SECOND AMENDMENT
TO THE
MARE ISLAND REMEDIATION AGREEMENT

This Second Amendment ("Second Amendment") to the Mare Island Remediation Agreement (Lennar), dated April 16, 2001, as amended by that certain First Amendment to the Mare Island Remediation Agreement, dated April 23, 2012 ("MIRA") is entered into as of August 1, 2014 (the "Effective Date") by and between the City of Vallejo ("City") and Lennar Mare Island, LLC ("LMI") (collectively referred to as the "Parties"). Capitalized terms not defined herein shall have the meaning given such terms in the ESCA (defined below), as amended.

WHEREAS, on April 16, 2001, the City and the United States of America, acting by and through the Department of the Navy ("Navy") executed an Environmental Services Cooperative Agreement ("ESCA") for the Eastern Early Transfer Parcel (as more fully defined therein, the "EETP"), which sets forth the terms and conditions under which the City is responsible to perform, or cause to be performed, the Environmental Services at the Areas Covered by Environmental Services ("ACES"), with the exception of certain conditions in the EETP ESCA defined as Navy-Retained Conditions, and the Navy provided $78.97 million in grant funding for the performance of the Environmental Services; and

WHEREAS, on April 16, 2001, subject to the terms and conditions of the MIRA, the City transferred its obligations to perform Environmental Services in the ACES to LMI; and

WHEREAS, the ESCA provides that the responsibility for the remediation of Known Conditions becomes a Navy-Retained Condition once the total cost of performing the portion of Environmental Services associated with the Known Conditions exceeds $114.3 million; and

WHEREAS, in a letter to the City dated February 28, 2012, the Navy set forth its position that the total costs of performing the portion of Environmental Services associated with the remediation of the Known Conditions exceeded the NRC threshold of $114.3 million at some point during the 3rd or 4th quarter of Calendar Year 2011; and

WHEREAS, the Navy and the City executed a First Amendment to Environmental Services Cooperative Agreement on April 23, 2012 ("ESCA Amendment"), pursuant to which Navy provided an additional $8 million grant for Environmental Services; and

WHEREAS, the Environmental Services have not been completed, and, contemporaneously with the execution of this Second Amendment, the Navy and City have agreed to an additional Navy grant in the amount of $399,000 for long term
monitoring work ("Additional LTM Funding") pursuant to that certain Second Amendment to Environmental Services Cooperative Agreement ("ESCA Second Amendment"), as more fully described in the ESCA Second Amendment;

WHEREAS, contemporaneously with the Effective Date, the City, LMI and First American Title Guaranty Company ("Fiscal Agent"), executed an amendment ("FAA Second Amendment") to that certain Fiscal Agent Agreement among them, dated April 16, 2001, as amended by that certain First Amendment to Fiscal Agent Agreement, dated April 23, 2012 ("Fiscal Agent Agreement"), providing for the management of Additional LTM Funding in accordance with the terms of the ESCA Second Amendment and this Second Amendment.

WHEREAS, the Parties wish to amend the MIRA to reflect the ESCA Second Amendment, the Additional LTM Funding, the FAA Second Amendment and to clarify roles and responsibilities of the Parties.

NOW, THEREFORE, in consideration of the foregoing premises, the respective representations, agreements, covenants and conditions herein, other good and valuable consideration, the Parties mutually agree as follows:

1. General Modifications to MIRA.

The MIRA is hereby amended to incorporate the ESCA Second Amendment such that all references in the MIRA to the ESCA shall hereafter include the ESCA Amendment and the ESCA Second Amendment. LMI and City acknowledge that the Environmental Services that LMI is to perform or cause to be performed pursuant to the MIRA shall hereafter be in accordance with the ESCA as amended by the ESCA Amendment and the ESCA Second Amendment, and that the Navy's payment of the Additional LTM Funding shall be deposited with the Fiscal Agent, and held thereafter pursuant to the Fiscal Agent Agreement as amended by the FAA Amendment and the FAA Second Amendment. The Parties expressly acknowledge that the Fiscal Agent Agreement (as amended) may be terminated and replaced if an alternative account holder is approved by the Navy.

2. Specific Modifications to MIRA.

a. Article VI: Funding Limitation and Budgeting.

i. Section 401 regarding Navy's Funding Limitation shall be amended to include the Additional LTM Funding.

ii. Section 402 regarding City's Funding Limitation shall be amended to include the Additional LTM Funding.
3. **Miscellaneous.**

a. **Entire Agreement.** This Second Amendment constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions, understandings, and communications, written or oral, on this matter are superseded by this Second Amendment.

b. **Original MIRA Remains in Effect.** Except as expressly modified or superseded by this Second Amendment, all terms and conditions of the MIRA remain in effect and are fully enforceable. In the event of a conflict between the provisions of the original MIRA and this Second Amendment, the provisions of the Second Amendment shall prevail.

c. **Severability.** If a provision of this Second Amendment is held invalid, the remainder of the Second Amendment will continue in force and effect to the extent not inconsistent with such holding.

d. **Authority and Execution.** This Second Amendment may be executed in any number of counterparts, each of which will, for all purposes, be deemed to be an original, and all of which are identical. Each undersigned representative of a Party to this Second Amendment certifies that he or she has been duly authorized to enter into this Second Amendment by the entity on whose behalf it is indicated that the person is signing. To facilitate execution of this Second Amendment, the Parties may execute and exchange by facsimile or electronic copies counterparts of the signature pages, each of which shall be deemed to be an original.

[Remainder of page intentionally left blank]
IN WITNESS WHEREOF, the Parties hereto have executed this Second Amendment as of the date written above.

CITY:

CITY OF VALLEJO, a municipal corporation

By: ___________________________
Name: Daniel E. Keen
Its: City Manager

LMI:

LENNAR MARE ISLAND, LLC, a California limited liability company

By: Lennar Homes of California, Inc., a California corporation, its Managing Member

By: ___________________________
Thomas E. Sheaff
Vice President

APPROVED AS TO FORM:

By: ___________________________
Claudia Quintana, City Attorney

By: ___________________________
Risk Manager

ATTEST:

By: ___________________________
Dawn G. Abrahamson, City Clerk

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Second Amendment to MIRA
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CITY OF VALLEJO, a municipal corporation

By: ________________________________
Name: Daniel E. Keen
Its: City Manager

APPROVED AS TO FORM:

By: ________________________________
Claudia Quintana, City Attorney

By: ________________________________
, Risk Manager

ATTEST:

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LMI:

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By: Lennar Homes of California, Inc., a California corporation, its Managing Member

By: ________________________________
Thomas E. Sheaff
Vice President

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