner fails to cure the default or breach within such thirty (30) day period, Optionee shall be entitled to (i) seek specific performance to enjoin Owner to cure such default or breach and consummate the transaction contemplated by this Agreement; (ii) exercise self-help and cure Owner's default or breach, the commercially reasonable cost of such cure to be offset from any rental obligation Optionee has to Owner; (iii) pursue any rights and remedies available to Optionee in law and in equity; and/or (iv) terminate the Option. Upon any termination by Optionee under this Section 9.1, Optionee shall be entitled to all rights and remedies available to it at law or in equity, including the right to receive a refund of all Option Consideration previously paid. Additionally, Optionee may terminate the Option if any condition to Closing contained in Section 8.1 has not been satisfied or waived by Optionee in writing by the Closing Date. Notwithstanding anything set forth above, Optionee shall not be entitled to recover any monetary damages from the Owner in the event the Owner defaults or breaches this Agreement and fails to convey the Property (other than a refund of the Option Consideration) except if such failure is the result of Owner's refusal to convey the Property and (i) all Owner's Conditions have been satisfied; and (ii) Optionee is not in default under this Agreement, the USC Lease or the Direct Lease, as applicable, beyond all applicable notice and cure periods. In the event that the terms and conditions of the preceding sentence have been satisfied and the remedies of specific performance and self-help do not result in effectuating the New Lease contemplated herein, Optionee shall be entitled to the monetary damages Optionee may establish through litigation or mutual agreement.

9.2 Optionee Default. In the case of any default or breach by Optionee hereunder, Owner shall give Optionee written notice of such default or breach and shall provide Optionee with thirty (30) days to cure the default or breach. In the event Optionee fails to cure the default or breach within such thirty (30) day period, Owner may terminate the Option. Additionally, Owner may terminate the Option in the event of (i) any termination of the USC Lease or Direct Lease, as applicable, as a result of Optionee's default thereunder, or (ii) if any condition to Closing contained in Section 8.2 has not been satisfied or waived by Owner in writing by the Closing Date. Owner's sole remedy for any default or breach by Optionee hereunder shall be terminating the Option; in no event shall Owner be entitled to any damages from Optionee.

Section 10. MISCELLANEOUS PROVISIONS.

10.1 No Brokers, Finders, Etc. None of the parties has engaged any agent, broker, finder or investment or commercial banker in connection with the negotiation, execution or performance of this Agreement, or the transactions contemplated hereby.

10.2 Expenses. Except as specifically set forth herein, whether or not the transaction contemplated by this Agreement is consummated, each of the parties shall pay their own fees and expenses incident to the negotiation, preparation, execution, delivery and performance of this Agreement.

10.3 Complete Agreement; Waiver and Modification, Etc. This Agreement, in conjunction with the USC Lease, the Parking Lot Lease, the Sports Arena Option, and the NDA, constitutes the entire agreement between the parties hereto and thereto pertaining to the subject matter hereof and thereof and supersedes all prior and contemporaneous agreements and understandings of the parties. There are no representations, warranties, covenants or conditions by or benefiting any party except those expressly stated or provided for in this Agreement, the USC Lease, the Parking Lot Lease, the Sports Arena Option, and the NDA, any implied representations, warranties, covenants or conditions being hereby expressly disclaimed. No

person or entity other than the parties to this Agreement have any rights or remedies under or in connection with this Agreement, except rights or remedies validly assigned hereunder. No amendment, supplement or termination of or to this Agreement, and no waiver of any of the provisions hereof or thereof, shall require the consent of any person or entity other than the parties hereto, nor shall any such amendment, supplement, termination or waiver be binding on a party to this Agreement unless made in a writing signed by such party.

10.4 Communications. Whether expressly so stated or not, all notices, demands, requests and other communications required or permitted by or provided for in this Agreement ("**Communications**") shall be given in writing to the parties at their respective addresses set forth below, or at such other address as a party shall designate for itself in writing in accordance with this Section:

Owner: California Science Center

Attention: _____

Optionee: University of Southern California
Department of Real Estate & Asset Management
University Park Campus, UGW-110
Los Angeles, CA 90089-7271
Attention: Vice President

With a copy to:

University of Southern California
Office of the General Counsel
University Park Campus, ADM 352
Los Angeles, CA 90089
Attention: General Counsel

Communications may be transmitted (a) by personal delivery, (b) by delivery by messenger, express or air courier or similar courier, and (c) by delivery by United States first class certified or registered mail, postage prepaid. Except as otherwise provided in this Agreement, delivery or service of any Communication shall be deemed effective only upon receipt, and receipt shall be deemed to have occurred when the Communication was delivered to the specified address without regard to whether or not a representative of the addressee was present to receive the Communication; *provided*, any Communication delivered after 5:00 P.M. local time of place of receipt, or on a day other than a business day, shall be deemed received on the next succeeding business day.

10.5 Law Governing; Construction. This Agreement shall be interpreted in accordance with and governed by the laws of the State of California. This Agreement shall be given a fair and reasonable construction in accordance with the intention of the parties and without regard to, or aid of, Section 1654 of the California Civil Code.

10.6 Headings; References; "Hereof," Etc. The Section headings in this Agreement are provided for convenience only, and shall not be considered in the interpretation hereof or

thereof. References in this Agreement to Sections or Schedules refer, unless otherwise specified, to the designated Section of or Schedule to this Agreement, and terms such as "herein," "hereto" and "hereof" used in this Agreement refer to this Agreement as a whole.

10.7 Successors and Assigns. Optionee may not assign its rights under this Agreement to any party without the consent of Owner, which may be withheld in Owner's sole and absolute discretion. Notwithstanding the foregoing to the contrary, Optionee shall be permitted to assign its rights under this Agreement to any person or entity which directly or indirectly controls, is controlled by or is under common control with Optionee, or to any person or entity resulting from a merger or consolidation with Optionee, or to any person or entity which acquires all the assets of Optionee's business as a going concern pursuant to a written agreement, reasonably acceptable to Owner, provided that (i) such assignment or sublease is not a subterfuge to avoid the application of the provisions of this Section 10.7, (ii) the assignee assumes, in full, the obligations of Optionee hereunder, (iii) Optionee provides Owner with written notice of any such assignment ("**Affiliate Transfer**").

10.8 Severability. If for any reason any provision of this Agreement shall be held invalid, illegal or unenforceable in whole or in part in any jurisdiction, then that provision shall be ineffective only to the extent of that invalidity, illegality or unenforceability and in that jurisdiction only, without in any manner affecting the validity, legality or enforceability of the unaffected portion and the remaining provisions in that jurisdiction or any provision of this Agreement in any other jurisdiction.

10.9 Cumulative Rights and Remedies. The rights and remedies of each party under this Agreement are cumulative, except as otherwise expressly provided.

10.10 Survival of Representations and Warranties. Except as otherwise expressly provided in this Agreement, all representations, warranties, covenants and agreements of the parties contained in this Agreement shall be considered material and shall be effective and survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and thereby notwithstanding any investigation of the matters covered thereby by or on behalf of any party benefited by any such representation, warranty, covenant or agreement or any knowledge (actual or constructive) on the part of any party benefited by any such representation, warranty, covenant or agreement as to the truth or accuracy (or falseness or inaccuracy) thereof.

10.11 Further Assurances. From time to time and at any time after the execution and delivery hereof, each of the parties, at their own expense, shall execute, acknowledge and deliver any further instruments, documents and other assurances reasonably requested by another party, and shall take any other action consistent with the terms of this Agreement that may reasonably be requested by another party to evidence or carry out the intent of or to implement this Agreement.

10.12 Counterparts; Separate Signature Pages. This Agreement may be executed in any number of counterparts, or using separate signature pages. Each such executed counterpart and each counterpart to which such signature pages are attached shall be deemed to be an original instrument, but all such counterparts together shall constitute one and the same instrument.

10.13 Time. Whether expressly so stated or not in connection with any obligation, time is of the essence in the performance of each party's respective obligations under this Agreement,

and no notice of a party's intent to require strict compliance with any of the deadlines set forth in this Agreement is required. In the event that any time period set forth in this Agreement would otherwise expire on a Saturday, Sunday or holiday, such time period shall be automatically extended to the next business day.

10.14 Estoppel Certificates. Each party shall, from time to time upon fifteen (15) days' prior request by another party, execute, acknowledge and deliver to the requesting party a certificate signed by an authorized representative of such party stating that to the knowledge of such party this Agreement (a) is or is not in full force and effect, (b) is or is not unmodified (and, if modified, the details of the modification(s)), and (c) that default(s) do or do not exist hereunder (and if defaults do exist, the nature thereof to the extent known).

[Signatures on the following page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date of this Agreement.

Optionee:

UNIVERSITY OF SOUTHERN CALIFORNIA,
a California nonprofit corporation

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Owner:

CALIFORNIA SCIENCE CENTER
(a/k/a Sixth District Agricultural District)

By: _____

Name: _____

Title: _____

APPROVED:

STATE AND CONSUMER
SERVICES AGENCY

By: _____

Name: _____

Title: _____

APPROVED:

DEPARTMENT OF GENERAL SERVICES

By: _____

Name: _____

Title: _____

SCHEDULE 1.1

[attach legal description]

SCHEDULE 1.3

Option Memorandum

Recording Requested by and
When Recorded, Return to:

University of Southern California
University Park Campus, UGW-110
Los Angeles, CA 90089-7271
Attn: Vice President

(Space above this line for Recorder's use)

MEMORANDUM OF LEASE OPTION AGREEMENT

This MEMORANDUM OF LEASE OPTION AGREEMENT ("**Memorandum**"), is executed as of _____, 2012 (the "**Execution Date**"), by the CALIFORNIA SCIENCE CENTER (also known as the Sixth District Agricultural Association ("**Owner**").

Owner owns property more particularly described in **Exhibit A** (the "**Property**"). Notice is hereby given that for One Thousand Dollars and other valuable consideration, Owner hereby grants to the UNIVERSITY OF SOUTHERN CALIFORNIA ("**Optionee**") an option to lease the Property (the "**Option**") on and subject to the terms and conditions contained in that certain Lease Option Agreement between Owner and Optionee dated as of _____, 2012 (as originally executed and as amended thereafter from time to time in accordance with its terms, the "**Option Agreement**").

The Option shall terminate and be without further force or effect unless exercised on or before the time provided in the Option Agreement, which shall be no later than July 31, 2053. If Optionee fails to give notice of its exercise of the Option within the time and in the manner provided in the Option Agreement, this Memorandum shall terminate. In the event the Option expires or terminates prior to Optionee's exercise of the Option, Optionee shall execute and record a quitclaim deed in favor of Owner of all of Optionee's right, title and interest (if any) in the Property.

This Memorandum is being made and entered into solely for the purpose of providing notice of the Option Agreement. In the event of any conflict between this Memorandum and the Option Agreement, the Option Agreement shall control.

[Remainder of page intentionally left blank - signature page follows]

IN WITNESS WHEREOF, the undersigned have executed this Memorandum as of the Execution Date.

Owner:

CALIFORNIA SCIENCE CENTER
(a/k/a Sixth District Agricultural District)

By: _____

Name: _____

Title: _____

APPROVED:

STATE AND CONSUMER
SERVICES AGENCY

By: _____

Name: _____

Title: _____

APPROVED:

DEPARTMENT OF GENERAL SERVICES

By: _____

Name: _____

Title: _____

[ADD ACKNOWLEDGEMENTS AND EXHIBIT A.]

SCHEDULE 4

New Lease

SCHEDULE 7.3(b)

Recording Requested By
and When Recorded Return To:

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE is entered into as of _____, 20__ by and between the California Science Center, also known as the Sixth District Agricultural Association (“**Lessor**”), and the University of Southern California (“**Lessee**”).

A. Lessor is the owner of that certain property more specifically described in the attached **Exhibit A** (the “**Premises**”). Lessor and Lessee are entering into a lease of the Premises as set forth below.

AGREEMENT

NOW THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. Premises. Lessor hereby leases the Premises to Lessee and Lessee hereby hires the Premises from Lessor, upon the terms and conditions of that certain unrecorded lease dated of even date herewith (the “**Lease**”), the terms and conditions of which are incorporated herein by this reference.

2. Term. The term of the Lease commences on _____, 20__, and expires, if not sooner terminated pursuant thereto, on _____, _____.

3. No Renewal Option. Lessee has no option to renew the Lease.

4. Controlling Document. This Memorandum of Lease is subject to all the terms and conditions of the Lease. Should there be any inconsistency between the terms of this instrument and the Lease, the terms of the Lease shall prevail.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Lessor and Lessee have executed this Memorandum of Lease as of the date first above written.

UNIVERSITY OF SOUTHERN CALIFORNIA,
a California nonprofit corporation

CALIFORNIA SCIENCE CENTER
(a/k/a Sixth District Agricultural District)

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

APPROVED:

APPROVED:

STATE AND CONSUMER
SERVICES AGENCY

DEPARTMENT OF GENERAL SERVICES

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

[ADD ACKNOWLEDGEMENTS AND EXHIBIT A.]

SCHEDULE 7.3(c)

Owner Certificate

This Owner Certificate is furnished pursuant to Section 7.3(c) of that certain Lease Option Agreement by and between the California Science Center, also known as the Sixth District Agricultural Association and the University of Southern California, dated as of _____, 2012, (as originally executed and as amended from time to time thereafter in accordance with its terms, the "**Agreement**"). Capitalized terms used but not defined in this Certificate shall have the same meanings as in the Agreement.

Owner hereby certifies that except as noted on **Exhibit A** attached hereto, all of Owner's representations and warranties set forth in Section 5.2 of the Agreement are true in all material respects at and as of the Closing.

Dated: _____, 20__

CALIFORNIA SCIENCE CENTER
(a/k/a Sixth District Agricultural District)

By: _____

Name: _____

Title: _____

SCHEDULE 7.4(c)

Optionee Certificate

This Certificate is furnished pursuant to Section 7.4(c) of that certain Lease Option Agreement by and between the California Science Center, also known as the Sixth District Agricultural Association and the University of Southern California (as originally executed and as amended from time to time thereafter in accordance with its terms, the "**Agreement**"). Capitalized terms used but not defined in this Certificate shall have the same meanings as in the Agreement.

Optionee hereby certifies that except as noted on **Exhibit A** attached hereto, all of Optionee's representations and warranties set forth in Section 5.3 of the Agreement are true in all material respects at and as of the Closing.

Dated: _____, 20__

UNIVERSITY OF SOUTHERN CALIFORNIA,
a California nonprofit corporation

By: _____

Name: _____

Title: _____