

DEVELOPMENT AGREEMENT

by and between

**THE SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT
AND CATELLUS DEVELOPMENT CORPORATION**

DATED OCTOBER 30, 1991

THE SOUTHERN CALIFORNIA RAPID TRANSIT
DISTRICT/CATELLUS DEVELOPMENT CORPORATION
DEVELOPMENT AGREEMENT

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RTD/CATELLUS DEVELOPMENT CORP.
DEVELOPMENT AGREEMENT

Schedule of Exhibits

<u>Exhibit</u>	<u>Document</u>	<u>Reference Sections</u>
A	Post-Closing Site Plan, West Property and Additional Land	Recitals; 1.1; 1.3.2; 2.2.9
A-1	Site A, Site B and Proposed Subdivision . . .	Recitals; 1.1; 1.3.1; 2.2.9; 2.1.13
A-2	Non-Public Transit Parking and Easements . .	1.1, 1.2.1.2; 1.2.2.2; 1.2.5
A-3	Vignes Street Realignment and Vignes, Ramirez and Lyon Street Vacation	1.3.1; 2.1.14; 2.2.10
A-4	Phase I and Phase II Public Parking Areas . .	1.1; 1.2.3.2; 4.2.2
B	Preliminary Phase I Project Schedule	1.1; 2.1.11
C-1	Draft Predevelopment Budget	1.1; 5.5.1
C-2	Preliminary Phase I Budget (Schematic design stage)	2.1.8.1; 5.5.2
D-1	Terms of Public Transit Use Agreement	Recitals; 1.1; 2.2.16
D-2	Public Transit Use Areas	1.1; 1.3.2; 2.2.16; 9.1
D-3	Public Transit Improvements	1.1; 1.2.3.1; 2.2.16; 9.1
E	Work Plans	1.1; 2.1.10
F	Construction Management Agreement	1.1; 2.2.20; 3.1
G	Closing Requirements	1.1; 2.4.1
H-1	RTD -- Compliance with Laws	2.3.3
H-2	Catellus -- Compliance with Laws	2.3.3
I-1	RTD -- Governmental Actions/Pending Condemnations	2.3.4; 2.3.5
I-2	Catellus -- Governmental Actions/ Pending Condemnations	2.3.4; 2.3.5
J-1	RTD -- Existing Leases/Title Reports	1.3.1; 2.3.6
J-2	Catellus -- Existing Leases/Title Reports . .	1.3.1; 2.3.6
K-1	RTD -- Existing Service Contracts	2.3.6
K-2	Catellus -- Existing Service Contracts	2.3.6
L-1	RTD -- Existing Commitments	2.3.7

<u>Exhibit</u>	<u>Document</u>	<u>Reference Section</u>
L-2	Catellus -- Existing Commitments	2.3.7
M-1	Sample Calculation of Income Participation Payment	6.1.3.2; 6.1.9.1(a)
M-2	Sample Calculation of Equity Participation Payment	6.1.5; 6.1.10.1(c); 6.1.10.2
M-3	Sample Calculation of Valuation of Tax-Exempt Financed Space/Net Residual Value	6.1.6; 6.2.2.1
M-4	Sample Calculation of Minimum RTD Phase II Interest	1.1
M-5	Deemed Ground Rent Accrual for Disapproved Major Leases	6.1.7
M-6	Extinguishment Valuation	6.3.2.2(a)
N	Initial List of Approved Appraisers	6.2.1
O-1	Document Regarding DBE Program for RTD	2.5.7; 2.6.7; 10.2
O-2	DBE Opportunity Criteria List	2.5.7; 2.6.7 10.2
P-1	Form of Grant Deed to RTD	1.1; 2.4.1; Ex. G
P-2	Form of Grant Deed to Catellus	1.1; 2.4.1; Ex. G
Q	Liquidity Option Note	1.1; 6.3.1.2
R	Memorandum of Development Agreement	2.4.1

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT, dated as of October 30, 1991 (the "effective date"), is by and between THE SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT, a California public corporation and CATELLUS DEVELOPMENT CORPORATION, a Delaware corporation.

Recitals, Objectives and Process Overview. This Agreement is entered into with reference to certain facts and objectives and with process overview generally as follows:

A. RTD and Catellus (unless otherwise provided, all capitalized terms are defined in Section 1) are respectively the fee owners of certain adjacent parcels of real estate, or substantial portions thereof, located in the City of Los Angeles, County of Los Angeles, State of California, and more particularly described in Exhibit A-1 (unless otherwise provided, all "Exhibits" referenced are attached to and made a part of this Agreement).

B. The real property described in Paragraph A above (the "Site") is currently divided with respect to ownership into two parcels, comprising an approximately 2.62 acre site predominantly owned in fee by RTD and shown on Exhibit A-1 as Site A ("Site A") and an approximately 3.94 acre site owned in fee by Catellus and shown on Exhibit A-1 as Site B ("Site B"). Catellus is the owner of certain adjacent parcels of land, including the West Property and portions of the Additional Land, as more particularly shown on Exhibit A.

C. The Parties contemplate (1) reconfiguring the Site into two parcels as indicated on Exhibit A-1 and described in Section 2.1.13 (unless otherwise provided, all "Section" references are to this Agreement) by means of conforming the same with applicable Subdivision requirements to create two parcels hereinafter called Parcel 1 and Parcel 2 as shown on Exhibit A and (2) ascertaining the availability of acquiring those portions of the Additional Land not currently owned by Catellus. Thereafter, the Parties shall (i) exchange fee ownership of certain portions of the existing parcels; (ii) transfer from Catellus to RTD certain Public Transit Easements in portions of Parcel 2, the West Property and the Additional Land, (iii) establish rights to and restrictions on use of the Public Transit Use Areas; and (iv) after completing certain predevelopment tasks as further set forth herein, construct on portions of such parcels or elsewhere as the case may be, in phases, various improvements including (a) a headquarters office facility for RTD; (b) one or more additional government/commercial office building(s) to be leased to tenants; (c) service retail and ancillary facilities; (d) various Public Transit Improvements; (e) access to the Tunnel and Metro Rail entrances; and (f) portions of an underground pedestrian causeway, together with On-Site Improvements and Off-Site Improvements contemplated in connection therewith, all so as to create a first-rate commercial/governmental office development which is fully integrated with the public transit facilities connected or associated with the operations of RTD, Metro Rail, light rail, commuter rail and Amtrak transportation systems at Union Station.

D. The Parties, having determined to develop the Site, and portions of the West Property and the Additional Land as provided above, have entered into this Agreement in order to set forth the process by which (i) exchange of the parcels, (ii) design, construction, financing, use and maintenance of the Project, (iii) acquisition by RTD of certain Public Transit Easements and certain portions of the Additional Land not currently owned by Catellus, (iv) creation of rights and restrictions on use with respect to the Public Transit Use Areas and (v) grant of various access rights with respect to the Public Transit Improvements, the Tunnel, the East Portal and the West Entrance to Metro Rail shall be carried out; subject, however, to the Parties' mutual satisfaction of the matters constituting conditions to Closing and construction

set forth in this Agreement. The Parties have simultaneously executed a Right of Entry Agreement governing access by each Party to property owned by the other for purposes of physical site and environmental investigation.

E. As soon as practicable following execution of this Agreement, the Parties shall form Union Station Gateway Inc., a California not-for-profit corporation ("Gateway"). Thereafter, RTD, as owner, shall enter into the Design and Construction Agreement with Gateway, as design/builder, for the purpose of causing design and construction of the Phase I Improvements, the Phase I Public Transit Improvements and, unless otherwise requested by RTD, the Phase II Public Parking. Thereafter, in order to further development of the aforesaid, Gateway shall enter into, *inter alia*, (i) a Construction Management Agreement with Catellus which shall establish the duties of Catellus as construction manager and (ii) a contract with RTD which shall establish the duties of RTD as a consultant to Gateway.

F. The Parties, upon execution of this Agreement, shall commence performance of certain preconstruction tasks described in Section 2, which are to be carried out during the Predevelopment Period. At the point within the Predevelopment Period at which all Closing Conditions described in Section 2 have been satisfied or are duly waived, the Parties shall open Escrow and proceed to Closing. At Closing, the Subdivision map (or other mechanism for reconfiguration of the parcels on the Site into Parcel 1 and Parcel 2) shall be recorded and RTD and Catellus shall, by execution of Grant Deeds containing use restrictions and rights of access as agreed by the Parties, exchange the fee interests in Site A and Site B as reconfigured pursuant to the Subdivision (and thereafter referred to as Parcel 1 and Parcel 2). Simultaneously, at Closing, the Parties shall (a) enter into and record a Public Transit Use Agreement as described in Section 9 and Exhibit D-1, together with exhibits thereto required pursuant to Section 9.1, by which certain Public Transit Easements shall be created in the Public Transit Use Areas and granted to RTD, the management, operation, use, construction, repair and maintenance of which (together with the remainder of the Public Transit Use Areas) are described herein and in the Public Transit Use Agreement, (b) enter into and record a Tunnel Access Agreement and (c) approve as to form a Reciprocal Easement and Operating Agreement ("REOA") which at Closing shall be placed into escrow with a mutually acceptable custodian, to be executed and recorded against the Site, the Additional Land and the West Property (pursuant to instructions delivered therewith) upon certification of CEQA documents with respect to the Phase I Improvements and the Phase II Improvements. Upon recordation, the REOA shall automatically supersede the access rights and the use restrictions specified to be so superseded in the Grant Deeds.

G. Upon satisfaction or waiver of the Public Transit Conditions (Section 2.5) (which is anticipated to occur on a date later than the Closing Date), Gateway shall proceed to cause the Phase I Public Transit Improvements (and unless otherwise requested by RTD, the Phase II Public Parking) to be designed and constructed upon Parcel 1, Parcel 2, the Additional Land and the West Property as further set forth herein and in the Design and Construction Agreement. Upon satisfaction or waiver of the Phase I Improvements Conditions (Section 2.6) (which is anticipated to occur following satisfaction or waiver of the Public Transit Conditions), the Predevelopment Period shall terminate and Gateway shall proceed to cause the Phase I Improvements to be designed and constructed upon Parcel 1 in accordance with the Design and Construction Agreement. The Management Areas shall be operated and managed by the Parties as further set forth herein and in the Property Management Agreement ("PMA"). Following completion of construction, it is the intent of the Parties that Catellus be the initial Operator of Phase I pursuant to the PMA and other Management Documents.

H. At a later date or concurrently with the development of Phase I, as Catellus may elect in its sole discretion, and subject to the acquisition by the Parties of the Additional Land as set forth herein, Catellus may develop the Phase II Improvements upon Parcel 2, as further set forth herein. To the extent it determines not to construct such improvements concurrently with Phase I, RTD shall have the right to construct certain Phase II Public Transit Improvements upon the Public Transit Use Areas, either concurrently with the Phase II Improvements or otherwise, subject to further requirements as set forth herein. Development, construction and operation of Phase II shall be carried out in accordance with Section 4.

I. Phase I and Phase II shall be financed and costs thereof allocated between the Parties in accordance with the Financial Plan, the Cost Allocations and the Budgets, as more fully described in Section 5.

J. Catellus is to retain certain economic interests in Phase I, and RTD in Phase II, all subject to vesting, extinguishment and sale as more particularly set forth in Section 6. Responsibilities for management, marketing and leasing of Phase I and Phase II are described in Section 7. Termination, defaults and remedies are described in Section 8. Section 9 establishes the parameters of the Public Transit Use Agreement. Section 10 sets forth the equal opportunity criteria which shall guide the planning and development of Phase I and the Public Transit Improvements.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, the Parties agree as follows:

SECTION 1. SUBJECT OF THE AGREEMENT

1.1 Definitions.

"Additional Costs" shall have the meaning ascribed to it in Section 5.4.1.4.

"Additional Land" shall mean (i) any property currently in the alignment of the portion of Vignes Street east of the Site, (ii) any property to the east of the current Vignes Street right-of-way which shall, upon realignment, become part of the Vignes Street right-of-way, and/or (iii) the triangularly shaped property currently owned by Catellus to the east of the property described in clause ii, all as set forth on Exhibit A. Ownership of the Additional Land shall be determined in accordance with Sections 1.3 and 2.1.14 of this Agreement. With respect to the property described in clauses (ii) and (iii) above and owned by Catellus, Catellus shall at Cloaing, at no cost to RTD, provide a Public Transit Easement to RTD permitting RTD to construct Phase II Public Transit Improvements subjacent to and access to such parking on the surface of such property. The areas of the Additional Land in which the Public Transit Easements are located shall be Public Transit Use Areas.

"Affiliate" shall mean (a) with respect to Catellus, (i) any fifty-one percent (51%) or more owned subsidiary of Catellus or (ii) any other organization or entity under the same control as Catellus; and (b) with respect to RTD, (i) any Governmental Authority taking over all or a substantial portion of RTD's transit-related duties or providing substantial funding to the Project, (ii) any organization or entity under the same control as RTD or (iii) any fifty-one percent (51%) or more owned subsidiary of RTD.

"Agreement" shall mean this Development Agreement.

"Appraisal" shall mean an appraisal conducted in accordance with the appraisal procedures set forth in Section 6.2.1 and applying the appraisal methodologies set forth in Section 6.2 unless otherwise indicated.

"Arbitration" shall mean a proceeding in arbitration between the Parties and shall be conducted in accordance with the rules described in Section 8.9.

"Architect" shall mean one or more individual(s) or firm(s) licensed to practice architecture in the State of California. With respect to Phase I, the Architect shall be selected by Gateway.

"Bona Fide Third Party Purchaser" shall mean a "bona fide" third party purchaser (or proposed purchaser) for value acting in good faith. A purchaser shall be deemed "bona fide" if and only if the purchaser is not acting in concert with the selling Party in connection with another transaction from which the non-selling Party is to receive no benefit.

"Budget" shall mean the mutually agreed upon aggregate estimated Project Costs incurred or to be incurred and financed: in the case of Predevelopment Costs, during the Predevelopment Period and including previously incurred costs; in the case of Phase I costs, during the Predevelopment Period through occupancy by RTD of the Phase I Improvements; and in the case of Phase II costs, during the Phase II predevelopment and development periods, in each instance including public relations costs, and covering costs commencing at the conceptual design stage through construction, tenant improvement, preleasing, marketing and operation, as applicable. The Parties shall divide overall Project Costs into specific categories and line items, including (a) the Predevelopment Budget; (b) the Phase I Budget (consisting of the Phase I Improvements Budget, the Phase I Public Transit Budget and the Phase I Infrastructure Budget); (c) the Public Transit Budget (divided further into the Phase I Public Transit Budget and the Phase II Public Transit Budget); (d) the Phase II Budget (consisting of the Phase II Improvements Budget, the Phase II Public Transit Budget and the Phase II Infrastructure Budget); (e) the On-Site Infrastructure Budget and the Off-Site Infrastructure Budget (collectively, the Infrastructure Budget, which shall be further divided into the Phase I Infrastructure Budget and the Phase II Infrastructure Budget); and (f) the acquisition Budget. Hard and soft construction costs shall be specifically identified, as applicable at various stages, by (i) unit, system, component, labor, material, overhead and profit costs; (ii) leasing, management, development and operational costs; (iii) tenant improvement, furnishing, fixtures and equipment costs; and (iv) financing costs and contingencies. The cost over the estimated useful lives of acquisition, construction, operation, maintenance and replacement of the building systems and materials to be used for the Project shall also be identified and with respect to Phase I and the Phase II Public Transit Improvements, such cost analysis shall be utilized in decisionmaking regarding selection of building systems and materials. Preparation of the described Budgets shall be required in connection with assessing design feasibility, evaluating bids, obtaining financing, negotiating for contract services and materials, and other activities to be determined by the Parties. For all Budgets, to the extent that a prior expenditure has been allocated pursuant to Section 5 to a particular Budget through the Cost Allocations, the amount so allocated shall be included in said particular Budget.

"Capital Event" shall mean with respect to any portion of the Phase I Improvements or the Phase II Improvements, any sale, conveyance, transfer or exchange to any person or entity which is not an Affiliate including those sales, conveyances, transfers or exchanges described in Sections 6.1.10.1, 6.4.3 and 6.4.4; a total condemnation or a partial condemnation giving rise to an award in excess of the amount required or in fact used to restore the balance of the affected improvements; a casualty giving rise to insurance proceeds in excess of the amount required or in fact used to restore the casualty in question; a refinancing of any Qualifying Loan; the exercise by Catellus of the Liquidity Option; and the exercise by Catellus or RTD of the Right of Extinguishment.

"Capitalization Rate" shall mean the capitalization rate determined by Appraisal (using the direct or comparative sales method) applied within one year prior to the date of sale, exchange or other disposition comprising the applicable Capital Event.

"Catellus" shall mean CATELLUS DEVELOPMENT CORPORATION, a Delaware corporation (formerly known as Santa Fe Pacific Realty Corporation), and its successors and assigns.

"Catellus Default" shall mean any default or breach by Catellus, after giving effect to the cure period provided therefor, of any of its obligations contained in this Agreement, including specifically those items set forth in Section 8.4.

"Catellus Phase I Interest" shall mean the interest of Catellus relating to Phase I as described in Section 6.1.4.

"CEQA" shall mean the California Environmental Quality Act, California Public Resources Code §§ 21000 et seq. and the guidelines interpreting such Act, codified at 14 C.C.R. §§ 15000 et seq.

"Certificate of Substantial Completion" shall mean a certificate of substantial completion of the core and shell of the improvements then under construction, issued by the Architect.

"Change in Circumstance" shall mean any material change in facts or circumstances relating to or affecting satisfaction or waiver of Closing Conditions and occurring at any time after the satisfaction or waiver of such condition and prior to Closing.

"City" shall mean the City of Los Angeles, California.

"Closing" shall mean the simultaneous transfer of (a) fee title to (i) Parcel 1 and (ii) the Public Transit Easements, to RTD, and (b) fee title to Parcel 2 to Catellus and the payment of the Closing Price by RTD to Catellus.

"Closing Conditions" shall mean those conditions to Closing set forth in Section 2.2.

"Closing Date" shall mean the date chosen by the Parties upon which Closing shall take place.

"Closing Price" shall be the sum of Eleven Million Three Hundred Forty-One Thousand Dollars (\$11,341,000) due from RTD to Catellus at Closing.

"Closing Requirements" shall mean those conditions to Closing set forth in Exhibit G.

"Competing Project" shall have the meaning ascribed to it in Section 4.2.1.

"Constant Dollars" shall mean the value in the month and year specified herein of the amount specified, using as an index the Consumer Price Index for the Los Angeles-Long Beach-Anaheim Standard Metropolitan Statistical Area, All Commodities (1982-1984 = 100) issued by the Bureau of Labor Statistics, United States Department of Commerce. In the event the above described index shall terminate, the Parties shall select a reasonably similar index for measurement of the Consumer Price Index.

"Construction Documents" shall mean those final architectural plans, specifications, and related documents required to prepare contracting bids in advance of construction.

"Construction Management Agreement" shall mean that certain agreement in the form and substance of Exhibit F to be

executed by and between Gateway and Catellus governing the construction management obligations of Catellus with respect to construction of Phase I and, unless otherwise requested by RTD, the Phase II Public Parking.

"Cost Allocations" shall mean a document or documents forming part of the Financial Plan, consisting of (i) a mutually acceptable methodology for allocating the Additional Costs, Infrastructure Costs, Subdivision costs and such other Project-related costs as the Parties may agree in accordance with Section 5.4.1 to the various improvements to be constructed on the Site, the Additional Land and the West Property (whether allocated by square or linear footage, number of trips or otherwise) and (ii) a list of the Budget or construction items, to the extent reasonably determinable, which can properly be allocated pursuant to each agreed upon methodology. The Cost Allocations shall be established in accordance with Section 5.4.

"Debt Service Amounts" shall mean all sums, including interest and principal in fact paid with respect to any Qualifying Loan, and shall not include voluntary prepayments of principal (except in connection with a refinance), late charges or other payments attributable to the failure to render timely performance of any obligation under the Qualifying Loan in question, or any sum paid or accruing prior to Closing.

"Decision Date" shall mean the date which is thirty (30) days after the earlier of (i) the date of rejection by a Party having the Right of First Refusal of any Third Party Notice delivered to it with respect to any Interest or (ii) the last date when exercise of the Right of First Refusal by such Party is permitted with respect to that Interest.

"Deemed Ground Rental Amount" shall mean in any given year twelve percent (12%) multiplied by the Land Value. No Deemed Ground Rental Amount shall apply with respect to either the Public Transit Improvements or the Public Transit Use Areas.

"Default Rate" shall mean the Prime Rate in effect from time to time plus four (4) percentage points.

"Design and Construction Agreement" shall mean that certain agreement to be executed by and between Gateway and RTD by which RTD, as owner, shall retain Gateway, as design/builder, for the purpose of causing design and construction of Phase I and, unless otherwise requested by RTD, the Phase II Public Parking, as further described therein.

"Design Development Documents" shall have the meaning ascribed to it by the standards of the American Institute of Architects (AIA).

"Design Guidelines" shall mean those architectural design guidelines governing the view corridors, density, bulk, height, location, setback and use (e.g., placement of service entrances) of improvements to be constructed on the Site, the Additional Land and the West Property and shall be attached as an exhibit to the REOA.

"Design Team" shall mean the Architect, the engineers and related architects and consultants having design and construction review responsibilities with respect to the Project. With respect to Phase I, the Design Team shall be selected by Gateway in accordance with the Design and Construction Agreement. With respect to Phase II, RTD shall approve a short list of architects, engineers and consultants submitted by Catellus, from which Catellus shall select the Phase II Architect and Design Team.

"Development Documents" shall mean this Agreement, the Design and Construction Agreement, the Construction Management

Agreement, the Grant Deeds, the REOA, the Tunnel Access Agreement, the Public Transit Use Agreement, the Right of Entry Agreement, the PMA and the Remediation Agreement, if it so provides.

"Easement" shall have the meaning ascribed to it in Section 8.8.2.

"East Portal" shall mean that portion of the Metro Plaza Site upon which the east portal of the Tunnel and the east entrance to that certain Metro Rail tunnel located subjacent to the Site are presently or are to be constructed (as shown on Exhibit A-1 and Exhibit D-3) including land and existing or proposed improvements located thereon. The East Portal shall be a part of the Public Transit Improvements.

"Engineering News Record Cost Index" shall mean the current national Construct Cost Index, 20 cities average (1913 = 100) as published in Engineering News Records by McGraw-Hill Publishing Company of New York, New York.

"ERN" shall mean that certain Exclusive Right to Negotiate Agreement by and between RTD and Catellus dated February 11, 1991, as amended.

"Escrow" shall mean that certain escrow account to be opened by the Parties with a qualified escrow agent licensed to do business in the State of California and mutually agreed to by the Parties.

"Escrow Agent" shall have the meaning ascribed to it in Section 2.4.1.

"Event of Default" shall have the meaning ascribed to it in Section 8.2.

"Extinguishment Closing" shall have the meaning ascribed to it in Section 6.3.2.4.

"Extinguishment Date" shall have the meaning ascribed to it in Section 6.3.2.1.

"Extinguishment Notice" shall have the meaning ascribed to it in Section 6.3.2.1.

"Extinguishment Notice Date" shall have the meaning ascribed to it in Section 6.3.2.1.

"Financial Plan" shall have the meaning ascribed to it in Section 5.2.

"Financial Task Force" shall have the meaning ascribed to it in Section 5.1.2.

"Gateway" shall mean Union Station Gateway Inc., a California not-for-profit corporation to be formed by Catellus and RTD for the purpose of causing design and construction of Phase I and, unless otherwise requested by RTD, the Phase II Public Parking.

"Grant Deeds" shall mean those certain executed and acknowledged grant deeds, respectively executed by RTD in favor of Catellus with respect to the portions of Parcel 2 owned by RTD, in the form and substance of Exhibit P-2, and by Catellus in favor of RTD with respect to the portions of Parcel 1 owned by Catellus, in the form and substance of Exhibit P-1, by which the transfer at Closing of fee title to and certain access easements and use restrictions on Parcel 1 and Parcel 2 (as depicted on Exhibit A-2) shall be carried out, together with such other instruments as may be required to create easements (including access and service easements as depicted on Exhibit A-2) and use restrictions over those portions

of Parcel 1 and Parcel 2 not exchanged by the Parties which easements and use restrictions shall be in the form and substance of Schedule B and Schedule C attached to and forming part of Exhibits P-1 and P-2.

"Governmental Authorities" shall mean all federal, state, county, municipal and local governmental and quasi-governmental bodies and authorities having or exercising jurisdiction over the Parties, the Site, the Additional Land, the West Property or such portions thereof as the context indicates.

"Headquarters Site" shall mean that certain real property, as the same is contemplated to be expanded by inclusion of a portion of the Additional Land, and an easement on a portion of the West Property as shown on Exhibit A-2, constituting a portion of Parcel 1, more fully identified on the map attached as Exhibit A-1, upon which the Phase I Improvements may be constructed.

"Income Participation Payments" shall mean the income participation payments distributed with respect to Phase II, computed in accordance with Section 6.1.9.1 and from which RTD is entitled to receive a portion pursuant to Section 6.1.1.

"Infrastructure Budget" shall mean the mutually agreed upon budget of the aggregate capital costs (including interest) of the On-Site Infrastructure and the Off-Site Infrastructure, and a breakdown including each of the categories listed below. The Infrastructure Budget shall include Infrastructure "hard costs"; construction and construction management expenses; Design Team fees and costs; legal fees; public relations costs, pre-opening expenses, administration and equipment expenses; environmental assessment and entitlement fees and costs; development fees; permit and appraisal fees; and financing costs and expenses. The Infrastructure Budget shall be further broken down into the On-Site Infrastructure Budget and the Off-Site Infrastructure Budget.

"Infrastructure Costs" shall have the meaning ascribed to it in Section 5.4.1.

"Institutional Lender" shall mean any bank, savings and loan institution, pension fund, life insurance company, equipment leasing company, finance company, investment bank or other similar domestic or foreign entity having assets in excess of two billion dollars (\$2,000,000,000.00).

"Interest Differential Amount" shall be, for each calendar year, the amount, if any, by which the accrued interest on any Qualifying Loan in that calendar year exceeds the interest required to be paid thereon during that calendar year.

"Irrevocable Liquidity Option Date" shall have the meaning ascribed to it in Section 6.3.1.1.

"JMC" shall mean the Joint Management Council established pursuant to the Management Documents and shall be the governing body of the Management Areas. The JMC shall be composed of representatives of RTD and Catellus.

"Land Value" shall mean (for purposes of this Agreement including for calculating Deemed Ground Rental Amount and with respect to Section 6.1.10.1) in any given year the number of Rentable Square Feet actually constructed at the time of calculation, times Thirty Dollars (\$30) inflated forward from the earlier of (i) the Phase I Move In Date or (ii) January 1, 1995, at an annual rate of five percent (5%) compounded annually. If, however, as of January 1, 1995, the Phase I Move In Date has not occurred and a Catellus Default under this Agreement and related to construction of Phase I has delayed construction of Phase I for a total period in excess of six (6) months, the date specified in clause (ii) above shall be extended for a period of 180 days for

each 180 days or portion thereof during which any Catellus Default exists.

"Lead Agency" shall have the meaning ascribed to it in CEQA, Section 21067.

"Leasing Criteria" shall mean those fair market criteria with respect to leasing of the Phase II Improvements to be approved by the Parties, as amended in accordance with Section 7.3.2 from time to time as market conditions with respect to leasing of similar improvements undergo change.

"Liquidity Closing" shall have the meaning ascribed to it in Section 6.3.1.2.

"Liquidity Closing Date" shall mean the date upon which the Parties intend that the Liquidity Closing shall occur.

"Liquidity Initial Notice Date" shall have the meaning ascribed to it in Section 6.3.1.1.

"Liquidity Option" shall have the meaning ascribed to it in Section 6.3.1.1.

"Liquidity Option Initial Notice" shall have the meaning ascribed to it in Section 6.3.1.1.

"Liquidity Option Note" shall mean that certain promissory note, in the form and substance of Exhibit O, which RTD may deliver to Catellus in accordance with Section 6.3.1.2.

"Main Concourse" shall mean that certain pedestrian linkage over or around the train yard between the Site and the easterly side of the Union Station terminal building to be constructed, if at all, by Catellus as part of the Project, subject to a study concerning the timing and feasibility of marketing, financing and construction of the Main Concourse, all as more particularly described in Section 1.2.4.1.

"Major Contract" shall mean any contract with respect to the Project requiring expenditures in excess of One Million Dollars (\$1,000,000), whether for services or materials.

"Major Lease" shall mean a proposed final execution copy of a lease agreement for all or a portion of the Phase I Improvements or the Phase II Improvements with a potential tenant desiring to lease more than 100,000 Rentable Square Feet, whether contiguous or not. Any lease containing an option, exercisable prior to the eighth (8th) anniversary of the Vesting Date, which would permit the tenant thereunder to exceed said Rentable Square Footage, shall be deemed a Major Lease.

"Management Areas" shall mean collectively (i) the Public Transit Use Areas and (ii) common areas located in Phase I (including the East Portal), Phase II, the Additional Land, the West Property and other pertinent areas (including retail common areas), over which Catellus and RTD shall agree that the JMC have authority.

"Management Documents" shall mean those reports, standards, plans, understandings and agreements produced from financial projections, negotiations, designs or other related activities to be negotiated and agreed to by the Parties, creating and addressing the authority of the JMC, Management Standards, Management Areas, terms and conditions of the PMA, procurements of the Operator and other pertinent property management concerns, as more particularly addressed in Sections 2.1.21 and 7.2.3.

"Management Standards" shall mean those certain high standards of operational management of the Management Areas to be negotiated and agreed to by the Parties, as may be amended from time

to time, governed by the JMC, incorporated in the PMA and implemented by the Operator. The Management Standards shall include special standards of operational management and security applicable to the operations of the public transit system and facilities. The Management Standards shall be incorporated in the REOA and all owners and operators within the Management Areas shall be required, at a minimum, to conform to said standards.

"Master Plan" shall mean that certain master plan being developed and to be proposed as a specific plan or as the underlying planning document in connection with zoning and general plan approvals for Union Station and other adjacent property within the Alameda District in the City.

"Metro Plaza" shall mean that certain landscaped and art-scaped on-site roadway and pedestrian system to be constructed on Parcel 1 (or a subdivided portion thereof) as shown in the Work Plans, and to be used primarily for drop-off and boarding of buses and other vehicles by passengers and Project users, for bus layover and for ingress and egress to the Public Transit Improvements and the Project. The Metro Plaza shall be a part of the Public Transit Improvements.

"Metro Plaza Site" shall mean that certain real property constituting a portion of Parcel 1, more fully identified on the map attached as Exhibit A-1, upon which the Metro Plaza, the East Portal and certain other Public Transit Improvements may be constructed.

"Metro Rail" shall mean that certain transit guideway system known as the "Metro Rail Red Line" transportation system constructed or to be constructed in the County of Los Angeles, California.

"Metro Rail EIS" shall mean the Final Environmental Impact Statement for the Los Angeles Rail Rapid Transit Project, Metro Rail, U.S. Dept. of Transportation, Urban Mass Transportation Administration and RTD, dated December, 1983, as supplemented by the Supplemental Environmental Impact Statement/Subsequent Environmental Impact Report of the same parties, dated July 1989, each incorporated herein by reference.

"Minimum RTD Phase II Interest" shall be applicable only upon vesting of the RTD Phase II Interest pursuant to Sections 6.1.3 and 6.1.5 and only with respect to the Required Phase II Square Footage. The Minimum RTD Phase II Interest shall have (and shall be the sum of) an equity component and an income component. The equity component shall consist of RTD's equity participation payment for the portion of the improvements sold or exchanged (as computed pursuant to Section 6.1.5). The income component shall consist of the amount, if any, derived by computing the discounted value of RTD's portion of the Income Participation Payments (determined in accordance with Section 6.1.3) which would be due from the date of sale or exchange of such portion through the balance of the eight (8) year period commencing upon the Vesting Date, after deducting therefrom an amount of interest projected to be earned by RTD on the proceeds of such early sale or exchange through the balance of such eight (8) year period. The interest to be deducted shall be calculated by multiplying the sale or exchange proceeds by the interest rate (referred to in Exhibit M-4 as the reinvestment rate) on ten-year Treasury Bonds in effect on the date of sale or exchange of the Phase II Improvements. The discount rate applied in reaching said discounted value shall be equal to the reinvestment rate. In no event shall the discounted value of RTD's portion of the Income Participation Payments so calculated be less than zero. Sample calculations of the Minimum RTD Phase II Interest are shown in Exhibit M-4.

"Net Operating Income" shall have the meaning ascribed to it in Section 6.1.9.1(b).

"Off-Site Infrastructure" shall mean those certain off-Site street and freeway interchange realignments including the contemplated Vignes Street realignment, landscape and hardscape and other off-Site, Project-related improvements to be constructed as part of the Project. Off-Site Infrastructure shall not include the Main Concourse or the Ramirez Street Overpass.

"Off-Site Infrastructure Costs" shall mean those capital costs (including interest) associated with off-Site Infrastructure improvements and shall be allocated pursuant to the Cost Allocations set forth in the Financial Plan and reimbursed as Infrastructure Costs.

"On-Site Infrastructure" shall mean those certain public improvements including sidewalks, pedestrian access, roads and stairways other than the Public Transit Improvements to be constructed on the Site.

"On-Site Infrastructure Costs" shall mean those capital costs (including interest) associated with On-Site Infrastructure improvements and shall be allocated pursuant to the Cost Allocations set forth in the Financial Plan and reimbursed as Infrastructure Costs.

"Operating Shortfalls" shall mean funds contributed by either Party in the event that Net Operating Income is insufficient to meet Debt Service Amounts or the expenses referred to in Section 6.1.9.1(b). Interest on Operating Shortfalls shall be the cost to the Party owning the property upon which the improvements are located of such Party's working funds to finance such shortfalls plus one (1) percentage point. In the event the non-owning Party's cost of working funds is less than the owning Party's cost of working funds, the non-owning Party may, at its election, provide replacement funding for the Operating Shortfalls. In that event, interest on Operating Shortfalls shall be at the non-owning Party's cost of working funds plus one (1) percentage point.

"Operator" shall mean that certain contractor responsible to the JMC under the provisions of the PMA for the day-to-day management and maintenance of the Management Areas in conformance with the Management Standards. It is the intent of the Parties that Catellus shall be the initial Operator except with respect to operational services and security in connection with the public transit system and ancillary transit facilities such as, by way of example only, security, dispatch and transit information displays which may be specifically reserved by RTD to itself or another operator.

"Option" shall have the meaning ascribed to it in Section 8.8.2.

"Option Closing" shall have the meaning ascribed to it in Section 8.8.6.

"Parcel 1" shall mean that certain real property to be owned in fee by RTD immediately after Closing, and consisting of approximately 4.33 acres of land adjacent to Union Station in the City (and comprised of the Headquarters Site and the Metro Plaza Site), more fully identified on the map attached as Exhibit A, as the same is contemplated to be expanded by inclusion of a portion of the Additional Land, upon which Phase I construction may take place.

"Parcel 2" shall mean that certain real property to be owned in fee by Catellus immediately after Closing, consisting of approximately 2.23 acres of land adjacent to Union Station in the City, more fully identified on the map attached as Exhibit A, as the same is contemplated to be expanded by inclusion of a portion of the Additional Land, upon which Phase II, certain Public Transit Improvements and further building development may take place.

"Parcel 2 Public Parking Area" shall have the meaning ascribed to it in Section 1.2.3.2.

"Party" or "Parties" shall mean RTD and Catellus, individually or collectively.

"Permitted Exceptions" shall have the meaning ascribed to it in Section 2.2.3.2.

"Phase I" shall mean that phase of the Project which the Parties intend (but shall not be obligated) to construct prior to Phase II, to be developed in accordance with the provisions of the Design and Construction Agreement on Parcel 1, portions of Parcel 2 and the Public Transit Use Areas and shall include the Phase I Improvements and the Phase I Public Transit Improvements, each as more fully described in Sections 1.2.1 and 1.2.3.

"Phase I Budget" shall mean the budget prepared by aggregating the Phase I Improvements Budget, the Phase I Public Transit Budget and the Phase I Infrastructure Budget.

"Phase I Improvements" shall mean those improvements to be constructed on Parcel 1 consisting of RTD's headquarters office facility, containing no less than 545,000 Rentable Square Feet (or such other Rentable Square Footage as may be agreed to in writing by the Parties or indicated pursuant to the Construction Documents) together with associated parking and any required On-Site Infrastructure and Off-Site Infrastructure ancillary thereto, but exclusive of Public Transit Improvements. The Phase I Improvements shall be owned by RTD, subject only to the Catellus Phase I Interest and certain easements to be granted by RTD to Catellus in the Grant Deeds in respect of access (including service access) rights as more particularly shown in Exhibit A-2.

"Phase I Improvements Budget" shall mean the mutually agreed upon budget of the aggregate capital costs (including interest) of the Phase I Improvements (including the Additional Costs of the Public Transit Improvements) and a breakdown including each of the categories listed below. The Phase I Improvements Budget shall include Phase I Improvements "hard costs"; Subdivision costs; allocated On-Site Infrastructure Costs; allocated Off-Site Infrastructure Costs; construction and construction management expenses; Design Team fees and costs; legal fees; lease-up expenses (such as leasing commissions, legal costs for leasing and tenant concession packages), public relations costs, pre-opening expenses, administration and equipment expenses; furnishings, fixtures and equipment as designated by RTD to be obtained by Gateway pursuant to the Design and Construction Agreement for the Phase I Improvements; environmental assessments and entitlement fees and costs; development fees; permit and appraisal fees; and financing costs and expenses. The Phase I Improvements Budget shall also provide for reserve or contingency funds to be used to cover the additional rental and related relocation and tenant improvement expenses which shall become due and payable to RTD if the Phase I Improvements are not completed in accordance with the final Project Schedule agreed to by RTD and Gateway pursuant to the Design and Construction Agreement.

"Phase I Improvements Conditions" shall mean those conditions to commencement of construction of the Phase I Improvements set forth in Section 2.6.

"Phase I Improvements Construction Start Date" shall mean the date on which demolition, excavation or grading activity on the Site relating to the Phase I Improvements is commenced following issuance by Gateway of a "Notice to Proceed" (as defined in the Design and Construction Agreement) to the contractor with respect to such improvements.

"Phase I Move In Date" shall mean the earlier of (a) the date upon which the portion of the Phase I Improvements which RTD initially intends to occupy is ready for occupancy by RTD and use for RTD's normal headquarters operations, subject to punch list items or (b) that date which is six (6) months after the date of issuance of a Certificate of Substantial Completion for the Phase I Improvements, except that the foregoing shall not be construed to permit any party to cease its obligations to RTD with respect to construction of the Phase I Improvements.

"Phase I Public Parking" shall mean that certain number of parking spaces (not to exceed 2500) as shown on Exhibit D-3, together with ramps for ingress and egress, revenue control equipment, elevators, stairwells and other machinery, fixtures and improvements necessary or convenient for proper operation of a parking facility, to be constructed in the Phase I Public Parking Area as part of Phase I construction.

"Phase I Public Parking Area" shall mean the portions of Parcel 1, Parcel 2 and the West Property upon which the Phase I Public Parking shall be constructed, as more particularly shown on Exhibit A-4. Catellus shall grant to RTD, simultaneously with Closing or otherwise as described in Sections 2.1.14 and the Public Transit Use Agreement, a Public Transit Easement permitting location of the Phase I Public Parking thereon.

"Phase I Public Transit Improvements" shall mean those Public Transit Improvements (including the Phase I Public Parking) comprising part of Phase I (more particularly described and depicted on Exhibit A-4 and Exhibit D-3) to be constructed on Parcel 1, Parcel 2, the West Property and, with respect to the Ramirez Street Overpass only, on the Additional Land (as described in Sections 1.2.3, 1.2.3.1 and 1.2.3.2) prior to or concurrently with construction of the Phase I Improvements.

"Phase II" shall mean that phase of the Project to be developed, if at all, on Parcel 2 and portions of the Additional Land, including the Phase II Improvements, the Phase II Public Transit Improvements (to be developed pursuant to Section 3.1 or 4.2.2) and any portion of the South Roadway not constructed as part of Phase I, as more fully described in Sections 1.2.2, 1.2.3.2, 1.2.4.4 and 4.

"Phase II Budget" shall mean the budget prepared by aggregating the Phase II Improvements Budget, the Phase II Public Transit Budget and the Phase II Infrastructure Budget.

"Phase II Improvements" shall mean those improvements, if any, to be constructed on Parcel 2 in a location to be determined by Catellus in its sole discretion, except as subject to RTD's right of approval pursuant to Section 4 and to the Design Guidelines. The Phase II Improvements shall, if constructed, consist of predominantly governmental, commercial, and office space with ancillary retail (and shall contain at a minimum for vesting of the rights described in Section 6 to occur, the Required Phase II Squares Footage) and associated parking and any other required On-Site Infrastructure or Off-Site Infrastructure ancillary thereto, but exclusive of Public Transit Improvements. The Phase II Improvements may be constructed in one (1) or two (2) buildings, as Catellus may determine in its sole discretion. The Phase II Improvements shall be owned by Catellus, subject only to the RTD Phase II Interest, certain easements to be granted by Catellus to RTD in the Grant Deeds in respect of service access rights as more particularly shown in Exhibit A-2, and other equity, if any, granted to future tenants.

"Phase II Improvements Budget" shall mean the budget (mutually agreed upon to the extent required by Section 4.3) of the aggregate capital costs (including interest) of the Phase II Improvements (including the Additional Costs of the Public Transit Improvements), and a breakdown including each of the categories

listed below. The Phase II Improvements Budget shall include Phase II Improvements "hard costs"; Subdivision costs; allocated Infrastructure Costs; construction and construction management expenses; Design Team fees and costs; legal fees; lease-up expenses (such as leasing commissions, legal costs for leasing and tenant concession packages), public relations costs, pre-opening expenses, administration and equipment expenses; environmental assessments and entitlement fees and costs; development fees; permit and appraisal fees; and financing costs and expenses.

"Phase II Occupancy Date" shall mean the date of issuance by the Architect of a Certificate of Substantial Completion with respect to the structure or structures comprising the final increment of the Required Phase II Square Footage.

"Phase II Public Parking" shall mean that certain number of parking spaces (as shown on Exhibit A-4 and Exhibit D-3) together with ramps for ingress and egress, revenue control equipment, elevators, stairwells and other machinery, fixtures and improvements necessary or convenient for proper operation of a parking facility, to be constructed in the Phase II Public Parking Area. The number of spaces required to be built shall be determined by subtracting from the 2500 public parking spaces required by the Metro Rail EIS, the number of public parking spaces actually constructed on the Phase I Public Parking Area (whether such spaces are located on the Site, the West Property or the Additional Land). Phase II Public Parking shall be constructed concurrently with construction of the Phase I Public Parking unless otherwise requested by RTD. If any portion of the Phase II Public Parking remains uncompleted following Phase I construction, such parking shall be constructed in accordance with Sections 1.2.3 and 4.2.2.

"Phase II Public Parking Area" shall mean the portions of Parcel 2 and the Additional Land (which shall be divided into the Vignes Street Public Parking Area and the Parcel 2 Public Parking Area), as more particularly shown on Exhibit A-4, and/or alternative locations chosen by the Parties pursuant to Section 4.2.2.3, upon which the Phase II Public Parking shall be constructed. Catellus shall grant to RTD, (i) simultaneously with Closing pursuant to the Public Transit Use Agreement or (ii) subsequently (a) as described in Section 2.1.14 and (b) if elected by Catellus, in Section 4.2.2.3, Public Transit Easements for the Phase II Public Parking.

"Phase II Public Transit Improvements" shall mean those Public Transit Improvements comprising part of Phase II (including the Phase II Public Parking) and reconstruction, as needed, of the access to the Site from Vignes Street (see Sections 1.2.3.1 and 1.2.3.2), more particularly described and depicted on Exhibit A-4 and Exhibit D-3, to be constructed on portions of Parcel 2 and the Additional Land concurrently with construction of Phase I, or if otherwise requested by RTD, pursuant to Section 4.2.2.

"Phase II Stabilization Date" shall mean the later of (i) the Vesting Date or (ii) subject to the last sentence of this paragraph, forty-five (45) days after the date on which Catellus advises RTD by written notice ("Stabilization Notice") that Credit Leases have been executed for portions of the space in the Required Phase II Square Footage, such that the aggregate Estimated Net Operating Income to be received thereunder is at least equal to the portion of the Debt Service Amounts which are secured by the Phase II Improvements and which are payable with respect to the month in which the commencement date of the last such lease which is executed occurs; provided, however, that if any free rent periods or above-standard tenant improvement allowances are provided to the tenants under such Credit Leases, the then-existing undiscounted, aggregate undischarged obligation in respect thereto must be available either in the form of a loan (including a disbursement allowance provided in the Phase II construction loan), cash reserves, acceptable guarantees, letters of credit or any other substitution for rent which shall be reasonably satisfactory to RTD

(collectively, "Stabilization Assurances"). "Credit Lease" means either (i) a Major Lease which was approved or deemed approved by RTD, or which was the subject of an Arbitration resolved in favor of Catellus, or (ii) any lease which is not a Major Lease which the Phase II construction or permanent lender has approved. For the purposes of determining the Phase II Stabilization Date only, "Estimated Net Operating Income" shall have the same meaning as Net Operating Income except that all references in said definition to cash actually received or to expenses actually paid or incurred shall be deleted and in lieu thereof shall be inserted amounts reasonably estimated (based on applicable conventional appraisal practices for estimating such income and expenses) by Catellus to be received, or to be paid or incurred, respectively. RTD shall have the right to review all budgets, income statements, leases and other documents used in estimating or computing stabilization and shall have the right to challenge in Arbitration any amounts thus estimated by Catellus to be paid or incurred as unreasonable; to be effective, however, such challenge must be given in writing within thirty (30) days after RTD's receipt from Catellus of the Stabilization Notice and, if such challenge is timely given, the Phase II Stabilization Date automatically shall be tolled as to the particular Stabilization Notice in question pending the resolution of such Arbitration in favor of Catellus.

"PMA" shall mean the Property Management Agreement, being that certain agreement by and between the JMC and the Operator governing the terms and conditions of management and maintenance of the Management Areas in conformance with the Management Standards. Since a portion of the Management Areas shall be financed by public funds and tax-exempt funds, the terms of the PMA and any subcontracts thereto shall be in accordance with any applicable legal requirements pertaining to this form of financing.

"Predevelopment Budget" shall mean that certain portion of the Budget, an initial draft of which is attached as Exhibit C-1, addressing Predevelopment Costs more fully described in Sections 2.1.8.2 and 5.5.1, as the same may be modified or amended by written agreement of the Parties.

"Predevelopment Conditions" shall mean the lists of preconditions to Closing, the Public Transit Construction Start Date and the Phase I Improvements Construction Start Date as more fully set forth in Sections 2.2, 2.5 and 2.6.

"Predevelopment Costs" shall have the meaning ascribed to it in Section 5.5.1.

"Predevelopment Period" shall mean that certain period of time commencing with the effective date of this Agreement and terminating on the Phase I Improvements Construction Start Date.

"Preliminary Appraisal" shall apply with reference to the Liquidity Option only and shall have the meaning ascribed to it in Section 6.3.1.1.

"Prime Rate" shall mean the per annum rate of interest from time to time announced by Wells Fargo Bank, or its successor, as its prime rate or its "Reference Rate" or equivalent. In the event that neither Wells Fargo Bank nor a successor thereto exists, the prime rate, "Reference Rate" or equivalent established by that certain bank incorporated in the State of California having the greatest assets shall be the "Prime Rate." The interest rate ascertained as the Prime Rate under this Agreement shall change as often as, and when, said announced rate changes.

"Project" shall mean Phase I, Phase II and ancillary On-Site Infrastructure or Off-Site Infrastructure required in connection therewith, and, if approved by the Parties, the Main Concourse.

"Project Area" shall mean that certain real property upon which any portion of the Project (other than the Main Concourse) may be constructed and to which either RTD or Catellus currently has fee title, whether (i) such title shall be retained by said Party at Closing or (ii) some ownership or possessory interest, including fee ownership or Public Transit Easement therein shall, upon Closing, be granted to the other Party.

"Project Costs" shall mean the costs associated with development of the Project as described in this Agreement and shall include all costs set forth in the Budget(s) approved by the Parties.

"Project Schedule" shall mean the schedule, a preliminary draft of which is attached as Exhibit B, including updates, each to be approved in writing by RTD and Gateway, which shall encompass predevelopment and construction of Phase I (and the Phase II Public Parking, unless otherwise determined by RTD) and delivery of Phase I to RTD pursuant to the Design and Construction Agreement.

"Public Transit Budget" shall mean the budget of the aggregate capital costs (including interest) of the Public Transit Improvements, including "land costs"; "hard costs"; Infrastructure Costs to be paid for as part of the Public Transit Improvements; construction and construction management costs; Design Team fees and costs; legal fees; public relations costs pre-opening expenses, administration and equipment expenses; environmental assessment and entitlement fees and costs; development fees; permit and appraisal fees; and financing costs and expenses. The Public Transit Budget shall be further divided into a Phase I Public Transit Budget and a Phase II Public Transit Budget.

"Public Transit Conditions" shall mean those conditions to commencement of construction of the Phase I Public Transit Improvements set forth in Section 2.5.

"Public Transit Construction Start Date" shall mean the date upon which demolition, excavation or grading activity on the Site or the Public Transit Use Areas relating to the Phase I Public Transit Improvements is commenced following issuance by Gateway of a "Notice to Proceed" (as defined in the Design and Construction Agreement) to the contractor with respect to such improvements.

"Public Transit Easement" or **"Public Transit Easements"** shall mean those certain easements necessary or convenient for creation of the Public Transit Use Areas and for the construction, maintenance, operation and use of the Public Transit Improvements in the Public Transit Use Areas, including excavation and utility easements together with the rights and use restrictions associated with such easements to be granted by Catellus to RTD and its permittees (i) pursuant to the Public Transit Use Agreement simultaneously with Closing, to the extent owned by Catellus following execution of the Grant Deeds, or (ii) subsequently as described in Sections 1.3.2, 2.1.14 or 4.2.2.

"Public Transit Improvements" shall mean those certain public transit improvements comprising part of the Project which shall be constructed on the Public Transit Use Areas in phases together with other Project improvements, including the Metro Plaza, a bus terminal facility, a bus layover area, the South Roadway, the East Portal, the Phase I Public Parking, the Phase II Public Parking, and any required On-Site Infrastructure or Off-Site Infrastructure ancillary thereto, together with additional public improvements required in connection therewith, including all apparatuses, machinery, devices, fixtures, appurtenances, equipment and personal property necessary, convenient or desirable for the proper operation and maintenance of the Public Transit Improvements for public transit purposes and uses incidental thereto.

"Public Transit Use Agreement" shall mean that certain agreement, containing the terms set forth on Exhibit D-1, to be entered into by and between RTD and Catellus at Closing by which (i) Catellus shall grant to RTD the Public Transit Easements in those portions of the Public Transit Use Areas owned by Catellus following exchange of the Grant Deeds, (ii) RTD will grant to the public certain rights of access and use over certain Public Transit Use Areas, (iii) RTD will grant to Catellus certain excavation and utility easements, and (iv) the Parties shall establish rights and use restrictions pertaining to the Public Transit Use Areas including the right to use such areas for public transit purposes and uses incidental thereto, including construction of the Public Transit Improvements.

"Public Transit Use Areas" shall mean those portions of the Project Areas (or other property designated by the Parties pursuant to Sections 1.3.2, 2.1.14 or 4.2.2) (i) upon which RTD shall obtain the Public Transit Easements pursuant to the Public Transit Use Agreement or (ii) which RTD shall set aside upon portions of the Site owned by it, in which shall be established those public-transit-related rights and use restrictions described in the Public Transit Use Agreement, and upon which the Public Transit Improvements shall be constructed. The Public Transit Use Areas (tentatively identified on Exhibit D-2) shall include the Phase I and Phase II Public Parking Areas (shown on Exhibit A-4).

"Qualifying Loan" shall mean a loan (whether or not secured by the improvements) which is made in connection with construction or alteration of or addition to improvements forming a part of the Project. It is the intent of the Parties that each shall seek Qualifying Loans from financial institutions or other third-party lenders prior to providing funds itself or seeking funds from any Affiliate. Qualifying Loans or amounts funded to the Project by Catellus, RTD or their respective Affiliates ("Affiliate Loans") shall be subordinated to loans made by non-Affiliate lenders and must actually be funded (so that, by way of example only, guarantees or letters of credit which are provided but not claimed against or drawn upon shall not be considered Qualifying Loans.) The rate of interest on any Affiliate Loan shall not exceed the market interest rate for similar loans which are in fact generally available at the time of the loan. With respect to Affiliate Loans made by RTD or an affiliate of RTD, market rate shall be determined by reference to tax-exempt market interest rates only when federal, state or local law, as the case may be, would permit tax-exempt financing with respect to the particular portion of the improvements to be financed and shall otherwise be determined by reference to taxable market interest rates. Affiliate Loans with respect to On-Site Infrastructure or Off-Site Infrastructure, to the extent either could be financed by Mello-Roos financing, shall be determined by reference to Mello Roos interest rates. If no market interest rate can be determined at the time an Affiliate Loan is funded, interest on such loan shall be established at the Party's or the Affiliate's cost of funds, as the case may be (where cost of funds shall refer to interest rate only, exclusive of administrative fees, costs, and points associated with obtaining such funds) plus one (1) percentage point. Disputes respecting interest rates on Affiliate Loans (including disputes regarding the existence of a market for such loans) shall be determined by Arbitration. Prior to making an Affiliate Loan in excess of Five Hundred Thousand Dollars (\$500,000), the Party which, by itself or through its Affiliates, desires to make the Affiliate Loan shall determine the market rate obtainable by it or its Affiliate, and if it determines that no market exists, its cost of working funds. Such Party shall, by written notice to the other ("second") Party, set forth such rates and costs (and if applicable, the basis for its belief that no market exists for such loans exists.) If the interest rate or cost of funds, as the case may be, available to the second Party (or Affiliate thereof) is lower than that available to the first Party, the second Party shall have the right, within fifteen (15) business days of receipt of the notice to respond in writing setting forth

the applicable lower interest rate available to it and its willingness to make a Qualifying Loan in the amount required. In the event that it so responds, the second Party or its Affiliate, as the case may be, shall make the Qualifying Loan. Neither (a) loans secured solely by or in reliance upon vesting of the income or equity participation interests provided in this Agreement nor (b) Stabilization Assurances (as defined in the "Phase II Stabilization Date" definition) made by Catellus, shall constitute Qualifying Loans.

"Qualifying Purchaser" shall mean a purchaser meeting the requirements set forth in Section 6.8.

"Ramirez Street Overpass" shall mean that portion of the South Roadway to the east of the Site which shall be constructed as part of Phase II and shall connect the portion of the South Roadway on the Site with Ramirez Street.

"Remediation" shall mean any form of response to the presence of hazardous materials or environmental conditions on, in, under or about the Project Area which materials or conditions violate laws of applicable Governmental Authorities and any cleanup, removal, containment, monitoring, treatment or other mitigation or remediation of such materials or conditions, and other work on the Project Area incidental thereto.

"Remediation Agreement" shall have the meaning ascribed to it in Section 2.1.15.

"Rentable Square Foot," "Rentable Square Feet" or "Rentable Square Footage" shall mean that area in square feet confined within the exterior walls of a building, but not including the area of the following: exterior walls, stairways, shafts, rooms housing building-operating equipment or machinery, parking areas with associated driveways and ramps, space for the landing and storage of helicopters and basement storage areas.

"REOA" shall mean that certain Reciprocal Easement and Operating Agreement to be agreed to by the Parties to be recorded against and governing use, maintenance, and access by and between Parcel 1, Parcel 2, the Additional Land, the West Property (and improvements located in whole or in part thereon), except as governed by the Public Transit Use Agreement, and shall include the Design Guidelines, the Management Standards and a description of the JMC and the Management Areas.

"Required Phase II Square Footage" shall mean the amount of Rentable Square Footage in the Phase II Improvements which under the terms of this Agreement must be constructed in order for vesting to occur pursuant to Sections 6.1.4 and 6.1.5, and shall be 600,000 Rentable Square Feet. The term "Required Phase II Square Footage" shall not be deemed to impose upon Catellus any obligation to construct the Phase II Improvements or any portion thereof. The Required Phase II Square Footage shall be deemed constructed on the Phase II Occupancy Date.

"Revenue Operation Date" shall mean that date upon which revenue operation of Metro Rail shall commence, as determined from time to time by the Los Angeles County Transportation Commission.

"Right of Extinguishment" shall have the meaning ascribed to it in Section 6.3.2.1.

"Right of First Offer" shall have the meaning ascribed to it in Section 6.4.5.

"Right of First Refusal" shall have the meaning ascribed to it in Section 6.4.6.

"RTD" shall mean THE SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT, a California public corporation and its successors and assigns.

"RTD Default" shall mean any default or breach by RTD of any of its obligations contained in this Agreement after giving effect to the cure period provided therefor, including specifically those items set forth in Section 8.6.

"RTD Phase II Interest" shall mean the interest of RTD relating to Phase II as described in Sections 6.1.3 and 6.1.5.

"RTD Remainder Interest" shall have the meaning ascribed to it in Section 6.3.2.2.

"Signature Building" shall mean a building which is unique, outstanding and prominent in design, value, quality, form, image, location, orientation, visibility, siting, utility, services and/or contribution to the community and to public transit as judged in the sole discretion of RTD with respect to Phase I, and taking into consideration the historical context of Union Station.

"Site" shall mean Parcel 1 and Parcel 2 collectively.

"Site A" shall mean that portion of the Site consisting of approximately 2.62 acres prior to Subdivision (shown on Exhibit A-1), which RTD is required by this Agreement to own or control as a Closing Condition.

"Site B" shall mean that portion of the Site consisting of approximately 3.94 acres prior to Subdivision (shown on Exhibit A-1), which Catellus is required by this Agreement to own as a Closing Condition.

"South Roadway" shall mean that certain upper level roadway to be constructed in accordance with Section 1.2.4.4 on Parcel 2 along the southerly boundary of the Site (commencing at the westerly boundary of the Site), connecting to the El Monte busway and extending to the east of the Site to intersect with Ramirez Street. The portion of the roadway to the east of the Site shall be the Ramirez Street Overpass.

"Subdivision" shall mean any necessary creation or reconfiguration of lot or parcel lines in accordance with the California Subdivision Map Act, California Government Code §§ 66410, et seq. and applicable local regulations.

"Title Company" shall mean the title company mutually acceptable to the Parties designated to provide title services with respect to Closing during the Predevelopment Period.

"Tunnel" shall mean an underground pedestrian causeway to connect Parcel 1 and the easterly side of the currently existing Union Station passenger terminal building and further described in Section 1.2.4.2.

"Tunnel Access Agreement" shall mean that certain Tunnel Access Agreement further described in Sections 1.2.4.2 and 2.2.13 to be executed by RTD and Catellus as a condition precedent to Closing, governing use, access and maintenance of the Tunnel and access from the East Portal and West Entrance to Metro Rail to Vignes and Alameda Streets, respectively.

"Unavoidable Delay" shall mean delay beyond the control of the Party claiming the same and shall include the following: (i) delay attributable to acts of God, strikes or labor disputes; (ii) delay attributable to governmental laws or restrictions, delay in permit processing or litigation relating to (a) entitlements, (b) CEQA review or (c) the development or use of the Project Area and/or the Public Transit Use Areas, for the

purposes described herein; (iii) delay attributable to inclement weather or earthquake resulting in suspension of site work for safety purposes, i.e., heavy rainfall, (iv) delay attributable to inability to procure or general shortage of labor, equipment, materials or supplies in the open market, or failure of transportation, (v) termination of existing funding for reasons other than by reason of an Event of Default by the Party receiving such funding under any Development Document or under any document or documents pertaining to such financing; (vi) delay caused by acts of a public enemy, insurrections, riots, mob violence, sabotage, malicious mischief, casualty or earthquake causing substantial damage to previously constructed improvements; (vii) delay in performance of any term, covenant, condition or obligation under this Agreement for reasons beyond the control of the Party obligated to perform such term, covenant, condition or obligation, including default or delays of third parties (unless otherwise expressly set forth in the Design and Construction Agreement) and of the other Party whether in rendering approvals or otherwise; and (viii) delay caused by pending Arbitration. In each case (i) through (viii) as aforesaid, Unavoidable Delay shall include the consequential delays resulting from any such cause or causes. For the purpose of this definition, a cause shall be beyond the control of the Party whose performance would otherwise be obligated only if such cause would prevent or hinder the performance of an obligation by any reasonable person or entity similarly situated and shall not apply to causes peculiar to the Party claiming the benefit of this provision (such as failure to order materials in a timely fashion). The inability or failure to obtain financing by either Party ab initio shall neither be an Unavoidable Delay nor a default by that Party under this Agreement. For purposes of clause (vii) of the definition of Unavoidable Delays, any delay in performance of any term, covenant, condition or obligation under this Agreement shall not be deemed to have commenced unless and until the Party suffering such delay provides written notice to the other Party specifying the fact, matter or circumstance of Unavoidable Delay in question within sixty (60) days after the occurrence thereof. The failure to give such notice shall mean that the period of delay experienced shall not be included in the calculation of number of days of Unavoidable Delay under this Agreement, but shall not have any other implication.

"Union Station" shall mean that approximately 52-acre site located in the City and bounded by Alameda Street on the west, the west boundary of the Site on the east and the Santa Ana Freeway on the south, upon which a train station "passenger terminal building" is located.

"Vesting Date" shall mean the Phase II Occupancy Date if and only if such date occurs within the time periods set forth in Section 6.1.4.2.

"Vesting Expiration Date" shall mean the day after the last date upon which the Catellus Phase I Interest could possibly vest pursuant to the terms of Section 6.1.4.2.

"West Entrance to Metro Rail" shall mean the entrance at Union Station to that certain Metro Rail tunnel located adjacent to the Site, the West Property and Union Station.

"West Property" shall mean that certain real property located immediately adjacent to the western boundary of the Site, as more fully identified on the map attached as Exhibit A, fee title to which is currently in Catellus and which shall not be transferred to RTD in connection with Closing, except that a portion of such property shall be subject to a Public Transit Easement to be granted to RTD pursuant to the Public Transit Use Agreement. Regardless of the actual physical boundary of the West Property, any improvements located in whole or in part on the West Property shall be deemed to be located in its entirety on the West Property and the provisions of the REOA and the Cost Allocations shall apply to the entirety of such improvements to the extent set forth in Section 5.4.

"Work Plans" shall mean those certain schematic design drawings, descriptive documents, preliminary plans and specifications as completed to date and approved by the Parties for development of the Project, including a site plan showing the footprints and proposed locations of Phase I, Phase II and the Public Transit Improvements and the numbers of parking spaces, which drawings and plans are indexed in Exhibit E. The Work Plans may be modified by written agreement of RTD and Gateway with respect to Phase I and the Phase II Public Transit Improvements and of RTD and Catellus with respect to the Phase II Improvements or other Project construction.

1.2 Project Description.

The Project shall consist of government, commercial, ancillary retail and public transit improvements to be developed on the Site, the Additional Land and the West Property and shall be carried out in at least one phase of construction as further described below.

1.2.1 Phase I. Phase I shall consist of construction of the Phase I Public Transit Improvements (as described in Section 1.2.3) and the Phase I Improvements (as described in Section 1.2.1.) Phase I shall be constructed in accordance with (i) the Phase I Construction Documents (to be completed pursuant to the Design and Construction Agreement during the Predevelopment Period) and (ii) the other requirements for development and construction, as set forth in this Agreement or the Design and Construction Agreement. The Design and Construction Agreement shall delegate to Gateway (which shall in turn delegate to consultants) the task of preparing separate Budgets and Project Schedules for the Phase I Public Transit Improvements and the Phase I Improvements. Catellus shall not be required to provide financing or be responsible for any portion of the cost of constructing or completing the Phase I Improvements, or the Phase I Public Transit Improvements except as set forth in the Cost Allocations or in Section 5.4.

1.2.1.1 Phase I Improvements. The Phase I Improvements shall be located upon Parcel 1 and shall be utilized by RTD as its headquarters office facility. The Phase I Improvements shall be designed as a Signature Building and unless otherwise agreed in writing by the Parties, the REOA shall require that further improvements on the Site, the Additional Land and the West Property be constructed in a manner which preserves and maintains the character of the Phase I Improvements as a Signature Building, but the foregoing shall not preclude the construction by Catellus elsewhere in Phase II or Union Station of any building which is taller than the Phase I Improvements, subject to the "Competing Project" provisions of Section 4.2.1 and the Design Guidelines.

1.2.1.2 Phase I Improvements Parking. Concurrently with and as part of construction of the Phase I Improvements, Gateway shall cause to be constructed on Parcel 1 approximately 800 parking spaces for use in connection with such improvements as tentatively shown on Exhibit A-2. No more than thirty percent (30%) of such spaces may be constructed as tandem spaces. Subject to applicable law to the contrary, the ratio of such parking spaces to Rentable Square Footage shall be approximately 1.5 spaces per thousand (1000) Rentable Square Feet of space in the Phase I Improvements and shall not exceed eight hundred (800) spaces. If more than 800 stalls are required by the City, the Parties shall seek a variance from the City to reduce the number of spaces required and shall seek to have any spaces associated with the Phase I Improvements in excess of 800 which are required to be assigned from Phase I Public Parking.

1.2.2 Phase II. Phase II shall consist of construction of (i) the Phase II Improvements on Parcel 2 (which Catellus may construct or cause to be constructed in its sole discretion); (ii) the portions of the South Roadway located on the

south of Parcel 2 and the Ramirez Street Overpass to the extent not previously constructed; and (iii) the Phase II Public Transit Improvements which Gateway, to the extent construction of such improvements is governed by the Design and Construction Agreement, or, if such is not the case, the Parties, shall cause to be constructed as specified in Sections 1.2.3 and 4.2.2.

1.2.2.1 Phase II Improvements. Catellus may determine the location on Parcel 2 of the Phase II Improvements, in conformance with the REOA and the Design Guidelines and subject to RTD's right of approval pursuant to Section 4, and may divide the Phase II Improvements between multiple structures. RTD shall receive an interest, as described in Sections 6.1.3 and 6.1.5, in the Required Phase II Square Footage. Provided that Catellus obtains sufficient entitlements and other required governmental approvals and that Catellus has completed construction of the Required Phase II Square Footage, Catellus may further develop Parcel 2 in its sole discretion. Any development upon Parcel 2 must be in accordance with the provisions of the Design Guidelines, the "Competing Project" provisions of Section 4.2.1 and the provisions of Section 1.2.1.1 relating to the height of Phase II and Signature Building status of the Phase I Improvements. In no event shall RTD be required to provide financing or be responsible for any portion of the cost of constructing or completing the Phase II Improvements, except as set forth in the Cost Allocations or in Section 5.4.

1.2.2.2 Phase II Improvements Parking. Subject to its construction of the Phase II Improvements and concurrently therewith, Catellus shall cause to be constructed on or made available to Parcel 2 a sufficient number of parking spaces to meet Los Angeles Municipal Code requirements with respect to the Phase II Improvements, as the same may be reduced by any variance, as tentatively shown on Exhibit A-2.

1.2.3 Public Transit Improvements. Except as set forth in the Cost Allocations or in Section 5.4, the Public Transit Improvements shall be constructed at public cost and expense. RTD shall own the Public Transit Improvements in their entirety and shall derive all revenues generated therefrom unless otherwise set forth in Section 4.2.2.

1.2.3.1 Phase I Public Transit Improvements. The Phase I Public Transit Improvements shall, as further described in this Section 1.2.3 and shown on Exhibit D-3, be constructed on the Public Transit Use Areas in conformance with the Public Transit Use Agreement, and shall include the Metro Plaza; a bus terminal; a bus layover; the South Roadway; the East Portal and the Phase I Public Parking (more fully described in Section 1.2.3.2.) In addition, access from Vignes Street to the Phase I Public Transit Improvements (which may, until construction of Phase II is completed, be provided in temporary form and if so completed, shall be constructed in final form as a part of the Phase II Public Transit Improvements) across Parcel 2 shall be constructed concurrently with and as part of the Phase I Public Transit Improvements. If, however, the permanent Phase I Public Transit Improvements are not available by the later of (i) the Revenue Operation Date or (ii) June 1, 1993, then, subject to mutual agreement of the Parties as to location and cost, such improvements may include construction of temporary public transit improvements, including an interim bus boarding facility, surface parking facilities and ancillary facilities thereto on Parcel 2. Said temporary facilities may, subject to mutual agreement of the Parties as to their location and cost, be located elsewhere at Union Station if Parcel 2 is required for construction staging or concurrent construction of Phase II, provided that such parking is located within a radius of 1000 feet from either the East Portal or the West Entrance to Metro Rail. The Phase I Public Transit Improvements shall be constructed, so far as is practicable, so as to facilitate the subsequent construction of the Phase I Improvements.

1.2.3.2 Phase I and Phase II Public Parking. In furtherance of the Metro Rail EIS requirement of construction of 2500 public parking spaces in the Union Station vicinity as mitigation for the Metro Rail project, the Parties have agreed to placement of 2500 public parking spaces on the Phase I and Phase II Public Parking Areas. As depicted on Exhibit A-4, the Parties currently (subject to further design and cost analysis) contemplate that Phase I Public Parking shall be constructed on portions of Parcel 1, Parcel 2 (including subjacent to the South Roadway) and the West Property. The remaining number of spaces required to meet the 2500 space requirement shall be denominated Phase II Public Parking and shall be constructed in the Phase II Public Parking Area. The Phase II Public Parking Area shall be further divided into the "Initial Parcel 2 Public Parking Area" and the "Optional Parcel 2 Public Parking Area" (collectively, the "Parcel 2 Public Parking Area") and the "Vignes Street Public Parking Area" as shown on Exhibit A-4. The Parties contemplate that the Phase II Public Parking shall be constructed on the Vignes Street Public Parking Area and the Initial Parcel 2 Public Parking Area concurrently with construction of the Phase I Public Parking. However, should RTD determine (which determination shall be made in RTD's sole discretion) not to construct the Phase II Public Parking concurrently with the Phase I Public Parking, the Parties acknowledge that it will be impractical to construct the Phase II Public Parking in the Vignes Street Public Parking Area. Therefore, any Phase II Public Parking for which construction is commenced subsequent to completion of construction of the realigned Vignes Street shall not be constructed in the Vignes Street Public Parking Area. Such parking shall instead be constructed on the Parcel 2 Public Parking Area, in accordance with the provisions of Section 4.2.2.

All public parking constructed shall be consistent with the requirements set forth in Table 2-2, pages 2-33 of the Metro Rail EIS, as the same may be amended from time to time and shall be located within 1000 feet of either the East Portal or the West Entrance to Metro Rail. To the extent reasonably practicable, Project design shall separate the Phase I and Phase II Public Parking from non-public transit parking facilities associated with the Phase I Improvements and the Phase II Improvements. The Parties shall seek to minimize operating costs by consolidation, to the extent feasible, of operations and management of and access to parking facilities, so as to minimize such costs for each Party.

Catellus may request and, if so requested, RTD may agree, in its sole discretion, to relocation of the Phase I Public Parking or the portion of the Phase II Public Parking located in the Vignes Street Public Parking Area to a location at Union Station. In accordance with the provisions of Section 4.2.2, Catellus may elect to construct or relocate Phase II Public Parking to be located in the Parcel 2 Public Parking Area to a location at Union Station. If any relocation or reconstruction is agreed upon as aforesaid, RTD shall have reasonable approval rights in connection with such construction or relocation with respect to basic parking facility issues including design, access and fee collection. All spaces so relocated shall have convenient street access and shall be located within a radius of 1000 feet of either the East Portal or the West Entrance to Metro Rail.

Catellus shall have a Right of First Refusal with respect to any excess public parking spaces in the Phase I Public Parking Area or the Phase II Public Parking Area or at Union Station which RTD, in its sole discretion, determines to sell to or exchange with third parties or which, to the extent permitted by law (including tax laws related to tax-exempt municipal bonds and certificates of participation), RTD proposes to make available (by way of long term lease, covenant or otherwise) to a third party which is not a governmental agency, other than in connection with such third party's occupancy of portions of Phase I. "Long term lease" means any lease, the term of which exceeds five (5) years, including all option periods.

1.2.4 Further Development.

1.2.4.1 Main Concourse. As part of the overall Master Plan, Catellus may construct the Main Concourse connecting the Site to the easterly side of the present Union Station passenger terminal building. In order to determine whether or not the Main Concourse shall be developed, RTD and Catellus shall, commencing prior to Closing and ending prior to the Phase I Improvements Construction Start Date, jointly conduct a feasibility study exploring the potential for development of the Main Concourse and examining the timing, market feasibility, phasing, retail uses, financing, development and operation of the Main Concourse. The feasibility study shall take into account certain potential rail transit improvements to the train yard (i.e., light-rail, Amtrak, commuter rail and inner city passenger service) to the extent such improvements can be foreseen and shall assess the positive or negative impacts of such improvements on the feasibility of constructing the Main Concourse. The study shall explore the potential for early development of the Main Concourse and shall explore options, if any, by which RTD may secure funding for a portion of such early development costs in return for a share of the income and equity to be derived therefrom. However, the findings of said feasibility study shall not obligate either Party to continue such explorations or to enter into any agreement concerning said development. The design and development, if any, of the Main Concourse shall meet standards agreed to by the Parties, particularly with regard to lighting (if enclosed), location, passenger capacity, access, ingress, egress and visual appearance. Catellus shall not preclude construction and integration of the Main Concourse in the Master Plan.

1.2.4.2 Tunnel. Catellus shall seek to cause construction of the Tunnel to be completed prior to the later of (i) the Revenue Operation Date or (ii) June 1, 1993. The Tunnel may be formed by renovation of the previously existing tunnel in the vicinity. The Parties acknowledge that future improvements to the Tunnel may occur to accommodate transit-related uses or additional development by Catellus. The costs to Catellus of maintaining, managing and operating the Tunnel are anticipated to be borne by owners or lessees of the Site, the Additional Land, the West Property, Union Station and various providers of public transportation (including Amtrak), and shall be the subject of negotiation between those various parties. The particular costs which are properly allocable and a method for determining the portion of such costs which shall be allocable to RTD, Catellus and other parties shall be included in the Tunnel Access Agreement, the agreement of the Parties to which shall be a condition to Closing. RTD acknowledges that Amtrak currently has certain rights of access to and use of the Tunnel which are anticipated to continue.

1.2.4.3 East Portal. RTD shall own the East Portal (which is part of the Public Transit Improvements) and any improvements located thereon. In accordance with the provisions of the Design and Construction Agreement, Gateway (at no cost to Catellus) shall cause renovation or construction of the East Portal to occur in connection with other planned transit improvements which are currently being proposed and/or carried out by third parties with respect to the Tunnel, and shall seek to cause such construction or renovation to be completed on or before the later of the Revenue Operation Date or June 1, 1993. In design of the East Portal, the Parties shall explore the feasibility of developing and operating retail uses.

1.2.4.4 South Roadway. Following Closing, Catellus shall own the portion of the Site upon which the South Roadway shall be developed and shall grant to RTD a Public Transit Easement with respect thereto permitting (i) use of the South Roadway and (ii) linkage of such roadway to the El Monte buway, in each case for bus and other vehicular access. The South Roadway shall be a Public Transit Improvement and shall be constructed

concurrently with Phase I unless otherwise determined by RTD. The cost of the South Roadway shall be allocated pursuant to the Cost Allocations and Sections 5.4.1.1, 5.4.1.4 and 5.4.3.

1.2.5 Interface Between Development Documents.

Acquisition of Parcel 1, Parcel 2 and the Additional Land, development of Phase I and Phase II and rights of ownership, management, leasing and participation in such improvements shall be governed by this Agreement. Construction of Phase I (and the Phase II Public Parking, unless otherwise determined by RTD) shall be governed by the Design and Construction Agreement. Non-public transit related rights of access and use restrictions with respect to the Project Area (as shown in part on Exhibit A-2) shall be included in the Grant Deeds and recorded at Closing. The Grant Deeds shall expressly provide that upon recordation of the REOA, those rights of access, easements, and use restrictions for each Party's benefit previously granted in the Grant Deeds and so designated (and specifically excluding rights of access, easements, use restrictions or other rights pertaining to the Tunnel, the Public Transit Use Areas and Public Transit Improvements, described in the Grant Deeds, the Tunnel Access Agreement and the Public Transit Use Agreement) shall automatically terminate and shall be superseded by the provisions of the REOA. Access between parcels, use restrictions, costs of operation and maintenance, allocation of such costs and Design Guidelines governing the Project, including common areas and access between Phase I, Phase II and future development on Parcel 2, the Additional Land or the West Property, shall be governed by the REOA. Rights and uses permitted in the Public Transit Use Areas, grant of Public Transit Easements and location, maintenance and operation of the Public Transit Improvements shall be governed by the Public Transit Use Agreement and the PMA. Use of and access through the Tunnel, to the East Portal from Vignes Street and to the West Entrance of Metro Rail and the Tunnel located at Union Station from Alameda Street, shall be governed by the Tunnel Access Agreement.

1.3 Project Area Ownership.

1.3.1 Current Project Area Ownership. As shown on Exhibit A-1, fee title to the Project Areas (except as set forth in the title reports referenced in Exhibit J-1 and Exhibit J-2 respectively) currently is divided in ownership between RTD and Catellus. Catellus hereby warrants that it currently owns Site B, the West Property and, as described in the preliminary report, portions of the Additional Land, subject to those certain exceptions to title set forth in the preliminary report referenced in Exhibit J-2. RTD hereby warrants that it currently owns a substantial portion of Site A subject to those certain exceptions to title set forth in the preliminary report referenced in Exhibit J-1. A portion of Site A currently constituting roadway dedicated to the City (particularly, portions of Lyon, Ramirez and Vignes Streets, as set forth on Exhibit A-3) has been sold to RTD by the City, however, a resolution of vacation of such roadways has not been issued by the City and such resolution shall be subject to conditions imposed by the City.

1.3.2 Post-Closing Ownership. At Closing, a lot line adjustment or other subdivision map agreed to by the Parties shall be recorded, creating Parcel 1 and Parcel 2 as set forth on Exhibit A. Simultaneously, (a) fee title to Parcel 1 (including the East Portal) and any and all improvements that may be located thereon shall vest in RTD; (b) fee title to Parcel 2 together with any and all improvements that may be located thereon, subject to continuing conditions to street vacation described in Section 1.3.1, shall vest in Catellus; and (c) the Parties shall execute and record the Public Transit Use Agreement creating a Public Transit Easement in favor of RTD on portions of the Public Transit Use Areas shown on Exhibit D-2 with respect to Public Transit Use Areas owned by Catellus following the above-described transfers (including surface and subsurface easements for access ramps to the Phase II Public

Parking Area on the Additional Land described in clause (iii) of that definition and subsurface easements for parking and surface access easements on the Additional Land described in clause (ii) of that definition) and creating rights and use restrictions with respect to all of the Public Transit Use Areas shown on Exhibit D-2 as owned by either Party. The location, form, design and implementation of the Public Transit Use Areas shall be determined in accordance with the provisions of Section 9. Effective upon vacation and realignment of Vignes Street, ownership of the Additional Land shall be apportioned in accordance with Section 2.1.14 and additional Public Transit Easements shall be granted by Catellus to RTD as described therein. Except as set forth in this paragraph, Catellus reserves all FAR and development rights with respect to the Additional Land owned by it described in clause (iii) of that definition.

SECTION 2. PREDEVELOPMENT

2.1 Predevelopment Process.

This Section 2 sets forth the activities which the Parties shall undertake and complete or cause to be undertaken and completed during the Predevelopment Period. In addition to a general Predevelopment Period process overview (contained in this Section 2.1), this Section includes three lists of conditions (collectively the "Predevelopment Conditions") to construction of the Phase I Public Transit Improvements and the Phase I Improvements, the first to be satisfied or waived by the Parties prior to Closing (the "Closing Conditions"), the second to be satisfied, caused to be satisfied or waived by the Parties prior to the Public Transit Construction Start Date (the "Public Transit Conditions") and the third to be satisfied, caused to be satisfied or waived by the Parties prior to the Phase I Improvements Construction Start Date (the "Phase I Improvements Conditions"). Nothing contained herein is intended or shall be construed to prohibit development and construction of the Public Transit Improvements prior to the Phase I Improvements Construction Start Date, provided that Closing has taken place and the Public Transit Conditions have been satisfied or waived.

2.1.1 Cooperation of the Parties. The Parties shall cooperate and use good faith efforts to satisfy the Predevelopment Conditions as soon as practicable after the effective date of this Agreement. If any Predevelopment Condition is not satisfied despite the good faith efforts of the Parties and the Party to be benefited by such condition does not waive it, then that Party may terminate this Agreement pursuant to Section 8.1. Unless otherwise specified, each Predevelopment Condition is deemed to be for the benefit of both of the Parties.

2.1.2 Governmental Authority Coordination and Cooperation. Simultaneously with the joint efforts of the Parties to satisfy the Predevelopment Conditions, RTD and Catellus shall individually and jointly negotiate and cooperate with Governmental Authorities whose approval or grant of entitlements or other requested actions is necessary in order to satisfy those third party conditions to development set forth in this Section. Any fees and costs required by said Governmental Authorities in connection with services provided by them for the benefit of the Project shall be allocated in the Cost Allocations.

2.1.3 Project Management and Decisionmaking. Each Party shall select one individual who shall have the authority under this Agreement (a) to make decisions for that Party and (b) to execute, on behalf of the respective Parties, documents and agreements. RTD's Manager of Real Estate and Development shall be the individual representative of the RTD. Catellus' Director of Development shall be the individual representative of Catellus. Such individuals and tasks assigned to specified individuals may be

changed from time to time by provision of written notice thereof to the other Party. Each Party through its representative shall be afforded an opportunity to express an opinion with respect to all matters of the Project in which its input is permitted or required. Except as otherwise expressly provided in this Agreement, no decision or determination hereunder or in connection with the Project and to be made during the Predevelopment Period may be made without the agreement of both Parties. The Parties shall exercise joint control over the implementation of the planning, financing, design and construction objectives of Phase I except as otherwise required by law and public policy, and shall consult with each other in performing their respective obligations under this Agreement. During the Predevelopment Period, RTD shall have final approval authority with respect to all aspects of Phase I planning, financing, location, design and construction, following consultation with Catellus as specified above.

2.1.4 Meetings. Representatives of RTD and Catellus will meet weekly, or more often as they determine appropriate, during the Predevelopment Period, at such time and place as they determine in order to exchange information on the progress of the matters referred to in this Agreement and, to consider or decide other matters pertaining to the Project.

2.1.5 Performance. Each Party reserves the right at any time to obtain further information, data and commitments as reasonably necessary to ascertain the other Party's capability, intent and commitment to manage, lease and/or develop the Project Area expeditiously or to obtain information regarding the other Party's organizational structure relating to the Project.

2.1.6 Mutual Assistance/Confidentiality/Public Relations.

2.1.6.1 General Assistance. Each Party reserves the right at any time during the negotiations to request and obtain reasonable additional information, data or assistance from the other Party with respect to the Project. In requesting the assistance of the other Party, each Party shall prepare and submit a written statement or statements clearly detailing the nature, form and extent of any assistance requested. Upon receipt of such written request, the staff of the Party receiving the request shall use diligent efforts to provide the requesting Party with appropriate information and assistance. If requested by either Party, the other Party shall promptly present periodic oral briefings or written progress reports to the requesting Party's project manager advising the requesting Party on pertinent matters and studies in progress.

2.1.6.2 Confidentiality. The Parties anticipate during the term of this Agreement that each shall from time to time disclose and provide to the other certain proprietary reports, correspondence and other information related to the Project Area or adjacent areas which each shall seek to acquire. No information which is not already public and which is generated during the term of this Agreement shall be released publicly or to anyone outside the two Parties (and their agents and consultants) without the prior written consent of the other Party.

2.1.6.3 Public Relations. The Parties shall cooperate in publicizing proposed development of the Project and the costs of any public relations campaign associated with Project development shall be included in the Budget and allocated pursuant to the Cost Allocations. All press releases issued with respect to the Project shall be approved in advance by RTD and Catellus and jointly coordinated by the Parties and any press conferences shall be approved in advance, coordinated and attended by both Parties.

2.1.7 Independent Activities of Catellus. RTD acknowledges that separate and apart from the transactions set forth in this Agreement, Catellus is concurrently working on the Master Plan and related development entitlements, which activities may continue during the Predevelopment Period and thereafter. Nothing in this Agreement is intended, nor shall it be construed, to require RTD's cooperation, consent, concurrence or financial support in connection with such activities, which shall for all purposes be independent of the Parties' rights and obligations under this Agreement. The Master Plan as proposed or amended by Catellus or its consultants shall not prevent development or construction of Phase I, the Phase II Public Transit Improvements or the Main Concourse in the manner contemplated herein.

2.1.8 Budget.

2.1.8.1 Overall Budget. Attached as Exhibit C-2 to this Agreement is a Preliminary Phase I Budget, which sets forth the Parties' preliminary cost estimates for Phase I as determined as of the schematic design phase of Phase I development. Throughout the Predevelopment Period, the Parties shall prepare, update and revise the Budget or cause the Budget to be prepared, updated and revised, in the manner described in Section 5.5.

2.1.8.2 Predevelopment Budget. Prior to execution of this Agreement, each Party has expended sums with respect to preliminary studies, investigations and consulting functions pertaining to the Project. The Parties anticipate incurring further expenses with respect to such items prior to financing of the Phase I Improvements, the Public Transit Improvements and the Phase II Improvements. Such items shall be included in the Predevelopment Budget and allocated to the various components of the Project as set forth therein, and shall be reimbursed in accordance with the provisions of Section 5.5.1.

2.1.9 Financing. The Parties shall prepare a Financial Plan and obtain financing for the Project in the manner described in Section 5.2.

2.1.10 Work Plans. The Work Plans indexed in Exhibit E, in conjunction with the textual descriptions contained in this Agreement, set forth the present understanding of the Parties with respect to description, scope, uses and improvements comprising the Project. During the Predevelopment Period, the Work Plans may be revised and refined (subject to mutual agreement on any significant additions or modifications) and the exact number and location of parking spaces shall be determined by mutual agreement of the Parties. The Parties shall continue design development of Phase I through completion of the Construction Documents for Phase I. In connection with such design development and preparation of Design Development Documents for Phase I, Gateway shall review, finalize and approve all designs, selection of materials, building systems and equipment, subject to final approval by RTD consistent with the Design Guidelines.

2.1.11 Schedules. Attached as Exhibit B is a Preliminary Phase I Project Schedule encompassing predevelopment and construction of Phase I and the Phase II Public Parking (taking into account feasibility of proposed scheduling, availability of materials and labor and time requirements for equipment, installation and construction). Throughout the Predevelopment Period and during development of Phase I and the Phase II Public Parking, the Parties shall amend and update or cause to be amended or updated the Project Schedule in accordance with the terms of the Design and Construction Agreement.

2.1.12 FAR/Entitlements/Approvals. During the Predevelopment Period, both Parties shall work together to obtain

or to cause to be obtained any and all environmental clearances, and ministerial and discretionary land use and subdivision approvals, from the City and other Governmental Authorities, as may become necessary or desirable for the construction and operation of both Phase I and Phase II. To that end, promptly after execution of this Agreement, RTD shall request and diligently seek to obtain written confirmation from the City or appropriate departments thereof that RTD is exempt from the provisions of the Los Angeles Planning and Zoning Code with respect to the development of Phase I. In addition, the Parties shall seek to obtain from the City or appropriate departments thereof written confirmation that Parcel 2 may be combined with the Metro Plaza, in order to apply as a unified development proposal under the provisions of City of Los Angeles Ordinance No. 166029. Subject to written confirmation of each of the above-listed items by the City or appropriate departments thereof and to the terms of Section 2.1.13, RTD shall grant to Catellus authorization to combine the Metro Plaza Site with Parcel 2 so that Catellus may file for development approval for the Phase II Improvements as a unified development, as defined by Ordinance No. 166025 of the City, and RTD hereby agrees that it shall cooperate with Catellus in making and pursuing any such filing, including the execution of such instrument(s) as may be necessary or convenient to that end. Both Parties shall work together to establish RTD as Lead Agency with respect to all CEQA review of Phase I and the initial evaluation of Phase II.

2.1.13 Subdivision Approval. The Parties shall ascertain from all appropriate Governmental Authorities whether and, if so, on what terms, lot-line adjustment or other appropriate Subdivision approval with respect to Site A and Site B may be effected in order to render two or more legal parcels, one parcel of approximately 4.33 acres (Parcel 1) which shall be further subdivided to include the Metro Plaza Site and Headquarters Site and a second parcel of approximately 2.23 acres (Parcel 2) which may also be further subdivided, all as more particularly shown on Exhibit A-1. After Closing, RTD shall, if approved by the City, at cost allocated pursuant to the Cost Allocations, expeditiously subdivide Parcel 1 into the Metro Plaza Site and the Headquarters Site (as shown on Exhibit A-1), and shall transfer as much FAR from the Metro Plaza Site to Parcel 2 as is required (after subtracting from the Required Phase II Square Footage the amount of FAR then available on Parcel 2) by law for construction of the Required Phase II Square Footage.

2.1.14 Street Vacation and Realignment. The Parties shall seek to obtain vacation from the City of those portions of Ramirez, Lyon and Vignes Streets located on the Site (as shown on Exhibit A-1) and agree to cooperate in satisfying conditions established by the City in connection therewith. The Parties shall also seek to obtain (i) realignment by the City of the portion of Vignes Street forming the eastern boundary of the Site to a location further east and (ii) vacation of the existing Vignes Street right-of-way to the east of the Site, in order to expand the size of the Site by inclusion of the portions of the Additional Land described in clause (i) of that definition. In furtherance of such objective, RTD shall seek to acquire either fee title to or easement interest in (determined in its sole discretion) those portions of the Additional Land not owned by Catellus as of Closing as soon as practicable and in accordance with the Metro Rail EIS. Costs associated with such realignment shall be allocated pursuant to Section 5.4.1.2. In the event the Parties are successful in obtaining Vignes Street realignment such that Additional Land (as described in clause (i) of that definition only) is created, and provided such realignment takes place following Closing, the Parties shall divide any Additional Land so created such that Catellus shall own in fee those vacated portions of Vignes Street immediately adjacent to Parcel 2 and RTD shall own in fee those vacated portions of Vignes Street immediately adjacent to Parcel 1, as shown on Exhibit A-1. In

addition, as soon as practicable following its acquisition of such property, Catellus shall, with respect to portions of such property acquired by it pursuant to the above-described realignment, grant to RTD, at no cost to RTD, a Public Transit Easement permitting construction of Phase II Public Parking subjacent to and access to such parking on the surface of the Additional Land described in clauses (i) and (ii) of that definition, but shall reserve to itself all FAR and all other development rights with respect to such Additional Land.

2.1.15 Physical/Environmental Project Area Review.

Each Party has or shall provide to the other Party and to such Party's consultants all physical and environmental information and data generated by it or its consultants (and made available to it) with respect to the Project Area and all other information known to that Party pertinent to the environmental condition of the Project Area including copies of all permits and notices received from Governmental Authorities or third party claims relating to the environmental condition of the Project Area. The Parties shall continue to provide to each other all data and information generated with respect to the Project Area necessary or appropriate to determine the physical condition and suitability of the Project Area, the current environmental condition of the Project Area and the development impact of the Project on the environment, including data and information on traffic, soil, groundwater, air quality, geological/seismic, archaeological and the presence of hazardous or toxic substances, materials, or wastes as defined by any environmental law, rule or regulation (including petroleum, asbestos, polychlorinated biphenyls, flammable explosives or radioactive materials). Each Party is responsible for ascertaining to its satisfaction the environmental and physical suitability of the portions of the Project Area that it will own or in which it will have an easement interest immediately following Closing and each shall have the right to commission an environmental assessment, including environmental testing, with respect to such portion. The Parties have entered into a Right of Entry Agreement governing the terms and conditions by which each shall grant access to the other for purposes of such environmental assessment. If the environmental assessment discloses the presence of any hazardous or toxic substances, materials or wastes as defined by the laws, rules, or regulations of any applicable Governmental Authorities in an amount in violation of any laws, rules, regulations or standards of any applicable Governmental Authority or requiring further investigation or Remediation thereunder, the Party owning the parcel upon which such hazardous or toxic substances, materials or wastes are discovered shall promptly determine the estimated costs of investigation and Remediation of same. Thereafter, the Parties shall negotiate in good faith and enter into a "Remediation Agreement" which shall address, among other things, the following issues:

(i) identification of the nature and extent of the environmental condition to be Remediated;

(ii) approval of a qualified consultant with experience in investigation and Remediation of the type of environmental condition(s) identified at the Project Area;

(iii) description of additional testing or Project Area characterization required;

(iv) the procedure to select the appropriate type of Remediation to be implemented, if reasonably necessary to satisfy requirements for financing or as required by any Governmental Authority with jurisdiction over the Project Area or to comply with any environmental law, rule or regulation;

(v) approval of a Remediation plan prior to commencing Remediation;

(vi) establishment of the responsibilities of the Parties in providing required notice to and negotiating with Governmental Authorities with jurisdiction over the Remediation or other third parties;

(vii) indemnification;

(viii) identification of the costs of Remediation and the source of funds to be used to pay such costs;

(ix) identification of the method of payment of costs of Remediation whether through Escrow or otherwise;

(x) description of the clean-up standards to be achieved by Remediation or the process to determine when Remediation is complete and compatible with the development of the Project Area; and

(xi) establishment of provisions for any long-term operation and maintenance, including but not limited to periodic testing and monitoring, as may be required by applicable Governmental Authorities in connection with the Remediation.

In the event the reasonably estimated costs of investigation and Remediation of either Site A, Site B or the remaining portion of the Project Area exceeds One Million Dollars (\$1,000,000), the Parties shall negotiate in good faith to allocate such costs and liabilities in excess of such limit, provided that neither Party shall be required to pay an amount in excess of the limit set forth above and in the event of an inability to agree to a mutually acceptable allocation of costs, the Parties may terminate this Agreement. Costs shall include expenses incurred in connection with planning, engineering, testing, treatment, storage, consulting, disposal of wastes, and fees and taxes incurred in connection with Remediation.

2.1.16 CEQA Documents. RTD proposes to be the Lead Agency with respect to the environmental impact assessment required by CEQA with respect to the Phase I Improvements and initially with respect to the Phase II Improvements, subject to agreement with the City, and shall be responsible for the preparation and review of the Environmental Impact Report with respect to the Project ("EIR"), to be prepared with respect to development of such improvements, as required. RTD shall provide Catellus with copies of all draft documents and shall consult with Catellus in the preparation and review of any EIR or other CEQA documents concerning the Project. Catellus shall provide to RTD all data and information reasonably necessary to assist in preparation of any necessary EIR or other CEQA documentation.

2.1.17 Contractors, Vendors, Suppliers. Gateway shall review, evaluate and select consultants, contractors and vendors for Phase I in accordance with the Project Schedule and the Design and Construction Agreement.

2.1.18 Reciprocal Easement and Operating Agreement. The Parties shall seek in good faith to prepare a mutually acceptable draft of the REOA within ninety (90) days after the effective date of this Agreement and shall develop the Design Guidelines and other exhibits required therefor. The REOA so negotiated shall be finally approved as to form only by Catellus and the staff of RTD at or prior to Closing. The REOA shall, at Closing, be deposited with a custodian approved by the Parties, subject to mutually acceptable procedural instructions including an instruction stating that upon certification of an EIR which is consistent with the REOA as then drafted and final approval of the Project by the RTD Board of Directors, the Parties shall approve and execute the REOA in recordable form and the custodian shall cause the REOA to be recorded in the Office of the Los Angeles County Recorder at the joint expense of the Parties.

Unless required by the EIR, the REOA shall not thereafter be modified and shall be approved and executed as set forth above. In the event that no EIR is certified for the Project, the REOA shall not be executed or recorded. In the event that the EIR certified with respect to the Project requires modification to the REOA, the Parties hereby agree to seek in good faith to modify the REOA in a manner which is acceptable to each and which conforms to the EIR determinations and if successful shall thereafter execute the modified REOA in recordable form and submit it to the custodian who shall cause the REOA to be recorded. Upon execution of the REOA, it and the exhibits thereto shall become binding upon the Parties. The REOA shall, by its terms, survive termination of this Agreement and shall remain in effect for a period of at least sixty (60) years.

2.1.19 Main Concourse. RTD and Catellus shall jointly establish the planning, financing, design and construction feasibility and objectives of the Main Concourse subject to Section 1.2.4.1.

2.1.20 Traffic and Transportation Study/Design. Prior to Closing, the Parties shall jointly coordinate and allocate financing for a traffic and transportation study with respect to construction of the Project on the Project Area to be carried out by a transportation/traffic consultant acceptable to both Parties, in accordance with the requirements established by RTD and the City. The results of such study shall be incorporated into all appropriate CEQA documents.

2.1.21 Management Documents. The Parties shall seek in good faith to prepare the Management Documents and to execute a PMA incorporating the Management Standards and the other Management Documents as soon as practicable following the effective date of this Agreement, but in no event later than six (6) months following the Phase I Improvements Construction Start Date, except as otherwise required by Section 2.2.12.

2.2 Closing Conditions. Provided that all of the Closing Conditions have been satisfied or waived, and in accordance with the procedures established by Section 2.4, the Parties shall open Escrow. The following constitute the Closing Conditions which, except as otherwise set forth, must be satisfied for the mutual benefit of, and may be waived only by, both Parties. Disputes between the Parties with respect to these Closing Conditions shall be resolved in accordance with the provisions of Section 8.1.3. Upon Closing, all conditions precedent thereto shall be deemed waived by each Party for whom they are of benefit.

2.2.1 Performance. Each Party shall duly perform each undertaking and agreement to be performed by it at or prior to Closing hereunder.

2.2.2 Insolvency, Bankruptcy. At no time prior to Closing shall any of the following have been done by, against or with respect to the other Party: (a) the commencement of a case under Title 11 of the U.S. Code, as now constituted or hereafter amended, or under any other applicable federal or state bankruptcy law or other similar law, which (i) is commenced by the other Party, (ii) results in an adjudication of bankruptcy or insolvency, or (iii) is commenced against the other Party, and is not dismissed within ninety (90) days after commencement; (b) the appointment of a trustee or receiver of any property interest constituting more than ten percent (10%) of the assets of the other Party; (c) an assignment for the benefit of creditors; or (d) the admission in writing by the other Party that it cannot meet its obligations as they become due with or without the normal use of credit.

2.2.3 Title Review/Ownership of Project Area.

2.2.3.1 Ownership. Project Area ownership (currently and "post-Closing") is described in Section 1.3.

2.2.3.2 Title. The Parties shall obtain ALTA extended form preliminary reports ("PTR") from the Title Company, shall jointly commission an ALTA survey of the Project Area acceptable to the Title Company and shall ensure that a copy of the survey is delivered to the Title Company within sixty (60) days after the effective date of this Agreement. Each Party owning a portion of the Project Area shall be, as to that portion, "Seller" and the Party acquiring title to that portion (whether in fee or by grant of Public Transit Easement or other easement) shall be, as to that portion, "Buyer." As soon as the survey has been delivered to the Title Company, Seller shall cause the Title Company to issue a supplement (the "Supplement") to the PTR, showing such additional matters which the Title Company would take exception to if it were issuing an Owner's Policy with respect to the relevant property to Buyer on the date the Supplement is issued, and upon issuance, Seller shall provide the PTR, survey and Supplement to Buyer together with copies of all items referred to therein as exceptions to title. With respect to any exceptions to title or other matters including special assessments shown on the PTR, survey or Supplement, Buyer may, within thirty (30) business days after receipt of the Supplement, disapprove by written notice any such exceptions ("Disapproved Exceptions"). Buyer's failure to provide such written notice on or before such date shall constitute approval of the condition of title as shown on the PTR, survey and Supplement. Within twenty (20) business days following Seller's receipt of Buyer's notice of Disapproved Exemptions, Seller shall notify Buyer in writing that: Seller has removed such Disapproved Exceptions from title; Seller covenants to do so as of or before Closing; or Seller will not remove specified Disapproved Exceptions. If Seller covenants to remove any Disapproved Exceptions, such removal shall be a condition precedent to Closing and Buyer's obligations hereunder, and failure to effect such removal shall be a breach by Seller of this Agreement. The tenth (10th) business day after delivery to Buyer of Seller's notice is called the "Title Decision Date" in this Agreement. If Seller, within the time period aforesaid, does not remove or covenant in writing to remove any such Disapproved Exception, Buyer shall have the option to terminate this Agreement on or before the Title Decision Date. Failure to terminate the Agreement in this manner shall be deemed a waiver by Buyer of its objection to such Disapproved Exception, and the Parties shall proceed to Closing, in which case Seller shall have no obligation to remove such Disapproved Exception from title. The exceptions to title shown by the PTR, survey and Supplement, except for the Disapproved Exceptions which Seller removes or covenants to remove, are called the "Permitted Exceptions" in this Agreement. Notwithstanding the foregoing, Seller shall in any event be required to discharge and remove any and all liens affecting the portion of the Project Area owned by it which secure an obligation to pay money (other than installments of real estate taxes or assessments not delinquent as of the Closing) and, even though Buyer does not disapprove those liens, Seller shall be obligated to remove them.

2.2.4 Budget. The Parties shall have prepared, or shall have caused to be prepared, and agreed upon the Predevelopment Budget accurate to the date of Closing and containing cost estimates with respect to the remainder of the Predevelopment Period. In addition, the Parties shall have prepared, or caused to have prepared, and approved an updated Phase I Budget and a preliminary Phase II Budget, each to the appropriate level of specificity as required by standard development practice, and shall have, at a minimum, established therein basic line items to be required, Cost Allocations or the methodology therefor as more fully described in Section 5.4, and a

declaration for reimbursement with respect to such items. In addition, each Party shall present a breakdown of Predevelopment Costs incurred through the Closing Date, and RTD shall, as a condition of Closing, reimburse Catellus for all Predevelopment Costs incurred by Catellus to the Closing Date and not previously reimbursed pursuant to Section 5.5.1, provided such Predevelopment Costs have been submitted to RTD in sufficient time to permit RTD to exercise its approval rights pursuant to Section 5.5.1 and then, only to the extent such costs are approved by RTD.

2.2.5 Financing. The Parties shall have prepared a preliminary Financial Plan with respect to funding of Phase I, Phase II to the extent feasible, and the Public Transit Improvements, as more fully described in Section 5.2.1. RTD shall have obtained funds or financing with respect to acquisition of the Public Transit Use Areas, construction of the Public Transit Improvements and the Closing Price, in amounts and from sources determined by RTD in its sole discretion and Catellus in its reasonable discretion to be appropriate for such acquisition and construction.

With respect to Phase I Improvements financing, as a condition precedent to Closing for the sole benefit of RTD, RTD shall be satisfied in its sole discretion that it can finance Phase I with tax-exempt funds. As a condition of Closing solely for the benefit of RTD and notwithstanding any other provision of this Agreement, the parties agree that certain provisions of this Agreement (including definitions and terminology) will be amended to the extent necessary to permit, in the opinion of bond counsel selected by RTD, the tax-exempt financing of, at least, the portion of the Project to be financed by RTD. However, neither Party shall be obligated to make any such amendment if the same adversely affects the economic rights or benefits conferred upon that Party under this Agreement or imposes upon it additional obligations or burdens, and if such changes are rejected by Catellus, it shall be grounds for good faith termination of this Agreement by RTD. In addition, RTD shall be satisfied in its sole discretion and shall have shown to Catellus' reasonable satisfaction (taking into account the fact that, at the time of Closing, RTD shall be at a preliminary stage with respect to design, construction and financing of Phase I, the size and phasing of the Phase I Improvements and the fact that the approvals required to permit construction of the Phase I Improvements shall not have been obtained) that RTD, subject to applicable laws and regulations, including CEQA compliance, is willing and able to raise sufficient funds to pay for the estimated cost of constructing the Phase I Improvements, in an amount at least equal to the estimate of the aggregate cost thereof as set forth in the Budget. The raising of such funds may be from the issuance of taxable or tax-exempt financing, at RTD's election. There shall be a presumption (rebuttable by Catellus only upon a showing that RTD does not have such willingness or ability by objective evidence upon which a reasonably prudent businessperson would rely) that said proof of willingness and ability has been met upon RTD's delivery to Catellus of a Financial Plan complying with said Budget and letters addressed to Catellus from each of the following:

(i) bond counsel reasonably satisfactory to Catellus stating that such bond counsel is prepared to issue its opinion favorably opining as to the ability of RTD to issue certificates of participation for construction of the Phase I Improvements, taking into consideration the requirements of this Agreement; and

(ii) an underwriter reasonably satisfactory to Catellus stating that such underwriter has been retained initially by RTD with respect to the feasibility of issuance of such certificates of participation.

2.2.6 Work Plans. The Parties shall, at a minimum, have prepared or caused to be prepared and mutually approved Design Development Documents with respect to Phase I. The Parties shall finalize the plan for the proposed Project parking in a manner which meets, at a minimum, the standards set forth in Sections 1.2.1.2, 1.2.2.2 and 1.2.3. The exact number and location of Phase I Public Parking shall be described in the Phase I Design Development Documents and approved by the Parties as a condition precedent to Closing. As a condition precedent to Closing solely for the benefit of RTD, the exact number and location of Phase II Public Parking shall be described in schematic design documents and approved by RTD. Notwithstanding the foregoing sentence, if the schematic design documents for the entirety of Phase II are prepared to the satisfaction of Catellus prior to Closing, then RTD shall be required to approve such document as a condition precedent to Closing. The schematic design documents for the Phase I Public Parking and the Phase II Public Parking may be combined in the same documents. Waiver by RTD of its approval of the Phase II schematic design documents as a condition to Closing shall not deprive RTD of its rights to review and approve such documents upon their completion. Approval by RTD of the Design Development Documents for Phase I shall constitute RTD's agreement that the Phase I Improvements, if constructed in accordance with such Design Development Documents, constitutes a Signature Building. The Parties shall jointly agree on the planning, financing, design and construction objectives and criteria for Phase II.

2.2.7 Schedules. The Parties shall have prepared or caused to be prepared and mutually agreed upon preliminary Predevelopment Period and Project Schedules.

2.2.8 FAR/Entitlements/Approvals. RTD shall have received from the City or appropriate departments thereof written confirmation that the City concurs with RTD's assumption of Lead Agency status under CEQA (with respect to both Phase I and Phase II), and written confirmation from the City or appropriate departments thereof that as to Phase I, RTD is exempt from or in compliance with the provisions of the Los Angeles Planning and Zoning Code. Said written confirmations shall be in form and substance satisfactory to Catellus in its reasonable discretion. With respect to Parcel 2, the City shall have accepted, or confirmed in writing (in form and substance satisfactory to Catellus in its reasonable discretion) that it will accept, if complete, an application for the Phase II development which shall contain both Parcel 2 and the Metro Plaza Site, proposing to credit to Parcel 2 FAR entitlements which would otherwise be available for the benefit of the latter, up to the number established pursuant to Section 2.1.13. Notwithstanding the foregoing, RTD shall have the right to terminate this Agreement if it determines in its reasonable discretion that CEQA or other requirements or approvals necessitated in connection with City approval of said written confirmations shall delay the Closing to such an extent that the Phase I Public Transit Improvements will be delayed beyond the later of the Revenue Operation Date or June 1, 1993.

2.2.9 Subdivision Approval. The Governmental Authorities in question shall be ready, willing and able to subdivide the Site into Parcel 1 and Parcel 2 in the manner shown in Exhibit A or otherwise as agreed to by the Parties. The Parties shall seek a lot line adjustment and if the City approves that form of processing of parcel division, the Parties shall proceed to Closing. If more complex methods of Subdivision are required, the Parties shall, as a Closing Condition, obtain such Subdivision in the manner requested by the City prior to Closing. In the latter event or if CEQA determinations are required with respect thereto, either Party may terminate this Agreement pursuant to Section 8.1 if it determines, in its reasonable discretion, that the Subdivision approval in question cannot be

accomplished by a method and within a time period agreeable to such Party. The Subdivision required to create Parcel 1 and Parcel 2 shall be recorded at, and not before, Closing. Other Subdivision required pursuant to this Agreement may be undertaken either at or following Closing.

2.2.10 Street Vacation and Realignment.

2.2.10.1 Vignes Street Realignment. As a condition solely for the benefit of Catellus, Catellus shall be satisfied in its sole discretion that the Vignes Street realignment (including acquisition by RTD of the portions of the Additional Land not currently owned by Catellus) is both feasible and sufficient to allow Phase II to be developed substantially as contemplated by this Agreement and that it is likely to occur within three (3) years after the Closing Date generally in the manner shown in Exhibit A-3 (or in a manner otherwise satisfactory to Catellus in its sole discretion). Prior to terminating this Agreement pursuant to this paragraph, Catellus shall (a) consult with the Governmental Authorities and seek to ascertain their views and available options, if any, and (b) consult with RTD in order to explore mutually agreeable development alternatives.

2.2.10.2 Other Street Vacation. The Parties shall use good faith efforts to determine no later than Closing all of the terms and conditions which the City requires as preconditions to the vacation of the portion of Vignes Street described in Section 2.2.10.1 and the portions of Ramirez, Lyon and Vignes Streets located upon the Site, as shown on Exhibit A-3. The Parties shall be mutually satisfied in their sole discretion, upon determination of said terms and conditions, as to the likely costs and expenses of complying therewith or they shall otherwise deal with such terms and conditions to their mutual satisfaction. Any such costs and expenses mutually approved by the Parties as aforesaid shall be divided between the Parties pursuant to the Cost Allocations.

2.2.11 Physical/Environmental Project Area Review. RTD shall have reviewed the physical suitability of the portions of the Project Area to be acquired by it (in fee or by easement) and Catellus shall have reviewed the physical suitability of the portions of the Project Area to be acquired by it for purposes of development and construction of the Project and, each Party having identified items requiring activity on property owned or controlled by the other, such items shall be resolved either by Remediation in a manner reasonably satisfactory to the Party requesting the work, or by execution of a Remediation Agreement by the Parties, containing a Remediation plan acceptable to each Party in its sole discretion, all in accordance with the provisions of Section 2.1.15. Physical site suitability shall include traffic, soil, groundwater, air quality, geological/seismic, the presence of hazardous or toxic wastes, materials or substances and archaeological conditions on the respective parcels.

2.2.12 Reciprocal Easement and Operating Agreement. The Parties shall have prepared the REOA (which shall be held for formal approval by the Board of Directors and execution pursuant to Section 2.1.18, pending CEQA approval with respect to the Phase I Improvements and the Phase II Improvements) which shall include Design Guidelines, the Management Standards and description of the JMC and Management Areas mutually acceptable to the Parties.

2.2.13 Tunnel Access. As a condition concurrent to Closing, the Parties shall have prepared, approved and executed a Tunnel Access Agreement by which RTD shall receive from Catellus (and any other parties having an interest therein as required by RTD) a permanent, non-exclusive, insurable right of access for the public from public thoroughfares to and through the Tunnel, from

Vignes Street to the East Portal and from Alameda Street to the west entrance of Metro Rail and the Tunnel located at Union Station. Subject to the provisions of Section 5.4.5, RTD shall not be required to purchase the aforesaid rights from Catellus or from any other party having an interest therein.

2.2.14 Main Concourse. The Parties shall commence the feasibility study described in Section 1.2.4.1.

2.2.15 Traffic Study. The Parties shall agree upon a traffic consultant, allocate funds required to conduct, and authorize and cause such consultant to commence a traffic and transportation study with respect to the Site. The cost of the traffic study shall be allocated pursuant to the Cost Allocations.

2.2.16 Public Transit Use Areas. As a condition precedent to Closing, the Parties shall have prepared a Public Transit Use Agreement with attachments as described in Section 9, containing the terms set forth in Exhibit D-1 and such other items as the Parties may agree to include. The Parties shall establish in the Public Transit Use Agreement the metes and bounds description of the Public Transit Use Areas and shall prepare, agree upon and attach the Map of Use Areas (substantially as shown on Exhibit D-2) and the Public Transit Use Area List (permitting construction of improvements as described on Exhibit D-1 and shown on Exhibit D-3) each as more fully described in Section 9. The Public Transit Use Agreement shall be recorded concurrently with Closing as a condition thereof.

2.2.17 Utilities. The Parties shall ascertain that utilities, including water, sewer, electricity, telephone and gas are sufficiently available at commercially reasonable cost for use on the Site to support the uses of the Site proposed in this Agreement.

2.2.18 Flood Zone. The Parties shall determine the ramifications of location in a flood zone on financing and development of the Project Area. Inability to develop the Project Area as proposed in this Agreement due to flood zone issues shall be cause to terminate the Agreement, pursuant to the provisions of Section 8.1.

2.2.19 Leasing Criteria. The Parties shall agree on Leasing Criteria with respect to Phase II.

2.2.20 Design and Construction Documents. The Parties shall form Gateway as a not-for-profit corporation in accordance with the laws of the State of California, RTD and Gateway shall enter into the Design and Construction Agreement and Catellus and Gateway shall enter into a Construction Management Agreement in the form and substance of Exhibit F.

2.3 Closing Representations and Warranties. Each Party hereby represents and warrants to the other, for itself, as to the items set forth in the following paragraphs. Where included, "to the best of its knowledge and belief" means, with respect to Catellus, only matters or facts actually known to its officers and directors and personnel involved in this Project, the Project Area or development of Union Station (and shall not include knowledge of matters or facts known to any personnel of its predecessor Santa Fe Pacific Corporation, unless actually known also to such officers and directors of Catellus); with respect to RTD, shall mean only matters or facts actually known to the Joint Headquarters Development Committee (past and present members) of RTD since its founding in September, 1990; and with respect to either Party, shall not include deemed or imputed knowledge, but shall include a requirement of investigation into facts known to any of said individuals which a reasonably prudent businessperson would have acted upon in making further investigations, but excludes any further duty of investigation. RTD represents and

warrants that the RTD Joint Headquarters Committee includes all RTD personnel who are involved in this Project, the Project Area or development of RTD's property at the Site.

2.3.1 No Defaults. It is not in default with respect to any of its obligations or liabilities pertaining to any portion of the Project Area, and there are not now any state of facts or circumstances or conditions or events which, after notice or lapse of time, or both, would constitute or result in any such default.

2.3.2 Binding Agreement and Authority. This Agreement and the agreements herein provided to be executed by the Parties are duly authorized, executed and delivered by and are binding upon the same. It is duly authorized and qualified to do all things required of it under this Agreement. Except as set forth in this Agreement, nothing prohibits or restricts its right or ability to close the transactions contemplated hereunder and carry out the terms hereof. Neither this Agreement nor any Development Document nor anything provided in or contemplated by this Agreement or any Development Document does now breach, invalidate, cancel, make inoperative or interfere with or result in the acceleration of maturity of any contract, agreement, lease, easement, right or interest affecting or relating to itself or any portion of the Project Area.

2.3.3 Compliance with Law. Except as set forth on Exhibits H-1 and H-2, it has not received any written notice that, nor to its best knowledge and belief do, any Governmental Authorities or any employee or official thereof consider the Project Area or any portion thereof to have failed to comply with any law, ordinance, regulation or order or that any investigation has been commenced or is contemplated respecting any such possible failure of compliance, and that there are no unsatisfied written requests for repairs, restorations, remediation or improvements from any person, entity or authority, including, but not limited to, any Governmental Authority.

2.3.4 No Governmental Actions. There are no actions, suits or proceedings pending nor, to the best of its knowledge and belief, threatened before or by any judicial body or any Governmental Authority other than RTD (and as shown on Exhibit I-1) against or affecting the Project Area or any portion thereof, except as indicated on Exhibits I-1 and I-2.

2.3.5 No Condemnation. There are no pending nor, to the best of its knowledge and belief, other than with respect to Vignes Street realignment, contemplated condemnation or annexation proceedings by Governmental Authorities other than RTD (and as shown on Exhibit I-1) affecting the Project Area or any part thereof, nor any intended public improvements which will result in any charge being levied or assessed against the Project Area or in the creation of any lien upon the Project Area, other than as contemplated by this Agreement, except as indicated on Exhibits I-1 and I-2.

2.3.6 No Leases. There are no leases, licenses, easements or other agreements entered into by it which permit, nor to the best of its knowledge and belief are there any other leases, licenses, easements or agreements nor has it entered into any course of conduct which would permit any person or entity to occupy any portion of the Project Area or otherwise affecting the Project Area or any part thereof, except as set forth or referred to on Exhibits J-1 and J-2, and to the best of its knowledge and belief, there are no service contracts affecting the Project Area, except as set forth on Exhibits K-1 and K-2.

2.3.7 No Commitments. To the best of its knowledge and belief, it has not entered into any agreement with any Governmental Authority, which agreement relates to the Project

Area or imposes upon it or its successors or assigns any obligation to pay or contribute property or money or to construct, install or maintain any improvements on or off the Project Area, except as set forth on Exhibits L-1 and L-2.

2.3.8 No Taxes. To the best of its knowledge and belief, except for the lien for current, non-delinquent property taxes, it does not have any liability for any taxes, nor any interest or penalty in respect thereof, of any nature that may be assessed against the owner of the Project Area or become a lien against the Project Area.

2.3.9 Access. To the best of its knowledge and belief, there are no facts or conditions which will result in the termination of the present access from the Project Area to any utility services or to public roads, except as set forth in this Agreement.

2.3.10 No Impediments. To the best of its knowledge and belief, no changes are contemplated in any applicable laws, ordinances, or restrictions, or any judicial or administrative action, no actions are contemplated by adjacent landowners, and no natural or artificial conditions (other than potential physical environmental hazards) upon the Project Area or any portion thereof exists which would prevent, limit or impede the development or use thereof for the Project.

2.4 Closing Procedure.

2.4.1 Closing. Within fifteen (15) business days after satisfaction or waiver of the Closing Conditions set forth in Section 2.2, the Parties shall open Escrow with a qualified escrow agent licensed to do business in the State of California mutually acceptable to them ("Escrow Agent"), through which the Closing shall be consummated. If said satisfaction or waiver shall not have occurred on or before February 19, 1992 (as such date may be extended as described below, the "Satisfaction Date"), then either Party shall have the right to terminate this Agreement by provision of written notice to the other Party on or before such Satisfaction Date in accordance with Section 8.1. In the event that neither Party timely terminates this Agreement as aforesaid, then the Satisfaction Date shall automatically and successively be extended to the first business day occurring on successive thirty (30) day increments thereafter which shall then become the Satisfaction Date, and on or before each such date, either Party may terminate this Agreement by the aforesaid procedure. Failure to terminate on or before any Satisfaction Date shall automatically extend such date as aforesaid, but in no event may the Satisfaction Date be extended beyond December 15, 1996 (the "Final Satisfaction Date") and this Agreement shall automatically terminate on the date which is thirty (30) days after the Final Satisfaction Date if satisfaction or waiver shall not have occurred by such date. If said satisfaction or waiver shall have occurred on or before any Satisfaction Date, however, then the Parties shall thereupon establish a Closing Date to be no later than two (2) months after such Satisfaction Date and shall diligently proceed to fulfill the Closing Requirements set forth on Exhibit G. Within five (5) business days after opening escrow, Closing instructions mutually acceptable to the Parties and their counsel including the Closing Requirements attached as Exhibit G shall be delivered to Escrow Agent, which shall thereby be authorized and instructed to deliver pursuant to the terms thereof documents and monies to be deposited into Escrow. The obligation of each Party to consummate the Closing is subject to satisfaction or waiver of the conditions for such Party's benefit set forth in Exhibit G through the Closing Date. Upon waiver or satisfaction of any Closing Condition or Closing Requirement, such waiver or satisfaction cannot be rescinded by the Party entitled to satisfaction or waiver, unless a Change in Circumstance has occurred pertaining to the matter in question, in which event said

Party may rescind on or prior to the Closing Date. The Escrow Agent shall be permitted to attach to such instructions its standard form escrow agreement which shall be incorporated into such instructions to the extent consistent therewith, and for the benefit of Escrow Agent. Neither Party shall, during the term of this Agreement, through and including the Closing Date, affect title to or possession of the portions of the Project Area owned by it except as may be agreed to by the Parties in writing. Fee title to Parcel 1 subject to the Permitted Exceptions shall be delivered to RTD by Grant Deed in the form and substance of Exhibit P-1 at Closing. Fee title to Parcel 2, subject to the Permitted Exceptions and to conditions to street vacation imposed by the City, shall be delivered to Catellus by Grant Deed in the form and substance of Exhibit P-2 at Closing. Simultaneously with Closing, Escrow Agent shall record the Grant Deeds, the Public Transit Use Agreement (establishing the Public Transit Use Areas, the rights and use restrictions thereon and the grant from Catellus to RTD of a Public Transit Easement upon Parcel 2, the Additional Land and the West Property as described in Section 1.1.2), the Memorandum of Development Agreement (substantially in the form attached as Exhibit R) and the Tunnel Access Agreement.

2.4.2 Payment. In consideration for the exchange of the Parties' respective fee interests in the Site and the grant of all easements, including the Public Transit Easements (whether granted at or at any time following Closing), RTD shall timely deliver to Escrow Agent immediately available funds in an amount sufficient for Escrow Agent to deliver to Catellus at Closing the Closing Price.

2.5 Public Transit Conditions. The following tasks are to be carried out by the Parties following Closing and are in each instance to be either satisfied by the Parties or waived by the benefited Party prior to the Public Transit Construction Start Date, as a condition to the construction of the Phase I Public Transit Improvements. Upon satisfaction or waiver of all of the Public Transit Conditions, the Phase I Public Transit Improvements shall be constructed in accordance with the provisions of the Design and Construction Agreement.

2.5.1 Budget and Financial Plan. RTD and Gateway shall have prepared a finalized and detailed Predevelopment Budget, Phase I Public Transit Budget and Financial Plan with respect to Phase I. The Financial Plan shall include the Cost Allocations.

2.5.2 Financing. RTD shall have assured itself and Catellus, each in their sole discretion, that it has raised sufficient funds to pay for the estimated cost of constructing the Phase I Public Transit Improvements, pursuant to Section 5.

2.5.3 Construction Documents. RTD and Gateway shall have completed and mutually approved the Construction Documents with respect to the Phase I Public Transit Improvements and to the extent required to commence construction of such improvements, the Construction Documents relating to the Phase I Improvements shall also be approved. All such Construction Documents shall be consistent with the previously approved Design Development Documents.

2.5.4 Schedules. RTD and Gateway shall have completed and mutually approved the Project Schedule with respect to the Phase I Public Transit Improvements, which schedule shall provide for substantial completion of the Phase I Public Transit Improvements no later than the later of June 1, 1993 or the Revenue Operation Date, unless otherwise agreed. RTD acknowledges that said date cannot be met unless RTD is able to secure all financing and sufficient permits and government approvals to allow the Public Transit Construction Start Date to occur on or before

March 1, 1992. If such date cannot be met, the Project Schedule shall be revised and a new Project Schedule shall be prepared and approved by RTD and Gateway in accordance with the requirements of the Design and Construction Agreement.

2.5.5 Permits/Approvals. Gateway shall have obtained such plan check approvals and grading and building permits with respect to the Phase I Public Transit Improvements, if any, as are required by the City (which approvals may be set forth in the writing, confirmation or acceptance of the City referred to in Section 2.2.8) or such other permits or approvals, if any, as are required by Governmental Authorities as a condition precedent to commencement of construction of such improvements.

2.5.6 CEQA Documents. Such CEQA documents as may be required with respect to the Phase I Public Transit Improvements shall be completed and certified by the Lead Agency therefor and the time period for challenges shall have elapsed.

2.5.7 Contractors, Vendors, Suppliers. Contractors, vendors and suppliers shall have been chosen for the Phase I Public Transit Improvements pursuant to the Design and Construction Agreement, and all goals for DBE contracting established by RTD (as shown in Exhibits O-1 and O-2) with respect to such construction shall have been met.

2.6 Phase I Improvements Conditions. In addition to the Public Transit Conditions which must be satisfied or waived prior to the Phase I Improvements Construction Start Date, the following Phase I Improvements Conditions must be satisfied or waived by the benefited Party prior to the Phase I Improvements Construction Start Date.

2.6.1 Budget and Financial Plan. RTD and Gateway shall have prepared or caused to be prepared a finalized and detailed Phase I Improvements Budget, pursuant to Section 5.

2.6.2 Financing. RTD shall have assured itself and Catellus, each in their sole discretion, that it has raised sufficient funds to pay for the estimated cost of constructing the Phase I Improvements.

2.6.3 Construction Documents. RTD and Gateway shall have completed and mutually approved the Construction Documents with respect to the Phase I Improvements. All such Construction Documents shall be consistent with the previously approved Design Development Documents.

2.6.4 Schedules. RTD and Gateway shall have completed and mutually approved the Project Schedule for the Phase I Improvements, which schedule shall be consistent with the required schedule of completion for the Public Transit Improvements and the Phase I Improvements. Gateway shall seek to cause the third parties contracting with it with respect to such construction to substantially complete (i.e., readiness for move-in) the Phase I Improvements on or before September 1, 1994 or by such other date as the RTD and Gateway may agree in the Project Schedule. Unless all environmental impact and building approvals are secured on or before September 30, 1992, said date cannot be met and the Project Schedule will be revised and a new Project Schedule shall be prepared and approved by RTD and Gateway in accordance with the Design and Construction Agreement.

2.6.5 Permits/Approvals. Gateway shall have obtained such plan check approvals and grading and building permits, if any, as are required by the City with respect to the Phase I Improvements (which approvals may be set forth in the writing, confirmation or acceptance of the City referred to in Section 2.2.8) or such other permits or approvals, if any, required by Governmental Authorities as a condition precedent to commencement of construction of such improvements.

2.6.6 CEQA Documents. The Lead Agency shall have completed and certified all environmental documents in connection with Phase I and such other portions of the Project as are required to satisfy CEQA and the time period for challenges shall have elapsed.

2.6.7 Contractors, Vendors, Suppliers. Contractors, vendors and suppliers shall have been chosen for Phase I pursuant to the Design and Construction Agreement and all goals for DBE contracting established by RTD (as shown on Exhibits O-1 and O-2) with respect to such construction shall have been met.

2.6.8 Main Concourse. The Parties shall have completed the Main Concourse feasibility study described in Section 1.2.4.1. If the Parties determine to construct the Main Concourse as part of Phase I, provisions for the Main Concourse must be included in the Phase I Budget, Financial Plan, Work Plans and Project Schedule described in this Section 2.6 and shall be subject to Cost Allocation as described in Section 5.4.

2.6.9 Traffic Study. The Parties shall have completed the traffic study and the CEQA documents shall reflect the results of such study. Conclusions of the study shall have been incorporated into the Design Development Documents and the Construction Documents for the Phase I Improvements, as appropriate.

SECTION 3. PHASE I DEVELOPMENT

3.1 Development of Phase I and the Phase II Public Parking. Within thirty (30) days following the effective date of this Agreement, RTD shall execute the Design and Construction Agreement with Gateway imposing upon Gateway the obligation to design and timely construct Phase I and, unless otherwise requested by RTD, the Phase II Public Transit Improvements. The Parties shall each own fifty percent (50%) of Gateway. Gateway shall have six (6) directors of whom three (3) shall be appointed by each of the Parties. Gateway shall enter into such agreements as it deems necessary, appropriate or convenient to discharge the obligations of Gateway to RTD under the Design and Construction Agreement including an agreement with (i) the Architect, (ii) the contractor(s) chosen to construct the above-described improvements, (iii) Catellus (requiring performance of the construction management obligations set forth in Exhibit F attached hereto) and (iv) RTD (requiring payment, procurement of services, environmental assessment, monitoring and such other approval as may be required by the Parties). Each Party hereby releases the other from all claims or causes of action arising from acts, failure to act, malfeasance or negligence with respect to design and construction of the aforesaid improvements except that the foregoing is not intended nor shall it be deemed to release either Party from (i) contractual obligations created between it and Gateway including the construction management duties and obligations of Catellus to Gateway as described in clause (iii) above and the obligations of RTD to Gateway as described in clause (iv) above and (ii) any claim that Gateway may bring against RTD or Catellus in respect to alleged breaches of such Party's obligations to Gateway under the aforesaid agreements. All costs, fees and expenses of Gateway in defending against lawsuits and claims of any kind which may be brought against it shall, to the extent not covered by insurance, be paid or funded as Project Costs.

If approved by Gateway, either Party may assign contracts for services which it has procured in connection with the aforesaid development to Gateway, and Gateway shall assume all liability therein imposed upon the assignor.

3.2 RTD Headquarters Commitment. To ensure that construction of the Phase I Improvements is a priority, RTD shall construct its headquarters office facilities (comprising at least 350,000 Rentable Square Feet) on Parcel 1 prior to construction of a headquarters office facility (i.e., a facility designed to house the offices of the General Manager of RTD and associated staff) in excess of 300,000 Rentable Square Feet within a one-mile radius of the perimeter property boundaries of the Headquarters Site; provided however, that this provision shall not prohibit RTD from full development of the "Macy/Vignes site" (located diagonally across Macy and Vignes streets from the Headquarters Site) for whatever other purposes it desires so long as construction on such site is not for a headquarters office facility. Such covenant shall not be applicable if either of the following conditions occur: (a) RTD obtains the prior written consent of Catellus to the contrary, which consent shall be provided pursuant to Section 4.10 and may be withheld by Catellus in its sole discretion or (b) RTD determines, in its reasonable discretion prior to the tenth (10th) anniversary of the effective date of this Agreement, that construction of the Phase I Improvements is technically or economically infeasible (to be determined by Arbitration if Catellus disagrees.) This covenant shall terminate upon the earlier of (i) the tenth (10th) anniversary of the effective date of this Agreement; (ii) termination of this Agreement (unless such termination is caused by RTD following the Public Transit Construction Start Date and RTD is found by court or Arbitration to have terminated this Agreement in bad faith); or (iii) construction by RTD of a headquarters office facility of at least 350,000 Rentable Square Feet on the Site. If RTD fails to construct the Phase I Improvements on the Site, it shall not vest in the Phase II Improvements.

SECTION 4. PHASE II DEVELOPMENT

4.1 General. Phase II will consist, if at all, of development by Catellus on Parcel 2 of the Phase II Improvements and the Phase II Public Transit Improvements in accordance with the provisions of Sections 1.2.2 and 1.2.3, the Work Plans for Phase II to be mutually approved by the Parties during the Predevelopment Period, the Design Development Documents and the Construction Documents. The Phase II Construction Documents shall conform to the Design Guidelines, shall provide for the Phase II Public Transit Improvements, if requested by RTD pursuant to Section 4.2.2, and shall include finalized traffic and parking plans. Development by Catellus of the Phase II Improvements shall be subject to Catellus' determination, in its sole and absolute discretion, that the same is economically feasible and will provide reasonable investment return. Following Closing, Catellus shall have exclusive authority with respect to all aspects of construction of the Phase II Improvements except as otherwise explicitly set forth in this Section 4. All Phase II Public Transit Improvements shall be designed and constructed in accordance with RTD standards for such improvements. The Phase II Public Transit Improvements shall be designed in accordance with RTD's design program and standards, which may but need not exceed that program and those standards utilized with respect to the Phase I Public Transit Improvements. Construction of the Phase II Improvements shall not materially interfere with the completion of the Phase I Public Transit Improvements by the later of June 1, 1993 or the Revenue Operation Date, the continuing operation of such Phase I Public Transit Improvements following such date, or the construction or operation of the Phase I Improvements within the time schedule established herein.

4.2 Phase II Development. Catellus may develop Parcel 2 only as described in Section 1.2 and in this Section 4, and RTD shall have certain income and equity rights therein as described in Sections 6.1.3 and 6.1.5. The Phase II Improvements shall, at a minimum, meet the building standards of the Phase I

Improvements, provided that the Phase I Improvements have not been built to extraordinary standards as measured by standard development practice in the downtown Los Angeles market.

4.2.1 Catellus Phase II Commitment. To ensure that construction of the Required Phase II Square Footage is a priority, unless Catellus obtains the prior written consent of RTD to the contrary, which consent shall be provided pursuant to Section 4.10 and may be withheld by RTD in its sole discretion (a) Catellus shall construct the Required Phase II Square Footage on Parcel 2 prior to carrying out any other construction (exclusive of parking) on such parcel, and (b) Catellus shall not obtain a building permit with respect to a Competing Project until the earlier to occur of (i) Catellus' reasonable determination prior to the tenth (10th) anniversary of the effective date of this Agreement of technical or economic infeasibility of the Phase II Improvements (to be determined by Arbitration if RTD disagrees); or (ii) execution of leases with tenants for a minimum of seventy-five percent (75%) of the Required Phase II Square Footage (but in no event less than 450,000 Rentable Square Feet) and (x) if the Required Phase II Square Footage is contained in one building, or more than one building if the construction of such buildings is simultaneously commenced, acquisition of a funding commitment with respect to construction of said building(s) or (y) if the Required Phase II Square Footage is to be contained in more than one building and the buildings are not simultaneously commenced, commencement of construction of the final increment of the Required Phase II Square Footage. "Competing Project" means a commercial office development (aa) comprising at least 300,000 Rentable Square Feet; (bb) intended to be occupied by any New Tenant requiring a minimum of 100,000 Rentable Square Feet (said square footage to be determined by including Rentable Square Footage available to the proposed tenant by option exercisable within ten (10) years following the Phase I Move In Date); and (cc) located within the boundaries of the "Civic Center" and/or a one (1) mile radius of the perimeter property boundaries of Union Station, excepting therefrom the property currently owned by Catellus at Third Street and Santa Fe. Upon request by Catellus, RTD may, in its sole discretion, agree in writing to exclude from the aforesaid noncompete requirements specific parcels of property owned by Catellus and/or specific potential New Tenants on a case-by-case basis. The Parties hereby agree that an agreement by Catellus to develop a headquarters on property other than Parcel 2 for the Los Angeles Police Department shall not be subject to this noncompete clause. "New Tenant" means any potential commercial office tenant other than one (i) whose proposed lease in the Phase II Improvements RTD has disapproved or failed to approve pursuant to Section 7.3.2 or (ii) as to which Catellus demonstrates to RTD's satisfaction, determined in RTD's sole discretion, that Catellus has made a good faith effort to lease that portion of the Required Phase II Square Footage meeting the square footage requirements of the New Tenant.

This covenant shall terminate upon the earlier of (i) the tenth (10th) anniversary of the Phase I Move In Date; (ii) termination of this Agreement (unless such termination is caused by Catellus and Catellus is found by court or Arbitration to have terminated this Agreement in bad faith); or (iii) construction of the Required Phase II Square Footage on Parcel 2.

4.2.2 Phase II Public Parking. As a part of the Public Transit Use Areas owned by it, RTD shall have a Public Transit Easement constituting a perpetual easement upon the Phase II Public Parking Area permitting it at its sole cost and expense to construct, use, maintain, repair and access for itself and its permittees the Phase II Public Parking (see Section 1.2.3.2 and Exhibit A-4), in accordance with the provisions of Section 1.2.3.2 or as described below. The Public Transit

Easement with respect to the Parcel 2 Public Parking Area (see Section 1.2.3.2) shall be subject to the physical feasibility of incorporating the Phase II Public Parking into the design of the Phase II Improvements. The Phase II Public Parking shall be constructed concurrently with the Phase I Public Parking, unless otherwise determined by RTD. To the extent that all or any portion of the Phase II Public Parking is not constructed concurrently with Phase I Public Parking as described in Section 1.2.3.2, RTD shall continue to have the right to construct such Phase II Public Parking in the Parcel 2 Public Parking Area (or elsewhere, as described in this Section), in accordance with the following terms and conditions. The rights described in this Section 4.2.2 shall continue in effect until such time as all of the Phase II Public Parking has been constructed by RTD or has forfeited the right to construct such parking in accordance with the following.

Upon (i) a determination by Catellus to proceed with Design Development Documents with respect to any development upon all or a portion of Parcel 2 or (ii) a determination by RTD to proceed with Design Development Documents for the Phase II Public Parking upon all or a portion of Parcel 2, whichever occurs first, such Party shall notify the other in writing of its intention to begin such activities (the "Phase II Notice").

4.2.2.1 In the case of clause (i) above, RTD shall have sixty (60) days from the date of receipt of the Phase II Notice to respond in writing to Catellus of RTD's intention to proceed with design and construction of the Phase II Public Parking (as described in Section 1.2.3.2 or as otherwise agreed by the Parties), upon the portion(s) of the Parcel 2 Public Parking Area on which Catellus intends to commence construction, subject to approval of funding by the RTD Board of Directors which approval shall be obtained within sixty (60) days following submission by Catellus to RTD of a proposal which contains sufficient information, in RTD's reasonable discretion, to permit the Board of Directors of RTD to approve financing therefor. If RTD determines to pursue construction of such public parking it shall direct Catellus to cause design and construction of such parking as part of Phase II construction and at RTD's sole cost and expense except as provided in Section 5.4 or in the Cost Allocations. RTD shall forfeit the right to construct on the portion of Parcel 2 upon which Catellus constructs improvements in accordance with such Phase II Notice, any spaces which it does not require to be constructed thereon in accordance with the foregoing. However, the foregoing shall not limit RTD's rights with respect to construction of Phase II Public Parking in any portion of the Parcel 2 Public Parking Area in which Catellus does not construct improvements pursuant to the foregoing notice.

4.2.2.2 In the case of clause (ii) above, Catellus shall have sixty (60) days from the date of receipt of the Phase II Notice to make an initial determination of whether it wishes to construct additional improvements over the parking structures proposed by RTD. If it does, then the Parties shall mutually agree as to the design and construction issues either as set forth in Sections 4.1, 4.3, 4.6 and 4.7, with respect to the Phase II Improvements, or otherwise as mutually agreed. If Catellus informs RTD that it does not intend to cause construction of such improvements, or fails to respond in writing within the sixty (60) day period allotted therefor, then unless Catellus makes the election provided for in Section 4.2.2.1, RTD may proceed to cause construction on the portion of Parcel 2 indicated on the Phase II Notice of the number of spaces agreed upon by the Parties to constitute the Phase II Public Parking (and not previously constructed), in a location and pursuant to Construction Documents caused to be prepared by and reasonably acceptable to the Parties. RTD shall be permitted to construct such parking above grade unless (a) such parking spaces are to be constructed as part of a larger construction project necessitating

below grade construction or (b) Catellus requests in writing that construction be constructed below grade, and in either case, provided that Catellus pays all of the Additional Costs associated with such construction calculated in accordance with Section 5.4.1.4 (and not merely those prescribed by the \$1.50 per Rentable Square Foot formula), either by allocation from the Budget for such improvements or by other method approved by RTD in its sole discretion. Catellus shall be permitted to demolish, modify or reconstruct any RTD parking facility constructed on Parcel 2 prior to construction of the Phase II Improvements in order to permit construction of the Phase II Improvements thereon, provided that all costs of such demolition, modification or reconstruction shall be borne by Catellus. Any such action shall not unreasonably interfere with access to and use of the public parking facilities by RTD and the general public, or alternatively, Catellus shall provide during the course of such reconstruction at least the same number of parking spaces in an alternative location no further than 1000 feet from the East Portal or the West Entrance to Metro Rail, which shall be allocated exclusively to public parking and from which RTD shall derive all revenues. Such use shall be at no additional expense to RTD. All plans for demolition, modification, reconstruction and relocation shall be approved by RTD in advance of construction provided that such approval shall not be unreasonably withheld or delayed.

4.2.2.3 Notwithstanding the provisions of Sections 4.2.2.1 and 4.2.2.2, Catellus shall have the right at its election exercisable in its sole discretion, to designate, by written notice to RTD delivered within the sixty (60) day period following issuance of any Phase II Notice, an alternative site to Parcel 2 for construction and/or relocation of all or a portion of the Phase II Public Parking, provided that Catellus has title to such site or obtains written agreement from the owner of such site permitting such use and Catellus is able to and does in fact provide to RTD a Public Transit Easement permitting construction of the Phase II Public Parking or such portion thereof on said alternative site in a location reasonably acceptable to RTD and Catellus within 1000 feet of the East Portal or the West Entrance to Metro Rail. As soon as practicable after its exercise of such election, and in no event later than the earlier of (i) commencement of Construction Documents for the Phase II Improvements or (ii) six (6) months after the date of such election, Catellus shall grant to RTD all such Public Transit Easements as may be needed for access to and ingress and egress from, and for the construction, use, occupancy, repair and maintenance of, the public parking spaces and ancillary facilities in the alternative location(s). The property upon which such easements are granted shall become part of the Public Transit Use Area.

(a) If the parking spaces to which Catellus wishes to relocate RTD (the "Replacement Spaces") have not previously been constructed, and the portion of the Phase II Public Parking corresponding to such Replacement Spaces has not been constructed on Parcel 2, construction of the Replacement Spaces shall constitute Public Transit Improvements and the cost of such construction (if the spaces are located below grade) shall be allocated as Additional Costs between the Parties as described in Section 5.4.1.4 and otherwise financed and borne by RTD. In that event, the property upon which the Replacement Spaces are to be located shall be deemed a Phase II Public Parking Area, construction of such spaces shall constitute construction of the Phase II Public Parking and RTD shall have the right to review and approve design, location, and schedule of construction and Budget with respect to such construction as described in Section 4. RTD shall not be required to construct such spaces at the time of relocation but shall instead be permitted, at any time thereafter, to make one request for construction of public parking spaces in the alternate Public Transit Easement and in association with that request may cause construction of the balance of the Phase II Public Parking.

(b) If RTD has previously constructed upon Parcel 2 the Phase II Public Parking spaces which Catellus desires to relocate but Catellus has not previously constructed the Replacement Spaces, then Catellus shall be permitted to relocate such spaces if and only if (i) it obtains the approval of RTD with respect to design, construction, budget and location of the Replacement Spaces and (ii) construction of the Replacement Spaces is at Catellus' sole cost and expense. In constructing the Replacement Spaces, Catellus shall be required to place such spaces below grade if the existing public spaces were constructed below grade; however, such spaces shall be otherwise in form determined by Catellus, subject to reasonable approval by RTD.

(c) If the Replacement Spaces have previously been constructed, then,

(i) if RTD has not previously constructed the portion of Phase II Public Parking corresponding to the Replacement Spaces, RTD may choose in its sole discretion to purchase from Catellus its rights in the Replacement Spaces, in which event RTD and Catellus shall negotiate with respect to the cost of the Replacement Spaces, which cost shall not exceed the cost of construction of the Replacement Spaces less Additional Costs due from Catellus to RTD, or

(ii) if RTD has previously constructed all or the portion of the Phase II Public Parking on Parcel 2 corresponding to the Replacement Spaces, the Parties shall exchange such spaces; provided, however, that no exchange shall take place unless (a) Catellus pays all costs associated with any sale or refinancing necessary to create substitution rights and/or to effectuate such substitution; and either (b) the financing then in place permits the substitution of collateral; or (c) Catellus covenants in favor of RTD and or its lender to provide for RTD's exclusive use of all or a portion of those parking spaces to be relocated. The Parties shall use best efforts (at no additional cost) to ensure that any financing documents entered into by either Party shall provide for a substitution of collateral in the event of an exchange of parking spaces in the manner described above.

All parking proposed to be relocated or reconstructed by Catellus pursuant to this Section 4.2.2 shall in RTD's reasonable judgment be in a comparable location (in terms of access to public roadways and Metro Rail and Public Transit Improvements) and of comparable utility (in terms of consolidation of operation and management, fee collection potential, cost of management and security) to the Parcel 2 Public Parking Area (with comparability subject to Arbitration if Catellus disagrees). In addition, if the Replacement Spaces have not been constructed at the time Catellus seeks to exercise its rights under this Section 4.2.2.3, then the design and construction of such Replacement Spaces shall be in accordance with RTD's design program and standards, as established by reference to the existing Phase II Public Parking being exchanged, if any. In the event of any relocation, RTD and Catellus shall agree as to which public parking spaces upon the Site shall be used in connection with non-transit improvements and which spaces (at Union Station or otherwise) shall be transferred to RTD for public use. If Catellus seeks to relocate only a portion of the Phase II Public Parking, in addition to the approval rights described above, RTD shall have the right to approve the number of spaces to be relocated, including those to be relocated pursuant to Section 4.2.2.3(b). In the event of a disagreement under the preceding sentence relating to the determination of which spaces on the Site shall be converted from public to private use or the location of the Replacement Spaces, the Parties shall submit the dispute to Arbitration. If the Parties exchange spaces or RTD purchases spaces pursuant to subparagraph (c)(i) above, the spaces allocated to public use shall be Public Transit Improvements and the spaces allocated to Catellus shall no longer be considered Public Transit

Improvements. RTD shall derive all revenue and incur all applicable costs and operating expenses (subject to reimbursement for Additional Costs) with respect to those spaces designated as Public Transit Improvements.

4.3 Phase II Budget. Prior to commencement of construction of the Phase II Improvements, RTD and Catellus shall assign estimated costs to Phase II in accordance with the Cost Allocations (to which the Parties shall theretofore have agreed pursuant to Section 2.2.4) in order to reimburse RTD for costs included in the Predevelopment Budget, the Phase I Improvements Budget, and the Public Transit Budget but allocated to Phase II, and RTD shall, pursuant to Section 5.5.2, participate in review, preparation and approval of the Phase II portion of the Public Transit Budget. The cost of the Phase II Improvements as estimated in the final Phase II Improvements Budget shall not exceed the fair market construction cost at such time of office buildings of similar size and quality located in downtown Los Angeles taking into account entitlement restrictions and requirements and construction conditions. The Phase II Budget shall be updated following determination of actual Infrastructure Costs to be covered by such development.

4.4 Contractors, Vendors, Suppliers. Catellus shall negotiate, approve and enter into contracts with contractors, vendors and suppliers as required for construction of Phase II. Contracts entered into by Catellus with respect to either general contracting or construction management for the Phase II Improvements shall not exceed amounts which a reasonable property owner would pay for an office building of similar size, quality and location. Contracts by Catellus with Affiliates shall not exceed the reasonable value of goods provided and services rendered thereby unless otherwise approved by RTD. Catellus shall furnish to RTD copies of each Major Contract entered into by Catellus pursuant to this paragraph promptly after the same is executed. Contracts with respect to the Phase II Public Transit Improvements shall meet the standards set forth for the Phase I Public Transit Improvements in this Agreement.

4.5 Status Reports to RTD. Catellus shall at a minimum provide reports to RTD quarterly until commencement of design of Phase II and monthly thereafter (and more frequently, if requested by RTD) regarding the status of marketing, leasing, predevelopment, construction and financing of the Phase II Improvements, commencing as of the effective date of this Agreement through the Phase II Occupancy Date and shall schedule and attend meetings reasonably requested by RTD with respect to Project construction, marketing, leasing and management.

4.6 RTD Approval Rights.

4.6.1 Phase II Improvements. If the Phase II Improvements are constructed, RTD shall have the right, in accordance with the procedures set forth in Section 4.10: (a) to review and reasonably approve design for the sole purpose of insuring that it conforms to the requirements of the REOA and the Design Guidelines and the previously approved schematic design documents for Phase II; (b) to review and reasonably approve the preparation and finalized versions of the schematic design documents (to the extent not previously approved pursuant to Section 2.2.6), Design Development Documents and the Construction Documents for the Phase II Improvements in order to insure that they constitute a logical progression of, and not a material departure from, the matters approved pursuant to clause (a) and that the parking and plaza portions of such improvements function architecturally and from an engineering standpoint together with the Phase II Public Transit Improvements (including, by way of example only, access; life safety systems; signage; and construction materials and systems); (c) to review and reasonably approve the preconstruction design and scheduling so as to have

the opportunity to attempt to mitigate the disruption or interference of the operation of Phase I by the construction of the Phase II Improvements; and (d) to assist Catellus in the manner, if any, agreed to pursuant to clause (c) in effectuating any such mitigation procedures which were agreed to.

4.6.2 Phase II Public Transit Improvements. To the extent construction of the Phase II Public Transit Improvements are not governed by the Design and Construction Agreement, RTD shall have the right to review and reasonably approve (in accordance with Section 4.10 below and the REOA) all design, location, cost of construction, schedules and Budget as well as all construction contracts, including the Work Plans, schematic design drawings, Design Development Documents and Construction Documents, with respect to the Phase II Public Transit Improvements at each stage of the development and construction thereof.

4.7 Parking/Traffic Flow. RTD and Catellus shall jointly cause to be determined the traffic flow patterns with respect to connections between the public parking areas and the Phase I Improvements and Phase II Improvements parking areas located on the Site, the Additional Land and the West Property (to the extent there is pedestrian or vehicular access to such areas from the Metro Plaza), the ingress and egress routes designated for automobile travel and the roadway alignments on and adjacent to the Site. The Parties agree to use of the Metro Plaza roadway for passenger vehicle drop-off and for ingress and egress by buses. Other uses of the Metro Plaza shall be prohibited unless approved by both RTD and Catellus.

4.8 Phase II Development Fee. The development fee for Phase II shall be at the then-established market rate for such fees, and, if no market rate can be ascertained, at a fair and reasonable rate agreed to by the Parties and if such amount cannot be agreed upon, it shall be determined by Arbitration.

4.9 Future Development. Following completion of Phase I and Phase II, Catellus may further develop Parcel 2, the Additional Land and the West Property to the extent owned by it, in its sole discretion, provided that such development conforms in all material respects with the applicable requirements of the REOA, including the Design Guidelines, and provided further that the financing for such developments include amounts allocated thereto in the Cost Allocations.

4.10 Approvals. Whenever in Section 3 or Section 4 the approval of a Party is required to be given, then the same shall be deemed given unless, within (a) fifteen (15) business days with respect to Phase I approvals, as to requests made prior to the Public Transit Construction Start Date, (b) fifteen (15) business days with respect to Phase II approvals, as to requests made prior to commencement of construction of Phase II; or (c) five (5) business days as to requests made thereafter, the Party receiving the request provides written notice to the requesting Party, setting forth either (i) its decision; (ii) the number of days in excess of those days provided above which shall be required for the receiving Party to render expeditiously a decision with respect to the issue in question, together with a statement of whether the Board of Directors of the receiving Party is required to review and/or approve the issue in question and/or (iii) a request for additional information. Where additional information is requested and specified in reasonable detail, the receiving Party shall also provide the information described in clause (ii) above; however, the time period in which approval must be refused or otherwise deemed approved shall begin to run from the date upon which the specifically requested information is provided. The approval shall thereafter be deemed given unless refused in writing within the time period set forth in the notice. All approvals will be obtained as expeditiously as possible. Where

refusal relates to anything other than the expenditure of money or specific written request for further information, the same shall, in addition, be effective only if accompanied by a written counter-proposal acceptable to the refusing Party; said counter-proposal shall be deemed approved by the first Party unless refused in writing within five (5) business days thereafter. Upon refusal by the first Party of such counter-proposal, the matter in question may be submitted to Arbitration by either Party.

SECTION 5. FINANCING, BUDGET AND COST ALLOCATIONS

5.1 General Provisions. The Parties acknowledge and agree that the responsibility for funding or otherwise financing (i) the Phase I Improvements shall be borne initially by RTD and (ii) the Phase II Improvements shall be borne initially by Catellus (but in each case subject to the Cost Allocations and Section 5.4) so that, by way of examples only, any deficiency in the Phase I Improvements Budget shall not create any liability therefor upon Catellus notwithstanding its approval of such Budget pursuant to Sections 2.1.8 and 2.2.4 or otherwise and any deficiency in the Phase II Improvements Budget shall not create any liability therefor upon RTD notwithstanding its approval of such Budget pursuant to Sections 2.1.8, 2.2.4 and 4.3 or otherwise. The Public Transit Improvements shall be financed exclusively by RTD, regardless of allocation, but shall be reimbursed to the extent of and pursuant to the Cost Allocations and Section 5.4.

5.1.1 Independent Financial Decisionmaking. RTD and, except as set forth in Section 5.2.2, Catellus shall have the right to enter into such financing arrangements and to secure commitments to finance the development and construction of Phase I and Phase II, respectively, as each shall deem fit in its sole and absolute discretion, provided that (a) all such financing shall be at or below fair market rates and terms then prevailing and (b) no commitment by one Party for financing required by the other shall be entered into by the first Party without the prior written approval of the second Party owning fee title to such property, which consent may be withheld by the second Party in its sole and absolute discretion.

5.1.2 Financial Task Force. Within sixty (60) days after the effective date of this Agreement, RTD and Catellus shall each designate one (1) to four (4) representatives (who may include members of the Board of Directors, staff and consultants or contractors) to a "Financial Task Force" which shall be responsible for preparing, reviewing and implementing a Financial Plan and Budgets for the Project and for identifying alternative methods of financing for the Project. Members will make recommendations to their respective Boards of Directors for review and approval as required. The goal of the Financial Task Force is to aid the Parties in decisionmaking about financing opportunities and costs, but does not imply or create any right in either Party or the Financial Task Force to determine or dictate financing terms for or to the other Party.

5.1.3 Underwriters and Financial Advisors. RTD and Catellus each shall appoint such underwriters, financial advisors and legal counsel as such Party deems necessary for the creation and implementation of the Financial Plan and the acquisition of financing as required herein. Unless otherwise agreed and subject to the provisions of Section 5.4.2, costs for underwriters, financial advisors and legal fees associated with financing shall be included in the Budget for the phase of development associated with such costs and fees and shall be reimbursed out of applicable Project Funding. RTD shall hire the underwriters, bond counsel and financial advisors for Phase I and the Phase II Public Transit Improvements and Catellus shall hire such financial advisors as it deems necessary or appropriate for the Phase II Improvements.

5.2 Financial Plan.

5.2.1 Predevelopment Period/Phase I. Prior to Closing, the Parties shall preliminarily (through the Financial Task Force) develop plans and strategies (the "Financial Plan") for financing and funding the Project including Predevelopment Period activities, Closing, Phase I development and Phase II development, to the extent feasible. The preliminary Financial Plan shall include the Cost Allocations as described in Section 5.4 and shall address the sources, cost and uses of funds; the constraints on the use of identified funding sources, if any; the process of financing, budgeting and allocating Infrastructure Costs; the process of acquiring, disbursing and accounting for funds; alternative sources and forms of financing; the method of reimbursement, amortization or assessment of funds, where applicable; and the objectives and criteria for measuring the effectiveness of implementation of the Financial Plan. As part of the Financial Plan, the Parties shall establish recordkeeping, reporting, cost control and accounting mechanisms with respect to construction and operation of the Project. The Parties shall update the Financial Plan throughout the predevelopment and development of Phase I. Either Party shall upon request by the second Party, and at no cost to itself, cooperate in coordinating the negotiation, preparation of necessary documentation and closing of funding commitments with respect to improvements to be owned by the second Party and covered by the Financial Plan.

5.2.2 Phase II. Prior to construction of the Phase II Improvements, the Financial Task Force shall update the Financial Plan with respect to proposed financing for the Phase II Improvements and RTD shall determine sources of financing for the Phase II Public Transit Improvements, as required. Concurrently with its inquiries or efforts in obtaining financing for the Phase II Improvements, Catellus shall notify RTD of its efforts and of financing made available to it for that purpose. RTD may offer competitive financing for the Phase II Improvements and, upon acceptance (without obligation to accept) by Catellus, shall be compensated for such financing in an amount to be agreed to by the Parties. Notwithstanding any of the foregoing, in no event shall Catellus, without the prior written consent of RTD, not to be unreasonably withheld, pursue or accept any loan which is not from an Institutional Lender or governmental funding source. Without the prior written consent of RTD, which may be withheld in its sole discretion, Catellus shall not obtain any financing which requires participation by the financing entity, prior to an event of default under such financing documents, in any cash flow, profits or capital gains or otherwise provides a participating interest to the financing entity. For purposes of this Section, an agreement to defer current payment of interest in whole or in part shall not be deemed a participating interest.

5.3 Intentionally Deleted.

5.4 Allocation of Costs.

5.4.1 Cost Allocations. With respect to each Budget designated, the Parties shall agree in the Financial Plan prior to Closing to Cost Allocations associated with that portion of the Project for which such Budget is prepared. The Cost Allocations shall include allocation of (i) On-Site Infrastructure Costs and (ii) Off-Site Infrastructure Costs (collectively, the "Infrastructure Costs"), Additional Costs, costs of the Main Concourse, if constructed, and Predevelopment Costs (including the cost of the traffic study required by Section 2.2.15) for Phase I, Phase II and any future development upon Parcel 2, the Additional Land and the West Property (with respect to the West Property, costs shall be allocated only to the extent such property provides or requires regular pedestrian or vehicular access to the Metro Plaza or Vignes Street or such property achieves cost savings or receives benefit from physical improvements created by Site

development, such as, by way of example only, installation of common utilities, common security or common landscaping). The Cost Allocations shall be determined in accordance with the provisions of this Section 5.4.

5.4.1.1 Per Trip Allocations. Initially, the Parties contemplate that the Cost Allocations will allocate certain Additional Costs (including costs of the South Roadway and vehicle lanes on the Site and/or the Additional Land) and the Off-Site Infrastructure Costs (exclusive of utility costs associated with Site improvements) on a per trip basis between the Phase I Improvements, the public parking spaces constructed as part of the Public Transit Improvements, bus trips, other drop-offs on the Metro Plaza (attributable to each improvement generating such trips), the Phase II Improvements and future development on the Site, the Additional Land and the West Property (in the latter case, to the extent that drop-off on the Site or parking access for the benefit of the West Property is provided from the Site). The number of trips shall be estimated during the budgeting process for each such development and the estimate derived shall form the basis for the initial reimbursement amounts allocated in the budget of such improvements for previously expended Infrastructure Costs. Such sum shall be paid within forty-five (45) days of construction loan funding. The actual number of trips generated by the improvements in question shall govern the actual amount of reimbursement required and shall be determined within a period from one (1) year to eighteen (18) months after issuance of a Certificate of Substantial Completion with respect to the core and shall thereof and shall (except with respect to the public parking spaces, which shall reflect actual use) be computed to reflect ninety-five percent (95%) occupancy of such improvements. Within fifteen (15) days of receipt of the study containing the actual number of trips generated for any improvements, the Parties shall translate the number of trips into actual reimbursable dollar amounts and shall determine whether the amount previously reimbursed was greater or less than the amount actually due. If the amount paid was insufficient to meet the payment actually due, the owing Party shall make the additionally due payment to each owner within thirty (30) days of receipt of the actual reimbursable amount calculation. If the amount paid exceeded the payment actually due, the Parties receiving such overpayment shall reimburse the owner within forty-five (45) days of receipt of the actual reimbursable amount calculation.

5.4.1.2 Allocation of Vignes Street Realignment Costs. Costs associated with vacation and realignment of the portion of Vignes Street located on the Additional Land, including costs of bonding and acquisition of permits (revocable or otherwise) shall be included in Off-Site Infrastructure Costs and allocated as described in the Cost Allocations. (See Section 5.4.1) Such costs, regardless of allocation, shall be included initially in the Phase I Public Transit Budget. The costs of Vignes Street realignment allocated to the Phase II Improvements shall be allocated either to the Phase II Improvements Budget (in which event Catellus shall seek in good faith to cause repayment to RTD within sixty (60) days of initial construction loan funding) or, if the Vesting Expiration Date has occurred and realignment of Vignes Street has been achieved, to Catellus directly. Upon the Vesting Expiration Date, Catellus shall directly reimburse RTD for the amounts actually financed and expended by RTD in connection with the realignment, in accordance with the Cost Allocation requirements, including reasonable staff costs incurred by RTD in connection therewith. In all cases, reimbursement shall be made with interest payable at the greater of the interest rate cost of such funds to RTD or the rate of interest being paid at the time of expenditure with respect to Mello-Roos financing, which shall accrue commencing as of the date of each expenditure.

5.4.1.3 Alternative Allocations. The Parties contemplate that the Cost Allocations will allocate off-Site utility costs to improvements on a demand/volume basis and will allocate On-Site Infrastructure Costs between the various improvements described above on a per square or linear foot basis. In addition, the Parties may agree to additional or alternate methods of allocating costs.

5.4.1.4 Additional Costs. The Parties agree that the capital costs directly associated with the Public Transit Improvements shall be segregated in the Budget from the costs of the Phase I Improvements and the Phase II Improvements and such costs shall not be borne by such improvements, unless such costs constitute "Additional Costs." Additional Costs shall be those costs which would be incurred in connection with development of the joint development project around the Public Transit Improvements but which would not be required if only the Public Transit Improvements were to be constructed on the Site without said joint development and shall include those costs of the Public Transit Improvements for which allocation is described in Section 5.4.1.1, extra costs of constructing subterranean parking structures capable of supporting the weight of the Phase II Improvements (e.g., foundations, columns), landscape and hardscape costs, costs of the South Roadway and such other costs as the Parties may agree. The Parties agree that the costs associated with constructing the public parking below rather than above grade shall be one item of Additional Cost, which shall be reimbursable only as set forth in the following sentence. Provided that construction of Phase I Public Parking has been commenced, the Cost Allocations shall include a one-time assessment against development upon Parcel 2, the Additional Land and the West Property which shall cover all Additional Costs associated with constructing Phase I Public Parking or Phase II Public Parking upon the Site below, rather than above grade. However, such assessment shall be due and payable by Catellus upon the later of (i) thirty (30) days following acquisition by Catellus of funding for such improvements or (ii) completion of construction of such Phase I Public Parking. The assessment shall be charged at a rate in Constant Dollars (with the base month and year being the month and year of the Public Transit Construction Start Date) of one dollar fifty cents (\$1.50) per Rentable Square Foot developed upon the aforesaid properties and shall be payable to RTD within thirty (30) days of initial construction funding to Catellus with respect to improvements upon any of the aforesaid properties. In no event shall the total amount paid pursuant to this Section exceed One Million Nine Hundred Thousand Constant Dollars (\$1,900,000.00). In the event that Catellus purchases any portion of the public parking spaces constructed as part of Phase I or Phase II from RTD, Catellus shall be entitled to a credit per space of One Thousand Constant Dollars (\$1000.00), which credit shall in no event exceed the actual payments previously made by Catellus to RTD.

5.4.1.5 Later Phase Infrastructure Costs. The Parties acknowledge that construction of the Phase II Improvements or additional improvements on the Site, the Additional Land or the West Property may result in additional Infrastructure Costs. Such costs shall be reimbursed from both future and preexisting development on the Site, the Additional Land or the West Property in the manner set forth in the Cost Allocations and by the mechanism described in the Financial Plan.

With respect to Union Station and Main Concourse capital costs, the Parties agree as follows: The Parties presently contemplate development of the Main Concourse (if feasible). If, taking into account the feasibility study conducted pursuant to Section 1.2.4.1, RTD reasonably determines that it will benefit from the construction of the Main Concourse, the Parties shall negotiate to determine a methodology for allocation of a portion of the capital costs of such construction

to RTD and a mechanism for funding and reimbursement of such costs. With respect to other West Property or Union Station improvements, RTD shall have the right, in its sole discretion, to determine whether it shall receive benefit from the proposed improvements. If benefit is perceived, RTD and Catellus shall negotiate an allocation methodology and reimbursement mechanism as described above. In the event that any portion of capital costs are allocated to RTD, RTD shall have the right to review and approve design and construction plans with respect to the proposed improvements.

Direct Compensation [

5.4.2 Direct Compensation of Parties. Except as set forth in this Section or in any approved Budget, neither Party shall be entitled to compensation in respect to, or for, its internal costs and expenses in funding or developing Phase I (in the case of RTD) or subject to Section 4.8, Phase II (in the case of Catellus). However, if either Party provides services and incurs expenses in obtaining environmental approvals, subdivision, realignment of Vignes Street, or other entitlements or permits, including those increasing FAR upon the Site, said Party shall be compensated for staff costs (a) by RTD out of Phase I financing for costs and expenses of either Party in rendering assistance to the other in association with Phase I and (b) by Catellus either (i) as set forth in the following sentence or (ii) out of Phase II financing for costs and expenses of either Party in rendering assistance to the other in association with Phase II. Catellus shall bear as incurred (whether by direct payment or reimbursement to RTD) those consulting and permit costs incurred by the Parties during the Phase I Predevelopment Period which are attributable to Phase II or other Master Plan development, excluding those costs or services directly related to development of the Public Transit Improvements. Costs to be borne by Catellus as incurred shall include soil and geological testing, environmental assessment, planning and subdivision costs, civil engineering, traffic studies, land surveys and schematic design. Unless otherwise described herein, all other costs described in this Section 5.4 shall be reimbursable from financing for future improvements upon funding of construction loans with respect to such improvements as described in and to the extent approved pursuant to Section 5.4.3.

5.4.3 Reimbursement From Future Development. The Budget for any development of improvements upon Parcel 2, the Additional Land and the West Property shall include a sum sufficient to meet the share of Infrastructure Costs, Additional Costs and other costs borne by previously constructed improvements and which were allocated to the above-listed subsequent improvements pursuant to the Cost Allocations. If allocation of such are made to a particular development in the Cost Allocations (including the Phase I Improvements and the Phase II Improvements), such development shall conclusively be deemed to have caused a need for and to have benefited from the On-Site Infrastructure or Off-Site Infrastructure associated with such costs. For each improvement designated in the Cost Allocations to make reimbursement payments, financing shall include an amount designated to reimburse the appropriate Party for the Infrastructure Costs and other costs allocated by the Cost Allocations carried by all previous improvements, which amount shall be determined pursuant to the allocation formula and payments thereon made as set forth in the Financial Plan.

The Cost Allocations shall establish the formulae for reimbursement. Actual dollar amounts to be reimbursed in accordance with the formulae developed by the Cost Allocations shall be determined as follows. Within one hundred eighty (180) days following occupancy by RTD of the Phase I Improvements, RTD, after consultation with Gateway and Catellus, shall provide written notice to Catellus specifying those Infrastructure Costs which RTD determines are properly allocable to further development in accordance with the Cost Allocations. Catellus shall have sixty (60) days from its receipt of such cost determination to

dispute the determination, failing which it shall be deemed to have approved same. If RTD fails to submit the Infrastructure Costs within said one hundred eighty (180) days, Catellus shall thereafter, and following consultation with RTD, have one hundred eighty (180) days within which to provide written notice to RTD of its determinations with respect to Infrastructure Costs. RTD shall have sixty (60) days from its receipt of such cost determination to dispute the determination, failing which it shall be deemed to have approved same. If RTD and Catellus are unable to resolve the list of items or the Infrastructure Costs appropriately allocable to such future development, the Parties shall submit the dispute to Arbitration.

5.4.4 Union Station Master Plan and Entitlements.

Except for Cost Allocations agreed to by the Parties and included in the Phase I and Phase II Budgets, the costs of the Master Plan and entitlements required in connection therewith shall not be borne by RTD and shall be separate and apart from any financing or funding requirements of this Agreement.

5.4.5 Tunnel Maintenance. The costs of constructing, maintaining and repairing the Tunnel, excluding the East Portal, shall be allocated between Amtrak, commuter rail, light rail, Metro Rail and development upon the Site, the Additional Land and Union Station pursuant to the terms of the Tunnel Access Agreement and future agreements between such parties. Any capital costs associated with Tunnel construction set forth in the Predevelopment Budget, the Phase I Improvements Budget or the Public Transit Budget shall be reimbursed pursuant to agreement between such parties. The maximum RTD contribution shall be set forth in the Tunnel Access Agreement.

5.4.6 Management Areas. The costs of constructing, maintaining and repairing the Management Areas shall be allocated between the Parties pursuant to formulas set forth in the PMA and the REOA.

5.5 Budget Preparation.

5.5.1 Predevelopment Budget. The Predevelopment Budget attached as Exhibit C-1 sets forth preliminarily (a) the various items for which the Parties expect to incur costs during the Predevelopment Period, including those reasonable and applicable costs approved by RTD incurred prior to, or anticipated to be incurred during, the Predevelopment Period and (b) the costs associated with all items set forth therein (the "Predevelopment Costs"). Catellus shall initially prepare or cause to be prepared the Predevelopment Budget and shall segregate or cause to be segregated by item and allocation the various components thereof. RTD shall have the right to review and approve the Predevelopment Budget as follows. The Parties shall endeavor to limit Predevelopment Costs to the allocations provided in the preliminary Predevelopment Budget for each item set forth and shall notify the other Party in the event that costs incurred exceed or are reasonably estimated to exceed the initially estimated Predevelopment Costs. RTD and Catellus shall have the right to conduct an audit and to review invoices, progress reports and other information regarding the Predevelopment Costs. Neither Party shall be responsible for payment of Predevelopment Costs (however allocated) for items incurred or to be incurred by the other (payee) Party or consultants retained or work commissioned thereby, for which the payor Party has not received invoices, which were not included in the Predevelopment Budget or cost overruns for which approval was not previously obtained or for such portions of any services rendered or work performed, which were not reasonably completed based on common development practice. In addition, neither Party shall be reimbursed by the other for fees or costs, including consulting, financing or attorney's fees expended in furtherance of execution of this Agreement, the REOA, the Tunnel Access Agreement, the Design and

Construction Agreement, the Construction Management Agreement, the PMA, the Right of Entry Agreement, the Public Transit Use Agreement or any agreement in which either Party shall pay consideration or compensation to the other Party as a condition of that agreement, unless such costs or fees can be demonstrated, to the reasonable satisfaction of the payor Party, to have benefited such payor Party. All Predevelopment Costs incurred by either Party which are not set forth in the Predevelopment Budget, as the same may be amended from time to time, shall be borne by the Party incurring same. The Predevelopment Budget may be amended only by written agreement of the Parties.

Upon execution of this Agreement, Catellus shall provide invoices to RTD with respect to all costs incurred prior to the effective date of this Agreement and set forth on Exhibit C-1, as the same may be amended to correct any bona fide omissions or mistakes. Upon request by RTD, Catellus shall provide any additional information or documents reasonably requested by RTD to clarify or support such costs. Within fifteen (15) days of the effective date of this Agreement, RTD shall pay to Catellus an amount equal to seventy-five percent (75%) of the Predevelopment Costs incurred by Catellus, including the costs and fees of Catellus in its capacity as construction manager under Sections A5.1 and A5.2 of the Addendum to the Construction Management Agreement, and set forth on the submitted invoices. Thereafter, RTD shall have thirty (30) days from the later of the date of receipt of such invoices or the date upon which additional information requested by RTD in connection with such invoices is received by RTD (the "Approval Date") to review and approve or disapprove such invoices. Invoices not disapproved on or before the Approval Date shall be deemed approved. With respect to approved invoices and costs only, RTD shall reimburse Catellus for any Predevelopment Costs remaining outstanding within fifteen (15) business days from the Approval Date. If it is determined that the prior payment from RTD to Catellus exceeded the amount actually due, Catellus shall reimburse RTD in the amount of the excess within thirty (30) days following notification by RTD of the amount of the overpayment. Together with such payment, RTD shall pay interest in the amount set forth in the following sentence with respect to approved Predevelopment Costs actually paid by Catellus to third parties prior to the effective date of this Agreement. Such interest shall be payable for the period from the date of payment of said invoice by Catellus through the date of reimbursement to Catellus of the approved amount of such invoice by RTD and the rate of interest shall be at Catellus' average cost of working funds for such period. Any dispute concerning Predevelopment Costs shall be resolved by Arbitration.

5.5.2 Development Budget Preparation and Update.

Prior to Closing, as indicated in the Project Schedule, the Parties shall jointly refine and update or cause to be refined and updated the Preliminary Phase I Budget attached as Exhibit C-2 and shall prepare a preliminary Phase II Budget, each to an appropriate level or specificity as required by standard development practices. At each milestone in the design and construction process, the Parties shall prepare or cause to be prepared such additional Budgets or updates to existing Budgets as required by standard development practices. With respect to Phase I and the Phase II Public Parking, the Parties shall refine and update or cause to be refined and updated the attached Phase I Budget, including preparation and subsequent refinement of Cost Allocations, periodically throughout the Phase I Predevelopment Period as preparation of Design Development Documents and Construction Documents progresses. With respect to Phase II, the Parties shall prepare, to the extent feasible, a preliminary Phase II Budget during the Phase I Predevelopment Period and shall refine, revise and update such Budget as preparation of Design Development Documents and Construction Documents for Phase II progresses. The Construction Management Agreement shall assign to Catellus the primary responsibility for coordinating and preparing

or causing to be prepared the Budgets, including the obligation to meet with consultants, contractors, vendors and suppliers in determining preliminary and final cost estimates and to segregate by item and allocation the various components thereof. RTD shall have the right to approve the Phase I and Public Transit Budgets, including all line items, Cost Allocations and estimated or final costs thereof, and in connection therewith shall be provided timely access to Catellus' work product and shall be permitted to arrange meetings which Catellus shall attend to provide input into the budgeting process. To the extent costs or fees incurred by Catellus (including costs or fees associated with services provided by underwriters, bond counsel, the Design Team, financial advisors or attorneys with respect to Phase I) are to be included in the Predevelopment Budget, the Phase I Budget, or the Public Transit Budgets and reimbursed by RTD, RTD shall have the right to approve the specific costs for which reimbursement is sought, which approval shall not be unreasonably withheld or delayed. If reimbursement is approved, it shall be made within thirty (30) days of the date of approval. To the extent costs or fees incurred by RTD (including costs or fees associated with services provided by financial advisors, the Design Team or attorneys with respect to Phase II) are to be included in the Phase II Improvements Budget and funded by Catellus, Catellus shall have the right to approve the specific fees and costs for which payment or reimbursement is sought, which approval shall not be unreasonably withheld or delayed. If reimbursement is approved, it shall be made within thirty (30) days of the date of approval. Predevelopment Costs approved by the payor Party shall be paid by that Party within thirty (30) days of the date of approval. RTD shall have the right to review and approve the Phase II Improvements Budget only to the extent required to obtain its rights under Section 4.3 and to review the Phase II Improvements Budget to the extent required to verify Phase II Stabilization Date representations made by Catellus. If costs (whether incurred by Catellus or otherwise) of the Phase II Public Transit Improvements are funded by RTD, RTD shall have the right to review and approve the Phase II Public Transit Improvements Budget and to approve specific costs for which payment or reimbursement is sought in addition to any rights which it may have pursuant to Section 4.3. The Parties shall cooperate in preparing the final Budgets with respect to each portion of the Project in advance of commencement of construction of such portion.

SECTION 6. INTERESTS IN PROPERTY

6.1 Ownership and Participation Interests.

The following provisions shall govern ownership and participation interests by the Parties in the Project.

6.1.1 Conditions of Ownership.

6.1.1.1 Property Ownership. Except as set forth herein, the rights, benefits and burdens of ownership of each parcel of land and the improvements constructed or to be constructed thereon comprising the Project shall after Closing inure to or be borne by the Party in whom fee title thereto is vested and except as specifically set forth to the contrary in this Agreement, the REOA, the Tunnel Access Agreement, the Public Transit Use Agreement or other documents governing the relationship between the Parties, the consent, approval, concurrence or cooperation of a Party shall not be required as to any incident of ownership sought to be exercised or enjoyed by the other Party with respect to that portion of the Project which is owned in fee by it.

6.1.1.2 Relationship of the Parties. RTD is to participate in certain economic benefits flowing from the operation and ownership of the Phase II Improvements, and Catellus

is to participate in certain economic benefits flowing from the ownership of the Phase I Improvements, all as set forth in this Section 6, which in general is intended as the mechanism by which the Parties hope to realize certain economic benefits of entering into the within transactions, but without any representation, warranty, covenant or guarantee that such will prove to be the case. The Parties acknowledge that the rights set forth in this Section 6, and which effectuate and embody this participation in said economic benefits:

(a) are merely contractual in nature, and do not give rise to an interest in either the ownership or occupancy of real property;

(b) do not impose any obligation to pay, contribute or otherwise share in losses of either an operating or a capital nature except to the extent that either Party has the right to recover Operating Shortfalls and/or Qualifying Loans made by it or its Affiliates, pursuant to this Section 6, such that recourse of either Party for losses of either an income or a capital nature shall be limited to distributions which otherwise would have been made to it for the current or subsequent accounting periods; accordingly, in no event shall either Party be obligated to reimburse the other for losses on an out-of-pocket basis;

(c) do not render the Parties partners, joint venturers, joint tenants or tenants in common with each other;

(d) are binding upon their respective successors and assigns, subject to the terms of such rights;

(e) in the case of RTD only (and subject to the terms hereof including Section 11.3) may be assigned, hypothecated or otherwise disposed of separate and apart from the ownership of the improvements to which they relate;

(f) relate to the income attributable to the improvements in question and/or to the equity thereof;

(g) are subject to reduction, redemption, extinguishment and valuation pursuant to the terms of this Section 6;

(h) do not impose rights to management or control of the parcel or improvements owned by the other Party; and

(i) shall be null and void and of no force or effect whatsoever if the Phase I Move In Date shall not have occurred on or before December 31, 2011.

6.1.2 Phase I Improvements - Income Participation.
Catellus shall have no income participation rights in the Phase I Improvements.

6.1.3 Phase II Improvements - Income Participation.

6.1.3.1 Income Participation. RTD shall have the right to receive fifty percent (50%) of the Income Participation Payments (as defined in Section 6.1.2.1) from the Required Phase II Square Footage, subject to the vesting of such right, which shall vest, if at all, simultaneously with the vesting of RTD's equity interest in the Required Phase II Square Footage as described in Section 6.1.5. Following Extinguishment Closing, the income participation rights of RTD in the Required Phase II Square Footage automatically shall be reduced (prospectively only), with such reduction occurring in proportion to the reduction of RTD's equity participation rights, but subject to RTD's receipt from Catellus of the Minimum RTD Phase II Interest pursuant to Section 6.4.4.

6.1.3.2 Determining Required Phase II Square Footage. In the event that the constructed Phase II Improvements contain in the aggregate more square footage than the Required Phase II Square Footage, then the portion of the Phase II Improvements in which RTD holds an income participation interest or equity participation interest shall be determined as follows (sample calculations are shown in Exhibit M-1):

(a) if the first building constructed constituting a portion of the Phase II Improvements and for which a Certificate of Substantial Completion has been issued contains less than the Required Phase II Square Footage, then the portion of the improvements with respect to which the RTD Phase II Interest shall be calculated by determining (i) with respect to the income interest, the Net Operating Income and (ii) with respect to the equity interest, the equity value, attributable to the entirety of the Phase II Improvements, and multiplying that amount by a fraction, the numerator of which shall be the Required Phase II Square Footage and the denominator of which shall be the Rentable Square Footage of the Phase II Improvements.

(b) if the Rentable Square Footage of the first building constituting the Phase II Improvements for which a Certificate of Substantial Completion has been issued equals or exceeds the Required Phase II Square Footage, then the portion of the improvements with respect to which the RTD Phase II Interest shall be calculated shall be determined with respect to that building alone, and by determining (i) with respect to the income interest, the Net Operating Income and (ii) with respect to the equity interest, the equity value, attributable to the entirety of that building and multiplying that amount by a fraction, the numerator of which shall be the Required Phase II Square Footage and the denominator of which shall be the total Rentable Square Footage of that building. RTD shall have no interest under this Agreement in any second building constituting the Phase II Improvements under the circumstances set forth in this subsection (b).

6.1.4 Phase I Improvements--Equity Participation.

6.1.4.1 Equity Participation. Catellus shall have the right to receive fifty percent (50%) of the equity value of the first 545,000 Rentable Square Feet of the Phase I Improvements subject to the vesting of such right, which shall vest, if at all, on the Vesting Date (i.e., subject to the vesting time period restrictions set forth in Section 6.1.4.2). Such right may be redeemed or transferred only by the methods described in this Section 6.

6.1.4.2 Vesting Restrictions. Catellus may (but shall not be obligated to) construct Phase II Improvements comprising less than the Required Phase II Square Footage. However, the rights described in Section 6.1.4.1 shall vest on the Phase II Occupancy Date if and only if, (a) construction of the portion of the Phase II Improvements which if constructed would comprise, together with previously constructed improvements (if any), at a minimum the Required Phase II Square Footage, has commenced on or before the tenth (10th) anniversary of the Phase I Move In Date; and (b) such construction (i) is completed (as evidenced by issuance of a Certificate of Substantial Completion therefor) on or before the thirteenth (13th) anniversary of the Phase I Move In Date or (ii) diligently continues from the tenth (10th) anniversary to completion of such improvements but is delayed by Unavoidable Delay and is completed (as evidenced by issuance of a Certificate of Substantial Completion) no later than the eighteenth (18th) anniversary of the Phase I Move In Date. The value of such rights shall be determined pursuant to Section 6.1.10.1, 6.2 or 6.3.2.2 as the case may be. If the Phase II Occupancy Date occurs within the aforesaid time periods, then the Phase II Occupancy Date shall constitute the "Vesting Date."

Notwithstanding the foregoing, if, following the Vesting Date but before (i) exercise by either Party of the Right of Extinguishment or (ii) the Irrevocable Liquidity Option Date, fee title to the Phase I Improvements or the Phase II Improvements is conveyed to a third party by way of foreclosure or a deed in lieu thereof, then vesting shall be conclusively deemed not to have occurred and no such vesting of said interests shall thereafter take place or be possible and this Agreement shall terminate and be of no further force or effect. Prior to the Vesting Date, all rights established in or by this Agreement shall inure to the benefit of a purchaser at foreclosure or recipient of a deed in lieu thereof.

6.1.5 Phase II Improvements--Equity Participation. RTD shall have the right to receive fifty percent (50%) of the equity value of the Required Phase II Square Footage (determined in accordance with the provisions of Section 6.1.3.2 and as more particularly shown on Exhibit M-2) subject to the vesting of that right, which shall vest, if at all, simultaneously upon the later of (i) the Vesting Date or (ii) the Phase I Move In Date. If the Rentable Square Footage of the Phase II Improvements exceeds the Required Phase II Square Footage, then, upon sale of all or any portion of the Phase II Improvements, the equity participation payment due to RTD shall be determined in accordance with Section 6.1.3.2(a) or (b) as the case may be. Such right may be redeemed, sold or transferred only by the methods described in this Section 6. The value of such right shall be determined pursuant to Section 6.1.10.1, 6.2 or 6.3.2.2, as the case may be.

6.1.6 Parcel 1 Ground Rent. The Deemed Ground Rental Amount for the Phase I Improvements shall be assessed on the Phase I Improvements solely for purposes of calculating the value of such improvements upon exercise of the Liquidity Option pursuant to the valuation calculation described in Section 6.2.2 and shown in Exhibit M-3.

6.1.7 Parcel 2 Ground Rent. The Deemed Ground Rental Amount for the Phase II Improvements shall be assessed on the Required Phase II Square Footage only and shall accrue and be deductible by Catellus in accordance with the provisions of Sections 6.1.9 and 6.1.10. If the Net Operating Income is insufficient for the Deemed Ground Rental Amount to be deducted on a current basis, then the balance of the outstanding Deemed Ground Rental Amount shall accrue with interest calculated at the Prime Rate and compounded annually and shall be deducted by Catellus on a preferred basis from future Net Operating Income, if any. However, if Catellus executes a Major Lease (a) which RTD has disapproved in writing and (b) in which the Effective Rent is less than the sum of the Debt Service Amount and the Deemed Ground Rental Amount attributable to the square footage covered by said Major Lease, then prior to the Liquidity Closing Date or the eighth (8th) anniversary of the Vesting Date, whichever occurs first, after payment from Net Operating Income of the amount available from such Major Lease to meet Deemed Ground Rental Amount deductions associated with that space, only fifty percent (50%) of the Deemed Ground Rental Amount associated with that space not met by Effective Rent for such space shall accrue. Deduction of Deemed Ground Rental Amount shall be subordinated only to payment of any current Debt Service Amount. For purposes of this Section, "Effective Rent" shall mean the stated basic rental amount plus consumer price index increases in rent at the minimum or "floor" rate if any is provided, plus reimbursement payments made by tenants with respect to taxes, insurance and operating expenses less costs to landlord of taxes, insurance and operating expenses, if any, adjusted for the cost of concessions to the tenant in excess of stated rental amounts, and amortized over the term of the Major Lease. Concessions to the tenant may include items which exceed the Leasing Criteria, such as free rent, over-standard tenant improvements, tenant buyout costs, and other concessions required to secure the leasing commitment. RTD

shall receive no Income Participation Payment from the Required Phase II Square Footage (as provided in Sections 6.1.3 and 6.1.9.1) until all current and accrued Deemed Ground Rental Amount (and associated interest, if any) has been deducted by Catellus. An example of Deemed Ground Rental Amount accrual for disapproved Major Leases is attached as Exhibit M-5.

6.1.8 Escrow of Capital Event Funds. Upon occurrence of a Capital Event with respect to either the Phase I Improvements or the Phase II Improvements, the party owning fee title to the affected improvements (the "Owning Party") shall, under the circumstances described below, place into an interest-bearing trust account with an escrow agent, trustee or in another custodial arrangement reasonably acceptable to the other Party (the "Recipient") the portion of the proceeds from the Capital Event, if any, which would properly belong to the Recipient if the Recipient had vested in its interest in the affected improvements prior to the occurrence of the Capital Event in question (see Sections 6.1.3, 6.1.4, 6.1.5, 6.4.3 and 6.4.4). Such funds shall be escrowed only if and only for so long as the opportunity of the Recipient to vest in the subject improvements remains a contractual possibility under the terms of this Section 6. Upon vesting, the Recipient shall receive the escrow proceeds of the Capital Event; except that, in the case of a Capital Event occurring with respect to the Phase I Improvements, Catellus shall receive no proceeds until the Phase II Stabilization Date has occurred. As soon as such possibility expires (whether by termination of this Agreement, expiration of allotted time periods for vesting -- see, e.g., Sections 6.1.4.2 and 6.4.3.2 -- or divestiture -- see, e.g., Section 6.1.4.2), the escrowed proceeds shall be returned to the Owning Party. Interest on the proceeds and income tax liability therefor shall in all cases follow payment of principal. Notwithstanding the placement of proceeds in trust, the audit rights of the Recipient shall be as set forth in Section 6.1.9.3 or 6.1.10.3 as the case may be.

6.1.9 Computation and Payment of Income Participation Payment.

6.1.9.1 Computation. To the extent not required as working funds for the next quarter, all Project income shall be held in a secure interest-bearing account. For the purposes of determining Income Participation Payments with respect to the Phase II Improvements, Catellus shall compute the amount due, if any, to RTD each calendar quarter. On or before the end of the second calendar month immediately following the end of such quarter, Catellus shall pay to RTD any amount which may be due with respect to Section 6.1.3.

(a) "Income Participation Payments" shall be calculated by subtracting from Net Operating Income the following amounts, in order of seniority: the current Debt Service Amounts (including any Interest Differential Amount); the Deemed Ground Rental Amount (including any accrued Deemed Ground Rental Amount, interest thereon computed at Prime Rate compounded annually, if any, and exceptions, if any, as provided in Section 6.1.7); and accrued Operating Shortfalls (and associated interest thereon compounded annually), if any. No Income Participation Payments will be made or earned until all accrued Debt Service Amounts, Deemed Ground Rental Amount, and Operating Shortfalls and interest thereon as set forth above have been paid or recovered in full. A sample calculation of Income Participation Payment under this Section 6.1.9.1 is attached as Exhibit M-1.

(b) For purposes of this Agreement, "Net Operating Income" shall mean the amount by which all cash actually received by Catellus relating to the management, leasing and operation of the Required Phase II Square Footage including (a) rent; (b) parking income; (c) income paid by subtenants and

licensees; (d) rent loss insurance proceeds as "earned"; (e) security deposits if and when forfeited; (f) interest paid on income held in interest-bearing accounts; and (g) prepaid rent and deposits as "earned", exceeds all expenses paid or incurred by Catellus and associated with management, leasing and operation of the improvements in question, including (i) all building operating and maintenance charges; (ii) management fees; (iii) leasing costs including leasing commissions and tenant buyout costs to the extent budgeted in the Leasing Criteria; (iv) special assessments; (v) possessory interest taxes; (vi) real estate taxes; (vii) insurance; and (viii) reasonable cash reserves for anticipated requirements for the annualized cost of capital improvements and other expenses. There shall be no deduction for capital expenditures to the extent that payment for such expenditures are made from previously deducted cash reserves.

6.1.9.2 Payment Procedures. Periodic adjustments in payment amounts shall be made as follows. On or before March 31st of each calendar year after vesting of the participation rights in question and during the term of this Agreement, a statement of Net Operating Income shall be prepared by Catellus with respect to the preceding calendar year in accordance with the provisions of Section 6.1.9.1 setting forth (a) the Net Operating Income received by Catellus during the preceding calendar year; (b) all amounts deducted therefrom pursuant to Section 6.1.9.1; (c) the Income Participation Payments, if any, actually made to RTD for the year in question; (d) the aggregate amount in fact due to RTD for that year under Section 6.1.3, and (e) the difference in amounts between (c) and (d), if any, and an adjustment shall be made with respect to any differences so determined as follows: if Catellus shall have paid an amount less than that required hereunder, then Catellus shall within thirty (30) days of the date of issuance of the statement of Net Operating Income pay such difference to RTD and if Catellus shall have paid an amount more than that required to be paid hereunder, RTD shall within thirty (30) days of such determination reimburse Catellus for such excess. In respect to the first full calendar year for which an Income Participation Payment is calculated under this Section, the Income Participation Payment for the preceding partial calendar year shall be added to that for the first full calendar year.

6.1.9.3 Accounting Records. Within sixty (60) days after the close of each calendar quarter, Catellus shall furnish or cause to be furnished to RTD a statement of Net Operating Income and all gross income and deductions therefrom used to calculate the amount of Net Operating Income and Income Participation Payment. This statement shall include in reasonable detail all gross receipts and deductions as described in Section 6.1.9.1. Catellus shall also provide to RTD an annual statement of gross receipts and deductions, as specified in Section 6.1.9.2. Such statements shall be signed by a responsible financial officer of Catellus. Catellus shall upon request of RTD make available to RTD in Los Angeles County at times reasonably requested by RTD full and complete books of account, records, and other pertinent data to support the calculation of Income Participation Payments relating to the improvements in question (including gross receipts and any other relevant data including tax, fee and expense records used in calculating deductions therefrom received from any tenant or subtenant), segregated from all other records, and such books and records shall be kept for a period of seven (7) years after the close of each calendar year. The receipt by RTD of any statement or any payment for any period shall not bind it as to the correctness of that statement or payment. For three (3) years after the receipt of any such statement, RTD shall be entitled to conduct an audit of all elements of the calculation of Income Participation Payments. Said audit shall be limited to the determination of Net Operating Income and Income Participation Payments and shall be carried out by an independent certified public accountant designated by RTD

and reasonably approved by Catellus. Such audit shall be conducted during normal business hours at the principal place of business of Catellus or, at the option of RTD, at the Project. If it shall be determined by the independent auditor as a result of such audit that there has been a deficiency in the amount actually paid as compared to that actually due, then within sixty (60) days following the audit RTD may issue a written notice to Catellus indicating the amount of the deficiency and that amount shall be immediately due and payable from the notice date, with interest on the deficiency amount at the Default Rate from the date when the payment should have been made. In addition, if Catellus' statement for the pertinent calendar year is found to have understated the payment of income participation by more than seven and one-half percent (7-1/2%), then Catellus shall pay all of RTD's reasonable costs and expenses connected with such audit. Any information gained from such inspection and audit shall be confidential and shall not be disclosed to outside parties; provided, however, that RTD shall be permitted to divulge the contents of previous statements in connection with any financing arrangements, assignments of RTD's interest in income participation, or in connection with any judicial proceedings in which RTD is involved and where RTD may be required to divulge such information. The Internal Revenue Service or any party lending funds to RTD with respect to the Project shall be permitted to conduct an audit of the records as specified above for RTD for a period of seven (7) years following the close of the calendar year to which such Net Operating Income Statement relates.

6.1.10 Computation and Payment of Equity Participation.

6.1.10.1 Computation. Computation of equity participation pursuant to this Section 6.1.10.1 shall be made upon occurrence of a Capital Event (whether total or partial) provided that the Vesting Date has occurred and the Parties have not divested (pursuant to Section 6.1.4.2) or provided that Section 6.1.8 requires that a portion of the equity payment received be placed in escrow. Notwithstanding the foregoing, (i) in the event of Catellus' exercise of the Liquidity Option, this Section shall not apply and, instead, the provisions of Section 6.2.2 shall govern computation of equity participation and (ii) in the event of exercise of the Right of Extinguishment, this Section shall not apply and, instead, the provisions of Section 6.3.2.2 shall govern.

For purposes of computing the equity participation payment pursuant to this Section 6.1.10.1, the owner of the parcel which contains the improvements being valued shall be designated the "Payor" and shall designate the amount due, if any, to the other Party (the "Payee"). The following provisions shall be applicable thereto:

(a) Total Capital Event.

In the event of a total condemnation or total casualty of the improvements in question, where no rebuilding or restoration of the improvements is funded therefrom, Payor shall pay to Payee the proportion due to such Payee from the net cash award proceeds or agreed equity valuation attributable thereto and remaining therefrom after deduction of all costs of collection and fees incurred in connection therewith. In no event shall an interest of either Party of fifty percent (50%) or less of the improvements in question be subject to a minority interest discount. Upon such payment, all rights of Payee in such improvements shall be deemed fully paid and satisfied and shall be of no further force or effect whatsoever. In the case of a total condemnation or total casualty affecting both the improvements in question and the underlying land, the Land Value shall be deducted and credited to the Payor, and the terms of this paragraph shall apply to the balance.

In the event of a sale or exchange of the improvements in question (see Sections 6.4.3 or 6.4.4), Payor shall pay to Payee that portion of the net sale proceeds received or net exchange value (i.e., the exchange value less the exchange costs) (pursuant to Sections 6.4.3 or 6.4.4), as the case may be, minus the Land Value and proportional to its equity interest at the time of such sale, exchange or disposition where net sale proceeds or net exchange value are determined by subtracting from the gross sale proceeds or exchange value (or, in the case where the Right of First Offer applies, the greater of such proceeds or the amounts described in Section 6.4.5) deductions for expenses including (a) the Payor's share of the closing costs; (b) brokerage commissions; (c) attorney's fees directly relating to the sale or exchange; (d) (i) in the case of the Phase I Improvements, fair market construction cost determined by reference to the construction costs of buildings of similar size and quality located in downtown Los Angeles, indexing such construction costs to the period of actual Phase I construction, taking into account entitlement restrictions and requirements and construction conditions (with such costs to be determined in the first instance by reference to the Engineering News Record Cost Index and if such publication is discontinued, by reference to a similar publication acceptable to the parties), and reduced by an imputed amount of amortization which shall be computed in accordance with the amortization schedule for the primary financing in place with respect to the Phase I Improvements, and (ii) in the case of the Phase II Improvements, outstanding principal amounts of Qualifying Loans and all accrued and unpaid Interest Differential Amounts, but excluding prepayment penalties paid or any Qualifying Loans to which such improvements are to remain subject after such sale or exchange; (e) accrued Deemed Ground Rental Amount, if any, plus interest as calculated in Section 6.1.7; and (f) accrued Operating Shortfalls plus accrued interest, if any, as calculated in Section 6.1.9.1.

In the case of a sale or exchange of all or a portion of the Phase I Improvements or the Phase II Improvements to a third party purchaser, Payee shall have the right to challenge in Arbitration the question of whether the gross sales proceeds, exchange valuation or other valuation was at market value or was depressed below market value by reason of execution of a Major Lease (other than a Major Lease disputed in Arbitration or approved pursuant to Section 7.1.2) for all or a portion of such improvements at rental rates below prevailing market rates for comparable space. Such determination shall be made by reference to the market value of buildings of similar size and quality located in downtown Los Angeles and by taking into account such other factors as the appraiser determines are relevant including, by way of example only, the type of user (e.g., government or commercial) occupancy at the time of sale. All such determinations shall be made by accepted methods of appraisal in accordance with the provisions of Section 6.2.1. Any such challenge must be given in writing within sixty (60) days of receipt from Payor of a written account setting forth such sales or exchange proceeds or other valuation and proposed deduction. The findings of the Arbitrator shall be final and shall not require further matters to be established by Appraisal unless so ordered by the Arbitrator but, in that case, the methods used shall be those set forth in Section 6.2.3 (i.e., utilizing standard appraisal methodology on an as-developed basis). In no event shall any such Arbitration delay the proposed sale or exchange in question; each Party hereby covenants to the other that it shall keep both the fact and the result of such Arbitration confidential. With respect to any Arbitration respecting fair market value or fair rental value, the gross sale proceeds shall be the greater of the fair market value as determined by Arbitration or the actual gross sale proceeds.

In the case where Payor receives a promissory note or similar deferred payment instrument, the equity participation of

Payee shall attach to the cash payments, if any, made pursuant to such an instrument if, as, and when received by Payor, less any costs of collection and other costs incurred by Payor which would have been permissible deductions at the consummation of the sale or exchange in question.

(b) Partial Capital Event. In the event of a refinance (with respect to Phase II only), partial casualty loss or partial condemnation of the improvements in question, Payor shall pay to Payee that portion of the net cash proceeds received which is proportional to Payee's equity interest at the time of the refinance, partial casualty loss or partial condemnation, where net cash proceeds are determined by subtracting from the amount received (a) payment of all outstanding principal amounts on all Qualifying Loans (other than those to which the improvements in question are to remain subject after such Capital Event) and all accrued and unpaid Interest Differential Amounts thereon; (b) deduction of refinancing costs, including "points," prepayment premiums, insurance adjustment and restoration costs and fees; and (c) condemnation litigation and/or restoration costs and fees, as the case may be, attributable to such improvements and after deduction of all costs, fees (including cost of collection and attorneys' fees to the extent not recovered), and casualty restoration payments and expenses related to the Capital Event in question to the extent permitted to be retained by Payor by third party lenders and deduction of all accrued and unpaid Deemed Ground Rental Amount, with interest, if any; and payment of all accrued Operating Shortfalls plus interest, if any. Payee's participation rights in question and this Agreement shall thereafter continue in full force and effect.

(c) Capital Event - Effect of Refinance.

The net proceeds of any refinancing of the debt covering all or a portion of the Phase I Improvements or Parcel 1 shall be the sole property of RTD.

Upon refinance of the debt covering all or part of the Phase II Improvements and the underlying land, the portion of the net proceeds of the refinancing in question that is attributable to Parcel 2 shall be the sole property of Catellus. Such portion shall be equal to the Land Value and shall be paid to Catellus out of the net proceeds of refinancing after payment of all Qualifying Loans, accrued and unrecovered Deemed Ground Rental Amounts (including interest thereon), if any, and accrued and unrecovered Operating Shortfalls (including interest thereon). An example of the foregoing is set forth on Exhibit M-2. Following such refinancing, Deemed Ground Rental Amounts shall cease to accrue on that portion of the Land Value in respect to which Catellus shall have received refinancing proceeds as aforesaid. To the extent that upon a refinancing there are insufficient net proceeds available to satisfy the Land Value in full, Deemed Ground Rental Amounts shall continue to accrue upon the unsatisfied portion. Upon any Capital Event which occurs after a refinancing, in computing the amount due to RTD under Section 6.1.5, the Parties shall take into account the unsatisfied portion (if any) only of the Land Value and the accrued and unrecovered Deemed Ground Rental Amount (and interest thereon), all as set forth in examples 5 and 6 of Exhibit M-2.

6.1.10.2 Payment Procedures. In each case under this Section 6.1.10, the net amount due Payee shall (except as otherwise provided by Section 6.1.8) be paid concurrently with the receipt by Payor of its share thereof. Any payment made in the event of a Capital Event shall be subject to deduction for a reserve to deal with any post-closing matters, the same to be distributed, to the extent remaining, to Payor and Payee in proportion to the Parties' ownership at the time of the Capital Event, with payment made at such time thereafter as Payor reasonably deems prudent. An example of the calculation and

payment of the equity participation under this Section 6.1.10 is attached as Exhibit M-2.

6.1.10.3 Accounting Records. As soon as practicable, but in no event later than sixty (60) days after the Capital Event in question, Payor shall furnish or cause to be furnished to Payee a statement of the amount due to Payee in respect to the Capital Event in question, showing in reasonable detail the gross amount received and all adjustments and deductions made thereto or therefrom. Such statement shall be signed by a responsible officer of Payor. Payor shall make available to Payee, upon request by Payee, in Los Angeles County at times reasonably requested by Payee full and complete books of account, records (including records required pursuant to Section 6.1.9.3 for calculation of Net Operating Income) and other pertinent data relating to such payment, segregated from all other records, and such books and records shall be kept for a period of seven (7) years after the Capital Event in question. The receipt by Payee of any statement or payment made with respect to the foregoing shall not bind it as to the correctness of the statement or the payment. Within three (3) years after the receipt of any such statement, Payee shall be entitled to require an audit, to be carried out within a reasonable time thereafter, of such payment by an independent certified public accountant to be designated by it subject to the reasonable approval of Payor. Such audit shall be limited to the determination of the correct payment due (including Net Operating Income) and shall be conducted during normal business hours at the principal place of business of Payee or, at Payor's option, the Project. If it shall be determined by the independent auditor that there has been a deficiency in the amount actually paid as compared to the amount due, then within (60) sixty days following the conclusion of the audit, Payee may issue a written notice indicating the amount of the deficiency and that amount shall become immediately due and payable, with interest at the Default Rate from the date when said payment should have been made. In addition, if Payor's statement shall be found to have understated the correct amount due by more than seven and one-half percent (7-1/2%), then Payor shall pay all of Payee's reasonable costs and expenses connected with such audit. Any information gained from such statements or inspection shall be confidential and shall not be disclosed other than to carry out the purposes hereof; provided, however, Payee shall be permitted to divulge the contents of any such statement in connection with any financing arrangements or assignments of Payee's interest in such payments or in connection with any administrative or judicial proceedings in which Payee is involved and where Payee may be required to divulge such information. The Internal Revenue Service or any party lending funds to Payee with respect to the Project shall be permitted to conduct an audit of the records as specified above for a period of seven (7) years following the Capital Event in question.

6.2 Appraisal.

6.2.1 Appraisal Methodology. Whenever an appraisal is required by this Agreement with respect to the land and/or improvements which comprise the Project, the basis used to determine appraised value for the portion of the Project being appraised (the "Appraised Property") shall be on an "as developed" basis, unless otherwise specified herein. Each Party will, at its own cost, independently initiate an appraisal of the Appraised Property utilizing independent MAI appraisers certified by the State of California with a minimum of five (5) years of commercial real estate experience in Los Angeles County. These appraisals shall be completed within ninety (90) days of initiation, unless such period is extended by mutual consent. If the two independently issued appraisals differ by ten percent (10%) or less of the lower appraisal, then the two appraisals shall be averaged and such average shall conclusively be the value of the Appraised Property. However, if the two appraisals differ by more

than ten percent (10%) of the lower appraisal, then the two appraisers previously chosen by the two Parties shall choose one appraiser (the "Appraiser") from a list of six appraisers approved by both RTD and Catellus. The initially approved list of appraisers is attached as Exhibit N. The list shall be amended in writing by mutual agreement of the Parties as appropriate to ensure that at least one mutually acceptable appraiser remains available. If no appraiser chosen by the Parties remains available and the Parties cannot agree on additional appraisers, the list shall not be amended and, at such time as selection of an Appraiser is required, the two appraisers initially conducting the Appraisal shall mutually agree upon the identity of the Appraiser. The Appraiser, relying upon the two reports and/or conducting such independent investigations as he or she deems necessary, shall seek to reconcile the two appraisals and shall determine the appraised value of the Appraised Property. The determination of the Appraiser regarding the Appraised Property shall be concluded within forty-five (45) days of the completion of the initial appraisals, and shall conclusively be the value of the Appraised Property, provided that said value shall not exceed the higher appraisal nor be lower than the lower appraisal of the initial two appraisals. The cost of the Appraiser's appraisal shall be borne equally by the Parties, unless mutually agreed. Any "Appraisal" required by this Agreement shall follow this methodology, except as may be mutually agreed in advance by the Parties in writing.

6.2.2 Phase I Improvements - Formula for Equity Valuation.

6.2.2.1 Liquidity Option Valuation. Pursuant to tax-exempt financing regulations requiring ownership by a public entity of improvements financed with tax-exempt funds over the economic life of those improvements, it is estimated that non-public ownership of the Phase I Improvements cannot commence until forty (40) years from the Phase I Move In Date. Accordingly, for purposes of an exercise of the Liquidity Option by Catellus following which RTD does not (pursuant to Section 6.3.1.3) exercise the Right of Extinguishment, the portion of the Phase I Improvements financed by tax-exempt means (including parking allocated to the Phase I Improvements) shall be valued as the present value (at the time of Appraisal) of the estimated equity value of the Phase I Improvements in the fortieth (40th) year, as follows: the Net Operating Income for the Phase I Improvements in the fortieth (40th) year following the Phase I Move In Date shall be estimated by determining comparable Class A Los Angeles Central Business District market rate rents (using separate market rates for each of the various uses within the building, such as office, retail, day care, parking and public assembly) assuming an occupancy of ninety-five percent (95%) of the Rentable Square Footage of the Phase I Improvements, less net costs to landlord of ownership and operation as of the date on which the Appraisal is being performed and inflating such figure at a rate of five percent (5%) per year to the fortieth (40th) year and deducting Deemed Ground Rental Amount in the fortieth (40th) year therefrom. The difference between estimated Net Operating Income in the fortieth (40th) year and Deemed Ground Rental Amount in the fortieth (40th) year shall be capitalized at the Capitalization Rate on which the Appraisal is being performed (as capitalized, the "Capitalized Amount"). Deductions from the Capitalized Amount shall be limited to (a) sales costs, established as two percent (2%) of the Capitalized Amount and (b) an established tenant improvement allowance of thirty dollars (\$30) per Rentable Square Foot inflated to the fortieth (40th) year from the Phase I Move In Date at the rate of five percent (5%) per year, compounded annually. The Capitalized Amount less deduction for sales costs and tenant improvement allowance shall be discounted back to the year in which the Phase I Improvements are being valued, at a discount rate equivalent to RTD's cost of tax-exempt funding at the time of issuance but in no event greater

than eight (8) percentage points. An example of the calculation of the Phase I Improvements valuation is attached as Exhibit M-3.

In making the above-required determination of market-rate rents, to the extent that any portion of the Phase I Improvements is suitable for occupancy by commercial office space tenants paying market rate rents, the valuation under this provision shall not be reduced because RTD's rental rates are below-market rental rates.

6.2.2.2 Other Phase I Improvements Valuation. In any other instance where valuation of the Phase I Improvements (including parking allocated to such improvements) is required, the equity value of the improvements shall be determined by the methodology set forth in Section 6.2.3.

6.2.3 Phase II Improvements - Formula For Equity Valuation. Where an Appraisal is required, the value of the Phase II Improvements (including parking allocated to such improvements) shall be determined by standard appraisal methodology on an as-developed basis after deducting Deemed Ground Rental Amount from Net Operating Income before capitalization at the Capitalization Rate, utilizing the Appraisal procedure described in Section 6.2.1.

6.3 Options to Liquidate or Extinguish Interests. Subject to the terms of Section 6.1.4.2, the exercise of the Right of Extinguishment or of the Liquidity Option described below shall, in addition to the other requirements therefor, be valid only if no "Notice of Default" (i.e. a notice pursuant to § 2920 et seq. of the California Civil Code) has been recorded (or no action in "Foreclosure" has been commenced subject to the terms of Section 6.1.4.2, pursuant to §§ 725 et seq. of the California Code of Civil Procedure) and remains uncured against title to the Phase II Improvements (in the case of the Liquidity Option) or against title to either the Phase I Improvements or to the Phase II Improvements (in the case of the Right of Extinguishment) as of the date of such exercise. None of the foregoing shall, however, be construed, nor is it intended, to affect the valid exercise of the Right of Extinguishment or of the Liquidity Option prior to any such Foreclosure or deed in lieu of such transaction. However, if subsequent to any such valid exercise and prior to closing pursuant thereto, a Notice of Default is recorded (and remains uncured) against title to the Phase II Improvements (in the case of the Liquidity Option) or either the Phase I Improvements or the Phase II Improvements (in the case of the Right of Extinguishment), then all time periods with respect to both the Liquidity Option and the Right of Extinguishment shall be extended by the number of days between the date of recordation of said Notice or commencement of such action and the date of removal of said Notice or dismissal of such action. If such period exceeds ninety (90) days or if a Foreclosure occurs at any time before Liquidity Closing or Extinguishment Closing, as the case may be, then said valid exercise shall be deemed void and of no further force or effect but without prejudice to any subsequent such exercise after removal of said Notice of Default.

6.3.1 Phase I Liquidity Option.

6.3.1.1 Exercise of Option. If and only if (a) the Vesting Date has occurred (and no divesting has taken place pursuant to Section 6.1.4.2); (b) the Right of Extinguishment has not been exercised; (c) no sale or exchange of the Phase I Improvements has occurred, and (d) there exists no active purchase and sale agreement or written escrow instructions executed by RTD and a proposed third party purchaser (including Catellus or an Affiliate of Catellus) for sale of the Phase I Improvements, then, subject to the provisions of Sections 6.3 and 6.3.1, Catellus thereafter shall have an option (the "Liquidity Option") to sell to RTD one hundred percent (100%) of the Catellus

Phase I Interest. Although Catellus may exercise the Liquidity Option prior to the Phase II Stabilization Date, no closing with respect to such exercise shall take place prior to the date which is six (6) months after the Phase II Stabilization Date.

The Liquidity Option shall be exercised as follows: Upon preliminary determination of its desire to exercise the Liquidity Option, Catellus shall provide a dated written notice of such preliminary intent to RTD. Within thirty (30) days after the date of such preliminary intent notice, the Parties shall initiate a preliminary appraisal (the "Preliminary Appraisal") of the Catellus Phase I Interest in accordance with the procedures set forth in Section 6.2. Within thirty (30) days following its receipt of the final Preliminary Appraisal, Catellus shall, if it decides to exercise the Liquidity Option, provide written, dated notice of such intent (the "Liquidity Option Initial Notice") to RTD. The Liquidity Option Initial Notice shall specify the Liquidity Closing Date, said date to be eighteen (18) months after the Liquidity Initial Notice Date (as hereinafter defined). Notwithstanding the foregoing, RTD may in its sole discretion specify in writing to Catellus within fifteen (15) business days after its receipt of the Liquidity Option Initial Notice that the Liquidity Closing Date shall occur at an earlier date than that specified in the Liquidity Option Initial Notice, but in no event earlier than six (6) months after the Liquidity Initial Notice Date. The date of the Liquidity Option Initial Notice shall be the "Liquidity Initial Notice Date." Seven (7) months prior to the Liquidity Closing Date, the Parties shall initiate an update of the Preliminary Appraisal which shall become the Appraisal, pursuant to the provisions of Section 6.2.1 utilizing, to the extent feasible, the same appraisers who conducted the Preliminary Appraisal. The Preliminary Appraisal shall be deemed the Appraisal if the Liquidity Closing Date is within seven (7) months of the Liquidity Initial Notice Date.

If the Preliminary Appraisal amount exceeds the Appraisal amount by more than five percent (5%) of the Preliminary Appraisal amount, Catellus may in its sole discretion revoke its exercise of the Liquidity Option by written notice to RTD delivered within thirty (30) days after the date of the Appraisal (the "Final Revocation Date") provided that it reimburses RTD for RTD's costs incurred with respect thereto promptly upon receipt of a reasonably detailed invoice of such costs. The "Irrevocable Liquidity Option Date" shall be the date which is five (5) business days after the date of the Appraisal unless the Preliminary Appraisal amount exceeds the Appraisal amount by more than five percent (5%) of the Preliminary Appraisal amount, in which event the Irrevocable Liquidity Option Date shall be the Final Revocation Date. If RTD enters into a purchase and sale agreement or written escrow instructions pertaining to sale of all or a portion of the Phase I Improvements with a third-party purchaser, or Catellus exercises its Right of First Refusal with respect to the Phase I Improvements prior to the Irrevocable Liquidity Option Date, the exercise of the Liquidity Option shall be void and of no further force or effect and the provisions of this Agreement regarding valuation upon sale (including Sections 6.1.10.1 and 6.4) shall govern valuation of the Catellus Phase I Interest. Unless previously revoked by Catellus or superseded by RTD as described in this paragraph, upon occurrence of the Irrevocable Liquidity Option Date, the Parties shall irrevocably proceed to the Liquidity Closing and RTD shall upon the Liquidity Closing Date pay to Catellus the lesser of (i) an amount which is five percent (5%) greater than the amount of the Preliminary Appraisal or (ii) the Appraisal amount (measured in Constant Dollars), as consideration for its purchase of the Catellus Phase I Interest.

In no event shall the Liquidity Closing Date precede the date which is six (6) months following the Phase II Stabilization Date. Therefore, notwithstanding the foregoing, if

the Phase II Stabilization Date does not occur on or prior to the Irrevocable Liquidity Option Date, the Liquidity Closing Date shall, if initially earlier, automatically be extended to the date which is eighteen (18) months after the Liquidity Initial Notice Date. However, if the Phase II Stabilization Date has not occurred by the date which is one (1) year after the Liquidity Initial Notice Date, RTD may, in its sole discretion, terminate the Liquidity Option exercise and such termination shall reduce by one (1) the number of occasions upon which Catellus may seek to exercise the Liquidity Option by requesting a Preliminary Appraisal. Catellus may request a Preliminary Appraisal of the Catellus Phase I Interest pursuant to the above-stated process on three (3) occasions only and on the third occasion (if not terminated pursuant to this paragraph) shall only be entitled to receive the lesser of the Preliminary Appraisal amount or the Appraisal amount.

6.3.1.2 Closing Procedure. The consummation of the purchase and sale of the Catellus Phase I Interest ("Liquidity Closing") shall take place at RTD Headquarters or such other location as the Parties may agree at 10:00 a.m. on the Liquidity Closing Date at which time RTD, at RTD's election, shall deliver to Catellus either (a) a federal funds cashier's check or wire transfer in the amount established pursuant to Section 6.3.1.1, less any amounts required to correct any existing or prior Catellus Default or any unrecovered amount previously paid by RTD to cure a Catellus Default, together with interest at the Default Rate on such amounts payable from the date of default or RTD expenditure as the case may be, or (b) a Liquidity Option promissory note (the "Liquidity Option Note"), in the form of Exhibit Q attached. In addition, the Parties shall execute an amendment to the recorded memorandum of this Agreement reflecting that Liquidity Closing has occurred (but without disclosure of the amount paid) and which the Parties shall promptly thereafter cause to be recorded in the Official Records of the Los Angeles County Recorder at RTD's cost.

6.3.1.3 Invocation of Right of Extinguishment. Upon Liquidity Closing, RTD shall acquire the Catellus Phase I Interest and shall retain the RTD Phase II Interest. If the date established for the Liquidity Closing Date occurs on or after the eighth (8th) anniversary of the Vesting Date, then RTD shall have the right to invalidate Catellus' exercise of the Liquidity Option by its exercise of the Right of Extinguishment, which must be exercised to be effective by written notice to Catellus of RTD's intent to so act no later than ninety (90) days following the Irrevocable Liquidity Option Date. If RTD invokes the Right of Extinguishment in accordance with the requirements set forth above, the provisions of the Right of Extinguishment shall take effect and all payments, if any, shall be made in accordance with the provisions set forth in Sections 6.3.2.2 and 6.3.2.3 and, subject to the Extinguishment Closing taking place, the rights granted under the Liquidity Option shall terminate.

6.3.2 Right of Extinguishment.

6.3.2.1 Ability to Exercise. Following the Vesting Date and only if the conditions described below are met, either Catellus or RTD shall have the right to extinguish the Catellus Phase I Interest, each such right constituting the "Right of Extinguishment." If either Party exercises its Right of Extinguishment, such exercise shall thereby automatically extinguish an equivalent portion of the RTD Phase II Interest; however, in each case only as described and with payments as set forth below and including the continuing interest of RTD in the RTD Phase II Interest pursuant to the provisions of Sections 6.3.2.2 and 6.3.2.3. The Right of Extinguishment may be exercised only by delivery of a dated written notice (the "Extinguishment Notice") given to the other Party (the date of

which shall be the "Extinguishment Notice Date"), which notice shall specify the date upon which such extinguishment shall occur (the "Extinguishment Date"), said date to be at least four (4) months but not more than six (6) months after said Extinguishment Notice is given, and the Extinguishment Notice shall, in addition, be valid if and only if:

(a) except in the case of exercise of the Right of Extinguishment by Catellus pursuant to Section 6.4.3.2 or by RTD pursuant to Section 6.4.4.2, the Extinguishment Date specified therein is on or after the eighth (8th) anniversary of the Vesting Date;

(b) the Irrevocable Liquidity Option Date has not occurred (unless exercise of the Liquidity Option has been vitiated pursuant to Section 6.3.1.1 or by RTD's timely exercise of the Right of Extinguishment in response to the Liquidity Option exercise pursuant to Section 6.3.1.3);

(c) there has been no Capital Event which terminates any portion of the ownership interest of RTD in the Phase I Improvements or Catellus in the Phase II Improvements, unless otherwise agreed by the Parties; and

(d) the right to exercise the Right of Extinguishment has not divested pursuant to the provisions of Section 6.1.4.2 or been delayed pursuant to Section 6.3.

6.3.2.2 Valuation.

(a) Notwithstanding the valuation provisions of Sections 6.1.10 and 6.2, upon the Extinguishment Date the Catellus Phase I Interest attributable to the Phase I Improvements shall be extinguished pro tanto with the RTD Phase II Interest attributable to an equal amount of square footage in the Required Phase II Square Footage, without cost to either Party. Following that extinguishment, the remaining interest of RTD in the Required Phase II Square Footage (the "RTD Remainder Interest"), shall be reduced from fifty percent (50%) to that fraction, the numerator of which is the amount by which the Required Phase II Square Footage exceeds the number of Rentable Square Feet comprising the Phase I Improvements (in each instance excluding parking, On-Site Infrastructure and Off-Site Infrastructure), and the denominator of which shall be the number two (2) multiplied by the total Rentable Square Footage of the Phase II Improvements. Upon said extinguishment, RTD shall receive an amount equal to the RTD Remainder Interest multiplied by the value of the improvements determined by Appraisal in accordance with Sections 6.1.3, 6.1.5 and 6.2. Any amounts due hereunder shall be payable within one year of the Extinguishment Date, with interest payable thereon at Prime Rate from the Extinguishment Date. RTD shall continue to receive its full Income Participation Payments through the Extinguishment Date, at which date the payments shall be prorated to the date of termination of the right to such payments. An example of the foregoing calculation is attached as Exhibit M-6.

(b) In lieu of requiring such Appraisal and payment, RTD, in its sole discretion, exercisable only by written notice from RTD to Catellus of RTD's intention to retain such interest given at least thirty (30) days prior to the Extinguishment Date, may maintain its income and equity participation interests in the Phase II Improvements, with its interest being equal to the RTD Remainder Interest. In that event, RTD shall have the right to receive income and equity participation only and shall have no lease approval or other rights with respect to the Phase II Improvements, except as otherwise provided in the REOA and the PMA.

6.3.2.3 Retention of RTD Phase II Interest.
The RTD Phase II Interest retained by RTD after exercise of the Right of Extinguishment or the Liquidity Option shall continue until the earlier of any Capital Event extinguishing such interest or the termination of such participation interest pursuant to Section 6.6.

6.3.2.4 Extinguishment Procedure and Effect.
The consummation of the exchange of the Catellus Phase I Interest and the RTD Phase II Interest as aforesaid (the "Extinguishment Closing") shall take place at RTD Headquarters or such other location as the Parties may agree at 10:00 a.m. on the date set forth in the Extinguishment Notice, at which time the paying Party, if any, shall deliver to the other a federal funds cashier's check or wire transfer in the amount established pursuant to Section 6.3.2.2, less setoffs, if any, pursuant to Section 8.11, and the Parties shall execute an amendment to the recorded memorandum of this Agreement reasonably acceptable to both Parties, reflecting that Extinguishment has occurred (but without disclosure of any amount paid) and which the Parties shall promptly thereafter cause to be recorded in the Official Records of the Los Angeles County Recorder at their joint cost. Upon Extinguishment Closing, if RTD has not exercised its rights pursuant to Section 6.3.2.2(b), this Agreement shall terminate subject to the rights of the Parties to receipt of the payments referred to in Section 6.3.2.2(a). If RTD has exercised its rights pursuant to Section 6.3.2.2(b), all the terms of this Agreement except the provisions of this Section 6 shall terminate.

6.4 Sales or Exchanges Prior to Year Thirty.

Unless otherwise set forth below, all sales or exchanges of Phase I, Phase II or portions thereof (except sale or exchange pursuant to Section 6.4.2) shall be subject to the REOA, the Public Transit Use Agreement, the PMA, the rights of RTD, if any, established pursuant to Section 6.3.2.2(b), and the Qualifying Purchaser requirements; except that, following Extinguishment Closing, the Qualifying Purchaser Requirements shall not apply. All sales or exchanges permitted in this Section shall in addition be subject to the provisions of Section 11.3 regarding assignment of interests.

6.4.1 Sale or Exchange of Catellus Phase I Interest. Except in connection with exercise of the Liquidity Option or as set forth in Section 6.4.4, Catellus may not sell or exchange the Catellus Phase I Interest.

6.4.2 Sale or Exchange of RTD Phase II Interest. RTD may sell or exchange the RTD Phase II Interest subject to a Right of First Refusal in favor of Catellus, the REOA and until the Catellus Phase I Interest terminates, the Qualifying Purchaser requirements.

6.4.3 Sale or Exchange to Third Parties of Parcel 1 or Phase I Improvements. Prior to the earlier of (i) the Phase I Move In Date or (ii) the expiration of the Option (described in Section 8.8), RTD may not sell or exchange Parcel 1. Following such date, RTD may sell or exchange Parcel 1 and the Phase I Improvements either separately or together, free of any rights of approval of Catellus except as specifically set forth below.

6.4.3.1 Prior to Vesting Date. If sale or exchange of the Phase I Improvements takes place prior to the earlier of the Vesting Date or the Vesting Expiration Date, Catellus shall have a Right of First Refusal with respect thereto.

(a) If Catellus purchases said property pursuant to said Right of First Refusal, then this Article 6 shall thereupon be of no further force or effect. If Catellus does not exercise said right to purchase and RTD proposes to consummate

such sale or exchange in accordance with the Third Party Notice, then Catellus shall have the right, exercisable on or prior to the Decision Date, to submit to Arbitration the matter set forth in Section 6.1.10.1(a) and the matters described in Section 6.4.6.

(b) Within thirty (30) days after the Decision Date, or, if it elects Arbitration as aforesaid, within thirty (30) days after the same is finalized, Catellus shall elect either to (i) terminate this Agreement (in which event RTD shall forfeit any and all future rights to participate in any income or equity in the Phase II Improvements and Catellus shall forfeit any and all future rights to participate in any income or equity in the Phase I Improvements) or (ii) require RTD to place into escrow (pursuant to Section 6.1.8) the amount of the proceeds of such sale or exchange (determined pursuant to Section 6.1.10.1) to which Catellus would be entitled upon occurrence of the Vesting Date and the Phase II Stabilization Date. The failure of Catellus to make a timely election shall conclusively be deemed election of clause (i) above.

6.4.3.2 Following Vesting Date.

(a) Any proposed sale or exchange by RTD of the Phase I Improvements which occurs on or following the Vesting Date but prior to (a) any divesting pursuant to Section 6.1.4.2; (b) the Irrevocable Liquidity Option Date (see Section 6.3.1.1); or (c) delivery by either Party of the Extinguishment Notice (see Section 6.3.2.1) shall be subject to a Right of First Refusal in favor of Catellus, and the provisions of Section 6.4.3.1(a) shall apply thereto. Within thirty (30) days after the Decision Date, or if it elects Arbitration, within thirty (30) days after the same is finalized, Catellus shall elect either to (i) accept payment of the amount of the proceeds of such sale or exchange to which Catellus would be entitled pursuant to Section 6.1.10.1 (as the same may have been determined by Arbitration), subject to the escrow provisions of Section 6.1.8 until the occurrence of the Phase II Stabilization Date, or (ii) exercise the Right of Extinguishment (regardless of whether the eighth (8th) anniversary of the Phase II Occupancy Date has then occurred). The failure of Catellus to make a timely election shall conclusively be deemed election of clause (ii). In the event that clause (i) above is chosen by Catellus but the Phase II Stabilization Date has not occurred by the date which is three (3) years after the date of sale or exchange of the Phase I Improvements, RTD may, at its election, invoke the provisions of clause (ii) above. In that event, upon Extinguishment Closing, in addition to the terms described in the succeeding paragraph, the sum held in escrow pursuant to Section 6.1.8 shall be released to RTD.

(b) If the Right of Extinguishment is elected as aforesaid, then within thirty (30) days thereafter, either Party may cause the RTD Remainder Interest to be redeemed pursuant to the provisions of Section 6.3.2.2(a), in which event RTD shall also receive the income component of Minimum RTD Phase II Interest which shall be due and payable in lump sum as a condition concurrent to Extinguishment Closing. If neither Party timely makes such election, then Catellus shall maintain RTD's income and equity participation interests in the Phase II Improvements, with said equity participation interest being equal to the RTD Remainder Interest (the "Minority Percentage") and said income participation interest being equal to fifty percent (50%) through the remainder of the eight year period commencing upon the Vesting Date, and thereafter being reduced to the Minority Percentage. Such participation shall not give RTD any lease approval or other rights with respect to the Phase II Improvements. Either Party may elect to redeem the RTD Remainder Interest pursuant to Section 6.3.2.2(a) (without regard to the RTD Minimum Phase II Interest) by notice given to the other during the thirty (30) day period commencing upon the expiration of said

eight (8) year period, failing which the same may thereafter be redeemed only pursuant to Sections 6.1.10.1, 6.5 or 6.6.

6.4.3.3 Following Extinguishment Closing. Following Extinguishment Closing, RTD may sell or exchange (i) all or a portion of Parcel 1 or (ii) the Phase I Improvements, free of any approval rights of Catellus, including the Right of First Refusal or the Right of Extinguishment.

6.4.4 Sale or Exchange to Third Parties of Parcel 2 or Phase II Improvements. If the Catellus Phase I Interest has not previously been redeemed pursuant to exercise of the Liquidity Option, any sale or exchange of (i) the Required Phase II Square Footage or (ii) Parcel 2 if construction of the Required Phase II Square Footage has not been commenced to the extent described in Section 6.4.4.1 (i)-(vii), must include transfer of the Catellus Phase I Interest to the purchaser of the aforesaid interest. Proceeds paid to Catellus by the purchaser of the Required Phase II Square Footage and attributable to the Catellus Phase I Interest shall be payable to Catellus only and shall not be shared with RTD. RTD shall have the right to challenge in Arbitration the amount proposed to be allocated by Catellus to the Catellus Phase I Interest, provided however, that such Arbitration shall not delay the sale or exchange in question.

6.4.4.1 Prior to Vesting Date. Sale or exchange of all or any portion of Parcel 2 prior to the Vesting Date shall be subject to a Right of First Refusal in favor of RTD if a third party purchaser has made an offer or to a Right of First Offer in favor of RTD if a third party purchaser has not made an offer (with the provisions of Section 6.4.4.2(b) applying thereto). Any such sale or exchange shall also be subject to the rights of RTD to participate in equity and income from improvements on Parcel 2 during the periods that such rights exist. In addition, prior to the earlier of the Vesting Date or the Vesting Expiration Date, Catellus shall not sell portions of Parcel 2 without the prior written consent of RTD, which consent shall be granted under the following circumstances, but which otherwise may be withheld in RTD's sole discretion:

(i) If demolition, excavation or grading activity on the Site relating to the Phase II Improvements has commenced (so that if constructed, the improvements commenced would constitute the Required Phase II Square Footage);

(ii) a construction loan for the improvements described in clause (i) from an Institutional Lender is then of record;

(iii) a permanent loan commitment or its equivalent has been secured from an Institutional Lender for the improvements described in clause (i);

(iv) a lease or written commitment for the improvements described in clause (i) has been executed with Effective Rent (as defined in Section 6.1.7) covering at least one hundred percent (100%) of permanent loan debt service;

(v) Catellus has not pledged Parcel 2 in whole or in part to any third party for any purpose other than to fund development or operation of the improvements described in clause (i);

(vi) Catellus has not included Parcel 2, in whole or in part in any cross-collateralization of a loan made for any reason other than the development or operation of the improvements described in clause (i); and

(vii) Catellus has not used equity and debt designated for development of the improvements described in clause (i) for any other purpose.

Notwithstanding the foregoing, Catellus shall not sell the portion of Parcel 2 upon which such construction activity is taking place prior to the earlier of the Vesting Date or the Vesting Expiration Date.

6.4.4.2 Following Vesting Date.

(a) If the Vesting Date has occurred and the Extinguishment Notice has not been delivered prior to the Offer Date (as hereinafter defined), Catellus' right to sell or exchange all or any portion of Parcel 2 together with all or any portion of the Phase II Improvements, or all or any portion of the Phase II Improvements alone, shall be subject to a Right of First Offer in favor of RTD if a third party purchaser has not made an offer or to a Right of First Refusal in favor of RTD if a third party purchaser has made an offer and if such disposition occurs prior to the eighth (8th) anniversary of the Vesting Date, shall also be subject to the right of RTD to receive the Minimum RTD Phase II Interest. For purposes hereof, the "Offer Date" shall be, with respect to the Right of First Refusal, the date of the Third Party Notice and, with respect to a Catellus determination to sell the interest in question, the date set forth on Catellus' notice to RTD describing its desire to sell at a specified sale price.

(b) If RTD purchases said property pursuant to the Right of First Refusal, then this Article 6 shall thereupon be of no further force or effect. If RTD does not exercise said right to purchase and Catellus proposes to consummate such sale or exchange in accordance with the Third Party Notice, then RTD shall have the right, exercisable on or prior to the Decision Date, to submit to Arbitration the matter set forth in Section 6.1.10.1(a) and the matters described in Section 6.4.6.

(c) Within thirty (30) days after the Decision Date or, if it elects Arbitration as aforesaid, within thirty (30) days after the same is finalized, RTD shall elect either to (i) accept payment of the amount of the proceeds of such sale or exchange to which RTD would be entitled pursuant to Section 6.1.10.1 (as the same may have been determined by Arbitration), or (ii) exercise the Right of Extinguishment (regardless of whether the eighth (8th) anniversary of the Phase II Occupancy Date has then occurred). The failure of RTD to make a timely election shall conclusively be deemed election of clause (ii). Notwithstanding the foregoing, if the Irrevocable Liquidity Option Date has occurred, RTD shall conclusively be deemed to have elected clause (i). If the Right of Extinguishment is elected as aforesaid, the provisions of Section 6.4.3.2(b) shall apply to such extinguishment.

If RTD elects clause (i) above, the Catellus Phase I Interest (unless previously terminated pursuant to the Liquidity Option) shall transfer to the purchaser of the Required Phase II Square Footage or other interest described in Section 6.4.4 and such interest shall remain subject to the Liquidity Option.

6.4.4.3 Following Extinguishment Closing.

Following Extinguishment Closing, Catellus may sell or exchange (i) all or a portion of Parcel 2; (ii) the Phase II Improvements, or (iii) all or a portion of Parcel 2 together with all or any portion of the Phase II Improvements, free of any approval rights of RTD including the Right of First Refusal or the Right of First Offer.

6.4.5 Right of First Offer. Only RTD shall have a Right of First Offer. Whenever the time periods established pursuant to this Right of First Offer are in effect with respect to a particular interest, the Right of First Refusal shall be suspended with respect to that interest. When a Right of First Offer applies, it shall consist of the following rights and obligations. RTD shall be entitled to the Right of First Offer only if it is not, at the time of written notice by Catellus to RTD setting forth its intention to sell the property, in default under the Liquidity

Option Note if given pursuant to Section 6.3.1.2. Prior to marketing or sale of all or any portion of Parcel 2 together with all or any portion of the Phase II Improvements or all or any portion of the Phase II Improvements alone, Catellus shall (a) provide RTD with written notice of its intent to sell such property and (b) within fifteen (15) days, commission an Appraisal of the property offered for sale. RTD shall have the right, but not the obligation, until the later of ninety (90) days from receipt of the written notice described in clause (a) or sixty (60) days from the date of receipt of the Appraisal, to make an offer at a specified dollar amount to purchase such property. The Parties shall keep confidential the values obtained for the property so appraised.

Any offer made by RTD under this provision shall be at least equal to ninety-five percent (95%) of the amount of such Appraisal (the "Offer Amount"). If an offer is made by RTD, Catellus shall thereupon have thirty (30) days to determine whether to accept the offer. If the offer is accepted, closing shall take place within sixty (60) days from the date of acceptance of the offer. Upon closing pursuant to such offer and payments as required pursuant to this Section, the provisions of this Article 6 shall thereupon be of no further force or effect. If the offer is either not accepted or is rejected, Catellus shall have three hundred sixty (360) days from the earlier of (a) the date the offer is rejected by Catellus or (b) the expiration of the thirty (30) day period (the "Rejection Date") to market and to enter into a definitive agreement to sell such property to any third party subject to the provisions of the following paragraph. If Catellus fails to accept or reject the offer by RTD, the offer shall be deemed rejected as of the Rejection Date. Closing of sale of such property shall occur within four hundred twenty (420) days from the Rejection Date. If such property has not been sold within the requisite time period, any offer of such property shall again be subject to RTD's Right of First Offer and said time periods shall run anew.

If RTD fails to make an offer to purchase such property or if the offer is rejected or deemed rejected by Catellus, Catellus may freely market and dispose of the same, provided that (a) the amount received by RTD with respect to the RTD Phase II Interest shall be computed pursuant to Section 6.1.10 as though the gross sale proceeds (as described in Section 6.1.10.1(a)) were not less than the greater of (i) the Offer Amount, (ii) ninety-five percent (95%) of the amount established therefor by Appraisal or (iii) prior to the eighth (8th) anniversary of the Vesting Date, the Minimum RTD Phase II Interest; and (b) the provisions of Section 6.8 are met. If the offer by the prospective purchaser does not meet the condition set forth in clause (a), RTD shall nonetheless have the right to approve a sale of such property in which it shall receive less than the amount specified therein. RTD shall have no approval right if the conditions set forth in clauses (a) and (b) are met.

The Right of First Offer shall not terminate until the interest to which it applies has been sold following offer pursuant to that right. The benefit of the Right of First Offer runs with the land and RTD shall not have any other right to transfer or assign such right, except to an Affiliate.

6.4.6 Right of First Refusal. The Party having the Right of First Refusal ("Party A") may exercise such right with respect to proposed dispositions of the real property and contractual interests covered thereby (the "Interest"), upon the following terms and conditions.

The owner of the Interest ("Party B") shall give Party A a dated, written notice of any written offer (including non-binding letters of intent) to purchase the Interest which Party B would be inclined to accept setting forth in reasonable detail the terms thereof and the amount to which it believes Party A

Would be entitled pursuant to Sections 6.1.8 and 6.1.10.1, upon consummation of such sale or exchange (a "Third Party Notice"). Together with such notice, Party B shall also provide Party A with documentation regarding the identity of the offeror and such financial statements of offeror as Party B is able to obtain. Upon receipt of the Third Party Notice, Party A shall have the right, provided it is exercised on or prior to the Decision Date, to bring an Arbitration with respect to the following:

(i) whether the proposed third party purchaser is a Bona Fide Third Party Purchaser; and

(ii) if the arbitrator determines that the proposed third party purchaser is not a Bona Fide Third Party Purchaser, whether the offer is for fair market value, which shall, for purposes of this definition, be established by Appraisal by the method set forth in Section 6.2.3.

If, as a result of the Arbitration, a fair market value for the interest different from that set forth in the Third Party Notice is established, then, upon consummation of the sale or exchange pursuant to that Third Party Notice, Party A shall be entitled to receive its proportional equity participation interest in the greater of (i) the fair market value or (ii) the actual gross sale proceeds or exchange value received by Party B. In no event shall any such Arbitration delay the proposed sale or exchange in question; each Party hereby covenants to the other that it shall keep both the fact and the result of such Arbitration confidential.

Party A may exercise the Right of First Refusal by a written counter-notice setting forth substantially the terms and conditions of the aforesaid offer delivered within forty-five (45) days after satisfaction by Party B of the terms described above, accompanied by a cashier's check in favor of Party B in the sum of three percent (3%) of the purchase price (the "Deposit") to secure Party A's performance under this Section.

If Party A makes an offer meeting the terms of the Third Party Notice, closing of the purchase and sale of the Interest shall take place within sixty (60) days after receipt by Party B of Party A's counter-notice at the offices of Party A's counsel or at such other place as may be agreed to by the Parties. Party B shall thereupon deliver to Party A a grant deed or an assignment of the Interest in form and substance reasonably acceptable to Party A and Party A shall deliver to Party B a federal funds cashier's check or wire transfer in the amount of the purchase price, less the amount of the Deposit and accrued interest thereon. All items of income and expense shall be equitably prorated as of the date of closing, and all closing costs (including costs for the title insurance policy) shall be paid for by Party B except to the extent set forth in the Third Party Notice. If Party A elects to purchase the Interest and if recovery of costs incurred in connection with the third party offer is required by a Bona Fide Third Party Purchaser, then Party A shall pay one-half (1/2) of the costs required to be paid which are demonstrated to Party A's satisfaction to have been reasonably incurred by said Bona Fide Third Party Purchaser in connection with the offer and Party B shall pay the remaining one-half (1/2) of such costs.

Party A acknowledges and agrees that it shall acquire the Interest strictly on an "as is" basis, without any warranty or representation whatsoever, and that it shall be obligated to purchase the Interest without benefit of any conditions precedent except in the case of sale of real property, the right to terminate based on a physical and environmental inspection or upon occurrence of a condemnation resulting in substantial inability to use the improvements thereon for the purposes for which they were intended or a casualty resulting in substantial destruction of the premises, and, in the case of sale of the Interest to RTD, issuance of an ALTA title insurance policy showing ownership of the Interest by Catellus

or its successor and containing no exceptions other than those in existence at Closing or otherwise approved by RTD, or for which title insurance reasonably satisfactory to RTD is obtained, all at Catellus' sole cost and expense. If a physical or environmental inspection is permitted by the above, inspection rights shall be governed by the Right of Entry Agreement. Party B shall at its sole cost and expense remove of record (at or before closing) any monetary liens existing against the Interest unless either such liens were (a) approved in writing prior to the creation thereof by Party A, or (b) assumed by Party A in its sole and absolute discretion.

If the Right of First Refusal is not exercised and the transaction set forth in the Third Party Notice is not consummated within one (1) year after the date thereof, any sale of the Interest (whether pursuant to the offer which had triggered the last Right of First Refusal or to a different offer) shall again be subject to the Right of First Refusal and the terms and time periods established above shall apply anew. Any offer described in a Third Party Notice shall also be subject to the Right of First Refusal, regardless of the amount of time which has passed, if (but only if), during the course of negotiations by Party B with the prospective purchaser following a determination by Party A not to exercise the Right of First Refusal, the terms of the offer are changed such that the purchase price declines by more than five percent (5%) from the price set forth in the Third Party Notice, in which event the terms and time periods established above shall apply anew.

The Right of First Refusal shall not terminate until the Interest to which it applies has been sold following offer pursuant to such right. The benefit of the Right of First Refusal runs with the land and neither Party shall have any other right to transfer or assign such right, except to an Affiliate.

6.5 Extinguishment at Year Thirty. On the thirtieth (30th) anniversary of the Vesting Date, if the Catellus Phase I Interest and the RTD Phase II Interest have vested and neither has been redeemed by occurrence of a Capital Event, then RTD shall extinguish the RTD Phase II Interest and Catellus shall extinguish the Catellus Phase I Interest and this Agreement shall terminate subject to the following sentence. The respective interests shall be valued in accordance with the provisions of Section 6.2 and payment shall thereupon be due from the Party with the lesser interest to the Party with the greater interest.

6.6 Sale at Year Thirty. On the thirtieth (30th) anniversary of the Vesting Date, if the Catellus Phase I Interest and the RTD Phase II Interest both vested but only one was redeemed through a Capital Event such that one such interest remains in existence, then the Party whose property remains subject to the participation rights in question must purchase such rights from the other Party, in each case for its value established in accordance with the provisions of Section 6.2 after payment in full or on a pro rata basis of any financing covering said property. For purposes of this Section, the interest remaining shall be valued as a fraction of the value of the improvements in question. The numerator of said fraction shall be the number of Rentable Square Feet in which the selling Party retains an interest and the denominator shall be the total number of Rentable Square Feet of the improvements in question. The value of the improvements in question shall be determined in accordance with Section 6.2. Upon payment of the required amount, this Agreement shall terminate.

6.7 Foreclosure, Deed-in-Lieu, Hypothecation. None of the provisions of Sections 6.3 or 6.4 shall be applicable to any hypothecation by a Party of its participation interests to which any of said provisions would otherwise be subject. Such hypothecation shall be expressly junior and subordinate to any existing or future financing covering the improvements to which the participation interest relates, or any portion thereof. In addition, such

hypothecation must expressly provide for a future subordination, by the hypothecating Party's lender, to any such financing.

6.8 Qualifications of Third Party Purchasers. Whenever required pursuant to Section 6.4, the prospective purchaser, to be a "Qualifying Purchaser" must demonstrate to the non-selling Party's reasonable satisfaction (to be rejected within thirty (30) days or deemed approved) that it has or can obtain the financial and technical resources and capability to own, operate and maintain the property subject to sale at standards consistent with then-existing standards established for the Project improvements as described in this Agreement and the REOA. This requirement shall be deemed satisfied if the purchaser in question is able to demonstrate to the non-selling Party's reasonable satisfaction that it will have obtained by the time of closing a loan from an Institutional Lender and, where improvements are included in the sale, if the purchaser owns and operates, or enters into a management agreement relating to said property with a property management company which has under management at least 1,000,000 Rentable Square Feet of office and/or retail space in Los Angeles County. Catellus shall be deemed to meet the above requirements with respect to its undertaking of management duties only. This Section 6.8 shall cease to be of any force or effect from and after the date of termination of this Agreement pursuant to Section 6 or Section 8.

SECTION 7. MARKETING, MANAGEMENT, AND LEASING

7.1 Marketing.

7.1.1 Phase I Improvements. RTD shall have marketing control of the Phase I Improvements.

7.1.2 Phase II Improvements. Catellus shall have marketing control of the Phase II Improvements, if built. In marketing the Phase II Improvements, Catellus shall dedicate senior management and marketing staff to the expeditious implementation of such improvements and shall prepare and present a marketing program to RTD for its approval.

7.2 Management.

7.2.1 Phase I Improvements. RTD shall designate a managing entity for the Phase I Improvements and may determine, in its sole discretion, to conduct a competitive bidding process by which it shall designate such managing entity. Catellus shall be a permitted entrant in any bidding process. If the Phase I Improvements are financed by tax-exempt funds, the choice of any management entity and the terms of any contracts with such entity the same shall be in accordance with federal requirements governing tax-exempt financing. RTD shall maintain the Phase I Improvements to a standard equal to that maintained in other first-class office buildings in the downtown Los Angeles area.

7.2.2 Phase II Improvements. Catellus shall manage the Phase II Improvements and shall be entitled, in connection therewith, to deduct from gross income a fee which shall not exceed the fee normally charged for management services at other commercial office buildings in downtown Los Angeles of similar size and quality. Catellus shall maintain the Phase II Improvements to a standard equal to that maintained in other first-class office buildings in the downtown Los Angeles area.

7.2.3 Management Areas. The JMC shall govern and the Operator shall manage the Management Areas in accordance with the REOA, the Public Transit Use Agreement, the Management Documents and the Design Guidelines. The JMC shall meet regularly to review the status and information, consider recommendations of the Operator and individual Parties, and make decisions on matters concerning the operation of the Management Areas, the implementation or

modification of Management Documents, the execution, administration and renewal of the PMA, the review and approval of operating budgets, costs and revenues and the allocation thereof, the procurement of services by the JMC and the authorization of services of the Operator.

The JMC shall have the authority to negotiate and execute modifications of the PMA after initial execution by amendment, subject to approval of the Parties, and to direct and modify all or any portion of the Operator's services. The JMC may also suspend or terminate said services, subject to written advance notice of reasonable cause.

7.3 Leasing.

7.3.1 Phase I Improvements. RTD may either assume responsibility for the leasing of the Phase I Improvements, appoint leasing agents, or conduct a competitive bidding process to determine responsibility for the leasing of such improvements.

7.3.2 Phase II Improvements. Catellus shall assume responsibility for the leasing of the Phase II Improvements without prejudice to its rights to retain a broker or brokers in connection therewith. The Leasing Criteria may be modified by the Parties at any time by mutual written consent. Either Party shall have the right from time to time to submit new or modified Leasing Criteria to the other which, unless disapproved by the other Party in writing within thirty (30) days of receipt thereof, shall be deemed approved. Disagreement between the Parties as to the commercial reasonableness of the Leasing Criteria shall be resolved by Arbitration.

Except as set forth in Section 7.3.3, if, as and when the Phase II Improvements are built, Catellus shall be permitted to enter into leases not constituting Major Leases without any right of approval of RTD, provided that Catellus shall seek to conform such leases to the Leasing Criteria. In order to assist RTD in meeting the deadlines established pursuant to this Section, Catellus shall keep RTD apprised of prospective tenants under Major Leases with whom it is negotiating and the terms of any offers. Catellus shall submit each proposed Major Lease and pertinent tenant information to RTD together with Catellus' dated statement either that such Major Lease does, or does not, conform to the Leasing Criteria then established by the Parties. If Catellus states that the lease is conforming, RTD shall have a period of ten (10) business days within which to determine whether such proposed Major Lease does or does not so conform. If RTD believes that the proposed Major Lease does not so conform, it shall, within the ten (10) business days provided, provide an initial dated written notice to Catellus of its belief of non-conformance. Within fifteen (15) business days after the date of a non-conformance notice delivered (a) by RTD, RTD shall provide Catellus with a detailed statement as to those particulars with respect to which there is an alleged nonconformance with the Leasing Criteria, setting forth therein its approval or disapproval of the Major Lease in question; or (b) initially by Catellus, RTD shall provide Catellus with written notice of RTD's approval or disapproval of the Major Lease in question. Conditional or "subject to" approvals shall in all cases be deemed disapprovals.

If RTD duly disapproves a proposed Major Lease and sets forth suggested terms therefor not exceeding the Leasing Criteria requirements, Catellus shall negotiate with the proposed tenant to attempt to obtain RTD's suggested terms. If Catellus is unable to come to agreement with the proposed tenant on RTD's proposed terms, Catellus may nonetheless, at its discretion, (a) enter into the proposed Major Lease rejected by RTD, or (b) terminate the negotiations. Catellus' determination to enter the proposed lease or to cease negotiations following RTD disapproval shall be a determination made by Catellus in its sole discretion, and RTD shall not be liable to Catellus for any determination so made. If

Catellus does execute the Major Lease despite RTD's disapproval, RTD shall have the right to dispute such determination by initiating Arbitration (no later than one-hundred twenty (120) days after the date of submission to RTD of a copy of the Major Lease in question) in order to establish whether such Major Lease was commercially reasonable given the timing and circumstances in which it was proposed and accepted and taking into consideration the costs of operation, Debt Service Amounts and Deemed Ground Rental Amount associated with the space in question. When determining the commercial reasonableness of the transaction, the arbitrator(s) shall take into account only the sums actually contributed or to be contributed to Net Operating Income by the proposed tenant and shall not take into consideration (a) sums or benefits received by Catellus in connection with the proposed lease accruing with reference to different properties or transactions, or (b) reductions or limitations to accrual of Deemed Ground Rental Amount described in Section 6.1.7. The arbitrator(s) shall be instructed to render a single, unified decision as to whether, on the whole, the subject lease was commercially reasonable and shall not split RTD's objections (if several) into numerous elements nor determine whether each of such elements was or was not reasonable. If it is determined that the Major Lease in question was not commercially reasonable, the arbitrator(s) shall make a finding of damages and Catellus shall be liable to RTD for the sum of damages determined thereby, offset by the amount of the reduction pursuant to Section 6.1.7, if not previously deducted.

7.3.3 Equity Offers. Notwithstanding any of the foregoing, the Parties shall not enter into any lease or sublease calling for a share or stake in the equity of the Phase I Improvements or the Phase II Improvements without obtaining the other Party's prior written approval to the terms thereof.

7.3.4 Other Evidence. Catellus may submit and RTD shall accept, in lieu of a proposed Major Lease, draft agreements, offer letters or term sheets pertaining thereto, provided such documents contain all the sufficient and relevant terms and conditions of the Major Lease by which RTD can reasonably determine the conformance of the Major Lease with the Leasing Criteria, in which case RTD shall review and approve said terms and conditions, subject to their incorporation without substantial change in content or conformance to the Leasing Criteria. Thereafter, within fifteen (15) days following execution, Catellus shall submit the Major Lease to RTD and in the event that the Major Lease so executed does not so conform and fails, in RTD's reasonable estimation, to meet the Leasing Criteria, RTD shall have the right to initiate Arbitration as described in Section 7.1.2.

7.3.5 Major Lease Remedies. Subject to Section 6.1.7, the foregoing constitutes an exhaustive statement of RTD's rights with respect to its approval of any Major Lease, and without limitation RTD shall under no circumstances be entitled to an injunction or any other equitable decree.

SECTION 8. TERMINATION, DEFAULT AND REMEDIES

8.1 Termination of Agreement. In addition to the provisions of Section 6 and Section 8.8, this Agreement shall terminate in the following events.

8.1.1 Party Termination. In the event that the Parties are unable to agree with respect to any of the Predevelopment Conditions or if the conditions set forth in Section 2.2 have not been satisfied or waived pursuant to Section 2.4, then either Party may terminate this Agreement (subject to Section 8.8.1) by providing written notice to the other Party of its intention to terminate on the tenth (10th) day following the date of notice, and setting forth therein the basis for such termination and the conditions by which such termination may be avoided, if any.

The Party receiving such notice may (but shall not be obligated to) respond to the conditions set forth therein. If no response is given, the Agreement shall terminate as of the tenth (10th) day following the original notice date. If a response is given, the Agreement shall terminate on the tenth (10th) day following the date appearing on a second notice rejecting the response, unless agreement on the outstanding issues is reached within that time; provided however, nothing contained herein shall operate or be construed as a waiver or release of any claim concerning an alleged Event of Default or breach of this Agreement. Unless otherwise indicated by Section 8.1.3, the provisions of Section 8.8 shall survive termination of this Agreement pursuant to this Section.

8.1.2 Unavoidable Delay. An Innocent Party may terminate this Agreement by written notice (the "Termination Notice") to the other ("second") Party, effective upon the date set forth therein (the "Termination Date") (which shall be not less than thirty (30) days after the date of issuance thereof) if it concludes with respect to the Public Transit Improvements prior to the Public Transit Construction Start Date, or with respect to the Phase I Improvements prior to the Phase I Improvements Construction Start Date, that an identified Unavoidable Delay (other than Unavoidable Delay resulting from Arbitration between the Parties) will stop or prevent development of Phase I for one hundred eighty (180) consecutive days or more (measured from the date of issuance of the Termination Notice). If the second Party agrees that the delay shall exceed one hundred and eighty (180) days then, upon the Termination Date, this Agreement shall terminate and neither Party shall have any continuing rights with respect to this Agreement, except as set forth in Section 8.8. "Innocent Party" means (i) Party A only, where the Unavoidable Delay is caused by an Event of Default by or the delay of Party B, whether in rendering approvals or otherwise; and (ii) in any other case, either Party. However, if a Party receiving a Termination Notice disputes by written notice within fifteen (15) days of receipt of the Termination Notice the determination by the Innocent Party that the delay shall exceed one hundred and eighty (180) days, then the Termination Date shall be delayed until the conclusion of the one hundred eighty (180) day period. If, at the conclusion of such period, the Unavoidable Delay continues, then the Agreement shall automatically terminate on the day after such one hundred eightieth (180th) day. If the Unavoidable Delay ceases on or prior to such one hundred eightieth (180th) day, this Agreement shall continue in full force and effect notwithstanding the delivery of the Termination Notice. Costs incurred during the aforesaid time periods to the extent permitted by this Agreement or the Design and Construction Agreement shall be reimbursed by the Party required to make such payment.

8.1.3 Bad Faith Termination. Both RTD and Catellus have incurred and shall continue to incur substantial Predevelopment Costs. If either RTD or Catellus terminate this Agreement pursuant to Section 8.1.1 or otherwise prior to the Phase I Improvements Construction Start Date, the other Party may seek a determination of the issue of whether the terminating Party failed to act in good faith as required by Section 2. If such determination is sought following Closing but prior to the Phase I Improvements Construction Start Date, it shall be made by Arbitration. If such determination is sought prior to Closing or if, at any time, RTD commences condemnation proceedings, such proceedings and any allegations or claims of bad faith termination by either Party in connection therewith shall be reviewable only in a court of law and, in the latter case, in the context of such condemnation proceedings. Following adjudication in the manner set forth above, neither Party shall have any continuing rights with respect to this Agreement, except as set forth in Section 8.8.1. In the case of Arbitration, the arbitrator(s) shall be instructed to render a single, unified decision as to whether, on the whole, the Party in question acted, or failed to act, in good faith, and shall not split the complaining Party's objections (if several) into numerous elements nor determine

whether each of such elements was or was not in good faith. If it is determined either by Arbitration or judicial process that the termination was in bad faith, the Party determined to be acting in bad faith shall be liable to the other Party for an amount equal to all Predevelopment Costs incurred by the prevailing Party, together with interest thereon at the Default Rate from the date of expenditure until paid and all costs and expenses including reasonable attorney's fees incurred in connection with obtaining the judgment. In addition, if Catellus is found to have terminated this Agreement in bad faith, the provisions of Section 8.8 shall terminate and RTD shall be excused from its obligations with respect to that Section. The provisions of this paragraph shall survive termination of this Agreement.

8.2 Events of Default - General. The occurrence of any one or more of the following events shall be an "Event of Default" under this Agreement:

8.2.1 Monetary Default. Either Catellus or RTD (the "defaulting party") fails to comply with any covenant contained in this Agreement which calls for the payment of money, and does not cure that failure within thirty (30) days after written notice from the non-defaulting party of such default.

8.2.2 Non-Monetary Default. Either Catellus or RTD fails to comply with any covenant contained in this Agreement other than those covenants referred to in Section 8.2.1, and does not cure that failure either (i) within thirty (30) days ("Initial Cure Period") after written notice from the non-defaulting party, or (ii) such longer period as is required to effect a cure, so long as the defaulting party begins within the Initial Cure Period and diligently continues to cure the failure, and the cure is completed within one hundred eighty (180) days.

8.2.3 Covenants to Perform. Every undertaking or obligation of either of the Parties set forth in this Agreement, unless expressly set forth to the contrary herein, is a covenant, breach of which shall, upon lapse of applicable cure periods therefor, be an Event of Default under this Agreement. No default by any Party excuses that Party or the other Party from performance under this Agreement.

8.3 Remedies - General.

8.3.1 Self-Help. Upon the occurrence of an Event of Default, the non-defaulting party shall have the right, but not the obligation, to provide the observance, performance or compliance in question on behalf of the defaulting party. The Party providing such observance, performance or compliance shall be entitled to treat the amount of any cost or expense incurred in connection therewith as a loan by the non-defaulting party to the defaulting party, which loan shall bear interest on the outstanding balance at the Default Rate from the date of and during the period of such loan. Interest shall be payable monthly by the defaulting party to the non-defaulting party on the last day of each calendar month. If the defaulting party fails to pay all amounts (including interest) owing to the non-defaulting party under such loan within thirty (30) days after written notice therefor, the non-defaulting party may exercise all of the remedies provided herein or at law or in equity, upon provision of fifteen (15) days prior written notice to the defaulting party. No observance, performance, or compliance by the non-defaulting party for or on behalf of the defaulting party shall be deemed to have cured the default with respect to the defaulting party.

8.3.2 Injunctive Relief. Upon the occurrence of an Event of Default, and in addition to other remedies specifically provided in this Agreement or at law or in equity, the non-defaulting party shall be authorized and entitled wherever there is otherwise a right to equitable or injunctive relief to proceed to

bring any proceedings in the nature of specific performance, injunction or obtain any equitable remedy.

8.4 Catellus Default. The occurrence of any one or more of the following events shall, upon lapse of applicable cure periods therefor, be a "Catellus Default" under this Agreement:

8.4.1 An assignment for the benefit of creditors is made by, or any bankruptcy, reorganization (in connection with a debtor relief proceeding), receivership, moratorium or other debtor-relief proceedings are commenced by or against Catellus; or

8.4.2 Prior to the earlier of the Vesting Date or the Vesting Expiration Date, Catellus is unable to pay its debts in the ordinary course of business as they come due; or

8.4.3 Any material representation or warranty made by Catellus in any of the Development Documents proves to be false or misleading in any material respect; or

8.4.4 Catellus is in material default under this Agreement, after giving effect to the curative provisions set forth herein; or

8.4.5 A material Event of Default under any other Development Document (as defined in that Development Document) caused by Catellus occurs after giving effect to the curative provisions set forth therein, either (i) for an Initial Cure Period of thirty (30) consecutive days, or (ii) for a total period of one hundred eighty (180) days, so long as Catellus begins within the Initial Cure Period and diligently continues to cure the default, and the cure is completed within one hundred eighty (180) days.

8.5 RTD Remedies for Catellus Default. If a Catellus Default occurs under this Agreement, the Construction Management Agreement or any other Development Document which so states, RTD may exercise any right or remedy which it has under this Agreement, or which is otherwise available at law or in equity or by statute, and all of RTD's rights and remedies shall be cumulative. In addition, upon determination by court or Arbitration of a Catellus Default which default remains uncured by Catellus for a period of ninety (90) days after issuance of a judgment by such court or Arbitration panel, the court or Arbitration panel may determine in a new proceeding or upon a subsequent application that the nature and magnitude of such uncured default justifies that RTD shall be excused from performance of any obligations it otherwise would have with respect to the Option pursuant to Section 8.8; with respect to the RTD Headquarters Commitment of Section 1.2 and with respect to the Right of First Refusal or Right of First Offer, wherever such appear in this Agreement.

8.6 RTD Default. The occurrence of any one or more of the following events shall be an "RTD Default" under this Agreement:

8.6.1 An assignment for the benefit of creditors is made by, or any bankruptcy, reorganization (in connection with a debtor relief proceeding), receivership, moratorium or other debtor-relief proceedings are commenced by or against RTD; or

8.6.2 Prior to the earlier of the Phase I Move In Date or the Vesting Expiration Date, RTD becomes unable to pay its debts in the ordinary course of business; or

8.6.3 Any material representation or warranty made by RTD in any of the Development Documents proves to be false or misleading in any material respect; or

8.6.4 RTD is in material default under this Agreement, after giving effect to the curative provisions set forth herein.

8.6.5 RTD fails to make timely payment pursuant to the Liquidity Option Note.

8.7 Catellus Remedies for RTD Default. If an RTD Default occurs under this Agreement, the Design and Construction Agreement or any other Development Document which so states, Catellus may exercise any right or remedy which it has under this Agreement, or which is otherwise available at law or in equity or by statute, and all of Catellus's rights and remedies shall be cumulative. In addition, upon determination by court or Arbitration of an RTD Default which default remains uncured by RTD for a period of ninety (90) days after issuance of a judgment by such court or Arbitration panel, the court or Arbitration panel may determine in a new proceeding or upon a subsequent application that the nature and magnitude of such uncured default justifies that Catellus shall be excused from performance of any obligations it otherwise would have with respect to the Right of First Refusal or Right of First Offer and the Catellus Phase II Commitment of Section 4.2.1, wherever such appear in this Agreement.

8.8 Option to Purchase Headquarters Site.

8.8.1 Phase I Delay. If (a) a Certificate of Substantial Completion for an RTD headquarters facility on Parcel 1 of at least 350,000 Rentable Square Feet has not been issued on or before the date which is six (6) years after the date of Closing, and provided that construction is not then underway, or if construction is then underway, the date which is nine (9) years after the date of Closing, regardless of any issue of fault or blame on the part of RTD and regardless of any Unavoidable Delay (except that, for purposes of this Section only, the time periods set forth above shall be tolled upon occurrence of Unavoidable Delays described in clauses (ii) and (viii) of that definition) but extended by the number of days, if any, of delay caused by a Catellus Default or Unavoidable Delays as described in the parenthetical above, or (b) if prior to the date established above, Catellus brings suit in Arbitration and the arbitrator finds, based on a preponderance of the evidence, that RTD has abandoned construction of Phase I for a period of one hundred eighty (180) days or more (Unavoidable Delay shall not constitute abandonment), then this Agreement shall terminate and in addition to all other rights and remedies referred to in or provided under this Agreement, and further provided that no Catellus Default has been found by a court or Arbitration (see Sections 8.1.3 and 8.5), Catellus shall have the right to exercise the Option as defined in and pursuant to this Section 8.8.

Notwithstanding the foregoing, if RTD determines not to commence or to continue construction of Phase I and can demonstrate on the basis of clear and convincing evidence that the construction of the Phase I Improvements is technically or economically infeasible (disregarding circumstances, if any, which are peculiar to either Catellus or RTD, such as, by way of example only, extraordinary financial strength or weakness and to be determined by Arbitration if Catellus disagrees) the time period for exercise of the Option shall be reduced from five (5) years to two (2) years from the date the Option commences.

8.8.2 Grant of Option. If the conditions of Section 8.8.1 for grant of an Option to Catellus are met, then, notwithstanding the termination of this Agreement, RTD hereby grants to Catellus an option (the "Option") to purchase (a) fee title to the Headquarters Site; (b) FAR associated with the Metro Plaza Site up to an amount sufficient (together with that FAR then existing on Parcel 2) to permit construction of the Required Phase II Square Footage; and (c) any improvements, other than Public Transit Improvements, then constructed on the Headquarters Site, subject to a permanent Public Transit Easement in favor of RTD (containing at a minimum those rights set forth in the Public Transit Use Agreement and an easement for surface pedestrian access to the Metro Plaza

Site and access to the Phase I Public Parking) (the "Easement") as to the Public Transit Use Areas and title to those Public Transit Improvements constructed thereon or which RTD intends to construct thereon, but for which Unavoidable Delay was the effective cause preventing such construction. The within grant of the Option shall be conditional, effective if and only if any of the events referred to in Section 8.8.1 occur, and, except as otherwise described in Section 8.8.1, shall remain outstanding for five (5) years thereafter, but in no event later than December 31, 2011. RTD acknowledges that good, valuable and sufficient consideration has been paid to it for the grant of the Option, and that no other payment with respect to the grant therefor shall be required or is otherwise due.

8.8.3 Entry onto the Headquarters Site. From and after the effective date of the Option described in the preceding paragraph and until Option Closing or the expiration of the Option, as the case may be, Catellus and its agents shall be afforded full access to the Headquarters Site during normal business hours for the purpose of making such investigations as they may deem prudent with respect to its physical condition, including soils, seismic, environmental and engineering tests, subject to the terms and conditions of a right of entry agreement acceptable to the Parties, including indemnification of RTD for any releases or damage caused by Catellus or its consultants, agents or employees in connection therewith.

8.8.4 Purchase Price Pursuant to Exercise of Option. Catellus may elect to exercise the Option only as follows. Catellus shall have the right from time to time (but not earlier than the occurrence of the events referred to in Section 8.8.1 nor later than the expiration of the Option) to issue a written notice (the "Preliminary Option Notice") to RTD, whereupon the Parties shall cause an Appraisal of the Headquarters Site to be performed for the value of the fee interest, taking into account (a) the continuing existence of the Public Transit Use Areas, (b) any improvements, other than Public Transit Improvements, then constructed on the Headquarters Site and (c) the extent to which entitlements for the Phase I Improvements are vested on the date of the Appraisal and would inure to the benefit of a private purchaser. Within sixty (60) days after completion of said Appraisal, Catellus may exercise the Option only by written notice to RTD (the "Final Option Notice"). If Catellus does not timely issue the Final Option Notice, it shall pay for all of RTD's costs and expenses in preparing the Appraisal. The Final Option Notice shall specify the date of Option Closing, which shall be not more than one hundred twenty (120) days after the date of the Final Option Notice. The purchase price for the Headquarters Site pursuant to exercise of the Option (the "Option Purchase Price") shall be ninety-five percent (95%) of the amount established by said Appraisal and shall be payable in cash, wire transfer or otherwise in immediately available funds at Option Closing, subject to adjustment for closing costs and prorations as hereinafter set forth.

8.8.5 Preliminary Report. Within ten (10) business days after Catellus' issuance of the Final Option Notice, RTD shall produce or cause to be produced an extended form ALTA preliminary report (the "PTR") issued by Title Company pertaining to the Headquarters Site together with copies of all items referred to therein as exceptions to title. RTD shall at its sole cost and expense provide a survey as required by Title Company in order to remove its survey exception from the PTR. Catellus shall have thirty (30) business days after its receipt of the PTR and copies of all instruments set forth or referred to therein to disapprove any exception to coverage. Failure timely to approve or to disapprove shall constitute approval; disapproval must be given in writing and, if timely given, shall terminate Catellus' obligation to proceed unless the item in question is a monetary lien, in which case RTD shall be obligated to remove or to "bond around" the same at or prior to Option Closing.

8.8.6 Closing Procedure. The purchase and sale of fee title to the Headquarters Site pursuant to Catellus' exercise of the Option (the "Option Closing") shall take place through an escrow (the "Option Escrow") to be held by an Escrow Agent in accordance with the following:

8.8.6.1 On or before the business day prior to the Option Closing, RTD shall deliver to the Option Escrow a duly executed and recordable grant deed providing fee title to the Headquarters Site subject only to a reservation for the Easement, in form and substance reasonably acceptable to Catellus and to RTD, and an affidavit of U.S. residence as required by law. When, and only when, Option Escrow shall confirm to Catellus that Title Company is ready, willing and able to issue to Catellus or its assignee an ALTA owner's policy of title insurance together with such endorsements as Catellus may reasonably require (collectively, the "Option Title Policy"), insuring fee title to the Headquarters Site in the amount of the Option Purchase Price, subject only to the Easement and to those exceptions which had been included in the PTR and which had been approved by Catellus and otherwise "as is", then Escrow shall cause said grant deed to be recorded in the Official Records of the Los Angeles County Recorder and shall deliver the Option Purchase Price to RTD, less its share of costs and prorations. Under no circumstances shall RTD be required to provide or pay for endorsements to title for title exceptions existing with respect to the Headquarters Site at the time of Catellus' previous ownership of such parcel, unless Catellus had provided similar coverage to RTD at the time of Closing, or for other endorsements for title exceptions not created or suffered by RTD. If there are any additional exceptions to title to the Headquarters Site filed or recorded prior to Option Closing and which were not created or suffered by RTD, Catellus shall have the right either to proceed or not to proceed to Option Closing or to obtain title insurance with respect thereto, which insurance shall be obtained at Catellus' sole cost and expense.

8.8.6.2 Except as set forth in Section 8.8.6.1, RTD shall pay for the Option Title Policy, recordation costs and all other Option Closing costs normally incurred by a seller in the County of Los Angeles incurred in connection with the conveyance of the Headquarters Site to Catellus, and for the documentary transfer taxes. RTD and Catellus shall share equally all escrow fees.

8.8.6.3 All real estate taxes and assessments (and rents, if any) shall be prorated based on a thirty (30) day month as of the date of Option Closing. RTD (unless exempt) shall pay all real estate taxes on the Headquarters Site pertaining to RTD's period of ownership thereof, notwithstanding that such taxes or portions thereof may be imposed retroactively after Option Closing.

8.8.6.4 Possession of the Headquarters Site shall be delivered to Catellus at Option Closing free of any rights of RTD except for the Easement, and rights provided pursuant to then recorded instruments of record between the Parties, including the Tunnel Access Agreement, the Public Transit Use Agreement and the REOA.

8.8.6.5 Notwithstanding any of the foregoing, RTD shall deliver the Headquarters Site to Catellus or its assignee at Option Closing free and clear of any and all liens or other monetary encumbrances, except for a lien for current and non-delinquent real estate taxes.

8.8.7 Conditions Precedent to Catellus' Obligation to Close Escrow. The obligation of Catellus to proceed to Option Closing after exercise of the Option is subject to the following conditions, inserted for Catellus' sole benefit and which may be waived by Catellus only in writing at its sole option. Said conditions are as follows:

8.8.7.1 RTD shall have performed and complied with all agreements and conditions required by this Section 8.8 to be performed or complied with by it on or prior to Option Closing.

8.8.7.2 Title Company shall be ready, willing and able to issue the Option Title Policy subject only to the Easement and to those exceptions set forth on the PTR and approved by Catellus.

8.8.7.3 There shall exist no contemplated or actual condemnation of the Headquarters Site prior to Option Closing.

8.8.7.4 There shall exist no casualty rendering the improvements thereon, if any, substantially unusable.

Except in those cases where Catellus has an action against RTD for breach of contract, if Catellus' performance under the Option is excused as aforesaid, Catellus shall relinquish all rights to the Option and shall execute and acknowledge a termination notice in recordable form within sixty (60) days after its determination not to proceed to Option Closing.

8.8.8 Assignment of Option. Subject to Section 11.3, Catellus shall have the right to assign the Option and all of its rights under this Section 8.8 to any third party, in which event all references to Catellus in this Section 8.8 shall be deemed to be to such assignee.

8.8.9 Cooperation with Exchange. At Catellus' request, RTD shall cooperate with Catellus in effectuating the Option Closing as part of a so-called "Section 1031" exchange. Catellus shall pay all of RTD's additional costs associated therewith. No delay in effectuating any such exchange shall prejudice Catellus' right to acquire fee title to the Headquarters Site pursuant to the exercise of the Option in accordance with the provisions of this Section 8.8.

8.9 Mandatory Arbitration. Any controversy or claim between the Parties for which Arbitration is required or permitted under this Agreement or any other Development Documents between the Parties shall, if requested by either Party, be determined by Arbitration pursuant to this Section. In addition, the Parties may mutually agree to proceed to Arbitration with respect to any other provision of this Agreement. Any Arbitration of provisions of this Agreement shall be conducted in accordance with the United States Arbitration Act (Title 9, U.S. Code), notwithstanding any choice of law provision in this Agreement, and under the Commercial Rules of the American Arbitration Association ("AAA"). Notice of demand for Arbitration shall be filed in writing with the other Party to this Agreement and with the AAA. The cost of the Arbitration and attorneys and experts fees incurred in connection therewith shall be allocated pursuant to Section 11.9. The demand shall be made within the time periods specified in this Agreement or other Development Document and, if no time period is specified, within a reasonable time after the claim, dispute or other matter in question has arisen. The arbitrator(s) shall give effect to the requirements described in this Agreement and to statutes of limitation in determining any claim. Any controversy concerning whether an issue is arbitrable shall be determined by the arbitrator(s). Judgment upon the Arbitration award may be entered in any court having jurisdiction. The institution and maintenance of any action for judicial relief of pursuit of a provision or ancillary remedy shall not constitute a waiver of the right of any Party, including the plaintiff, to submit the controversy or claim to Arbitration if the other Party contests such action for judicial relief and Arbitration is required by this Agreement. The terms of this Section shall survive termination of this Agreement.

8.10 Judicial Reference. In any judicial action between or among the Parties, including any action or cause of action

arising out of or relating to this Agreement or the Development Documents or based on or arising from an alleged tort, all decisions of fact and law shall upon mutual agreement of the Parties be referred to a referee in accordance with California Civil Code of Procedure §§ 638, et seq.

8.11 Setoff. Upon claim by either Party (the "first party") that sums are due to it from the other Party (the "second party") and not timely paid, the first party shall provide written notice of said claim to the second party. The first party shall thereafter have the right, upon occurrence of any Capital Event or prior to payment of any other sums due from it to the second party whether pursuant to this Agreement or otherwise to setoff any sums due to it from the second party together with interest thereon from the due date at Prime Rate plus two (2) percentage points against the amount then due to that second party. The amount of any setoff shall be subject to audit by the method set forth in Section 6.1.10.2 and disputes with respect to the right to setoff or the amount of such setoff shall be submitted to Arbitration. The Party claiming the right to setoff shall place disputed sums in escrow pending (i) agreement of the second party to release such funds to the first party or (ii) the outcome of the Arbitration.

8.12 Remedies Cumulative. All rights, privileges and elections or remedies of the Parties are cumulative and not alternative to the extent permitted by law (including suit for damages) and in equity and except as otherwise provided herein.

SECTION 9. PUBLIC TRANSIT USE AREAS AND IMPROVEMENTS

9.1 Public Transit Use Areas. At Closing, Catellus and RTD shall execute the Public Transit Use Agreement which shall include the terms set forth in Exhibit D-1 and such other items as the Parties may agree to include.

Prior to Closing, the location, area, form of legal title and preliminary design (as established in the Phase I Design Development Documents and Phase II schematic drawings) of the Public Transit Easement, the Public Transit Use Areas and the Public Transit Improvements shall be established by consent of the Parties. There shall be appended to the Public Transit Use Agreement, prior to execution thereof, (a) a metes and bounds description of each part of the Public Transit Use Areas; (b) a series of maps or plats to be entitled "Map of Use Areas" showing each Public Transit Use Area (which shall substantially conform to Exhibit D-2 unless otherwise agreed by the Parties); (c) a narrative description to be entitled "Public Transit Use Area List" identifying each Public Transit Use Area and Public Transit Improvement to be constructed thereon (which shall substantially conform to the location and type of Public Transit Improvements shown on Exhibit D-1 unless otherwise agreed by the Parties) by number, briefly stating the intended use of the Public Transit Use Area, and the form of legal title by which it is owned by RTD (as applicable), each of which shall be keyed to the Map of Use Areas; and (d) a preliminary design including Phase I Public Transit Improvements and Phase II Public Transit Improvements drawings accurate as of the date of Closing. The Public Transit Use Agreement shall, by its terms, remain in effect despite termination of this Agreement.

Each Public Transit Use Area is intended by both RTD and Catellus to constitute a space large enough in all reasonable respects and measurements but not larger than necessary to adequately accommodate and provide for all Public Transit Improvements to be located therein, all uses to be made thereof including those specified in the Metro Rail EIS or otherwise agreed by the Parties and the operation, maintenance, repair and replacement of such Public Transit Improvements.

9.2 Construction, Operation, Maintenance and Repair. Construction of the Phase I Public Transit Improvements shall be governed by the Design and Construction Agreement. The Phase II Public Transit Improvements shall be constructed pursuant to the provisions of Sections 1.2.3, 3.1 and Section 4. Use, operation, maintenance, repair and replacement of all of the Public Transit Improvements shall be governed by the provisions of the Public Transit Use Agreement and if executed, the REOA and the PMA. RTD will finance construction of, own and, subject to the PMA, operate the Public Transit Improvements constructed or to be constructed on the Public Transit Use Areas, including all public parking constructed thereon. Except as otherwise set forth in the Cost Allocations, the REOA, the PMA, in Sections 4.2.2 or 5.4 or imposed by uniform, non-discriminatory tax or assessment (i.e. not Project Area specific), construction and operation of the Public Transit Improvements shall be at the sole cost and expense of RTD. Except as mutually agreed upon by Catellus and RTD as to service retail businesses, any and all revenue generated from the use of the Public Transit Use Areas and the Public Transit Improvements by RTD and its permittees shall inure to the sole benefit of RTD and RTD shall bear sole responsibility for collecting or causing the collection of any such revenue.

SECTION 10. EQUAL OPPORTUNITY

10.1 Non-Discrimination. The Parties agree that, in the implementation of this Agreement and in design, development, operation and use of the Site, they shall not discriminate against any employee or applicant for employment on the basis of race, religion, sex, sexual orientation, age, physical handicap or national origin and shall comply with all applicable provisions of federal, state and local law related to discrimination. Catellus shall take affirmative action to ensure that applicants are employed and that employees are treated during their employment without regard to their race, religion, sex, sexual orientation, age, physical handicap or national origin. Such actions shall include the following: employment, promotion, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation, and selection for training, including apprenticeship.

10.2 Disadvantaged and Women-Owned Business Enterprise Provisions. Catellus shall take affirmative action, shall comply with and shall include in all contracts relating to design and construction of Phase I and the Phase II Public Transit Improvements, applicable provisions of that certain document entitled "Disadvantaged Business Enterprise Program for the Southern California Rapid Transit District," as the same may be amended, incorporated herein by reference, with particular reference to Section G of said document, entitled "Participation by Disadvantaged Minority and Women's Business Enterprises in Joint Development Project," attached as Exhibit O-1, and the document entitled "DBE Opportunity Criteria List," attached as Exhibit O-2, to provide opportunities for minority and female businesses to participate in various aspects of Phase I and the Phase II Public Transit Improvements, including, without limitation, the planning, design, financing, equity participation, construction, management and leasing thereof.

SECTION 11. MISCELLANEOUS

11.1 Governmental Requirements.

11.1.1 Disclosure of Principals. Upon written request of RTD, Catellus will make full disclosure to RTD of the names and percentage holdings of stockholders owning more than five percent (5%) of Catellus.

11.1.2 Public Works Contract Law. It is understood by the Parties that development of Phase I and the Phase II Public Transit Improvements may be subject to state and federal requirements applicable to public agencies, such as the Davis-Bacon Act (related to the payment of prevailing wages) and other requirements which could affect costs or determine the contents of public agency or joint development contracts. It shall be the responsibility of Gateway and Catellus and their respective contractors, vendors and suppliers to determine and conform to such requirements, as applicable, independent of any information which may be provided by RTD.

11.1.3 Prohibited Interests. No member, officer or employee of RTD shall have any interest, direct or indirect, in the Project or the proceeds thereof. No RTD Board member or officer or employee of RTD has any interest, whether contractual, non-contractual, financial or otherwise in the Project, or in the business of Catellus; and if any such interest comes to the knowledge of either Party at any time, a full and complete disclosure of all such information will be made in writing to the other Party, even if such interest would not be considered a conflict under Article 4, Division 4 (commencing with Section 1090) and Title 9, Chapter 7 (commencing with Section 87100) of the Government Code of the State of California.

11.1.4 Covenant Against Gratuity. Catellus warrants that no individual representing Catellus, no director, officer, employee or Affiliate of Catellus nor anyone holding an interest in Catellus has offered or given to any official or employee of RTD any gratuity (in any form) for the intent or purpose of securing favorable treatment in the Project negotiation process.

11.1.5 Debarred Interests. Catellus warrants that no individual representing Catellus, no director, officer, or affiliate of Catellus nor anyone holding an interest in Catellus who will benefit directly from the proposed Project is currently on any debarred bidders list maintained by the United States Government. In the event that Catellus shall discover that such an individual is on the debarred bidders list, Catellus shall immediately inform RTD and shall remove said individual from the Project.

11.1.6 Compliance With Laws. During the performance of this Agreement, Catellus and RTD shall each be responsible for the work of its own representatives and consultants and shall comply with all applicable federal, state and local laws, ordinances, codes, regulations, judicial decrees, or administrative orders and regulations. In the event the provisions of this Agreement or the Exhibits hereto conflict with federal, state or local laws or requirements governing, appropriation, allocation, disbursement or use of financing or funds, the provisions of law shall prevail.

11.1.7 Interest of Members of or Delegates to Congress. No member of or delegate to the Congress of the United States shall be admitted to a share or part of any benefit directly arising out of the Project.

11.2 Relationship. The relationship of the Parties under this Agreement is purely that of adjacent landowners and independent agents acting at arms' length in good faith for their mutual benefit, and no relationship of partnership, joint venture, co-ownership, principal and agent or otherwise is intended or shall be construed or inferred.

11.3 Successors and Assigns. Except for the provisions set forth in Section 2, the terms, obligations and benefits of this Agreement shall run with the land and inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. The rights and obligations established pursuant to Section 2 may not be assigned except as otherwise set forth therein. Sale, conveyance or other transfer of Parcel 1, Parcel 2, the Phase I Improvements, the Phase II Improvements or any income or

equity participations therein (to the extent permitted by this Agreement -- see Sections 6.1.1.2(e) and 6.4) shall except as otherwise set forth be subject to the terms and conditions of this Agreement, including, as applicable, the rights to income and equity participation, the Right of First Offer and the Right of First Refusal, where applicable, the Qualifying Purchaser restrictions set forth in Section 6.8 and, upon recordation, the terms and conditions of the Grant Deeds, the REOA and the Public Transit Use Agreement. Notwithstanding the foregoing, this Agreement may be assigned as a whole to any Affiliate of either Party without the prior written consent of the other Party. The assigning Party shall notify the other Party of such assignment in writing ten (10) days prior to the effective date of such assignment. With the exception of restrictions on transfer of the Catellus Phase I Interest, none of the provisions of Sections 6.3 or 6.4 shall be applicable to any sale, transfer, exchange or other disposition to any Affiliate of the transferring Party; provided, however, that such transferring Party shall not be absolved from any liability thereby and provided further that such Affiliate shall expressly assume all retroactive and prospective obligations of such transferring Party under this Agreement.

11.4 Entire Agreement. This Agreement and the Exhibits hereto are the entire agreement between the Parties with respect to the subject matter hereof, and supersede all prior verbal or written agreements and understandings between the Parties with respect to the items set forth herein, including (i) that certain Exclusive Right to Negotiate Agreement dated as of February 11, 1991, by and between RTD and Catellus Development Corporation, a Delaware corporation and (ii) the list of documents set forth on Exhibit D-1 to that Exclusive Right to Negotiate Agreement.

11.5 Modification; Waiver. This Agreement may be changed, modified or discharged only by an agreement in writing signed by both Parties. Except as expressly set forth in this Agreement, no claim of waiver, modification, or acquiescence with respect to any of the provisions of this Agreement shall be made against either Party, except on the basis of a written instrument executed by and on behalf of both Parties. No failure or delay by a Party to exercise any right it may have by reason of the default of the other Party shall operate as a waiver of default or modification of this Agreement or shall prevent the exercise of any right by the first Party while the other Party continues to be so in default. The waiver by one Party of the performance of any covenant, condition or promise shall not invalidate this Agreement, nor shall it be considered to be a waiver by it of any other covenant, condition or promise. The waiver by either or both Parties at the time for performing any act shall not constitute a waiver of the time for performing any other act or an identical act required to be performed at a later time.

11.6 Governing Law and Jurisdiction. This Agreement is to be governed by and construed in accordance with the laws of the State of California, and the courts of California shall have exclusive jurisdiction in respect of all disputes concerning or arising out of this Agreement.

11.7 Section Headings. The headings of the several sections and subsections of this Agreement are inserted solely for convenience of reference and are not intended to govern, limit or aid in the construction of any term or provision hereof.

11.8 Rule Against Perpetuities. To the extent that any provision of this Agreement would otherwise be invalid or unenforceable due to a violation of the rule against perpetuities, the same shall be construed and interpreted, ut res magis valeat quam pereat, (so that it shall have effect rather than be destroyed) as though it were expressly stated that the happening of any contingency or event must take place, if at all, within the maximum period permitted therefor in order not to violate said rule.

11.9 Attorneys' Fees. If either Party hereto shall obtain legal counsel and bring an action in court or Arbitration against the other by reason of the breach of any covenant, provision or condition hereof, or otherwise arising out of this Agreement, then either Party may request that the court or Arbitrator, as the case may be, render a determination (in the same proceeding in which judgment on the merits of the claim is made) on the issue of whether one Party was a "Prevailing Party" with respect to the totality of the final judgment (and not on the basis of the individual elements of the claim) and if one Party is so determined to be a Prevailing Party, the other Party shall pay the Prevailing Party's court or Arbitration costs, as the case may be, and reasonable attorney's and experts costs and fees incurred in connection therewith.

11.10 Notices. All notices, requests and other communications hereunder shall be in writing and shall be deemed to have been given either upon personal delivery or one (1) business day after deposit with an overnight private courier delivery service, addressed as follows:

If to Catellus:

Catellus Development Corporation
800 North Alameda Street
Los Angeles, California 90012
Attention: Ms. Liz Harrison

With a copy to:

Catellus Development Corporation
201 Mission Street, 30th Floor
San Francisco, California 94105
Attention: Eileen M. Malley, Esq.

And to:

Pircher, Nichols & Meeks
1999 Avenue of the Stars
Suite 2600
Los Angeles, California 90067
Attn: David J. Lewis, Esq.

If to RTD:

Southern California Rapid Transit District
425 South Main Street
Los Angeles, California 90013-1393
Attn: Mr. John Bollinger
Jeffrey Lyon, Esq.

With a copy to:

Jones, Day, Reavis & Pogue
555 West Fifth Street, Suite 4600
Los Angeles, California 90013-1025
Attn: Real Estate Notices
[YBB/058995-004-012]

11.11 Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be fully enforced.

11.12 Third Parties. Nothing in this Agreement shall be construed as giving any person, firm, corporation or other entity, other than the Parties hereto and their permitted successors and assigns, any right, remedy or claim under or in respect to this Agreement or any provision hereof. Each Party, with respect to the portion of the Site owned by it, shall indemnify, hold harmless and

defend the non-owning Party from and against any third party claim made with respect to the owned parcel or to events occurring on such parcel in which the non-owning Party is named by reason of its interest in income or equity participation rights pursuant to this Agreement unless such claim arises out of the gross negligence or willful act of the non-owning Party.

11.13 Interpretation. This Agreement shall be construed in accordance with its fair meaning, and not strictly for or against either Party hereto. All references in this Agreement to Exhibits or Development Documents shall be construed as though the words "hereby made a part hereof and incorporated herein by this reference" were, in each case, appended thereto and the word "including" shall be construed as though the words "but not limited to" were, in each case, appended thereto. In the event of a conflict between this Agreement and any of the exhibits attached hereto, the terms of this Agreement shall govern.

11.14 Time of Essence. Time is strictly of the essence with respect to this Agreement and to every term and provision hereof.

11.15 Brokers. Each Party hereto, for itself, represents and warrants to the other that no broker or finder has to date been engaged by it in connection with any of the transactions contemplated by this Agreement (other than future leasing of the Phase I Improvements or the Phase II Improvements for which the Parties may engage brokers) or to its knowledge is in any way connected with any of such transactions. In the event of a claim for a broker's or finder's fee or commission in connection herewith, then each Party shall indemnify, defend and hold the other Party hereto harmless if such claim shall be based upon any statement or agreement alleged to have been made by such first Party.

11.16 Survival: Further Instruments. All warranties, representations, covenants, obligations and agreements contained in this Agreement shall survive Closing and each transfer and conveyance hereunder and any and all performances hereunder. All warranties and representations shall be effective regardless of any investigation made or which could have been made, by the party receiving the warranty or representation. Each Party will, whenever and as often as it shall be requested so to do by any other, cause to be executed, acknowledged or delivered any and all further instruments and documents as may be necessary or proper, in the reasonable opinion of the requesting Party, in order to carry out the intent and purpose of this Agreement.

IN WITNESS WHEREOF, the Parties acting through their duly authorized representatives, have executed this Agreement as of the date first above written.

CATELLUS DEVELOPMENT CORPORATION,
a Delaware corporation

By: Elizabeth Haus
Name: Elizabeth Haus
Title: Vice President, Development

THE SOUTHERN CALIFORNIA RAPID
TRANSIT DISTRICT, a public corporation

By: Alan F. Ferr
Name: Alan F. Ferr
Title: General Manager

APPROVED AS TO FORM BY
THE SOUTHERN CALIFORNIA
RAPID TRANSIT DISTRICT:

By: J. Lyon
General Counsel

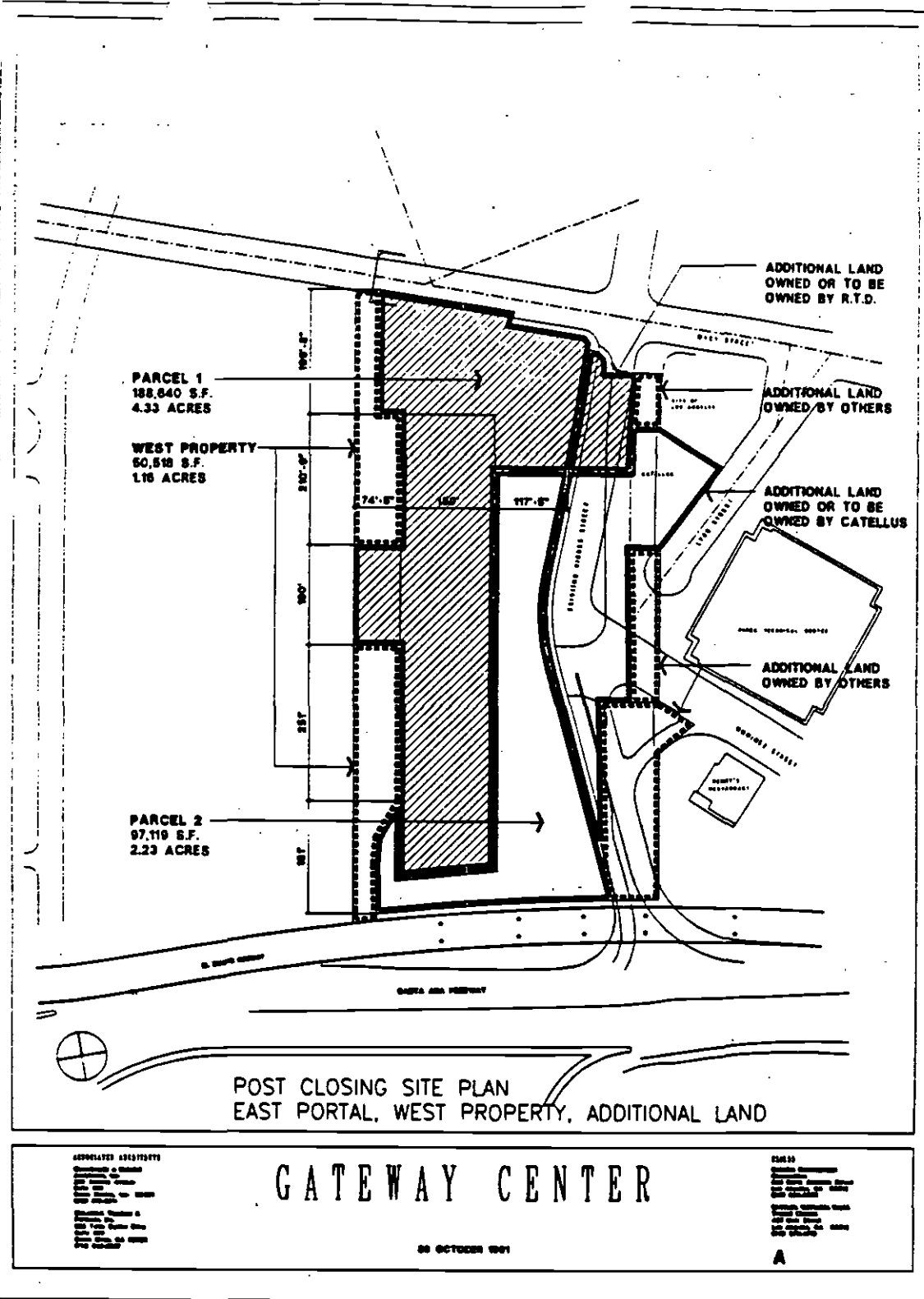
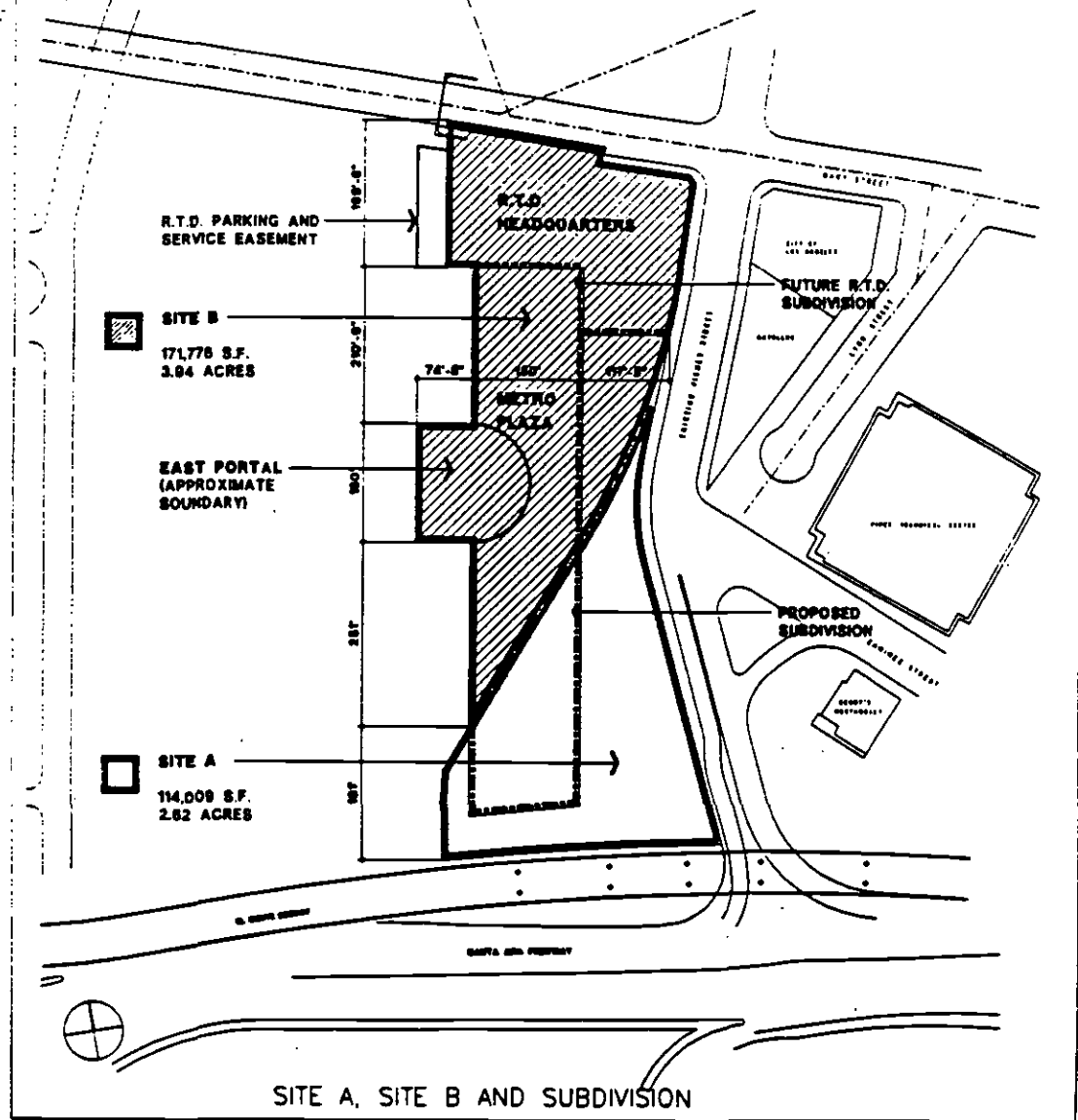


EXHIBIT A

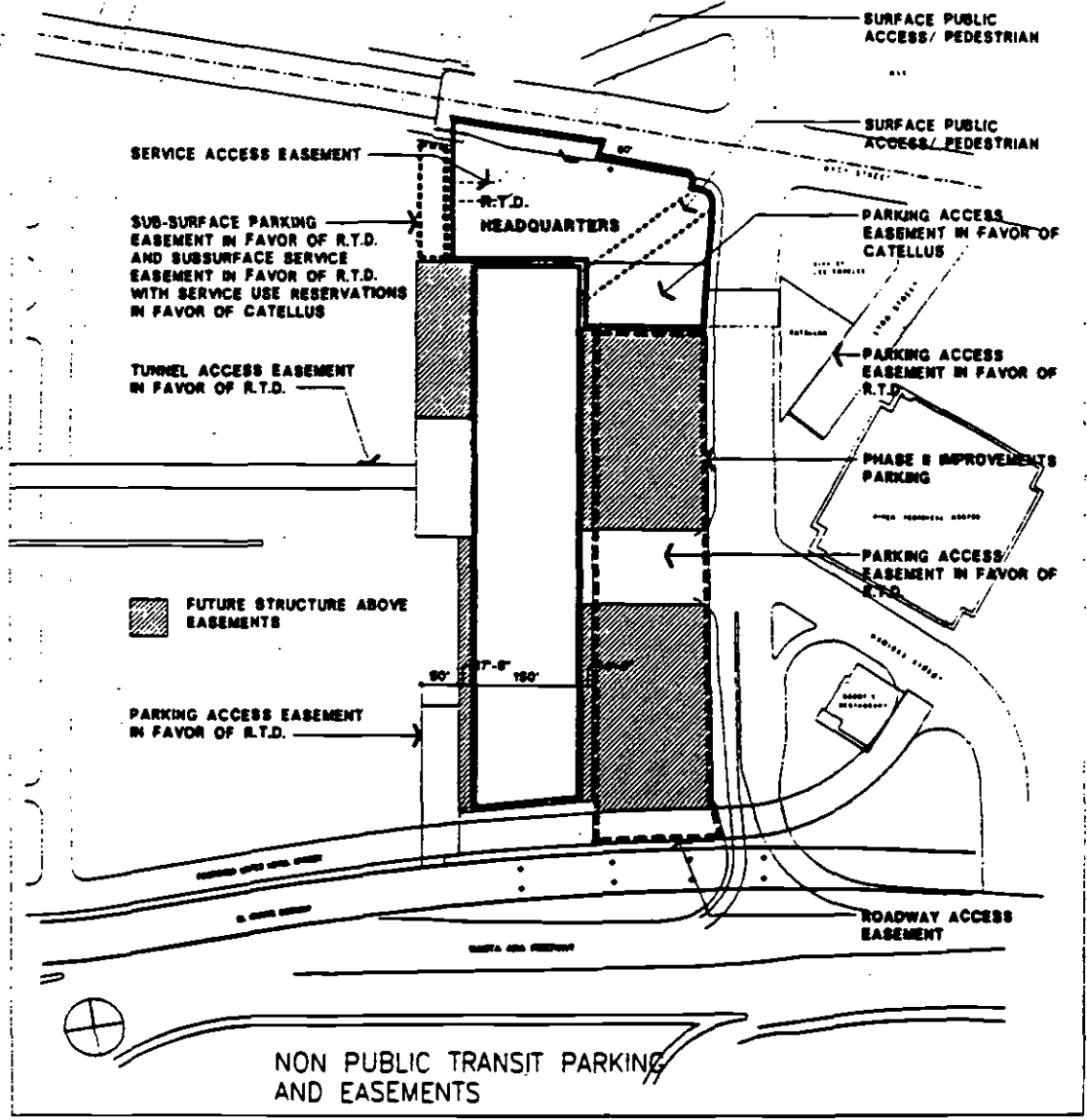
R.T.D. AREAS AFTER FUTURE R.T.D. SUBDIVISION

R.T.D. HEADQUARTERS FEE AREA	66,532 S.F./ 1.53 ACRES
EASEMENT AREA	6,352 S.F./ 0.15 ACRES
METRO PLAZA/ EAST PORTAL FEE AREA	122,908 S.F./ 2.80 ACRES

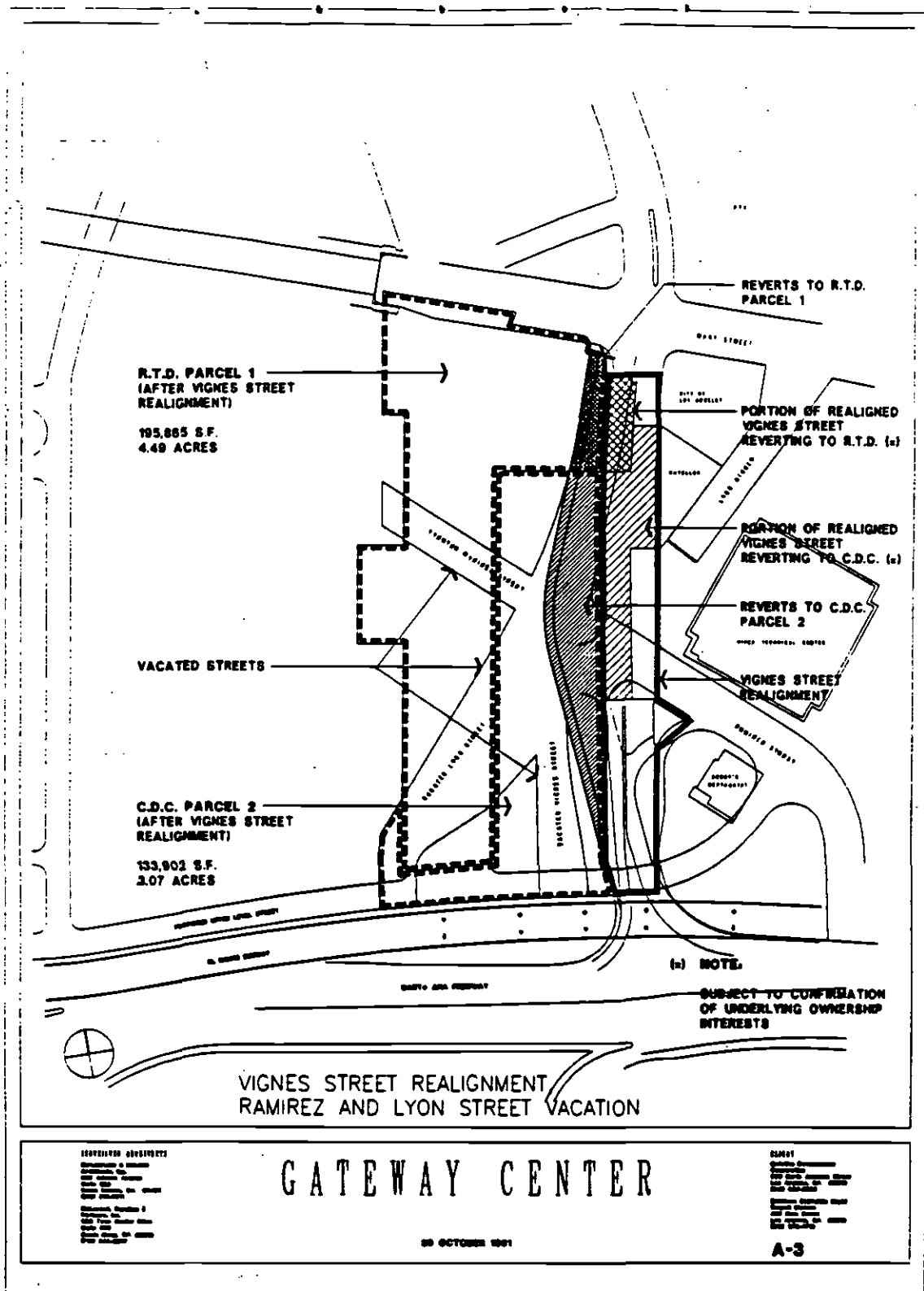


SITE A, SITE B AND SUBDIVISION

<p>SYMBOLS</p> <ul style="list-style-type: none"> □ SITE A ■ SITE B ▨ R.T.D. HEADQUARTERS ▨ METRO PLAZA ▨ EAST PORTAL ▨ PROPOSED SUBDIVISION ▨ FUTURE R.T.D. SUBDIVISION ▨ R.T.D. PARKING AND SERVICE EASEMENT 	<h1 style="margin: 0;">GATEWAY CENTER</h1> <p style="margin: 0;">NO OCTOBER 1991</p>	<p>CLASS</p> <ul style="list-style-type: none"> 1.0000 2.0000 3.0000 4.0000 5.0000 6.0000 7.0000 8.0000 9.0000 10.0000 11.0000 12.0000 13.0000 14.0000 15.0000 16.0000 17.0000 18.0000 19.0000 20.0000 21.0000 22.0000 23.0000 24.0000 25.0000 26.0000 27.0000 28.0000 29.0000 30.0000 31.0000 32.0000 33.0000 34.0000 35.0000 36.0000 37.0000 38.0000 39.0000 40.0000 41.0000 42.0000 43.0000 44.0000 45.0000 46.0000 47.0000 48.0000 49.0000 50.0000
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APPROPRIATE AGENCIES [List of agencies and dates]	<h2 style="margin: 0;">GATEWAY CENTER</h2> <p style="font-size: small;">90 OCTOBER 1991</p>	CLASS [List of classification codes]
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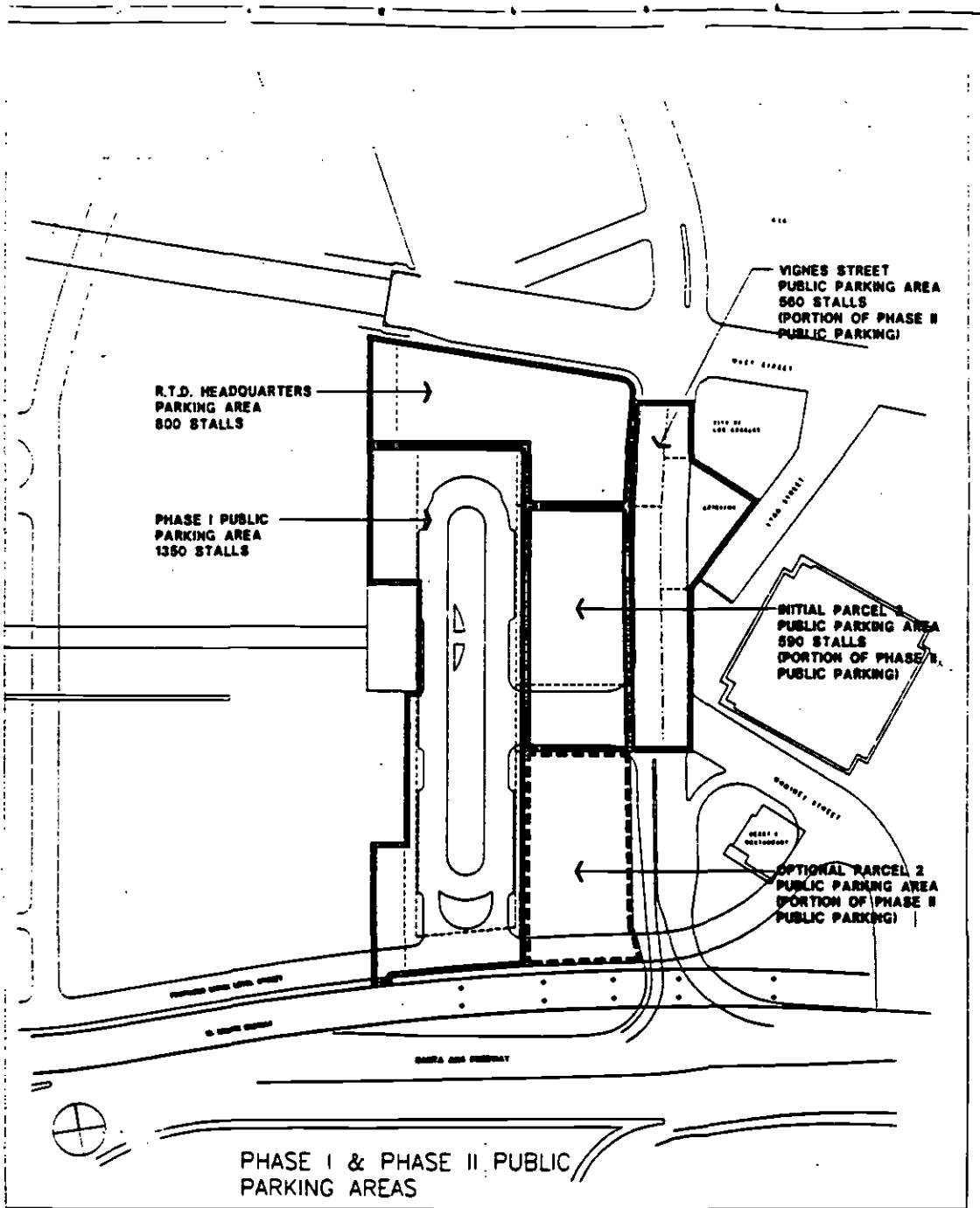


VIGNES STREET REALIGNMENT
RAMIREZ AND LYON STREET VACATION

GATEWAY CENTER

20 OCTOBER 1991

A-3



PHASE I & PHASE II PUBLIC PARKING AREAS

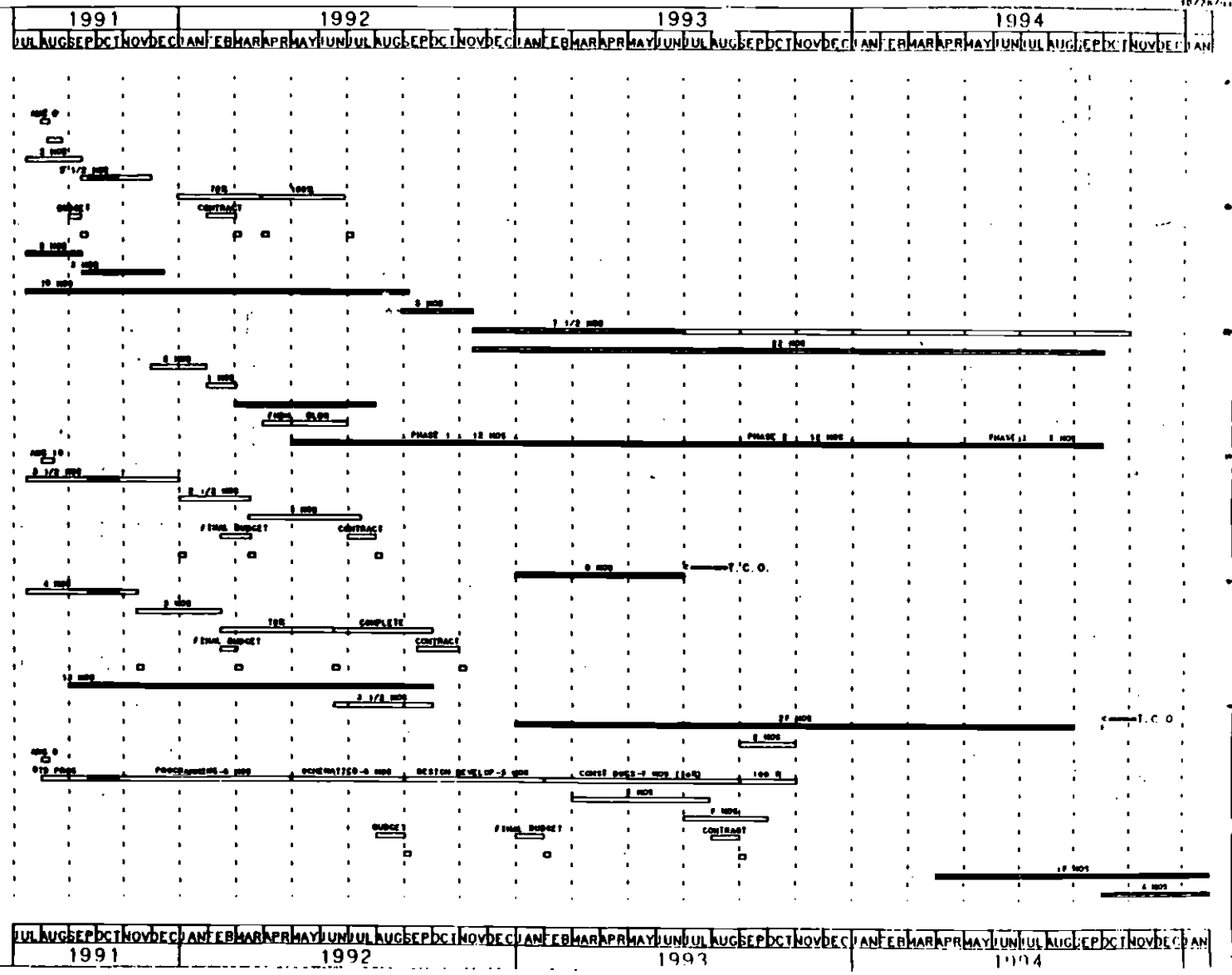
<p>ASSOCIATED ARCHITECTS</p> <p>1000 ...</p> <p>...</p>	<h1>GATEWAY CENTER</h1>	<p>CLIENT</p> <p>...</p> <p>...</p>
<p>20 OCTOBER 1971</p>		
<p>A-4</p>		

EXHIBIT B

Exhibit B
Preliminary Project Schedule *

1. RTD PARKING PROGRAM
2. RTD APPVL OF PRELIM BUDGETS
3. TRANSIT & RTD PARKING SCHEM
4. TRANSIT & RTD PARKING D/D
5. TRANSIT & RTD PARKING CD'S
6. TRANSIT & RTD PARKING PRICING
7. RTD APPVL OF TRANSIT & RTD PRNG
8. DOT TRAFFIC STUDY
9. DOT REVIEW
10. CALTRANS GEOMETRY APPRVL
11. CALTRANS PROPERTY ACQUISITION
12. CALTRANS ACCESS DESIGN & CONST
13. VIGNES ST. REALIGNMENT
14. SHORING DESIGN
15. SHORING PERMIT
16. EXCAV & SHORE
17. TRANSIT & RTD PARKING PERMITS
18. TRANSIT & RTD PARKING CONST
19. BUS PLAZA & E. PORTAL PROC
20. BUS PLAZA & E. PORTAL SCHEM
21. BUS PLAZA & E. PORTAL D/D
22. PLAZA & E. PORTAL C.D.'S
23. BUS PLAZA & E. PORTAL PRICING
24. RTD PLAZA & E. PORTAL APPRVL
25. BUS PLAZA & E. PORTAL CONST
26. RTD OFFICE SCHEM
27. RTD OFFICE D/D
28. RTD OFFICE C.D.'S
29. RTD OFFICE PRICING
30. RTD OFFICE APPRVL
31. RTD OFFICE EIR
32. RTD OFFICE PERMITS
33. RTD OFFICE BLDG SHELL
34. Y. I. PERMIT
35. RTD OFFICE SURVEY
36. RTD OFFICE Y. I. DESIGN
37. FFE DESIGN
38. FFE PURCHASE
39. YI PRICING
40. RTD YI APPROVAL
41. RTD OFFICE BLDG Y. I
42. RTD OFFICE PHASED MOVE-IN

* "TRANSIT & RTD PARKING" INCLUDES SOUTH ROADWAY AND RAHIREZ STREET OVERPASS



RTD GATEWAY CENTER AT UNION STATION
DRAFT PRE-DEVELOPMENT BUDGET
EXHIBIT C-1

		(000)
A.	LAND/ACQUISITION (CDC)	\$11,300
	1. CLOSING COSTS	500
	2. APPRAISAL	150
	3. GEOTECH	100
	4. SUBDIVISION/ENTITLEMENTS	500
	5. EIR	250
	6. PR/MARKETING	200
	7. LEGAL/CONSULTANTS	1,000
B.	DESIGN	11,828
C.	PERMITS/FEEES	4,945
D.	CATELLUS FEE/REIMBURSEMENT (PRE-DEVELOPMENT PHASE)	2,000
E.	RTD (PRE-DEVELOPMENT COSTS)	2,833
F.	LAND ACQUISITION (NON-CDC)	5,200
TOTAL		\$40,806

EXHIBIT C-1

RTD GATEWAY CENTER AT UNION STATION
 PRELIMINARY BUDGET PHASE I
 EXHIBIT C-2
 (AMOUNTS STATED IN 000'S)

	HEADQUARTERS 595,000 SF/ 800 CARS	METRO/BUS PLAZA, 2500 CARS, EAST PORTAL
I. HARD COST		
A. CONSTRUCTION	CORE/SHELL @ \$100 \$59,500 TI'S @ \$35 19,075	BUS PLAZA/FORECOURT BUSWAY CONNECTION (130,000 SF) \$18,987
B. PARKING	800 STALLS (\$14.775/STALL) 11,818 RTD SPECIAL USES IN GARAGE 1,648	EAST PORTAL 2,113 2500 STALLS (\$16.014/STALL) 40,036
C. ON-SITES	5,127	16,018
D. OFF-SITES	2,153	7,535
	SUBTOTAL 99,321	84,689
E. FIXTURES AND EQUIPMENT	SECURITY 2,000 COMMUNICATIONS 4,000 COMPUTERS 6,000 TELEPHONE 2,000	
F. ART @ 1% OF HARD COSTS	993	847
G. CONTINGENCY	6,220	3,216
	SUBTOTAL HARD COSTS 120,534	88,752
II. SOFT COSTS		
A. FURNITURE PROCUREMENT & INSTALLATION	9,000	
B. ARCHITECT/ENG/CONSULT/LEGAL	8,411	@ 6.5% 5,505
C. PERMITS/FEE'S @ 2%	1,986	@ 2% 1,694
D. MITIGATION FEES @ \$7 /SF	4,165	@ \$6/SF 780
E. INSURANCE/BONDS @ 2%	1,986	@ 2% 1,694
F. CATELLUS CM FEE @ HARD 1,808/SOFT 1,150 (*)	2,354	@ HARD 1,331/SOFT 435 (*) 1,412
G. CATELLUS CM REIMB @ HARD 1,808/SOFT 1,533	3,341	@ HARD 1,331/SOFT 580 1,912
	SUBTOTAL SOFT COSTS 31,244	12,996
TOTAL HARD/SOFT COSTS	\$151,778	\$101,747

(*) REFLECTS \$958 REDUCTION IN CATELLUS FEE.

10/30/91

EXHIBIT C-2
-1-

RTD GATEWAY CENTER AT UNION STATION
 PRELIMINARY BUDGET PHASE I
 EXHIBIT C-1 (PAGE 2)

		(000)
III.	RTD ADDITIONAL SOFT COST	
A.	RTD MANAGEMENT REIMBURSEMENT	\$ 3,600
B.	LEGAL/CONSULTANT FEES	1,000
C.	PROJECT REPRESENTATIVE	1,900
D.	LEASING EXPENSES	700
E.	PUBLIC RELATIONS/MARKETING	500
F.	EIR	1,000
G.	SUBDIVISION/ENTITLEMENTS	300
H.	RESERVES, MOVING EXPENSES	14,000
I.	CONTINGENCY (5%)	1,150
J.	FINANCING COSTS/EXPENSES	36,796
	SUBTOTAL	60,946
IV.	LAND ACQUISITION COSTS	
A.	CATELLUS CLOSING	11,300
B.	NON-CATELLUS OWNED PROPERTY	5,000
C.	APPRAISAL	100
D.	GEOTECH/ENVIRONMENTAL	100
	TOTAL	16,500
	HEADQUARTERS HARD/SOFT COSTS	151,778
	METRO PLAZA HARD/SOFT COSTS	101,747
		\$330,971

EXHIBIT "D-1"

TERMS OF PUBLIC TRANSIT USE AGREEMENT

This Exhibit describes certain terms which are to be a part of the Public Transit Use Agreement relating to the creation, location and definition of the Public Transit Use Areas, the Public Transit Improvements, the Public Transit Easements, the "Public Transit Uses" (as hereinafter defined) and the "Transit Provider Uses" (as hereinafter defined), as well as certain related matters as to which Catellus and RTD agree to negotiate in good faith. The terms of this Exhibit "D-1" are subject to change by the mutual agreement of Catellus and RTD.

1. Defined Terms. Any defined term used in this Exhibit "D-1" without an accompanying definition shall have the meaning set forth in the Development Agreement.

2. Public Transit Use Areas. The Public Transit Use Areas will be those portions of the Site, the West Property and the Additional Land designated as the "Public Transit Use Areas" on Exhibit "D-2" attached to the Development Agreement. Attached to the Development Agreement as Exhibit "D-3" is a site plan showing those Public Transit Improvements and their general locations as agreed upon by Catellus and RTD as of the date of the Development Agreement. The Public Transit Improvements contemplated by Catellus and RTD are defined and described in the Development Agreement.

3. Public Transit Easements. Pursuant to the terms of the Public Transit Use Agreement:

(a) Catellus will grant Public Transit Easements to RTD and RTD's successors and assigns for Public Transit Uses and Transit Provider Uses on, over and/or under, as appropriate, those Public Transit Use Areas located on real property which shall be owned by Catellus immediately following Closing, and such Public Transit Easements shall be enforceable equitable servitudes upon such Public Transit Use Areas and shall be binding upon such areas and each person having any right, title or interest in all or a part of such areas and their respective successors and assigns;

(b) Catellus will covenant and agree to grant Public Transit Easements to RTD and RTD's successors and assigns for Public Transit Uses and Transit Provider Uses on, over and/or under, as appropriate, those Public Transit Use Areas located on those portions of the Additional Land which

shall come to be owned by Catellus following Closing, and such Public Transit Easements shall be enforceable equitable servitudes upon such Public Transit Use Areas and shall be binding upon such areas and each person having any right, title or interest in all or a part of such areas and their respective successors and assigns; and

(c) RTD will have the right, subject to Catellus' Right of First Refusal set forth in the Development Agreement, to transfer to private users all or a portion of its rights in the Public Transit Easements described in this Section 3, and Catellus and RTD will negotiate terms by which rights and uses permitted by such transferred easements may be changed from Public Transit Uses and Transit Provider Uses to private uses in the event of such a transfer.

4. Public Transit Uses. For purposes of this Exhibit "D-1", the term "Public Transit Uses" shall mean the following uses:

(a) Vehicular ingress, egress and passage over the Metro Plaza, the South Roadway and the roadways, driveways, entrances, exits, ramps, and such other facilities contained in the Public Transit Improvements and Public Transit Use Areas as are designed for such use, subject to such limitations as shall be agreed upon by Catellus and RTD;

(b) pedestrian ingress, egress, passage and accommodation over the sidewalks, plaza areas, malls, bridges, walkways, stairways, elevators, escalators and such other facilities in the Public Transit Improvements and Public Transit Use Areas as are designed for such use, subject to such limitations as shall be agreed upon by Catellus and RTD;

(c) vehicular parking in the portions of the Public Transit Improvements designated for public vehicular parking on Exhibit "A-4" attached to the Development Agreement; and

(d) uses incidental or ancillary to vehicular and pedestrian ingress and egress and parking in the aforesaid portions of the Public Transit Improvements and Public Transit Use Areas.

5. Transit Provider Uses. For purposes of this Exhibit "D-1", the term "Transit Provider Uses" shall mean the following uses:

(a) using, installing, constructing, reconstructing, maintaining, leasing, operating, repairing, replacing and removing any or all of the Public Transit Improvements;

(b) installing and maintaining vertical and horizontal support to all structural members, bearing walls, footings, foundations, columns and beams which are a part of the Public Transit Improvements;

(c) landscaping, hardscaping and artistic treatments of the Public Transit Use Areas;

(d) installing and maintaining utility lines, meters, electrical wiring and cables, communication systems, television and radio cables, air conditioning and heating ducts and equipment, plumbing, pipes, exhaust ducts and other building systems, to the extent required to serve, protect and maintain the Public Transit Improvements; and

(e) such service retail businesses as Catellus and RTC shall agree to permit.

6. Limitations on Uses. Notwithstanding anything to the contrary contained in this Exhibit "D-1", exercise of the Public Transit Uses and the Transit Provider Uses in any of the Public Transit Use Areas shall be subject to the following limitations:

(a) Such operating restrictions and guidelines as Catellus and RTD shall agree upon in order to ensure that Public Transit Uses and Transit Provider Uses do not unreasonably interfere with the use or enjoyment of the Site or Union Station by the owners or occupants thereof or their permittees, provided that Catellus and RTD understand and acknowledge that (i) the Project includes public transit and related facilities (including bus and train terminals), and (ii) there will be extensive use of such facilities by commuters and other pedestrians and trains, buses, automobiles and other vehicles;

(b) Applicable law and Governmental Authorities;
and

(c) Such construction and performance of work standards and procedures as shall be agreed upon by Catellus and RTD.

In addition, to the extent not provided in the Development Agreement, Catellus and RTD will negotiate and agree upon (i) the rights of RTD to design, construct, reconstruct, remove and replace those Public Transit Improvements located or to be located on Parcel 2, the West Property or those portions of the Additional Land owned by Catellus, and (ii) the rights of Catellus to review and approve such design, construction, reconstruction, removal and replacement.

7. Permitted Use Areas.

(a) RTD will permit Public Transit Uses on those Public Transit Use Areas located on real property which shall be owned by RTD immediately following Closing; and

(b) RTD will covenant and agree to permit Public Transit Uses on those Public Transit Use Areas located on those portions of the Additional Land which shall come to be owned by RTD following Closing; and

(c) Catellus and RTD will agree upon procedures and conditions pursuant to which RTD may limit, change or remove Public Transit Uses on those Public Transit Use Areas located on property owned by RTD.

8. Excavation and Utility Easements.

With respect to (a) those Public Transit Use Areas located on real property which will be owned by RTD immediately following Closing, RTD will grant and (b) those Public Transit Use Areas located on those portions of the Additional Land which shall come to be owned by RTD following Closing, RTD will covenant and agree to grant, to Catellus and Catellus's successors and assigns, easements (subject to such limitations as shall be agreed upon by Catellus and RTD) for (i) installing and maintaining vertical and horizontal support to all structural members, bearing walls, footings, foundations, columns and beams which are a part of the improvements constructed or to be constructed on Parcel 2, the West Property or those portions of the Additional Land owned by Catellus, and (ii) installing and maintaining utility lines, meters, electrical wiring and cables, communication systems, television and radio cables, air conditioning and heating ducts and equipment, plumbing, pipes, exhaust ducts and other building systems, to the extent required to serve, protect and maintain the surface and subsurface improvements constructed or to be constructed on Parcel 2, the West Property or those portions of the Additional Land owned by Catellus.

9. Costs. Except as otherwise set forth in the Cost Allocations, the REOA, the FMA or in Sections 4.2.2 or 5.4 of the Development Agreement or imposed by uniform non-discriminatory (i.e., not Project Area specific) tax or assessment, construction, operation, maintenance and repair of the Public Transit Improvements and the Public Transit Use Areas shall be at the sole cost and expense of RTD.






10. Revenues. Except as shall be mutually agreed upon by Catellus and RTD as to service retail businesses, any and all revenue generated from the use of the Public Transit Use

Areas and Public Transit Improvements shall inure to the sole benefit of RTD, and RTD shall bear sole responsibility for collecting or causing the collection of any such revenue.

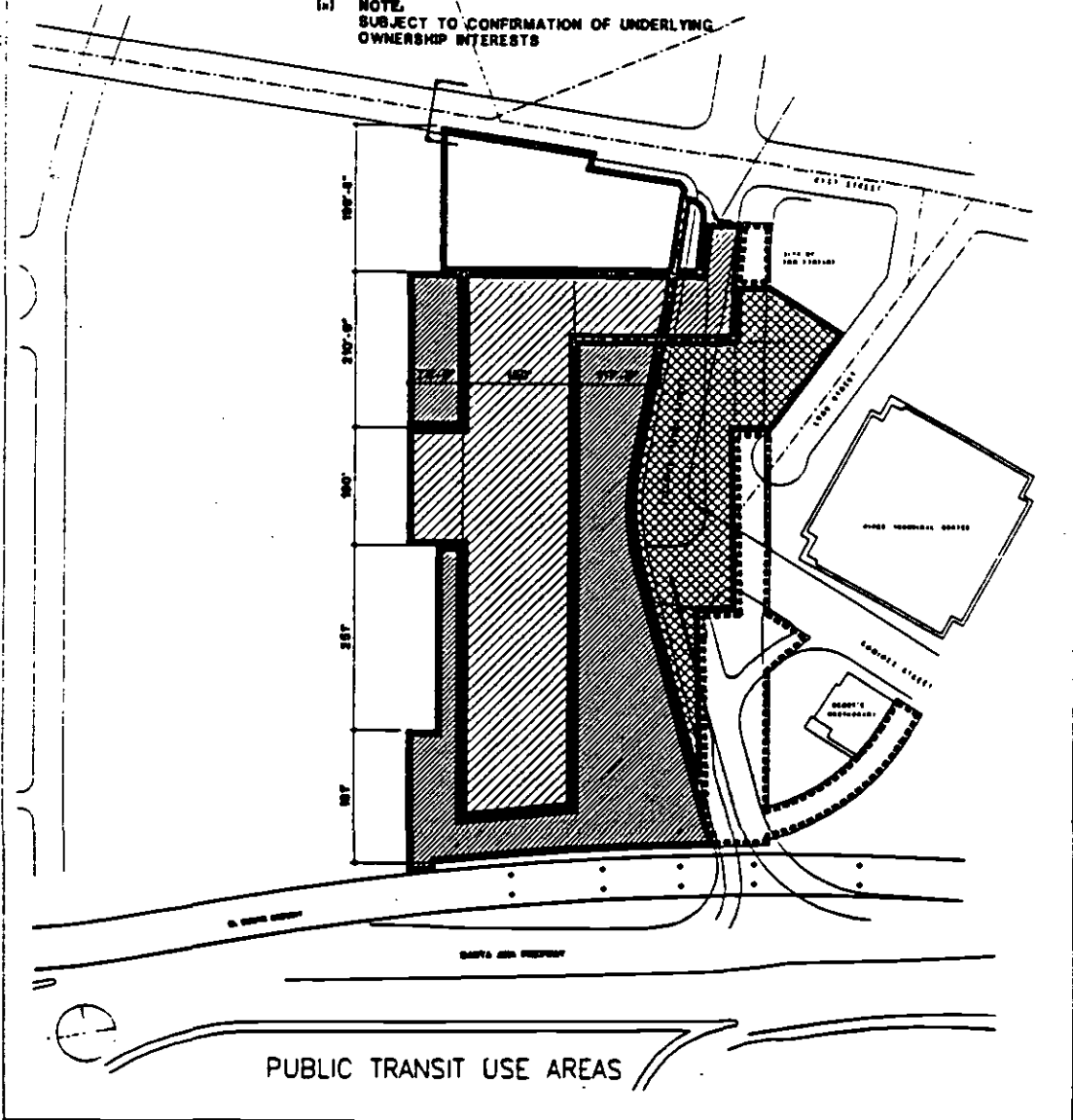
11. Operation and Maintenance. The Public Transit Improvements and the Public Transit Use Areas shall be managed and operated by the Operator under the authority of the JMC pursuant to the Management Standards.

12. Additional Provisions of Development Agreement. Provisions substantively equivalent to Sections 1.2.3, 1.2.4.3, 1.2.4.4, 4.2.2 and 4.6 of the Development Agreement shall be included in the Public Transit Use Agreement.

13. Survival of Development Agreement References. The references to and incorporation of certain terms and provisions of the Development Agreement in the Public Transit Use Agreement shall be given full force and effect, as the context may require, notwithstanding the termination of the Development Agreement, and the Public Transit Use Agreement, once executed and recorded, shall survive termination of the Development Agreement.

-  R.T.D. RESTRICTED USE AREA
-  FUTURE R.T.D. RESTRICTED USE AREA
-  CATELLUS PUBLIC TRANSIT USE EASEMENT
-  FUTURE CATELLUS PUBLIC TRANSIT USE EASEMENT (a)
-  ADDITIONAL PROPERTY FOR PUBLIC TRANSIT USE (a)

(a) NOTE:
SUBJECT TO CONFIRMATION OF UNDERLYING
OWNERSHIP INTERESTS



PUBLIC TRANSIT USE AREAS

ASSOCIATED INTERESTS

- 18th Street
- 19th Street
- 20th Street
- 21st Street
- 22nd Street
- 23rd Street

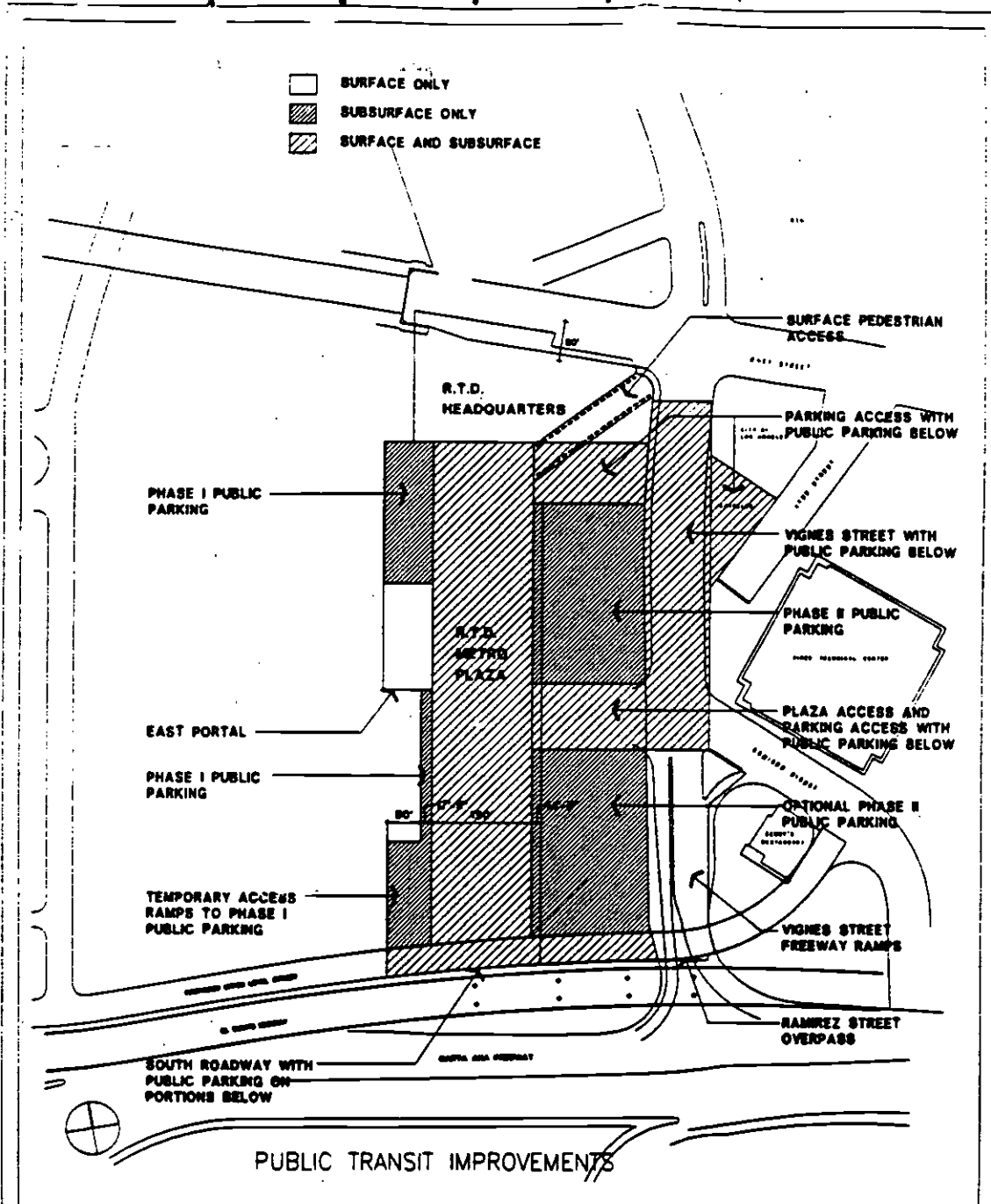
GATEWAY CENTER

02 OCTOBER 1991

CLIENT

- 18th Street
- 19th Street
- 20th Street
- 21st Street
- 22nd Street
- 23rd Street

D-2



<p>ASSOCIATED SHEETS</p> <ul style="list-style-type: none"> 1. GATEWAY CENTER 2. GATEWAY CENTER 3. GATEWAY CENTER 4. GATEWAY CENTER 5. GATEWAY CENTER 6. GATEWAY CENTER 7. GATEWAY CENTER 8. GATEWAY CENTER 9. GATEWAY CENTER 10. GATEWAY CENTER 	<h1 style="margin: 0;">GATEWAY CENTER</h1> <p style="margin: 0;">30 OCTOBER 1991</p>	<p>INDEX</p> <ul style="list-style-type: none"> 1. GATEWAY CENTER 2. GATEWAY CENTER 3. GATEWAY CENTER 4. GATEWAY CENTER 5. GATEWAY CENTER 6. GATEWAY CENTER 7. GATEWAY CENTER 8. GATEWAY CENTER 9. GATEWAY CENTER 10. GATEWAY CENTER <p style="text-align: right; margin-top: 10px;">D-3</p>
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EXHIBIT "E"

WORK PLANS

1. 50% Schematic Design Package dated September 4, 1991, by McLarand, Vasquez & Partners, Inc. for RTD Headquarters and Gateway Center at Union Station, Job No. 91-400, containing analyses, functional requirements, site information, and schematic drawings.
 - A. Site Plan
 1. Alternate Site Plan A
 2. Alternate Site Plan B
 - B. Floor Plans
 1. Level P4 - Parking Level
 2. Level P3 - Parking Level
 3. Level P2 - Loading Dock, Storage & Parking
 4. Level P1 - Transit Police, Print Shop & Parking
 5. Level 1 - Plaza Level
 6. Level 2 - Secured Level
 7. Level 3 - Podium Level
 8. Level 4 - Child Care Level
 9. Typical Mid-Rise & High-Rise Levels
 - C. Building Sections
 1. 25-Story Scheme, East/West
 2. 25-Story Scheme, North/South
 3. 21-Story Scheme, East/West
 4. 21-Story Scheme, North/South
 5. Loading Dock & Garage Ramp
 - D. Alternate Parking Levels with Existing Vignes Street
2. Drawings and Plans submitted by Ehrenkrantz & Eckstut Architects, Inc. and McLarand, Vasquez & Partners, Inc., for Gateway Center Transit Parking Garage:

<u>Sheet Title</u>	<u>Date</u>	<u>Drawing No.</u>
Preliminary Survey-Vignes Street Realignment	9/18/91	Survey No. 15365
Metro Plaza Plan	9/20/91	A-1
Parking Plan Level P1	9/20/91	A-2
Parking Plan Level P2	9/20/91	A-3
Parking Plan Level P3	9/20/91	A-4
Parking Plan Level P4	9/20/91	A-5
Partial Parking Plan Level P3	9/20/91	A-6
Partial Reflected Ceiling Plan Level P3	9/20/91	A-7
Building Sections	9/20/91	A-8
Building Sections	9/20/91	A-9
Building Sections	9/20/91	A-10

<u>Sheet Title</u>	<u>Date</u>	<u>Drawing No.</u>
Building Section	9/20/91	A-11
East Elevation	9/20/91	A-12
West and South Elevations	9/20/91	A-13
Typical Bay Parking Plan	9/20/91	A-14
Elevator Lobbies-Stair Section	9/20/91	A-15
General Notes	9/19/91	SD S-1.1
Level P4 Foundation Plan North Portion	9/19/91	SD S-2.1
Level P4 Foundation Plan South Portion	9/19/91	SD S-2.2
Levels P2, P3 Framing Plan North Portion	9/19/91	SD S-2.3
Levels P2, P3 Framing Plan South Portion	9/19/91	SD S-2.4
Level P1 Framing Plan North Portion	9/19/91	SD S-2.5
Level P1 Framing Plan South Portion	9/19/91	SD S-2.6
Plaza Level Framing Plan North Portion	9/19/91	SD S-2.7
Plaza Level Framing Plan South Portion	9/19/91	SD S-2.8
Sections and Details	9/19/91	SDS 3.1
Sections	9/19/91	SDS 3.2
Parking Plan Level P1 HVAC Plan	9/17/91	SM-1.00
Parking Plan Level P2 HVAC Plan	9/20/91	SM-2.00
Parking Plan Level P3 HVAC Plan	9/20/91	SM-3.00
Parking Plan Level P4 HVAC Plan	9/20/91	SM-4.00
Partial Fan Room Plans and Schedule	9/17/91	SM-5.00
Parking Plan Level P1 Plumbing Plan	9/17/91	SP-1
Parking Plan Level P2 Plumbing Plan	9/20/91	SP-2
Parking Plan Level P3 Plumbing Plan	9/20/91	SP-3
Parking Plan Level P4 Plumbing Plan	9/20/91	SP-4

<u>Sheet Title</u>	<u>Date</u>	<u>Drawing No.</u>
Typical Automatic Sprinkler Bay Plumbing Plan	9/20/91	SP-5
Symbol List Lighting Schedule	9/20/91	E-1.0
Parking Plan Level P1 Electrical	9/20/91	E-1.1
Parking Plan Level P2 Electrical	9/20/91	E-1.2
Parking Plan Level P3 Electrical	9/20/91	E-1.3
Parking Plan Level P4 Electrical	9/20/91	E-1.4

THE AMERICAN INSTITUTE OF ARCHITECTS



AIA Document B801

**Standard Form of Agreement Between
Owner and Construction Manager**

1980 EDITION

THIS DOCUMENT HAS IMPORTANT LEGAL CONSEQUENCES; CONSULTATION WITH
AN ATTORNEY IS ENCOURAGED.

This document is intended to be used in conjunction with
AIA Documents A101/CM, 1980; B141/CM, 1980; and A201/CM, 1980.

AGREEMENT

made as of the _____ day of _____ in the year of Nineteen
Hundred and _____

BETWEEN the Owner: UNION STATION GATEWAY INC.,
a California non-profit corporation

and the Construction Manager: CATELLUS DEVELOPMENT CORPORATION,
a Delaware corporation

For the following Project: Phase I as defined in that certain Development Agreement
(include detailed description of Project location and scope) (the "Development Agreement") dated October 30, 1991 by and
between The Southern California Rapid Transit District, a California public corporation, and
Catellus Development Corporation, a Delaware corporation

the Architect: Ehrenkrantz & Eckstut and McLarand Vasquez Partners

The Owner and the Construction Manager agree as set forth below.

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B801 — 1980 1

EXHIBIT "F"

**TERMS AND CONDITIONS OF AGREEMENT BETWEEN
OWNER AND CONSTRUCTION MANAGER**

**ARTICLE 1
CONSTRUCTION MANAGER'S SERVICES AND
RESPONSIBILITIES**

The Construction Manager covenants with the Owner to further the interests of the Owner by furnishing the Construction Manager's skill and judgment in cooperation with, and in reliance upon, the services of an architect. The Construction Manager agrees to furnish business administration and management services and to perform in an expeditious and economical manner consistent with the interests of the Owner.

BASIC SERVICES

The Construction Manager's Basic Services consist of the two Phases described below ~~and any other services included in Article 16 as Basic Services.~~

1.1 PRECONSTRUCTION PHASE

1.1.1 Provide preliminary evaluation of the program and Project budget requirements, each in terms of the other. With the Architect's assistance, prepare preliminary estimates of Construction Cost for early schematic designs based on area, volume or other standards. Assist the Owner and the Architect in achieving mutually agreed upon program and Project budget requirements and other design parameters. Provide cost evaluations of alternative materials and systems. 2

1.1.2 Review designs during their development. Advise on site use and improvements, selection of materials, building systems and equipment and methods of Project delivery. Provide recommendations on relative feasibility of construction methods, availability of materials and labor, time requirements for procurement, installation and construction, and factors related to cost including, but not limited to, costs of alternative designs or materials, preliminary budgets and possible economies.

1.1.3 Provide for the Architect's and the Owner's review and acceptance, and periodically update, a Project Schedule that coordinates and integrates the Construction Manager's services, the Architect's services and the Owner's responsibilities with anticipated construction schedules.

1.1.4 Prepare for the Owner's approval a more detailed estimate of Construction Cost, as defined in Article 3 developed by using estimating techniques which anticipate the various elements of the Project, and based on Schematic Design Documents prepared by the Architect. Update and refine this estimate periodically as the Architect prepares Design Development and Construction Documents. Advise the Owner and the Architect if it appears that the Construction Cost may exceed the Project budget. Make recommendations for corrective action.

1.1.5 Coordinate Contract Documents by consulting with the Owner and the Architect regarding Drawings and Specifications as they are being prepared, and recommending alternative solutions whenever design details affect construction feasibility, cost or schedules.

1.1.5.1 ~~Provide recommendations and information to the Owner and the Architect regarding the assignment of re-~~

sponsibilities for safety precautions and programs; temporary Project facilities; and equipment, materials and services for common use of Contractors. Verify that the requirements and assignment of responsibilities are included in the proposed Contract Documents.

1.1.5.2 Advise on the separation of the Project into Contracts for various categories of Work. Advise on the method to be used for selecting Contractors and awarding Contracts. If separate Contracts are to be awarded, review the Drawings and Specifications and make recommendations as required to provide that (1) the Work of the separate Contractors is coordinated, (2) all requirements for the Project have been assigned to the appropriate separate Contract, (3) the likelihood of jurisdictional disputes has been minimized, and (4) proper coordination has been provided for phased construction.

1.1.5.3 ¹⁰ Develop a Project Construction Schedule providing for all major elements such as phasing of construction and times of commencement and completion required of each separate Contractor. Provide the Project Construction Schedule for each set of Bidding Documents. ¹¹ ¹²

1.1.5.4 ¹ Investigate and recommend a schedule for the Owner's purchase of materials and equipment requiring long lead time procurement, and coordinate the schedule with the early preparation of portions of the Contract Documents by the Architect. Expedite and coordinate delivery of these purchases.

1.1.6 ¹ Provide an analysis of the types and quantities of labor required for the Project and review the availability of appropriate categories of labor required for critical Phases. ~~Make~~ Recommendations for actions designed to minimize adverse effects of labor shortages.

1.1.6.1 ¹ Identify or verify applicable requirements for equal employment opportunity programs for inclusion in the proposed Contract Documents.

1.1.7 ¹ Make recommendations for pre-qualification criteria for Bidders and develop Bidders' interest in the Project. Establish bidding schedules. Assist the Architect in issuing Bidding Documents to Bidders. Conduct pre-bid conferences to familiarize Bidders with the Bidding Documents and management techniques and with any special systems, materials or methods. Assist the Architect with the receipt of questions from Bidders, and with the issuance of Addenda.

1.1.7.1 With the Architect's assistance, receive Bids, prepare bid analyses and make recommendations to the Owner for award of Contracts or rejection of Bids.

1.1.8 With the Architect's assistance, conduct pre-award conferences with successful Bidders. Assist the Owner in preparing Construction Contracts and advise the Owner on the acceptability of Subcontractors and material suppliers proposed by Contractors.

1.2 CONSTRUCTION PHASE

The Construction Phase will commence with the award of the Initial Construction Contract or purchase order and, together with the Construction Manager's obligation to provide Basic Services un-

- | | | | |
|---|---|----|---|
| 1 | , GC's and the Cost Estimator's | 10 | In consultation with the Architect and the Scheduling Consultant, |
| 2 | in conjunction with GC, Architect and the Quality Consultant if any | 11 | , move-in |
| 3 | After consultation with GC and the Quality Consultant if any | 12 | the GC and |
| 4 | , the Contractor's Services | 13 | In consultation with the Architect and the Scheduling Consultant, |
| 5 | Endeavor to cause the Cost Estimator to | 14 | Endeavor to cause the Cost Estimator to |
| 6 | the Addendum | 15 | to |
| 7 | GC | 16 | and to make |
| 8 | after consultation with GC and the Quality Consultant if any | 17 | Cause the DBE Consultant to |
| 9 | Work with the Owner, the Architect and the Safety Consultant, if any, | 18 | With respect to procuring furniture, fixtures and equipment, |

der this Agreement, will end 30 days after final payment to all Contractors is due.

1.2.1 Unless otherwise provided in this Agreement and incorporated in the Contract Documents, the Construction Manager, in cooperation with the Architect, shall provide administration of the Contracts for Construction as set forth below and in the 1980 Edition of AIA Document A201/CM, General Conditions of the Contract for Construction, Construction Management Edition.

1.2.2 Provide administrative, management and related services as required to coordinate Work of the Contractors with each other and with the activities and responsibilities of the Construction Manager, the Owner and the Architect to complete the Project in accordance with the Owner's objectives for cost, time and quality. Provide sufficient organization, personnel and management to carry out the requirements of this Agreement.

1.2.2.1 Schedule and conduct pre-construction, construction and progress meetings to discuss such matters as procedures, progress, problems and scheduling. Prepare and promptly distribute minutes.

1.2.2.2 Consistent with the Project Construction Schedule issued with the Bidding Documents, and utilizing the Contractors' Construction Schedules provided by the separate Contractors, update the Project Construction Schedule incorporating the activities of Contractors on the Project, including activity sequences and durations, allocation of labor and materials, processing of Shop Drawings, Product Data and Samples, and delivery of products requiring long lead time procurement. Include the Owner's occupancy requirements showing portions of the Project having occupancy priority. Update and reissue the Project Construction Schedule as required to show current conditions and revisions required by actual experience.

1.2.2.3 Endeavor to achieve satisfactory performance from each of the Contractors. Recommend courses of action to the Owner when requirements of a Contract are not being fulfilled, and the nonperforming party will not take satisfactory corrective action.

1.2.3 Revise and refine the approved estimate of Construction Cost, incorporate approved changes as they occur, and develop cash flow reports and forecasts as needed.

1.2.3.1 Provide regular monitoring of the approved estimate of Construction Cost, showing actual costs for activities in progress and estimates for uncompleted tasks. Identify variances between actual and budgeted or estimated costs, and advise the Owner and the Architect whenever projected costs exceed budgets or estimates.

1.2.3.2 Maintain cost accounting records on authorized Work performed under unit costs, additional Work performed on the basis of actual costs of labor and materials, or other Work requiring accounting records.

1.2.3.3 Recommend necessary or desirable changes to the Architect and the Owner, review requests for changes, assist in negotiating Contractors' proposals, submit recommendations to the Architect and the Owner, and if they are accepted, prepare and sign Change Orders for the Architect's signature and the Owner's authorization.

1.2.3.4 Develop and implement procedures for the review and processing of Applications by Contractors for progress and final payments. Make recommendations to the Architect for certification to the Owner for payment.

1.2.4 Review the safety programs developed by each of the Contractors as required by their Contract Documents and coordinate the safety programs for the Project.

1.2.5 Assist in obtaining building permits and special permits for permanent improvements, excluding permits required to be obtained directly by the various Contractors. Verify that the Owner has paid applicable fees and assessments. Assist in obtaining approvals from authorities having jurisdiction over the Project.

1.2.6 If required, assist the Owner in selecting and retaining the professional services of surveyors, special consultants and testing laboratories. Coordinate their services.

1.2.7 Determine in general that the Work of each Contractor is being performed in accordance with the requirements of the Contract Documents. Endeavor to guard the Owner against defects and deficiencies in the Work. As appropriate, require special inspection or testing, or make recommendations to the Architect regarding special inspection or testing, of Work not in accordance with the provisions of the Contract Documents whether or not such Work be then fabricated, installed or completed. Subject to review by the Architect, reject Work which does not conform to the requirements of the Contract Documents.

1.2.7.1 The Construction Manager shall not be responsible for construction means, methods, techniques, sequences and procedures employed by Contractors in the performance of their Contracts, and shall not be responsible for the failure of any Contractor to carry out Work in accordance with the Contract Documents.

1.2.8 Consult with the Architect and the Owner if any Contractor requests interpretations of the meaning and intent of the Drawings and Specifications, and assist in the resolution of questions which may arise.

1.2.9 Receive Certificates of Insurance from the Contractors, and forward them to the Owner with a copy to the Architect.

1.2.10 Receive from the Contractors and review all Shop Drawings, Product Data, Samples and other submittals. Coordinate them with information contained in related documents and transmit to the Architect those recommended for approval. In collaboration with the Architect, establish and implement procedures for expediting the processing and approval of Shop Drawings, Product Data, Samples and other submittals.

1.2.11 Record the progress of the Project. Submit written progress reports to the Owner and the Architect including information on each Contractor and each Contractor's Work, as well as the entire Project, showing percentages of completion and the number and amounts of Change Orders. Keep a daily log containing a record of weather, Contractors' Work on the site, number of workers, Work accomplished, problems encountered, and other similar relevant data as the Owner may require. Make the log available to the Owner and the Architect.

1.2.11.1 Maintain at the Project site, on a current basis: a record copy of all Contracts, Drawings, Specifications, Addenda, Change Orders and other Modifications, in good order and marked to record all changes made during construction; Shop Drawings; Product Data; Samples; submittals; purchases; materials; equipment; applicable handbooks; maintenance and operating manuals and instruc-

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- | | | | |
|----|---|----|--|
| 19 | In consultation with the Quality Consultant, | 27 | Endeavor to cause the Safety Consultant to |
| 20 | In consultation with GC and the Cost Estimator, | 28 | and in monitoring compliance with mitigation measures of the Project EIR during construction. |
| 21 | In consultation with the Cost Estimator, | 29 | requested by Owner or by Architect |
| 22 | written | 30 | Co-ordinate with the Quality Consultant to perform the following — to: |
| 23 | endeavor to cause the Architect to | 31 | ; |
| 24 | all consultants and Contractors | 32 | ; |
| 25 | Endeavor to cause | 33 | ; |
| 26 | to make timely recommendations for | 34 | and to investigate and recommend programmatic or other changes in the scope and/or quality of the Project necessary to bring the Construction Cost within approved budget. |

tions; other related documents and revisions which arise out of the Contracts or Work. Maintain records, in duplicate, of principal building layout lines, elevations of the bottom of footings, floor levels and key site elevations certified by a qualified surveyor or professional engineer. Make all records available to the Owner and the Architect. At the completion of the Project, deliver all such records to the Architect for the Owner.

1.2.12 Arrange for delivery and storage, protection and security for Owner-purchased materials, systems and equipment which are a part of the Project, until such items are incorporated into the Project. 35

1.2.13 With the Architect and the Owner's maintenance personnel, observe the Contractors' checkout of utilities, operational systems and equipment for readiness and assist in their initial start-up and testing.

1.2.14 When the Construction Manager considers each Contractor's Work or a designated portion thereof substantially complete, ~~the Construction Manager shall prepare for the Architect a list of incomplete or unsatisfactory items and a schedule for their completion.~~ The Construction Manager shall assist the Architect in conducting inspections. After the Architect certifies the Date of Substantial Completion of the Work, the Construction Manager shall coordinate the correction and completion of the Work.

1.2.15³⁷ Assist the Architect in determining when the Project or a designated portion thereof is substantially complete. Prepare for the Architect a summary of the status of the Work of each Contractor, listing changes in the previously issued Certificates of Substantial Completion of the Work and recommending the times within which Contractors shall complete uncompleted items on their Certificate of Substantial Completion of the Work.

1.2.16 Following the Architect's issuance of a Certificate of Substantial Completion of the Project or designated portion thereof, evaluate the completion of the Work of the Contractors and make recommendations to the Architect when Work is ready for final inspection. ~~Assist the Architect in conducting final inspections.~~ Secure and transmit to the Owner required guarantees, affidavits, releases, bonds and waivers. Deliver all keys, manuals, record drawings and maintenance stocks to the Owner.

1.2.17 The extent of the duties, responsibilities and limitations of authority of the Construction Manager as a representative of the Owner during construction shall not be modified or extended without the written consent of the Owner, the Contractors, the Architect and the Construction Manager, which consent shall not be unreasonably withheld.

1.3 ADDITIONAL SERVICES

The following Additional Services shall be performed upon authorization in writing from the Owner and shall be paid for as provided in this Agreement.

~~1.3.1 Services related to investigations, appraisals or evaluations of existing conditions, facilities or equipment, or verification of the accuracy of existing drawings or other information furnished by the Owner.~~

1.3.2 Services related to Owner-furnished furniture, furnishings and equipment which are not a part of the Project.

1.3.3 Services for tenant or rental spaces.

1.3.4 Consultation on replacement of Work damaged by fire or other cause during construction, and furnishing services in conjunction with the replacement of such Work.

1.3.5 Services made necessary by the default of a Contractor.

1.3.6 Preparing to serve or serving as a witness in connection with any public hearing, arbitration proceeding or legal proceeding.

~~1.3.7 Recruiting or training maintenance personnel.~~

1.3.8 Inspections of, and services related to, the Project after the end of the Construction Phase.

1.3.9 Providing any other services not otherwise included in this Agreement.

1.4 TIME

1.4.1 The Construction Manager shall perform Basic and Additional Services as expeditiously as is consistent with reasonable skill and care and the orderly progress of the Project.

ARTICLE 2

THE OWNER'S RESPONSIBILITIES

2.1 The Owner shall provide full information regarding the requirements of the Project, including a program, which shall set forth the Owner's objectives, constraints and criteria, including space requirements and relationships, flexibility and expandability requirements, special equipment and systems and site requirements.

2.2 The Owner shall ~~provide~~ a budget for the Project, based on consultation with the Construction Manager and the Architect, which shall include contingencies for bidding, changes during construction and other costs which are the responsibility of the Owner. The Owner shall, at the request of the Construction Manager, provide a statement of funds available for the Project and their source.

2.3 The Owner shall designate a representative authorized to act in the Owner's behalf with respect to the Project. The Owner, or such authorized representative, shall examine documents submitted by the Construction Manager and shall render decisions pertaining thereto promptly to avoid unreasonable delay in the progress of the Construction Manager's services.

2.4 The Owner shall retain an architect whose services, duties and responsibilities are described in the agreement between the Owner and the Architect, AIA Document B141AGM, 1980 Edition. The Terms and Conditions of the Owner-Architect Agreement will be furnished to the Construction Manager, and will not be modified without written consent of the Construction Manager, which consent shall not be unreasonably withheld. Actions taken by the Architect as agent of the Owner shall be the acts of the Owner and the Construction Manager shall not be responsible for them.

2.5 The Owner shall furnish structural, mechanical, chemical and other laboratory tests, inspections and reports as required by law or the Contract Documents.

2.6 The Owner shall furnish such legal, accounting and insurance counseling services as may be necessary for the Project, including such auditing services as the Owner may require to verify the Project Applications for Payment

35 , in consultation with ~~the~~ Contractor .

36 in consultation with Owner, the Quality Contractor,
Consultant, if any, and ~~the~~ the Construction
Manager shall co-ordinate a "walk through" of the
Project by said parties and shall prepare for
the Architect their collective

37 In consultation with Owner,

38 In consultation with Owner,

39 Co-ordinate with

40 and Owner

41 review and approve the

42 as modified

43 in conjunction with the Construction
Manager

or to ascertain how or for what purposes the Contractors have used the monies paid by or on behalf of the Owner.

2.7- The Owner shall furnish the Construction Manager a sufficient quantity of construction documents.

2.8 The services, information and reports required by Paragraphs 2.1 through 2.7, inclusive, shall be furnished at the Owner's expense, and the Construction Manager shall be entitled to rely upon their accuracy and completeness.

2.9 If the Owner observes or otherwise becomes aware of any fault or defect in the Project, or nonconformance with the Contract Documents, prompt written notice thereof shall be given by the Owner to the Construction Manager and the Architect.

2.10 The Owner reserves the right to perform work related to the Project with the Owner's own forces, and to award contracts in connection with the Project which are not part of the Construction Manager's responsibilities under this Agreement. The Construction Manager shall notify the Owner if any such independent action will in any way compromise the Construction Manager's ability to meet the Construction Manager's responsibilities under this Agreement.

2.11 The Owner shall furnish the required information and services and shall render approvals and decisions as expeditiously as necessary for the orderly progress of the Construction Manager's services and the Work of the Contractors.

ARTICLE 3 CONSTRUCTION COST

3.1 Construction Cost shall be the total of the final Contract Sums of all of the separate Contracts, actual Reimbursable Costs relating to the Construction Phase as defined in ~~Article 6~~ and the Construction Manager's compensation.

~~3.2 Construction Cost does not include the compensation of the Architect and the Architect's consultants, the cost of the Architect's rights-of-way or other costs which are the responsibility of the Owner as provided in Paragraphs 2.4 through 2.7, inclusive.~~

3.3 Evaluations of the Owner's Project budget and cost estimates prepared by the Construction Manager represent the Construction Manager's best judgment as a professional familiar with the construction industry. It is recognized, however, that neither the Construction Manager nor the Owner has control over the cost of labor, materials or equipment, over Contractors' methods of determining Bid prices or other competitive bidding or negotiating conditions. Accordingly, the Construction Manager cannot and does not warrant or represent that Bids or negotiated prices will not vary from the Project budget proposed, established or approved by the Owner, or from any cost estimate or evaluation prepared by the Construction Manager.

~~3.4 No fixed limit of Construction Cost shall be established as a condition of this Agreement by the furnishing, proposal or establishment of a Project budget under Subparagraph 1.1.1 or Paragraph 2.7 or otherwise, unless such fixed limit has been agreed upon in writing and signed by the parties to this Agreement. If such a fixed limit has been established, the Construction Manager shall include contingencies for design, bidding and price escalation, and~~

~~shall consult with the Architect to determine what materials, equipment, component systems and types of construction are to be included in the Contract Documents, to suggest reasonable adjustments in the scope of the Project, and to suggest alternate Bids in the Construction Documents to adjust the Construction Cost to the fixed limit. Any such fixed limit shall be increased in the amount of any increase in the Contract Sums occurring after the execution of the Contracts for Construction.~~

3.4.1 If Bids are not received within the time scheduled at the time the fixed limit of Construction Cost was established, due to causes beyond the Construction Manager's control, any fixed limit of Construction Cost established as a condition of this Agreement shall be adjusted to reflect any change in the general level of prices in the construction industry occurring between the originally scheduled date and the date on which Bids are received.

3.4.2 If a fixed limit of Construction Cost (adjusted as provided in Subparagraph 3.4.1) is exceeded by the sum of the lowest figures from bona fide Bids or negotiated proposals plus the Construction Manager's estimate of other elements of Construction Cost for the Project, the Owner shall (1) give written approval of an increase in such fixed limit, (2) authorize rebidding or renegotiation of the Project or portions of the Project within a reasonable time, (3) if the Project is abandoned, terminate in accordance with Paragraph 10.2, or (4) cooperate in revising the scope and quality of the Work as required to reduce the Construction Cost. In the case of item (4), the Construction Manager, without additional compensation, shall cooperate with the Architect as necessary to bring the Construction Cost within the fixed limit.

ARTICLE 4 CONSTRUCTION SUPPORT ACTIVITIES

4.1 Construction support activities, if provided by the Construction Manager shall be governed by separate contractual arrangements unless otherwise provided in Article 16.

ARTICLE 5 DIRECT PERSONNEL EXPENSE

5.1 Direct Personnel Expense is defined as the direct salaries of all of the Construction Manager's personnel engaged on the Project, excluding those whose compensation is included in the fee, and the portion of the cost of their mandatory and customary contributions and benefits related thereto such as employment taxes and other statutory employee benefits, insurance, sick leave, holidays, vacations, pensions, and similar contributions and benefits.

ARTICLE 6 REIMBURSABLE COSTS

6.1 The term Reimbursable Costs shall mean costs necessarily incurred in the proper performance of services and paid by the Construction Manager. Such costs shall be at rates not higher than the standard paid in the locality of the Project, except with prior consent of the Owner. Reimbursable Costs and costs not to be reimbursed shall be listed in Article 16.

~~4.3 Trade discounts, rebates and refunds, and amounts from sale of surplus materials and equipment shall accrue to the Owner and the Construction Manager shall make provision so that they can be recovered.~~

ARTICLE 7

PAYMENTS TO THE CONSTRUCTION MANAGER

7.1 PAYMENTS ON ACCOUNT OF BASIC SERVICES

~~7.1.1 Annual payments set forth in Paragraph 15.1 is the minimum payment under this Agreement.~~

7.1.2 Subsequent payments for Basic Services shall be made monthly and shall be in proportion to services performed within each Phase of Services, on the basis set forth in ~~Article 45~~ 45.

~~7.1.3 If and to the extent that the time initially established for the Construction Phase of the Project is exceeded or extended through no fault of the Construction Manager, compensation for Basic Services required for such extended period of Administration of the Construction Contract shall be computed as set forth in Paragraph 45.1 for Additional Services.~~

7.1.4 When compensation is based on a percentage of the total of the Contract Sums of all the separate Contracts, and any portions of the Project are deleted or otherwise not constructed, compensation for such portions of the Project shall be payable to the extent services are performed on such portions, ~~in accordance with the schedule set forth in Subparagraph 15.1.1~~, based on (1) the lowest figures from bona fide Bids or negotiated proposals, or (2) if no such Bids or proposals are received, the most recent estimate of the total of the Contract Sums of all the separate Contracts for such portions of the Project.

7.2 PAYMENTS ON ACCOUNT OF ADDITIONAL SERVICES AND REIMBURSABLE COSTS

7.2.1 Payments on account of the Construction Manager's Additional Services, as defined in Paragraph 1.3, and for Reimbursable Costs, as defined in ~~Article 16~~ 16, shall be made monthly upon presentation of the Construction Manager's statement of services rendered or costs incurred.

7.3 PAYMENTS WITHHELD

7.3.1 No deductions shall be made from the Construction Manager's compensation on account of penalty, liquidated damages or other sums withheld from payments to Contractors, or on account of the cost of changes in Work other than those for which the Construction Manager is held legally liable.

7.4 PROJECT SUSPENSION OR ABANDONMENT

7.4.1 If the Project is suspended or abandoned in whole or in part for more than three months, the Construction Manager shall be compensated for all services performed prior to receipt of written notice from the Owner of such suspension or abandonment, together with Reimbursable Costs then due and all Termination Expenses as defined in Paragraph 10.4. If the Project is resumed after being suspended for more than three months, the Construction Manager's compensation shall be equitably adjusted.

7.4.2 If construction of the Project has started and is stopped by reason of circumstances not the fault of the Construction Manager, the Owner shall reimburse the Construction Manager for the costs of the Construction

Manager's Project-site staff as provided for by this Agreement. The Construction Manager shall reduce the size of the Project-site staff after 30 days' delay, or sooner if feasible, for the remainder of the delay period as directed by the Owner and, during that period, the Owner shall reimburse the Construction Manager for the costs of such staff prior to reduction plus any relocation or employment termination costs. Upon the termination of the stoppage, the Construction Manager shall provide the necessary Project-site staff as soon as practicable.

ARTICLE 8

CONSTRUCTION MANAGER'S ACCOUNTING RECORDS

8.1 Records of Reimbursable Costs and costs pertaining to services performed on the basis of a Multiple of Direct Personnel Expense shall be kept on the basis of generally accepted accounting principles and shall be available to the Owner or the Owner's authorized representative at mutually convenient times.

ARTICLE 9

ARBITRATION

9.1 All claims, disputes and other matters in question between the parties to this Agreement arising out of or relating to this Agreement or the breach thereof, shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then obtaining unless the parties mutually agree otherwise. No arbitration arising out of or relating to this Agreement shall include, by consolidation, joinder or in any other manner, any additional person not a party to this Agreement except by written consent containing a specific reference to this Agreement and signed by the Construction Manager, the Owner, and any other person sought to be joined. Any consent to arbitration involving an additional person or persons shall not constitute consent to arbitration of any dispute not described therein or with any person not named or described therein. This agreement to arbitrate and any agreement to arbitrate with an additional person or persons duly consented to by the parties to this Agreement shall be specifically enforceable under the prevailing arbitration law.

9.2 Notice of demand for arbitration shall be filed in writing with the other party to this Agreement and with the American Arbitration Association, and a copy shall also be filed with the Architect. The demand shall be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations.

9.3 The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

ARTICLE 10

TERMINATION OF AGREEMENT

10.1 This Agreement may be terminated by either party upon seven days' written notice should the other party

45 the Addendum.

46 the Addendum

fail substantially to perform in accordance with its terms through no fault of the party initiating the termination.

10.2 This Agreement may be terminated by the Owner upon at least fourteen days' written notice to the Construction Manager in the event that the Project is permanently abandoned.

10.3 In the event of termination not the fault of the Construction Manager, the Construction Manager shall be compensated for all services performed to the termination date together with Reimbursable Costs then due and all Termination Expenses.

10.4 Termination Expenses are defined as Reimbursable Costs directly attributable to termination for which the Construction Manager is not otherwise compensated.

ARTICLE 11

MISCELLANEOUS PROVISIONS

11.1 Unless otherwise specified, this Agreement shall be governed by the law in effect at the location of the Project.

11.2 Terms in this Agreement shall have the same meaning as those in the 1980 Edition of AIA Document A201/CM, General Conditions of the Contract for Construction, Construction Management Edition.

11.3 As between the parties to this Agreement: as to all acts or failures to act by either party to this Agreement, any applicable statute of limitations shall commence to run, and any alleged cause of action shall be deemed to have accrued, in any and all events not later than the relevant Date of Substantial Completion of the Project, and as to any acts or failures to act occurring after the relevant Date of Substantial Completion of the Project, not later than the date of issuance of the final Project Certificate for Payment.

11.4 The Owner and the Construction Manager waive all rights against each other, and against the contractors, consultants, agents and employees of the other, for damages covered by any property insurance during construction, as set forth in the 1980 Edition of AIA Document A201/CM, General Conditions of the Contract for Construction, Construction Management Edition. The Owner and the Construction Manager shall each require appropriate similar waivers from their contractors, consultants and agents.

ARTICLE 12

SUCCESSORS AND ASSIGNS

12.1 The Owner and the Construction Manager, respectively, bind themselves, their partners, successors, assigns and legal representatives to the other party to this Agreement, and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this Agreement. Neither the Owner nor the Construction Manager shall assign, sublet or transfer any interest in this Agreement without the written consent of the other.

ARTICLE 13

EXTENT OF AGREEMENT

13.1 This Agreement represents the entire and integrated agreement between the Owner and the Construction Manager and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both the Owner and the Construction Manager.

13.2 Nothing contained herein shall be deemed to create any contractual relationship between the Construction Manager and the Architect or any of the Contractors, Subcontractors or material suppliers on the Project; nor shall anything contained in this Agreement be deemed to give any third party any claim or right of action against the Owner or the Construction Manager which does not otherwise exist without regard to this Agreement.

ARTICLE 14

INSURANCE

14.1⁴⁷ The Construction Manager shall purchase and maintain insurance for protection from claims under workers' or workmen's compensation acts; claims for damages because of bodily injury, including personal injury, sickness, disease or death of any of the Construction Manager's employees or of any person; from claims for damages because of injury to or destruction of tangible property including loss of use resulting therefrom; and from claims arising out of the performance of this Agreement and caused by negligent acts for which the Construction Manager is legally liable.

47 Subject to Owner's approval as
to all policy limits and deductibles

ARTICLE 15
BASIS OF COMPENSATION 48

~~The Owner shall compensate the Construction Manager for the Scope of Services provided, in accordance with Article 7. Payments to the Construction Manager, and the other Terms and Conditions of this Agreement, as follows:~~

15.1 AN INITIAL PAYMENT of _____ dollars (\$) shall be made upon execution of this Agreement and credited to the Owner's account as follows:

15.2 BASIC COMPENSATION

15.2.1 FOR BASIC SERVICES, as described in Paragraphs 1.1 and 1.2, and any other services included in Article 16 as part of Basic Services, Basic Compensation shall be computed as follows:

For Preconstruction Phase Services, compensation shall be:
(Here insert basis of compensation, including fixed amounts, multiples or percentages.)

For Construction Phase Services, compensation shall be:
(Here insert basis of compensation, including fixed amounts, multiples or percentages.)

15.3 COMPENSATION FOR ADDITIONAL SERVICES

15.3.1 FOR ADDITIONAL SERVICES OF THE CONSTRUCTION MANAGER, as described in Paragraph 1.3, and any other services included in Article 16 as Additional Services, compensation shall be computed as follows:
(Here insert basis of compensation, including fixed amounts, multiples or percentages.)

15.4 FOR REIMBURSABLE COSTS, as described in Article 6 and Article 16, the actual costs incurred by the Construction Manager in the interest of the Project.

15.5 Payments due the Construction Manager and unpaid under this Agreement shall bear interest from the date payment is due at the rate entered below, or in the absence thereof, at the legal rate prevailing at the principal place of business of the Construction Manager.
(Here insert any rate of interest agreed upon.)

(Usury laws and requirements under the Federal Truth in Lending Act, similar state and local consumer credit laws, and other regulations at the Owner's and Construction Manager's principal places of business, the location of the Project and elsewhere may affect the validity of this provision. Specific legal advice should be obtained with respect to deletion, modification or other requirements such as written disclosures or waivers.)

15.6 The Owner and the Construction Manager agree in accordance with the Terms and Conditions of this Agreement that:

15.6.1 IF THE SCOPE of the Project or the Construction Manager's Services is changed materially, the amounts of compensation shall be equitably adjusted.

15.6.2 IF THE SERVICES covered by this Agreement have not been completed within _____ months of the date hereof, through no fault of the Construction Manager, the amounts of compensation, rates and multiples set forth herein shall be equitably adjusted.

ADDENDUM

This Addendum is attached to and forms a part of that certain Standard Form of Agreement Between Owner and Construction Manager dated October 30, 1991, (the "Agreement") by and between Union Station Gateway Inc., a California non-profit corporation, as Owner, and Catellus Development Corporation, a Delaware corporation, as Construction Manager. In the event of any inconsistencies between the terms of this Addendum and the terms of the Agreement, the terms of this Addendum shall govern and prevail. All defined terms used in the Agreement shall bear the meanings set forth in this Addendum.

A-1. Owner and Construction Manager hereby acknowledge and agree that: (a) Owner is not the fee owner of the Project, but is a party to a design build agreement with the fee owner, is responsible for the overall development of the Project and has the necessary authority from such fee owner to enter into this Agreement; and (b) all references in the Agreement to "Contractor" or "Contractors" shall be deemed to be references to the General Contractor ("GC") and all other contractors and consultants in privity with Owner.

A-2. Owner contemplates that it shall enter into separate agreements directly with independent consultants to provide services with respect to, without limitation, independent cost estimating (the "Cost Estimator"), scheduling (the "Scheduling Consultant"), quality control including special material control and testing (the "Quality Consultant"), coordination with respect to DBE requirements ("DBE Consultant"), a safety consultant (the "Safety Consultant") and a re-location consultant (the "Re-location Consultant"). Owner may select one or more consultants to provide any combination of the above services. Accordingly, Owner shall look solely to the Contractors for the due and correct performance of their respective obligations pertaining to the quality, cost and timely completion of the Project, and Owner hereby releases and exonerates Construction Manager from all claims relating to the improper or insufficient performance by any third party (including Owner) and including claims pertaining to quality of the Project, its cost and/or its date of completion to the extent not forming part of Construction Manager's obligations hereunder, and shall look solely to such third parties for satisfactory assurances of performance and for such performance.

A-3. In addition to the Basic Services referred to in paragraphs 1.1 and 1.2 of the Agreement, Construction Manager shall do the following as part of the Basic Services:

A-3.1 Coordinate and manage the activities and reports of the consultants rendering services to Owner, including, without limitation, the Cost Estimator, the Scheduling Consultant, the Quality Consultant, the DBE Consultant, the Safety Consultant and the Re-location Consultant. In particular, Construction Manager shall notify Owner at least six (6) months in advance in writing when the RTD headquarters building is anticipated to be ready for occupancy.

A-3.2 Conduct any contract procurement for Owner required on behalf of the Project, in conformance with Owner's requirements and in Owner's interest, including the preparation of requests for proposals and/or bids, solicitation and

advertising, receipt and review of proposals/bids, establishment of objective criteria for selection, evaluation of proposal/bids in consultation with Owner, presentation of recommendations for selection, developing contract strategy and negotiation and preparation of contracts with the review and approval of Owner.

The procurement services referred to in the preceding paragraph may include the selection and retention of the Contractors and any technical, permitting and design consultant, including geotechnical and soils engineers and those consultants referred to in paragraph A-3.1 above. In connection therewith, Construction Manager shall work with the Architect in preparing qualification requirements for such consultants including, without limitation, the scope of construction, costs and schedules for the Contractors for each element and stage of the Project.

A-3.3 In consultation with Owner, work with the Architect to identify for inclusion in the Architect's contract any additional consulting services required for the design of the Project.

A-3.4 Cause a qualified engineer to prepare a legal description and an ALTA survey of the site.

A-3.5 In performing its services under paragraph 1.1.4 of the Agreement, endeavor to cause the Cost Estimator to develop a Total Project Cost Control System including monthly cost reports with major deviations from any previous report to be annotated in the report in question with explanations for any such deviations. The Total Project Cost Control System is contemplated to include updated cash flow projections of anticipated monthly expenses through completion of the Project and, in general, the scope of services to be provided by the Cost Estimator should be to provide independent construction cost estimates and "value engineering services" at the completion of each of the following phases: the program phase; the schematic phase; the design development phase; the Construction Documents phase; and the construction phase. Such estimates are contemplated to utilize the Construction Specifications Institute's format. Construction Manager shall cause the Cost Estimator to prepare such estimates consistent with the requirements of Section 5.5 of the Development Agreement.

A-3.6 Endeavor to cause the Contractor to train maintenance personnel designated by Owner.

A-3.7 Endeavor to cause the Scheduling Consultant to develop a Total Project Schedule Control System divided into design, construction and move-in stages for each of the major Project elements, defining the responsibilities of all Contractors and treating the phases of the work and the responsibilities of the participants separately for each major component. The Total Project Schedule Control System is contemplated to include a detailed time-scale logic diagram depicting duration and responsibilities for all activities for the Project prior to execution of any agreement pertaining thereto, and a summary diagram showing major milestones from said logic diagram.

A-4. Construction Manager shall provide sufficient and qualified staffing to adequately perform its obligations set forth herein, which shall initially include the following: Construction Manager shall hire individuals for the following full time positions: a Senior Project Manager (presently being Mr. Rob Vogel); an Assistant Project Manager for general coordination, for procuring furniture, fixtures and equipment

and tenant improvement requirements; a Project Accountant; a Project Engineer; and a secretary. In addition, up to 50% of the time of the Director of Development (presently being Mr. Ted Tanner) shall be dedicated to the Project. Construction Manager shall notify Owner promptly after hiring any such individuals (or their replacements) and shall submit to Owner a copy of such individuals' resumes. All of the costs of salaries, fringe benefits and general overhead attributable to the foregoing staff shall be reimbursed as part of Construction Manager's costs under paragraph A-5.2 below.

A-5. In consideration of its services set forth or referred to in paragraphs 1.1 and 1.2, but not 1.3, of the Agreement, and paragraph A-3 above, Owner shall pay to Construction Manager the following fees and other amounts:

A-5.1 A fee (the "Fee") shall be paid to Construction Manager in respect of all services provided in connection herewith equal to the sum of (i) Three Million Seven Hundred Sixty Six Thousand Dollars (\$3,766,000.00) (the "Basic Fee") and (ii) the Performance Fee (hereinafter defined). The Basic Fee, less a five percent (5%) holdback (the "Holdback Amount") applied thereto and to the amounts paid to Construction Manager under Paragraph A-5.2 below, shall be paid pursuant to Paragraph 7.1 of this Agreement in monthly installments in arrears based upon the aggregate of (i) four and one-half percent (4.5%) of the "soft costs" portion of the Actual Costs and Expenses (as hereinafter defined); and (ii) one and one-half percent (1.5%) of the "hard costs" portion of the Actual Costs and Expenses, adjusted semi-annually in accordance with reconciliations prepared by Owner and Construction Manager, based upon the percentage of the Project theretofore completed. Owner shall pay the Holdback Amount to Construction Manager at the conclusion of each contract phase.

The Basic Fee shall be subject to adjustment from time to time if, as and when the aggregate Actual Costs and Expenses change from the amount shown in Exhibit C-2 attached to the Development Agreement, but disregarding any changes which in the aggregate are less than Nine Million Dollars (\$9,000,000.00). Specifically, changes in the Basic Fee shall be computed at one and one-half percent (1.5%) of the aggregate change in Actual Costs and Expenses. As used in this Addendum, the term "Actual Costs and Expenses" means all costs and expenses of the Project required to be paid by Owner to all third parties under all contracts entered into in connection with the construction of the Project. Actual Costs and Expenses shall, accordingly, include any additional amounts that Owner may agree to pay by way of Change Order or other contractual undertaking, or as a result of arbitration, but shall not include amounts such as cost overruns or other costs which by stipulation, agreement or third party ruling are agreed or are held not to be the responsibility of Owner. In addition, no increases in the Basic Fee shall be due to Construction Manager relating to increases in the Actual Costs and Expenses caused by any default by Construction Manager in the performance of its obligations under this Agreement.

In addition to the Basic Fee, Owner shall pay to Construction Manager a Performance Fee, being equal to fifty percent (50%) of the amount, if any, by which (i) the Estimated Project Hard Costs exceed (ii) the Net Project Actual Hard Costs. As used herein, "Estimated Project Hard Costs" means the amount estimated by Owner as the aggregate "hard costs" for the Project, based upon estimates submitted to it by the Cost Estimator and the GC upon the completion of approximately seventy percent (70%) of the Construction Documents; and "Net Actual Project Hard Costs" means the "hard

costs" portion of the Actual Costs and Expenses. The Performance Fee shall be paid to Construction Manager concurrently with the due date for payment to it of the Holdback Amount.

A-5.2 In addition to the Fee, Owner shall pay Construction Manager for the following actual internal costs of Construction Manager associated with developing the Project up to an amount equal to a fixed amount calculated from time to time as being the aggregate of (i) six percent (6%) of the "soft costs" portion of the Actual Costs and Expenses, and (ii) one and one-half percent (1-1/2%) of the "hard costs" portion of the Actual Costs and Expenses for the Project. To the extent that actual internal costs of Construction Manager exceed, in the aggregate, six percent (6%) of the "soft costs" portion of the Actual Costs and Expenses, or 1-1/2% of the "hard costs" portion of the Actual Costs and Expenses, as the case may be, then Owner shall reimburse Construction Manager only for such additional costs as it concludes in its reasonable discretion to have been reasonably incurred. The following shall be reimbursable costs and expenses of Construction Manager to the extent they are incurred in connection with developing the Project, and whether incurred before or after the date of this Agreement: (a) travel and promotional costs and expenses which Construction Manager incurs internally in the performance of its obligations hereunder; (b) all costs, expenses, salaries and fringe benefits incurred by or paid to, and general overhead attributable to, any and all employees of Construction Manager who are performing services in connection with the construction, development, management, supervision and tenant build-out of the Project; and (c) general overhead of Construction Manager attributable to the Project. All payments to Construction Manager under this Paragraph A-5.2 shall be made monthly in arrears based upon invoices submitted by Construction Manager to Owner.

A-5.3 As used in this Addendum, "soft costs" shall include without limitation entitlement fees and costs, design and professional fees and charges, furniture, fixtures and equipment and equipment costs and charges; and "hard costs" shall include without limitation building construction and landscaping, whether on-site or off-site. Neither "hard costs" nor "soft costs" shall include land cost, interest charges, financing fees, contingencies and reserves, any amounts paid to Construction Manager under paragraphs A-5.1 or A-5.2, leasing commissions, real estate taxes and promotional expenses.

IN WITNESS WHEREOF this Construction Management Agreement is executed as of the date first above written.

"Owner": UNION STATION GATEWAY INC.,
a California non-profit corporation

By: _____
Its: _____

"Construction Manager": CATELLUS DEVELOPMENT CORPORATION,
a Delaware corporation

By: _____
Its: _____

EXHIBIT G
CLOSING REQUIREMENTS

All capitalized terms used herein shall, unless otherwise defined, have the meanings ascribed to them in the Development Agreement.

1. The obligation of each Party to consummate the Closing shall be dependent upon satisfaction or waiver of the following conditions precedent which shall be included in the Escrow instructions agreed to by the Parties:

a. The representations and warranties of each Party contained in Section 2.3 of the Development Agreement shall be true on the date of Closing in all material respects as though such representations and warranties were made on, and as of, such date.

b. The other Party shall have delivered the instruments and sums required to be delivered by it as, when and in the manner set forth in Section 2.4 of the Development Agreement.

c. The other Party shall have performed and complied with all agreements and conditions required in the Development Agreement to be performed or complied with by it on or prior to Closing.

d. The Title Company shall be ready, willing and able to issue its ALTA extended coverage policies of title insurance (Form 1987) (the "Title Policies") insuring fee title to Parcel 1 and to the Public Transit Use Areas (in the case of RTD) and to Parcel 2 less the Public Transit Easements granted by Catellus to RTD (in the case of Catellus), subject in each case only to the Permitted Exceptions identified in the closing instructions. Each Party shall specify in its closing instructions the insured amount for which the Title Policy in its favor shall be issued.

e. There shall be no condemnation pending against the Project Area or any portion thereof by any Governmental Authority.

f. An REOA, approved by the Parties (subject to final modification, approval and execution as described in Section 2.1.18 of the Development Agreement) shall be deposited with a custodian approved by the Parties, together with mutually acceptable procedural instructions including an instruction stating that upon certification of an EIR which is consistent with the REOA as then drafted and final approval of the Project by the RTD Board of Directors, the Parties shall approve and execute the REOA in recordable form and the custodian shall cause the REOA to be recorded in the Office of the Los Angeles County Recorder at the joint expense of the Parties.

g. The Parties may mutually agree to additional conditions to Closing contained in the Escrow instructions which shall thereafter be conditions to Closing.

2. Closing Deliveries. On the business day prior to the Closing Date, RTD shall have delivered to Escrow Agent the Closing Price in immediately available funds plus all amounts required hereunder for the payment of its share of all costs and expenses hereunder, and each Party shall have delivered to Escrow Agent the following documents:

a. Fully executed and acknowledged Grant Deeds respectively executed by RTD in favor of Catellus and covering the portions of Parcel 2 owned by it and by Catellus in favor of RTD and covering the portions of Parcel 1 owned by it in the form and

substance of the Grant Deeds attached to the Development Agreement as Exhibits P-1 and P-2.

- b. Separate affidavits of RTD and Catellus pertaining to the assessment of documentary transfer taxes.
- c. Preliminary change in ownership statements pertaining to the Grant Deeds.
- d. Such instruments as may be necessary, convenient or appropriate to consummate the Subdivision described in Section 2.1.13 of the Development Agreement in order to create Parcel 1 and Parcel 2.
- e. Duly executed and acknowledged original or original counterpart Memorandum of the Development Agreement, in the form and substance of the Memorandum of Development Agreement attached as Exhibit R to the Development Agreement in recordable form.
- f. Duly executed and acknowledged original or original counterpart of the Public Transit Use Agreement, in recordable form.
- g. Duly executed and acknowledged original or original counterparts of the Tunnel Access Agreement, in recordable form.
- h. An affidavit of U.S. residence, as required by law.
- i. Resolutions enacted by its Board of Directors and certified by its Secretary setting forth the power of and authorizing it to enter into the transactions contemplated.
- j. An incumbency certificate or certificates certified by its Secretary permitting execution of the documents listed in this Section 2.

Upon delivery of all of the foregoing, Escrow Agent shall cause documents described in Sections 2(a) through 2(g) of this Exhibit G to be recorded in the Official Records office of the County of Los Angeles, California and shall transfer the Closing Price to Catellus.

3. Prorations. There shall be no prorations at Closing except only for real estate taxes and assessments. All real estate taxes and assessments shall be prorated based on a thirty (30) day month as of the date of Closing, such that Catellus shall pay all real estate taxes and assessments on the portions of the Project Area owned by it for the period of its ownership thereof (RTD not being liable for payment of taxes and assessments) and all taxes applied retroactively to such Parcel coming due after Closing and attributable to Catellus' period of ownership.

4. Closing Costs. Documentary transfer taxes, recording fees and charges and any Escrow fee shall be shared equally by the Parties. All other Closing fees and expenses, including but not limited to the Party's applicable legal expenses, appraisal fees, accounting and other fees as agreed to by the Parties (to the extent not forming part of the Predevelopment Costs included in the Predevelopment Budget) together with the cost of the Title Policy in favor of that Party, shall be borne by the Party incurring same.

EXHIBIT H-1
COMPLIANCE WITH LAWS

NONE

058995-004-012
2240M/10-25-91

EXHIBIT H-1

RTD/CATELLUS DEV. CORP.
DEVELOPMENT AGREEMENT

EXHIBIT H-2

COMPLIANCE WITH LAWS

1. Letter from the California Regional Water Quality Control Board dated July 2, 1991, relating to groundwater conditions at Union Station.

058995-004-012
2240M/10-25-91

EXHIBIT H-2

RTD/CATELLUS DEV. CORP.
DEVELOPMENT AGREEMENT

EXHIBIT I-1

GOVERNMENTAL ACTIONS AND PENDING CONDEMNATIONS
IMPACTING SITE A

1. GOVERNMENTAL ACTIONS

- A. Pending City of Los Angeles Street Vacation Request No. VAC-01719 dated November 18, 1986 covering the vacation of Lyon Street, Vignes Street and Ramirez Street.

2. PENDING CONDEMNATION

- A. Pending Condemnation Case No. C735471 filed August 25, 1989, SCRTO v. Lorenzo Pelanconi Deceased. et al.
- B. The proposed realignment of Vignes Street.

EXHIBIT I-2

GOVERNMENTAL ACTIONS AND PENDING CONDEMNATIONS
IMPACTING SITE B, WEST PROPERTY,
CATELLUS-OWNED ADDITIONAL LAND

1. GOVERNMENTAL ACTIONS

A. AT&SF et al. v. City of Los Angeles
Los Angeles Superior Court
Case No. C582576

Suit was filed by three owner-railroads of LAUPT vs. the City of Los Angeles challenging a benefit assessment district. Other plaintiffs have joined the action. This benefit assessment district involves property formerly owned by the railroads and now owned by Catellus. This case is currently inactive and will be rendered moot by the appellate court decision in the validation proceeding discussed below.

B. SCRTD v. Bolen
Los Angeles Superior Court
Case No. C656503
Second Appellate Court, Division 2 TS 032265

A validation proceeding was initiated by the Southern California Rapid Transit District ("RTD") to validate the Metro Rail assessment district. This litigation involves property which Catellus acquired from the three owner-railroads. The railroads and others were permitted to intervene in the case. The trial court validated the assessment district. The railroads and others appealed. The appellate court reversed the trial court in a decision filed May 1, 1990 invalidating the assessment district.

RTD appealed to the California Supreme Court. A hearing was granted and the case has been briefed. The date for oral argument has not been set.

C. AT&SF et al. v. State of California
Los Angeles Superior Court
Case No. 674368

This matter initially began as an inverse condemnation suit arising from an earlier action. The City and State had at one time sought to condemn all of Los Angeles Union Passenger Terminal ("LAUPT"), which was then owned by three owner-railroads. Instead, the City and State condemned property for the El Monte Busway extension onto the property. Temporary access rights for construction were then acquired by the

State. The State remained on the property longer and occupied more area than had been paid for. The three owner-railroads attempted to negotiate additional compensation and, when negotiations proved unproductive, this suit followed. The claim is for \$200,000 in rental value plus legal fees. None of the property at issue is included in the Site, the West Property or the Additional Land.

The State cross-complained claiming the busway property it acquired contained hazardous waste. The State has advanced numerous theories but essentially the argument is that when the State condemned the property it was unaware of hazardous materials on the acquired property and it should therefore have damages or an offset against any additional compensation owed to the three owner-railroads and be entitled to a refund of compensation paid for the condemned property. The State is seeking an average cost per square foot for its cost of remediation. Catellus, as successor to Santa Fe Land Improvement Company ("SFLI"), and a party to this action, believes that remedial measures undertaken by the State for the materials on the LAUPT site could have been accomplished in a less expensive manner on-site, given the low level of toxicity of the materials. This matter is in the early stages of discovery, and Catellus is seeking additional information regarding the State's claim which was previously estimated to be in the range of \$1 million, but recent evidence suggests may be approximately \$3.5 million. SFLI appears to have been erroneously named as a cross defendant in the case and intends to move that it be dismissed from the case.

2. PENDING CONDEMNATIONS

A. The proposed realignment of Vignes Street.

EXHIBIT J-1

LEASES, LICENSES, EASEMENTS
AND AGREEMENTS IMPACTING SITE A

1. The exceptions to title referenced in the Preliminary Title Report No. 8612053 issued by Tigor Title Insurance Company of California (now Chicago Title Company) dated, December 11, 1990, with supplemental report dated July 9, 1991 and additional update pending.
2. Union Station Metro Rail Construction Right of Entry License and Permanent Easement Agreement dated November 3, 1987 between the Atchison Topeka & Santa Fe Railway Company, Southern Pacific Transportation Company, the Los Angeles Salt Lake Railroad Company and its Lessee, Union Pacific Railroad Company and the Southern California Rapid Transit District.
3. First Amendment to Union Station Metro Rail Construction Right of Entry License and Permanent Easement Agreement dated May 9, 1990.
4. Pending Second Amendment to Union Station Metro Rail Construction Right of Entry License and Permanent Easement Agreement.
5. Pending City of Los Angeles Street Vacation Request No. VAC-01719 dated November 18, 1986 covering the vacation of Lyon Street, Vignes Street and Ramirez Street.
6. Quitclaim Deed from the City of Los Angeles to the Southern California Rapid Transit District recorded June 26, 1991 as Instrument No. 91-966449, containing several conditions which may obligate the payment or contribution of property or money to construct, install or maintain improvements.
7. Metro Rail Contracts A130, A135, and A136 currently permit contractors to occupy a portion of the Site for completion of Metro Rail construction.

EXHIBIT J-2

LEASES, LICENSES, EASEMENTS AND AGREEMENTS
IMPACTING SITE B, WEST PROPERTY,
CATELLUS-OWNED ADDITIONAL LAND

1. The exceptions to title referenced in the Preliminary Title Report dated August 14, 1991 (Order No. 9019580-27), prepared by Chicago Title Company.
2. Sign board permit, effective October 1, 1987, between Catellus (as successor in interest) and Gannett Outdoor Company, Inc. (cancellable upon 30 days notice).
3. Sign board permit, effective October 1, 1987, between Catellus (as successor in interest) and Patrick Media Group, Inc. (cancellable upon 30 days notice).
4. Union Station Metro Rail Construction Right of Entry License and Permanent Easement, dated November 3, 1987, between Catellus (as successor in interest) and RTD.
5. First Amendment to Union Station Metro Rail Construction Right of Entry License and Permanent Easement Agreement dated May 9, 1990.
6. Pending Second Amendment to Union Station Metro Rail Construction Right of Entry License and Permanent Easement Agreement.
7. Catellus is negotiating with Security Pacific National Bank with respect to a construction loan to be secured by a deed of trust on the Union Station site. The loan documents will provide for release of Parcel 1 at no cost to RTD.

EXHIBIT K-1

SERVICE CONTRACTS
IMPACTING SITE A

1. Metro Rail Contracts A130, A135 and A136.

058995-004-012
2234M/10-25-91

EXHIBIT K-1

RTD/CATELLUS DEV. CORP.
DEVELOPMENT AGREEMENT

EXHIBIT K-2

SERVICE CONTRACTS
IMPACTING SITE B, WEST PROPERTY,
CATELLUS-OWNED ADDITIONAL LAND

Agreement For Services dated February 27, 1989, between
Bechtel - Southern California and Catellus (as successor in
interest), relating to owner's representative services for
Metro Rail construction at Union Station.

058995-004-012
2234M/10-25-91

EXHIBIT K-2

RTD/CATELLUS DEV. CORP.
DEVELOPMENT AGREEMENT

EXHIBIT L-1

EXISTING COMMITMENTS IMPACTING SITE A

1. The Quitclaim Deed granted by the City of Los Angeles and recorded as Instrument No. 91-966449, recorded June 26, 1991 contains several conditions which may obligate the payment or contribution of property or money to construct, install or maintain improvements.
2. Construction of Metro Rail pursuant to Metro Rail Contracts A130, A135 and A136.

058995-004-012
2236M/10-25-91

EXHIBIT L-1

RTD/CATELLUS DEV. CORP.
DEVELOPMENT AGREEMENT

EXHIBIT L-2

EXISTING COMMITMENTS
IMPACTING SITE B, WEST PROPERTY,
CATELLUS-OWNED ADDITIONAL LAND

NONE

058995-004-012
2236M/10-25-91

EXHIBIT L-2

RTD/CATELLUS DEV. CORP.
DEVELOPMENT AGREEMENT

Exhibit M-1
Phase II Income Participations (1)
(Amounts Stated in 000's)

Example 1: Phase II Building(s) of exactly Required Phase II Square Footage

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Total Building Net Operating Income	\$9,500	\$14,000	\$20,000
Less:			
Debt Service	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>
Available for Ground Rent/(Operating Shortfall)	(500)	4,000	10,000
Less:			
Ground Rent Obligation (escalated by five percent per year)	<u>(2,375)</u>	<u>(2,494)</u>	<u>(2,618)</u>
Cash Available for Distribution/(Accruals)	(\$2,875)	\$1,506	\$7,382
Distribution:			
Ground Rent Deducted by CDC	0	(2,494)	(2,618)
Ground Rent to CDC Accrued (2)	(2,375)	0	0
Beg'g. Balance Accrued Ground Rent	0	(2,474)	(1,111)
Deduction by CDC of Accrued Ground Rent	0	1,506	1,156
Interest on Accrued Ground Rent (3)	<u>(99)</u>	<u>(143)</u>	<u>(44)</u>
Ending Balance, Accrued Ground Rent	(2,474)	(1,111)	0
Current Operating Shortfall	(500)	0	0
Beg'g. Balance, Operating Shortfall	0	(521)	(564)
Deduction by CDC of accrued Operating Shortfalls	0	0	587
Interest on Operating Shortfall	<u>(21)</u>	<u>(43)</u>	<u>(23)</u>
Ending Balance, Accrued Operating Shortfall	(521)	(564)	0
Cash Available for Distribution (4)	0	0	5,639
Cash From Operations to RTD 50.00%	\$0	\$0	\$2,820
Cash From Operations to CDC 50.00%	\$0	\$0	\$2,820

(1) Amounts shown are not intended to represent estimated or actual cash flows, but are provided solely to illustrate the priority of payments from cash flow.

(2) Amount of Deemed Ground Rent accrual subject to provisions in Section 6.1.7.

(3) Interest based on average annual balance; assumes for purposes of example only an annual prime rate of eight percent (Section 6.1.7).

(4) RTD and Catellus each have a fifty percent (50%) income and equity participation in the 600,000 rentable square foot Phase II improvements.

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Exhibit M-1
Phase II Income Participations (1)
(Amounts Stated in 000's)

Example 2:
Building 1 = 400,000 rentable square feet
Building 2 = 400,000 rentable square feet

	Year 1		Year 2		Year 3	
	Building 1	Building 2	Building 1	Building 2	Building 1	Building 2
Net Operating Income	\$6,500	\$6,500	\$9,500	\$9,500	\$13,333	\$13,333
Less:						
Debt Service	(6,700)	(6,700)	(6,700)	(6,700)	(6,700)	(6,700)
Available for Ground Rent/ (Operating Shortfall)	(200)	(200)	2,800	2,800	6,633	6,633
Less:						
Ground Rent Obligation (escalated at five percent per year)	(1,500)	(1,500)	(1,575)	(1,575)	(1,654)	(1,654)
Cash Available for Distribution/(Accruals)	(\$1,700)	(\$1,700)	\$1,225	\$1,225	\$4,980	\$4,980
Distribution:						
Ground Rent Deducted by CDC	0	0	1,575	1,575	1,654	1,654
Ground Rent to CDC Accrued (2)	(1,500)	(1,500)	0	0	0	0
Beg'g. Balance Accrued Ground Rent	0	0	(1,563)	(1,563)	(417)	(417)
Accrual Payments	0	0	1,225	1,225	433	433
Interest on Accrued Ground Rent (3)	(63)	(63)	(79)	(79)	(17)	(17)
Ending Balance, Accrued Ground Rent	(1,563)	(1,563)	(417)	(417)	0	0
Current Operating Shortfall	(200)	(200)	0	0	0	0
Beg'g. Balance, Operating Shortfall	0	0	(208)	(208)	(226)	(226)
Accrual Payments	0	0	0	0	235	235
Interest on Operating Shortfall (3)	(8)	(8)	(17)	(17)	(9)	(9)
Ending Balance, Accrued Operating Shortfall	(208)	(208)	(226)	(226)	(0)	(0)
Cash Available for Distribution	0	0	0	0	4,312	4,312
Cash From Operations to RTD @ 37.5% of Building 1 and 37.5% of Building 2 (4)	\$0	\$0	\$0	\$0	\$1,617	\$1,617
Cash From Operations to CDC @ 62.5% of Building 1 and 62.5% of Building 2	\$0	\$0	\$0	\$0	\$2,695	\$2,695

NOTES AND ASSUMPTIONS TO EXHIBIT M-1, EXAMPLE 2

- (1) Amounts shown are not intended to represent estimated or actual cash flows, but are provided solely to illustrate the priority of payments from cash flow.
- (2) Amount of ground rent accrual subject to the provisions of Section 6.1.7.
- (3) Interest based on average annual balance; assumes for purposes of example only an annual prime rate of eight percent (Section 6.1.7).
- (4) RTD has a fifty percent (50%) income and equity participation in the first 600,000 rentable square feet in Phase II. This example assumes that Phase II consists of two 400,000 rentable square foot buildings. RTD's interest in each building is calculated as follows:

	Building 1	Building 2
Total building area	400,000	400,000
Area applied to RTD's Phase II Interest	300,000	300,000
Area applied as a percent of total area	75%	75%
RTD's 50% Phase II Interest as a percent of cash available for distribution	37.5%	37.5%

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Exhibit M-1
Phase II Income Participation Payments
(Amounts Stated in 000's)

Example 3: Phase II Building Greater than Required Phase II Square Footage
(Assumes for purposes of example to be 600,000 rentable square feet).
Example assumes development of 800,000 rentable square feet.

	Year 1	Year 2	Year 3
Total Building Net Operating Income (800,000 rentable sf)	\$12,667	\$18,667	\$26,667
Proration for 600,000 square feet pursuant to Section 6.1.3:			
Net Operating Income	9,500	14,000	20,000
Less:			
Debt Service	(10,000)	(10,000)	(10,000)
Available for Ground Rent/(Operating Shortfall)	(500)	4,000	10,000
Less:			
Ground Rent Obligation	(2,375)	(2,494)	(2,618)
Cash Available for Distribution/(Accruals)	(\$2,875)	\$1,506	\$7,382
Distribution:			
Ground Rent Deducted by CDC	0	(2,494)	(2,618)
Ground Rent to CDC Accrued (2)	(2,375)	0	0
Beg'g. Balance Accrued Ground Rent	0	(2,474)	(1,111)
Deduction by CDC of Accrued Ground Rent	0	1,506	1,156
Interest on Accrued Ground Rent (3)	(99)	(143)	(44)
Ending Balance, Accrued Ground Rent	(2,474)	(1,111)	(0)
Current Operating Shortfall	(500)	0	0
Beg'g. Balance, Operating Shortfall	0	(521)	(564)
Deduction by CDC of Accrued Operating Shortfalls	0	0	587
Interest on Operating Shortfall	(21)	(43)	(23)
Ending Balance, Accrued Operating Shortfall	(521)	(564)	0
Cash Available for Distribution (4)	0	0	5,639
Cash From Operations to RTD @ 50.00%	\$0	\$0	\$2,820
Cash From Operations to CDC @ 50.00%	\$0	\$0	\$2,820

- (1) Amounts shown are not intended to represent estimated or actual cash flows, but are provided solely to illustrate the priority of payments.
- (2) Amount of ground rent accrual subject to provisions in Section 6.1.7.
- (3) Interest based on average annual balance; assumes for purposes of example only an annual prime rate of eight percent (Section 6.1.7).
- (4) RTD and Catellus each have a fifty percent (50%) income and equity participation attributable to the 600,000 rentable square foot Phase II Improvements assuming uniform value.

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Exhibit M-2
 Sample Calculation of Equity Participation (1)
 (Amounts Stated in 000's)

Example 1: Refinance of Phase II Land and Improvements with
 Proceeds Less than Existing Loans

Existing Loans

	<u>Principal Amount</u>	<u>Annual Payment</u>
Qualifying Loans from Non-Affiliates	\$130,000	\$14,369
Qualifying Loans from Affiliates:		
Accrued Ground Rent & Interest	10,000	1,105
Accrued Operating Shortfall & Interest	30,000	3,316
Total, Loans	\$170,000	\$18,790

Application of Refinancing Proceeds

	<u>Principal Amount</u>
Net Proceeds from Refinancing	\$150,000
Less: Non-Affiliate Qualifying Loans	(130,000)
Amount Available for Affiliate Loans	20,000
Beginning Affiliate Loan Balance & Interest	40,000
Less: Proceeds from Refinancing	(20,000)
New Affiliate Loan Balance	20,000

New Capital Structure

	<u>Principal Amount</u>	<u>Annual Payment</u>
Refinance Loan	\$150,000	\$16,579
Loans from Affiliates	20,000	2,211
Total, New Capital Structure	\$170,000	\$18,790

(1) Amounts shown are not intended to represent estimated or actual cash flows, but are provided solely to illustrate the priority of payments. This example assumes that the Required Phase II Square Footage is 600,000 rentable square feet, and that 600,000 rentable square feet comprise the Phase II Improvements.

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Example Calculation of Equity Participation (1)
(Amounts Stated in 000's)

Example 2: Refinance of Phase II Land and Improvements, Fifth Anniversary after
The Vesting Date - Proceeds Greater than Existing Loans
Distribution to RTD

Existing Loans

	<u>Principal Amount</u>	<u>Debt Service Payment</u>
Qualifying Loans from Non-Affiliates	\$130,000	\$14,369
Qualifying Loans from Affiliates:		
Accrued Ground Rent & Interest	10,000	1,105
Accrued Operating Shortfall & Interest	<u>30,000</u>	<u>3,316</u>
Total Loans	\$170,000	\$18,790
	<u>Calculated Land Value</u>	<u>Ground Rent Payment</u>
Land Value, Year 5 (2)	\$21,879	\$2,625
Total, Land and Loans	<u>\$191,879</u>	<u>\$21,415</u>

Application of Refinancing Proceeds

	<u>Principal Amount</u>
Net Proceeds from Refinancing	\$210,000
Less: Non-Affiliate Qualifying Loans	<u>(130,000)</u>
Amount Available for Affiliate Loans and Deduction of Land Value	\$80,000
Beginning Affiliate Loan Balance & Interest	40,000
Less: Proceeds from Refinancing New Affiliate Loan Balance/	<u>(80,000)</u> (40,000)
(Proceeds Available for Deduction of Land Value or Distribution)	
Deduction of Land Value by CDC	21,879
Available for Distribution	\$18,121

New Capital Structure

	<u>Principal Amount</u>	<u>Debt Service Payment</u>
Refinance Loan	\$210,000	\$23,211
Loans from Affiliates	<u>0</u>	<u>0</u>
Total, New Debt	210,000	23,211
Less:		
Deduction of Land Value by CDC	(21,879)	
Distribution to RTD @ 50%	(9,060)	
Proceeds to Catellus	<u>(9,060)</u>	
New Debt less Payment of Land Value and Distributions	\$170,000	
	<u>Balance, Land Value</u>	<u>Ground Rent Payment</u>
Land, After Refinance (3)	0	0
Total, Land and Loans	<u>\$210,000</u>	<u>\$23,211</u>

(1) Amounts shown are not intended to represent estimated or actual cash flows, but are provided solely to illustrate the priority of payments.

This example assumes that the Required Phase II Square Footage is 600,000 rentable square feet, and that 600,000 rentable square feet comprise the Phase II Improvements.

(2) Land Value is calculated from the date established by the Development Agreement for commencement of Land Value calculation. For purposes of illustration only, example assumes commencement of Land Value calculation is concurrent with the Vesting Date. Land Value on Fifth Anniversary calculated as:

\$30 per rentable square feet X 600,000 rentable square feet X (1.05⁴) = \$21,879,111

Ground Rent on Fifth Anniversary calculated as:

\$21,879,111 Land Value X 12% return = \$2,625,493

(3) Land Value calculated as:

\$21,879,111 - \$21,879,111 land deduction = \$0

Ground Rent calculated as:

\$0 X 12% return = \$0

Example Calculation of Equity Participation (1)

(Amounts Stated in 000's)

Example 3: Refinance of Phase II Land and Improvements, Fifth Anniversary after
The Vesting Date - Proceeds Not Greater than Existing
Loans - No Distribution to RTD

Existing Loans

	<u>Principal Amount</u>	<u>Debt Service Payment</u>
Qualifying Loans from Non-Affiliates	\$130,000	\$14,369
Qualifying Loans from Affiliates:		
Accrued Ground Rent & Interest	10,000	1,105
Accrued Operating Shortfall & Interest	<u>30,000</u>	<u>3,316</u>
Total, Loans	\$170,000	\$18,790
	<u>Calculated Land Value</u>	<u>Ground Rent Payment</u>
Land Value, Year 5 (2)	<u>\$21,879</u>	<u>\$2,625</u>
Total, Land and Loans	<u>\$191,879</u>	<u>\$21,415</u>

Application of Refinancing Proceeds

	<u>Principal Amount</u>
Net Proceeds from Refinancing	\$190,000
Less: Non-Affiliate Qualifying Loans	<u>(130,000)</u>
Amount Available for Affiliate Loans and Deduction of Land Value	60,000
Beginning Affiliate Loan Balance & Interest	40,000
Less: Proceeds from Refinancing	<u>(60,000)</u>
New Affiliate Loan Balance/ Proceeds Available for Deduction of Land Value or Distribution)	<u>(20,000)</u>
Deduction of Land Value by CDC	20,000
Available for Distribution	0

New Capital Structure

	<u>Principal Amount</u>	<u>Debt Service Payment</u>
Refinance Loan	\$190,000	\$21,000
Loans from Affiliates	0	0
Total, New Debt	<u>190,000</u>	<u>21,000</u>
Less:		
Deduction of Land Value by CDC	(20,000)	
Distribution to RTD @ 50%	0	
Proceeds to Catellus	<u>0</u>	
New Debt less Payment of Land Value and Distributions	\$170,000	
	<u>Balance, Land Value</u>	<u>Ground Rent Payment</u>
Land, After Refinance (3)	1,879	225
Total, Land and Loans	<u>\$191,879</u>	<u>\$21,226</u>

- (1) Amounts shown are not intended to represent estimated or actual cash flows, but are provided solely to illustrate the priority of payments. This example assumes that the Required Phase II Square Footage is 600,000 rentable square feet, and that 600,000 rentable square feet comprise the Phase II Improvements.
- (2) Land Value is calculated from the date established by the Development Agreement for commencement of Land Value calculation. For purposes of illustration only, example assumes commencement of Land Value calculation is concurrent with the Vesting Date. Land Value on Fifth Anniversary calculated as:
\$30 per rentable square foot X 600,000 rentable square feet X (1.05⁴) = \$21,879,111
Ground Rent on Fifth Anniversary calculated as:
\$21,879,111 Land Value X 12% return = \$2,625,493
- (3) Land Value calculated as:
\$21,879,111 - \$20,000,000 land deduction = \$1,879,111 remaining land value.
Ground Rent calculated as:
\$1,879,111 X 12% return = \$225,493

Example Calculation of Equity Participation
(Amounts Stated in 000's)

(1)

**Example 4: Sale of Phase II Upon the Ninth Anniversary
after The Vesting Date
Assuming no Prior Payment of Land Value**

Gross Sales Proceeds	\$250,000
Less:	
Closing, Brokerage, Legal, and other costs	<u>(5,000)</u>
Net Sales Proceeds	245,000
Less:	
Non-Affiliate Loan Principal	(136,000)
Affiliate Loan Principal:	
Accrued Ground Rent & Interest	(8,000)
Accrued Operating Shortfall & Interest	(12,000)
Deduction of Land Value by CDC (2)	<u>(26,594)</u>
Cash Available for Distribution	62,406
Cash Distribution to RTD @ 50%	\$31,203
Cash Distribution to CDC @ 50%	\$31,203

- (1) Amounts shown are not intended to represent estimated or actual cash flows, but are provided solely to illustrate the priority of payments. This example assumes that the Required Phase II Square Footage is 600,000 rentable square feet, and that 600,000 rentable square feet comprise the Phase II Improvements.
- (2) Land Value is calculated from the date established by the Development Agreement for commencement of Land Value calculation. For purposes of illustration only, example assumes commencement of Land Value calculation is concurrent with the Vesting Date, and calculated as follows:
 $\$30 \text{ per rentable square foot} \times 600,000 \text{ rentable square feet} \times (1.05^8) =$
 $\$26,594,198$

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Exhibit M-2
 Example Calculation of Equity Participation (1)
 (Amounts Stated in 000's)

**Example 5: Sale of Phase II Upon the Second Anniversary
 After The Vesting Date
 Assuming no Prior Payment of Land Value**

Gross Sales Proceeds	\$219,286
Less:	
Closing, Brokerage, Legal, and other costs	(4,386)
Net Sales Proceeds	214,900
Less:	
Non-Affiliate Loan Principal	(136,000)
Affiliate Loan Principal:	
Accrued Ground Rent	(8,000)
Accrued Operating Shortfall	(12,000)
Deduction of Land Value by CDC (2)	(18,900)
Cash Available for Distribution	40,000
Cash Distribution to RTD (3)	\$28,074
Cash Distribution to CDC	\$11,926

- (1) Amounts shown are not intended to represent estimated or actual cash flows, but are provided solely to illustrate the priority of payments. This example assumes that the Required Phase II Square Footage is 600,000 rentable square feet, and that 600,000 rentable square feet comprise the Phase II Improvements.
- (2) Land Value is calculated from the date established by the Development Agreement for commencement of Land Value calculation. For purposes of illustration only, example assumes commencement of Land Value calculation is concurrent with the Vesting Date, and calculated as follows:
 $\$30 \text{ per rentable square foot} \times 600,000 \text{ rentable square feet} \times (1.05^4) = \$18,900,000$
- (3) Cash distribution to RTD is the greater of the Minimum RTD Phase II Interest or fifty percent of the amount available for distribution. In this example, fifty percent of the amount available for distribution is $50\% \times \$40,000 = \$20,000$; RTD Minimum Phase II Interest is \$28,704 as calculated in Exhibit M-4, Example 1.

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Example Calculation of Equity Participation (1) (1)
 (Amounts Stated in 000's)

Example 6: Sale of Phase II Upon the Ninth Anniversary after
 The Vesting Date - Assuming Prior Refinance
 Scenario in Example 3

Gross Sales Proceeds	\$250,000
Less:	
Closing, Brokerage, Legal, and other costs	<u>(5,000)</u>
Net Sales Proceeds	245,000
Less:	
Non-Affiliate Loan Principal	(190,000)
Affiliate Loan Principal:	
Accrued Ground Rent & Interest	(200)
Accrued Operating Shortfall & Interest	(800)
Deduction of Land Value by CDC (2)	<u>(2,284)</u>
Cash Available for Distribution	51,716
Cash Distribution to RTD @ 50%	\$25,858
Cash Distribution to CDC @ 50%	\$25,858

(1) Amounts shown are not intended to represent estimated or actual cash flows, but are provided solely to illustrate the priority of payments. This example assumes that the Required Phase II Square Footage is 600,000 rentable square feet, and that 600,000 rentable square feet comprise that Phase II Improvements.

(2) Balance of Land Value on the Ninth Anniversary is calculated as:
 $\$1,879,111 \text{ Year 5 Land Value} \times (1.05^4) = \$2,283,936$

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Exhibit M-2
 Example Calculation of Equity Participation (1)
 (Amounts Stated in 000's)

Example 7: Sale of Phase II at a Loss
 Upon the Ninth Anniversary of The Vesting Date
 Assuming no Prior Payment of Land Value

Gross Sales Proceeds	\$185,000
Less:	
Closing, Legal, and other costs	(3,700)
Net Sales Proceeds	181,300
Less:	
Non-Affiliate Loan Principal	(136,000)
Affiliate Loan Principal:	
Accrued Ground Rent & Interest	(8,000)
Accrued Operating Shortfall & Interest	(12,000)
Deduction of Land Value by CDC (2)	(26,594)
Cash Available for Distribution	(1,294)
Cash Distribution to RTD (3)	\$0
Cash Distribution to CDC	(\$1,294)

- (1) Amounts shown are not intended to represent estimated or actual cash flows, but are provided solely to illustrate the priority of payments. This example assumes that the Required Phase II Square Footage is 600,000 rentable square feet, and that 600,00 rentable square feet comprise the Phase II Improvements.
- (2) Land Value is calculated from the date established by the Development Agreement for commencement of Land Value calculation. For purposes of illustration only, example assumes commencement of Land Value calculation is concurrent with the Vesting Date, and calculated as follows:
 $\$30 \text{ per rentable square foot} \times 600,000 \text{ rentable square feet} \times (1.05^8) = \$26,594,198$
- (3) In no event shall distribution of sales proceeds from Phase II to RTD be less than zero.

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Exhibit M-2
 Sample Calculation of Equity Participation Interest (1)
 (Amounts Stated in 000's)

Example 8: Sale of Phase I Upon the Fifth Anniversary of the Vesting Date

Gross Sales Proceeds	\$250,000
Less:	
Closing, Brokerage, Legal and other costs	(5,000)
Net Sales Proceeds	<u>245,000</u>
Less:	
Construction Costs (2)	(151,388)
Deduction of Land Value by RTD (3)	<u>(19,874)</u>
Cash Available for Distribution	73,738
Cash Distribution to RTD @ 50%	\$36,869
Cash Distribution to CDC @ 50% (4)	\$36,869

(1) Amounts shown are not intended to represent estimated or actual cash flows, but are provided solely to illustrate the priority of payments.

(2) Pursuant to Section 6.1.10.1, construction costs shall be determined by reference to the construction costs of buildings of similar size and quality located in downtown Los Angeles, indexing such construction costs to the period of actual Phase I construction, taking into account entitlement restrictions and requirements and construction conditions (with such costs to be determined by reference to the "Engineering News Records Index of Construction" for the Los Angeles region), and reduced by an imputed amount of amortization which shall be computed in accordance with the amortization schedule for the primary financing in place with respect to the Phase I Improvements.

Deduction for Construction Costs:

Indexed Construction Costs for Phase I at the Period of Actual Phase I Construction: \$160,000

Unamortized Balance of the Phase I Indexed Construction Costs Upon the Fifth

Anniversary of the Phase I Move In Date: \$151,388 *

* Assumes primary financing interest rate of 7.5% and principal amortization of 30 years.

(3) Land Value is calculated from the date established by the Development Agreement for commencement of Land Value calculation. For purposes of illustration only, this example assumes commencement of Land Value Calculation is concurrent with the Vesting Date, and calculated as follows:

\$30 per rentable square foot X 545,000 rentable square feet X (1.05⁴)=
 \$19,873,527.

(4) Subject to Sections 6.4.3 and 6.1.8

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The valuation calculation below assumes that the Liquidity Option valuation is performed on the Fifth Anniversary of the Phase I Move In Date.

	End of Year 40 Phase I Occupancy
Phase I Rentable Square Feet (2)	\$45,000
Net Annual Rental Rate (3)	\$148.96
Less Deemed Ground Rental Amount (4)	<u>(\$24.14)</u>
Gross Potential Rate Net of Ground Rental Amount	\$124.83
Gross Potential Rent	\$68,029,992
Less Vacancy (5)	(3,401,500)
Parking Revenues (6)	7,148,756
Parking Vacancy (7)	(357,438)
Parking Expenses (6),(7) & (8)	<u>(1,018,698)</u>
Net Operating Income	70,401,113
Capitalization Rate (9)	8.00%
Value	<u>880,013,915</u>
Less Sales Costs (10)	(17,600,278)
Less Tenant Improvements (11)	<u>(109,622,681)</u>
Net Residual Value	752,790,955
Discounted Back To End of Year 5 (12)	59,893,286
Catellus' 50% Interest at End of Year 5	<u>\$29,946,643</u>

(1) Amounts shown are not intended to represent estimated or actual valuation, but are provided solely for illustration.

(2) Assumes Phase I building size of 545,000 rentable square feet. Valuation is subject to actual rentable square feet constructed. The valuation procedure also assumes the entire building is funded with tax exempt financing.

(3) Represents an assumed blended net annual rental rate, for class A Los Angeles Central Business District office, public assembly (such as an RTD boardroom), day care center and retail space. Rental rates are subject to appraisal and shall be appraised at the date on which the appraisal is performed. For purposes of estimating rental rates on the fortieth (40th) anniversary of the Phase I Move In Date, the estimated rental rates at the time the appraisal is performed shall be inflated to the fortieth (40th) anniversary following the Phase I Move In Date, at a preestablished annual rate of 5%, compounded annually. The preestablished annual rate increase of 5% is not subject to appraisal.

For purposes of this example, the blended rate was calculated as follows:

	Rentable	Appraised	Annual	Annual
Product Type	Square Feet	Rates	Rent	Rent
		At End Of	At End Of	At End Of
		Year 5	Year 5	Year 40
Office *	513,500	\$38.00	\$19,513,000	\$107,634,008
Retail *	13,000	\$40.00	520,000	2,868,328
Boardroom *	7,000	\$38.00	266,000	1,467,260
Day Care *	11,500	<u>\$36.00</u>	<u>414,000</u>	<u>2,283,630</u>
Sub Total **	<u>545,000</u>	\$38.01	20,713,000	114,253,226
Operating Expenses **		<u>(\$11.00)</u>	<u>(5,995,000)</u>	<u>(33,068,512)</u>
Net Rent ***		<u>\$27.01</u>	<u>\$14,718,000</u>	<u>\$81,184,714</u>
Less Deemed Ground Rent				<u>(13,154,722)</u>
Gross Potential Rent				<u>\$68,029,992</u>

* Full Service Gross

** Represents operating expenses for a class A office building

*** Weighted Average Rent

The \$148.96 net annual rent on the fortieth (40th) anniversary of the Phase I Move In Date is calculated by inflating the weighted average net rent of \$27.01 at an annual rate of 5% for the remaining thirty five (35) years of the forty (40) year period.

Calculation : $\$27.01 \times (1.05)^{35} = \148.96

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- (4) Deemed ground rent is calculated at the preestablished formula of \$30 per rentable square foot, times 12%, inflated at an annual rate of 5% for thirty nine (39) years. The calculation is not subject to appraisal.

$$\text{Calculation : } \$30.00 \times (1.05)^{39} \times 12\% = \$24.14$$

- (5) Calculated at the preestablished rate of 5% of gross potential rent. The vacancy rate is not subject to appraisal.
- (6) Parking revenues and parking expenses are subject to appraisal and shall be appraised as of the date on which the appraisal is performed. For purposes of estimating parking revenues and expenses on the fortieth (40th) anniversary of the Phase I Move In Date, the estimated parking revenues and expenses at the time the appraisal is performed, shall be inflated to the fortieth (40th) anniversary of the Phase I Move In Date, at a preestablished annual rate of 5%, compounded annually. For example purposes only, parking rates were estimated at \$135 per stall per month on the fifth anniversary of the Phase I Move In Date. For purposes of estimating parking revenues on the fortieth (40th) anniversary of the Phase I Move In Date, the estimated \$135 rate was inflated at an annual rate of 5% for thirty five (35) years, and multiplied by 800 parking stalls.

$$\text{Calculation : } 800 \text{ stalls} \times \$135 \times 12 \times (1.05)^{35} = \$7,148,756$$

- (7) Calculated at the preestablished rate of 5% of Parking revenues. The vacancy rate is not subject to appraisal.
- (8) Parking expenses are estimated at 15% of the net parking revenues after deduction for parking vacancy. Actual percentage is subject to appraisal. Refer to notes (6) and (7).
- (9) The Capitalization Rate shall be a rate comparable to Class A Los Angeles Central Business District office capitalization rates. The Capitalization Rate shall be a rate which exists in the market at the time the appraisal is performed. The rate is subject to appraisal. The Capitalization Rate is assumed at 8% for this example.
- (10) Sales Costs are calculated at a preestablished rate of 2% of the estimated value. The rate is not subject to appraisal.
- (11) Tenant improvements are calculated at a preestablished rate of \$30 per rentable square foot, inflated at an annual rate of 5% for thirty nine (39) years. The preestablished formula applies to 100% of the rentable square feet. The amount is not subject to appraisal.

$$\text{Calculation : } 545,000 \text{ sq ft} \times \$30 \times (1.05)^{39} = \$109,622,681$$

- (12) The discount rate shall be the RTD's cost of funds for issuing tax exempt certificates of participation at the time in which the appraisal is performed. The discount rate, which is not subject to appraisal, is assumed at 7.5% for this example.

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Exhibit M-4
Sample Calculation of Minimum RTD Phase II Interest
Participation Interest (1)
(Amounts Stated in 000's)

Example I: Reinvestment Return less than Building Return

Assumptions Used in This Example:

- a. Sale of Phase II Improvements on Second Anniversary of the Vesting Date
- b. Sales Proceeds Distributed to RTD \$20,000
(Refer to Exhibit M-2, Example 5)
- c. Reinvestment Rate 6.50%
- d. Discount Rate Equal to Reinvestment Rate 6.50%

	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
RTD Distribution From Sales Proceeds	\$20,000						
Projected Cash Available for Distribution to RTD from Phase II Improvements		2,831	2,973	3,121	3,277	3,441	3,613
Assumed Reinvestment Income		1,300	1,385	1,474	1,570	1,672	1,781
RTD Investment Shortfall From Early Sale		\$1,531	\$1,588	\$1,647	\$1,707	\$1,769	\$1,832
Present Value of RTD's Investment Shortfall	\$8,074						
Minimum RTD Phase II Interest	\$28,074						

(1) Amounts shown are not intended to represent estimated or actual cash flows, but are provided solely for illustration.

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Exhibit M-4
 Sample Calculation of Minimum RTD Phase II Interest
 Participation Interest (1)
 (Amounts Stated in 000's)

**Example 2: Reinvestment Return greater than Building Return
 in Some Years of the Eight Year Period**

Assumptions Used in This Example:

- a. Sale of Phase II Improvements on Second Anniversary of the Vesting Date
- b. Sales Proceeds Distributed to RTD \$20,000
- c. Reinvestment Rate 6.50%
- d. Discount Rate Equal to Reinvestment Rate 6.50%

	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
RTD Distribution From Sales Proceeds	\$20,000						
Projected Cash Available for Distribution to RTD from Phase II Improvements		2,500	2,625	2,756	2,894	3,039	3,191
Assumed Reinvestment Income		1,300	1,385	2,185	2,709	3,286	3,921
RTD Investment Shortfall From Early Sale		\$1,200	\$1,241	\$571	\$185	(\$247)	(\$730)
Present Value of RTD's Investment Shortfall	\$2,156						
Minimum RTD Phase II Interest	\$22,156						

(1) Amounts shown are not intended to represent estimated or actual cash flows, but are provided solely for illustration.

EXHIBIT M-4
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Exhibit M-4
 Sample Calculation of Minimum RTD Phase II Interest
 Participation Interest (1)
 (Amounts Stated in 000's)

Example 3: Reinvestment Return greater than Building Return

Assumptions Used in This Example:

- a. Sale of Phase II Improvements on Second Anniversary of the Vesting Date
- b. Sales Proceeds Distributed to RTD \$20,000
- c. Reinvestment Rate 6.50%
- d. Discount Rate Equal to Reinvestment Rate 6.50%

	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
RTD Distribution From Sales Proceeds	\$20,000						
Projected Cash Available for Distribution to RTD from Phase II Improvements		1,300	1,365	1,433	1,505	1,580	1,659
Assumed Reinvestment Income		1,300	1,385	2,691	3,520	4,436	5,446
RTD Investment Shortfall From Early Sale		\$0	(\$20)	(\$1,258)	(\$2,016)	(\$2,856)	(\$3,787)
Present Value of RTD's Investment Shortfall							(\$7,305)
Minimum RTD Phase II Interest							\$20,000

(1) Amounts shown are not intended to represent estimated or actual cash flows, but are provided solely for illustration.

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EXHIBIT M-4
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Exhibit M-4
Sample Calculation of Minimum RTD Phase II Interest
Participation Interest (1)
(Amounts Stated in 000's)

Example 4: Exercise of the Right of Extinguishment before the Eighth Anniversary of The Vesting Date

Assumptions Used in This Example

- a. Exercise of Right of Extinguishment on the Second Anniversary of the Vesting Date
- b. Equity Distribution of RTD's Remainder Interest \$6,114
(Refer to Exhibit M-6)
- c. Reinvestment Rate 6.50%
- d. Discount Rate Equal to Reinvestment Rate 6.50%

	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Equity Distribution of RTD's Remainder Interest	\$6,114						
Projected Cash Available for Distribution to RTD from Phase II Improvements		1,300	1,365	1,433	1,505	1,580	1,659
Assumed Reinvestment Income		397	423	451	480	511	544
RTD Investment Shortfall From Early Extinguishment		\$903	\$942	\$982	\$1,025	\$1,069	\$1,115
Present Value of RTD's Investment Shortfall	\$4,832						
Minimum RTD Phase II Interest	\$10,946						

(1) Amounts shown are not intended to represent estimated or actual cash flows, but are provided solely for illustration.

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Exhibit M-5

Ground Rent Accrual for Disapproved Major Leases
Phase II Improvements, First Eight Years of Occupancy (1)

Assumptions:

1. Year 1 nominal net rent of \$20 per rentable square foot.
2. Annual rent escalation of five percent (5%).
3. Two years of free rent on a ten year lease.
4. Other concessions valued at \$1.00 per rentable square foot.

Step 1: Calculation of Net Effective Rent
(Amounts stated per square foot)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Nominal Net Rent (2)	\$20.00	\$21.00	\$22.05	\$23.15	\$24.31	\$25.53	\$26.80	\$28.14
Less:								
Free rent amortization (3)	(4.10)	(4.10)	(4.10)	(4.10)	(4.10)	(4.10)	(4.10)	(4.10)
Amortization of other concessions (4)	<u>(1.00)</u>	<u>(1.00)</u>	<u>(1.00)</u>	<u>(1.00)</u>	<u>(1.00)</u>	<u>(1.00)</u>	<u>(1.00)</u>	<u>(1.00)</u>
Effective Net Rent	\$14.90	\$15.90	\$16.95	\$18.05	\$19.21	\$20.43	\$21.70	\$23.04

Step 2: Calculation of Ground Rent Accrual
(Amounts stated per square foot)

Effective Net Rent	\$14.90	\$15.90	\$16.95	\$18.05	\$19.21	\$20.43	\$21.70	\$23.04
Less:								
Debt Service	<u>(14.90)</u>	<u>(14.90)</u>	<u>(14.90)</u>	<u>(14.90)</u>	<u>(14.90)</u>	<u>(14.90)</u>	<u>(14.90)</u>	<u>(14.90)</u>
Amount Available for Ground Rent	0.00	1.00	2.05	3.15	4.31	5.53	6.80	8.14
Ground Rent Obligation/leased space	2.00	2.10	2.21	2.32	2.43	2.55	2.68	2.81
Ground Rent Deducted or Accrued @100%	0.00	(1.00)	(2.05)	(2.32)	(2.43)	(2.55)	(2.68)	(2.81)
Amount Not Met by Net Effective Rent	2.00	1.10	0.15	0.00	0.00	0.00	0.00	0.00
Ground Rent Deducted or Accrued @ 50%	(1.00)	(0.55)	(0.08)	0.00	0.00	0.00	0.00	0.00
Total Ground Rent Deducted or Accrued (5)	<u>(\$1.00)</u>	<u>(\$1.55)</u>	<u>(\$2.13)</u>	<u>(\$2.32)</u>	<u>(\$2.43)</u>	<u>(\$2.55)</u>	<u>(\$2.68)</u>	<u>(\$2.81)</u>

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NOTES FOR EXHIBIT M-5

- (1) Amounts shown are not intended to represent estimated or actual cash flows, but are provided solely to illustrate the priority of payments from cash flow.
- (2) If nominal rent is quoted as full service gross, expense stop is subtracted to calculate nominal net rent.
- (3) Free rent amortization is taken as the fraction of the free rent period divided by the total length of the lease. In this example it is 2 years divided by ten years = 20%.
- (4) Other concessions in excess of proforma leasing criteria are amortized by calculating the total expenditure and dividing by the length of the lease. In this example a total expenditure for other concessions of \$10 per rentable square foot is divided by the ten year lease = \$1.00 per rentable square foot.
- (5) Amounts shown represent annual deductions or accruals of Deemed Ground Rental Amounts, and are not cumulative.

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Exhibit M-6
 Example Calculation of Extinguishment Proceeds (1)
 (Amounts Stated in 000s)

Phase I Improvements = 545,000 rentable square feet
 Phase II Improvements = 600,000 rentable square feet
 Assumes Extinguishment on the Ninth Anniversary of the Vesting Date

545,000 rentable square feet of the Phase I Improvements are exchanged pro tanto for 545,000 rentable square feet in the Phase II Improvements.
 Remaining 55,000 rentable square feet in the Phase II Improvements are valued as follows:

Appraised Value of the Phase II Land and Improvements as of the Date of Closing of the Extinguishment	\$300,000
Less:	
Affiliate and Non-Affiliate Qualifying Loan Balance	(120,000)
Accrued Ground Rent & Interest	(8,000)
Accrued Operating Shortfall & Interest	(12,000)
Deduction of Land Value by CDC (2)	<u>(26,594)</u>
Net Equity, Phase II Improvements	\$133,406
RTD Remainder Interest Percentage (3)	4.58%
Distribution of Net Equity of 55,000 rentable square feet to RTD (RTD Remainder Interest)	\$6,114

(1) Amounts shown are not intended to represent estimated or actual cash flows, but are provided solely for illustration.

(2) Land Value is calculated from the date established by the Development Agreement for commencement of Land Value calculation. For purposes of illustration only, example assumes commencement of Land Value calculation is concurrent with the Vesting Date, and calculated as:

$$\$30 \text{ per rentable square foot} \times 600,000 \text{ rentable square feet} \times (1.05^8) = \$26,594,298$$

(3) In lieu of a cash distribution, RTD may elect to maintain an ongoing income and equity interest in the Phase II Improvements of 4.58%. The RTD Remainder Interest is calculated as:
 55,000 rentable square feet \times 50% = 27,500 rentable square feet;
 27,500 rentable square feet / 600,000 rentable square feet = 4.58%.

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EXHIBIT "N"

INITIAL LIST OF APPROVED APPRAISERS

John C. Donahue, MAI
Donahue & Company
Property and Urban Economics
2121 East Coast Highway
Suite 140
Corona Del Mar, California 92625
(714) 760-3166

Robert H. Flavell, MAI
Palvell, Tennenbaum & Edwards
4650 Lankershim Boulevard
North Hollywood, California 91606
(818) 985-2100

Robert Lea, MAI
Lea Associates
1635 Ponitus Avenue
Los Angeles, California 90025
(213) 477-6595

Robert L. Engel, MAI
Joseph L. Blake & Associates
2049 Century Park East
Suite 640
Los Angeles, California 90067
(213) 277-2609

Ronald L. Buss
Buss-Shelger Associates
3055 Wilshire Boulevard
Suite 850
Los Angeles, California 90010
(213) 388-7272

Landauer & Associates
707 Wilshire Boulevard
Suite 4950
Los Angeles, California 90017
(213) 624-3400

6.0 PARTICIPATION BY DISADVANTAGED, MINORITY,
AND WOMEN'S BUSINESS ENTERPRISES
(DBEs, MBEs AND WBEs)
IN JOINT DEVELOPMENT PROJECTS

- 6.1 **Policy:** The District is required by Board policy to ensure active participation by Disadvantaged, Minority, and Women's Business Enterprises (DBEs, MBEs, and WBEs) throughout various aspects of all joint development projects, including but not limited to project planning, design, financing, equity participation, construction, management, and leaseholds.
- 6.2 **Goals:** For each joint development project, the District will establish goals for participation by DBEs, MBEs, and WBEs to include but not be limited to the areas listed in (a) through (h), below.

The District is required by federal laws and regulations to provide maximum participation in all federally-funded business opportunities to DBEs. Therefore, the District will establish goals exclusively for DBEs (excluding MBEs and WBEs) in those areas where sufficient DBEs exist to enable competition. However, in large joint development projects where the financial resources required to participate are beyond those of DBEs (i.e., equity participation, development team, financing), the District will establish goals which can be met with either DBEs, MBEs, or WBEs.

Goals for participation by DBEs and/or MBEs/WBEs will be established for available business opportunities, including but not limited to:

- (a) Equity participation;
 - (b) Development team;
 - (c) Financing, including but not limited to consulting, brokerage services, construction, or permanent financing (MBEs or DBEs);
 - (d) Project design, including but not limited to architectural and engineering services;
 - (e) Project construction, including but not limited to general and specialty contractors and subcontractors, construction management, and suppliers;
 - (f) Initial leasing, including but not limited to marketing, advertising, and brokerage services;
 - (g) Project management, including but not limited to property management, maintenance, security, accounting, legal, and other services; and
 - (h) Leasehold arrangements.
- 6.3 **Certification:** All DBEs, MBEs, and WBEs whom the successful developer plans to involve in the project to meet the above-stated goals, must be certified by the District prior to execution of Agreement/Lease.

6.4 Developer's DBE Commitment: Proposals must include a plan for how the developer intends to meet each of the DBE/MBE/WBE participation goals set forth in the RFP or prospectus. This plan must include at a minimum the following information:

- (a) The name of each DBE, MBE, or WBE who will participate in the project.
- (b) The area or scope of work in which the DBE, MBE or WBE will participate.
- (c) The estimated level of financial participation to be derived from the project by each DBE, MBE, or WBE.
- (d) The name, address, telephone number of the person responsible for the DBE/MBE/WBE plan implementation and reporting.

6.5 District Roles and Responsibilities

- (a) The Board of Directors will establish overall joint development policies and provide direction to the General Manager.
- (b) The General Manager will direct and oversee all staff activities and report to the Board. He/she will designate an inter-departmental staff team to review joint development proposals, formulate negotiating positions for consideration and approval by the Board. A representative of the Equal Opportunity Department shall serve on this team.
- (c) The Assistant general Manager-EO (as supported by the DBE and CC Directors) will:
 - (1) Assist developers in identifying potential DBE, MBE, and WBE participants.
 - (2) Conduct joint development workshops on development potential for specific projects and to bridge communications between developers and DBEs/MBEs/WBEs.
 - (3) Participate on interdepartmental teams to evaluate proposals and formulate negotiating positions for consideration by the Board.
 - (4) Analyze potential business opportunities for each joint development project and establish DBE and MBE participation goals.
 - (5) Participate at pre-proposal conferences to discuss DBE/MBE/WBE policies and procedures.
 - (6) Certify potential DBE, MBE, and WBE joint development project participants.
 - (7) Monitor the developers' fulfillment of his/her DBE/MBE/WBE plan.

- (d) The Planning Department Director will identify development potential at each site and prepare alternative design solutions for particular projects in conjunction with appropriate local jurisdictions. In coordination with the AGM-EO or designee, he/she will conduct workshops on development potential at each station with particular emphasis placed on the involvement of DBE, MBE and WBE developers.
- (e) The Real Estate Department Directors will be responsible for initiating property owner/developer contacts and for administration and monitoring of the joint development agreement. He/she will assist the AGM-EO or designee in identifying minority and women property owners within the proposed joint development project area, and in monitoring the DBE/MBE/WBE Plan.

EXHIBIT O-2
DBE OPPORTUNITY CRITERIA LIST

The following list represents a range of opportunities for disadvantaged business enterprise (DBE) participation in the Headquarters proposal. The opportunities available in a particular proposal may vary depending on the status of participation by the Proponent and the RTD in the project. The RTD proposes to apply the criteria to those parts of the project in which they participate directly in the income and equity, while encouraging the developer to apply the criteria elsewhere.

The RTD has established goals or criteria for DBE participation both in the overall project and at various phases of implementation. A serious response to these criteria is an essential prerequisite in establishing the qualifications of Proponents. Proposals should establish targets in terms of the percentage of financial commitments to ownership, participation, investment, services and/or resources, which meet or exceed the given goals. Proposals should discuss how the Proponent intends to meet these commitments. While it is intended that the overall goals indicated below shall be incorporated in the proposal, some flexibility is provided to the Proponent in determining the allocation of commitments within any given phase.

<u>OPPORTUNITY AREA</u>	<u>CRITERIA</u>
OVERALL PROJECT GOAL:	25%
A. PREDEVELOPMENT STAGE	20%
1. Land purchase/ownership	
2. Joint venture team participation	
3. Seed equity participation/ investment	
4. Interim loan sourcing	
5. Legal consulting	
6. Planning consulting	
7. Market consulting	
8. Design and engineering consulting	
9. Preliminary financial consulting	
10. Government liaison/permit consulting	
B. DEVELOPMENT STAGE	20%
1. Construction management consulting	
2. Cost control consulting	
3. Contracting, subcontracting, vending and other construction service procurements and bids	
4. Tenant improvement design	
5. Tenant improvement contracting, vending, etc.	
C. MARKETING	20%
1. Pre-leasing services	
2. Market analysis and monitoring services	
3. Lease/sale brokerage	
4. Property management services	
5. Advertising and promotional services	
6. Building signage and identification contracting	
7. Art and aesthetic contracts	
D. OPERATION AND MAINTENANCE (O & M)	20%
1. Outside maintenance services	
2. Outside security services	
3. O & M hiring practices	
4. Shared tenant service provider	
5. Building insurance provider	
6. Parking contractor	
7. Telephone, electrical and utility services	
8. Commercial vendors on premises	
9. Permanent loan sourcing	

RECORDING REQUESTED BY
 and when recorded mail to
 []
 Name Jones, Day, Reavis & Pogue
 Street 555 W. Fifth Street
 Address Suite 4600
 City Los Angeles, CA 90013
 Attn: Real Estate Notices
 (DF)

MAIL TAX STATEMENTS TO
 []
 Name The Southern California
 Rapid Transit District
 Address 425 S. Main Street
 City Los Angeles, CA 90013-1393
 Attn: Manager, Real Estate
 and Development

SPACE ABOVE THIS LINE FOR RECORDER'S USE
 CORPORATION GRANT DEED

The undersigned grantor(s) declare(s):
 Documentary transfer tax is \$ 0
 *Exempt pursuant to California Revenue and Taxation Code Section 11922.
 () computed on full value of property conveyed, or
 () computed on full value less value of liens and encumbrances remaining
 at time of sale.
 () Unincorporated area: (X) City of Los Angeles, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
 CATELLUS DEVELOPMENT CORPORATION, a Delaware corporation ("Grantor"), hereby
 GRANTS to THE SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT, a public corporation
 organized under the laws of the State of California ("Grantee"), the real
 property located in the City of Los Angeles, County of Los Angeles, State of
 California and described on Schedule "A", attached hereto and incorporated
 herein by this reference (the "Real Property"), and the easements described on
 such Exhibit "A", subject to all matters of record, and further subject to the
 matters set forth in the succeeding paragraph.

The grant made by this Deed is subject to the non-exclusive easements reserved
 by Grantor described on Schedule "B", attached hereto and incorporated herein
 by this reference (the "Easements"), and is also subject to the use
 restrictions described on Schedule "C", attached hereto and incorporated
 herein by this reference (the "Use Restrictions"). The Easements and Use
 Restrictions shall be enforceable equitable servitudes upon the Real Property
 and shall be binding upon all of the Real Property, each person having or
 acquiring any right, title or interest in the Real Property or any part
 thereof or any improvements thereon and upon their respective successors and
 assigns, provided that the Easements and Use Restrictions shall terminate, if
 at all, upon the recording of a Reciprocal Easement and Operating Agreement
 (the "REOA") executed by the record owners of, and affecting, the Real
 Property and the property described on Schedule "D", attached hereto and
 incorporated herein by this reference (the "Benefited Property") which REOA,
 by its terms, expressly refers to this Deed and establishes easements and use
 restrictions which expressly supersede and replace the Easements and the Use
 Restrictions.

CATELLUS DEVELOPMENT CORPORATION,
 a Delaware corporation

By: _____
 Name: _____
 Title: _____

By: _____
 Name: _____
 Title: _____

STATE OF CALIFORNIA)
) S.S.
COUNTY OF _____)

On _____, before me, a notary public in and for said
state, personally appeared _____

_____, personally
known to me (or proved to me on the basis of satisfactory evidence) to be the
person(s) whose name(s) is/ere subscribed to the within instrument and
acknowledged to me that he or she executed the same in the capacity(ies)
indicated at the signature point.

WITNESS my hand and official seal.

Signature _____
Capacity of Signatory _____ (Seal)

SCHEDULE "A"

Real Property and Easement Description

[insert description of portions of Parcel 1
not owned by RTD and descriptions of subsurface
parking easement and subsurface service easement
as shown on Exhibit A-2 to the Development Agreement]

SCHEDULE "B"

Reservation of Easements

Grantor hereby reserves for itself the following non-exclusive surface and subterranean easements in common with Grantee and Grantee's successors and assigns:

(a) an easement for vehicular ingress, egress and passage from the Benefited Property over the roadways, driveways, entrances, exits, ramps, and such other facilities as are designed for such use constructed or to be constructed on the Real Property;

(b) an easement for pedestrian ingress, egress, passage and accommodation from the Benefited Property over the sidewalks, plaza areas, malls, bridges, walkways, stairways, elevators, escalators, and such other facilities, constructed or to be constructed on the Real Property; and

(c) an easement for service access over the area described as [insert metes and bounds description of service easement area].

Grantee shall have the right to create, relocate, alter or eliminate any such driveways, roadways, ramps, sidewalks or other facilities constructed or to be constructed on the Real Property and included in the aforesaid easements, provided that Grantor continues to have reasonable vehicular and pedestrian access to the Benefited Property at all times.

SCHEDULE "C"

Restrictions on Use

No portion of the Real Property shall be used for any purpose other than public transit facilities, parking facilities, government and commercial offices, related retail and commercial business, hotels and ancillary facilities.

SCHEDULE "D"

Description of Benefited Property

[insert description of Parcel 2]

RECORDING REQUESTED BY

and when recorded mail to

[Name Pircher, Nichols & Meeks
Street 1999 Avenue of the Stars
Address Suite 2600
City Los Angeles, CA 90067
Attn: Real Estate Notices
(DJL)]

MAIL TAX STATEMENTS TO

[Name Catellus Gateway, Inc.
Address 800 N. Alameda Street
City Los Angeles, CA 90012
Attn: Ms. Liz Harrison]

SPACE ABOVE THIS LINE FOR RECORDER'S USE

CORPORATION GRANT DEED

The undersigned grantor(s) declare(s):

Documentary transfer tax is \$ _____.

*Please see documentary transfer tax affidavit filed concurrently herewith.

- () computed on full value of property conveyed, or
- () computed on full value less value of liens and encumbrances remaining at time of sale.
- () Unincorporated area: (X) City of Los Angeles, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, THE SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT, a public corporation organized under the laws of the State of California ("Grantor"), hereby GRANTS to CATELLUS GATEWAY, INC., a Delaware corporation ("Grantee"), the real property located in the City of Los Angeles, County of Los Angeles, State of California and described on Schedule "A", attached hereto and incorporated herein by this reference (the "Real Property"), subject to all matters of record, and further subject to the matters set forth in the succeeding paragraph.

The grant made by this Deed is subject to the non-exclusive easements reserved by Grantor described on Schedule "B", attached hereto and incorporated herein by this reference (the "Easements"), and is also subject to the use restrictions described on Schedule "C", attached hereto and incorporated herein by this reference (the "Use Restrictions"). The Easements and Use Restrictions shall be enforceable equitable servitudes upon the Real Property and shall be binding upon all of the Real Property, each person having or acquiring any right, title or interest in the Real Property or any part thereof or any improvements thereon and upon their respective successors and assigns, provided that the Easements and Use Restrictions shall terminate, if at all, upon the recording of a Reciprocal Easement and Operating Agreement (the "REOA") executed by the record owners of, and affecting, the Real Property and the property described on Schedule "D", attached hereto and incorporated herein by this reference (the "Benefited Property") which REOA, by its terms, expressly refers to this Deed and establishes easements and use restrictions which expressly supersede and replace the Easements and the Use Restrictions.

THE SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT, a California public corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

STATE OF CALIFORNIA)
) S.S.
COUNTY OF _____)

On _____, before me, a notary public in and for said state, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he or she executed the same in the capacity(ies) indicated at the signature point.

WITNESS my hand and official seal.

Signature _____
Capacity of Signatory _____ (Seal)

SCHEDULE "A"

Real Property Description

[insert description of portions of Parcel 2 not owned by Catellus]

SCHEDULE "B"

Reservation of Easements

Grantor hereby reserves for itself the following non-exclusive surface and subterranean easements in common with Grantee and Grantee's successors and assigns:

(a) an easement for vehicular ingress, egress and passage from the Benefited Property over the roadways, driveways, entrances, exits, ramps, and such other facilities as are designed for such use constructed or to be constructed on the Real Property, including, without limitation, the right for passage of Grantor's public transportation vehicles on a regularly scheduled basis;

(b) an easement for pedestrian ingress, egress, passage and accommodation from the Benefited Property over the sidewalks, plaza areas, malls, bridges, walkways, stairways, elevators, escalators, and such other facilities constructed or to be constructed on the Real Property; and

(c) an easement for service access over the area described as [insert metes and bounds description of service easement area].

Grantee shall have the right to create, relocate, alter or eliminate any such driveways, roadways, ramps, sidewalks or other facilities constructed or to be constructed on the Real Property and included in the sforesaid easements, provided that Grantor continues to have reasonable vehicular and pedestrian access to the Benefited Property at all times.

SCHEDULE "C"

Restrictions on Use

No portion of the Real Property shall be used for any purpose other than public transit facilities, parking facilities, government and commercial offices, related retail and commercial business, hotels and ancillary facilities.

SCHEDULE "D"

Description of Benefited Property

[insert description of Parcel 1]

[FORM OF LIQUIDITY OPTION NOTE]

PROMISSORY NOTE

\$ _____, 19____
Los Angeles, California

FOR VALUE RECEIVED the undersigned promises to pay to
Catellus Development Corporation, a Delaware corporation, or order,
at _____ or at such other place as the holder hereof may
from time to time designate, the sum of _____ Dollars
(\$ _____) together with simple interest thereon calculated at the
per annum rate of interest from time to time announced by Wells Fargo Bank, or
its successor, as its prime rate or its "Reference Rate" or equivalent, said
principal and interest to be due and payable in full on or before

[12 months from date of Note]. This Note may be prepaid
in whole or in part without premium or penalty.

If this Note is not fully paid when due, the interest rate
hereunder shall thereupon automatically increase by four (4) percentage
points, all interest then due hereunder shall be added to principal and become
part thereof and interest at said increased rate shall accrue and shall also
be added to principal, in arrears on the first day of each month, and shall
thereupon also become part of principal.

If this Note is not fully paid when due, the undersigned
promises to pay all reasonable costs of collection, including attorneys' fees
whether or not suit is filed, and court costs.

Presentment, demand, protest, notices of protest, dishonor and
non-payment of this Note and all notices of every kind are hereby waived.

This Note has been executed and delivered by the undersigned in
the State of California and is to be governed by and construed in accordance
with the laws of the State of California.

THE SOUTHERN CALIFORNIA RAPID
TRANSIT DISTRICT,
a California public corporation

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM BY
THE SOUTHERN CALIFORNIA
RAPID TRANSIT DISTRICT:

By: _____
General Counsel

EXHIBIT "Q"

RECORDING REQUESTED BY:
Chicago Title Insurance Company
AND WHEN RECORDED RETURN TO:
Fircher, Nichols & Weeks
1999 Avenue of the Stars
Suite 2600
Los Angeles, California 90067
Attention: David J. Lewis, Esq.

(SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY)

MEMORANDUM OF DEVELOPMENT AGREEMENT

This Memorandum of Development Agreement is executed as of the _____ day of _____, with reference to that certain Development Agreement ("Agreement") dated as of October ____, 1991, by and between the Southern California Rapid Transit District, a California public corporation ("RTD") and Catellus Development Corporation, a Delaware corporation ("Catellus"). All parties are hereby put on notice that:

1. A complete copy of the Agreement is available at the following offices:

The Southern California Rapid Transit District
425 South Main Street
Los Angeles, California 90013-1393

and

Catellus Development Corporation
800 North Alameda Street
Los Angeles, California 90012.

2. All defined terms set forth herein shall bear the same meaning as that ascribed thereto in the Agreement. The following provisions 3 through 7 shall all be construed as though the words "all in accordance with the terms of the Agreement" were appended thereto.

3. The Agreement provides for a participation by RTD, under certain circumstances, in certain sums derived from certain improvements, if any, to be constructed on Parcel 2 which is more particularly described on Exhibit "A" attached hereto and made a part hereof.

4. The Agreement provides for a participation by Catellus, under certain circumstances, in certain sums derived from certain improvements, if any, to be constructed on Parcel 1, which is more particularly described on Exhibit "B" attached hereto and made a part hereof.

EXHIBIT R

-1-

058995-004-012
10-30-91/4355g

RTD/CATELLUS DEV. CORP.
DEVELOPMENT AGREEMENT

5. The participations referred to in paragraphs 3 and 4 above are subject to reduction, redemption, extinguishment and valuation.

6. RTD has granted to Catellus an option to purchase fee title to Parcel 1, which option shall in all events terminate December 31, 2011.

7. The Agreement sets out certain rights (i) of RTD to purchase fee title to Parcel 2 pursuant both to the Right of First Refusal and to the Right of First Offer, and (ii) of Catellus to purchase fee title to Parcel 1 and to certain parking spaces which may be located thereon, on the Metro Plaza Site and/or on portions of the Additional Land and West Property, pursuant to the Right of First Refusal.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Development Agreement as of the date first above written.

THE SOUTHERN CALIFORNIA
RAPID TRANSIT DISTRICT,
a California public corporation

By: _____
Name: _____
Title: _____

Approved as to form by RTD:

CATELLUS DEVELOPMENT CORPORATION
a Delaware corporation

By: _____
Name: _____
Title: _____

[Acknowledgments]