THIRD AMENDMENT
TO THE
MARE ISLAND REMEDIATION AGREEMENT

This Third Amendment ("Third 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, and that certain Second Amendment to Mare Island Remediation Agreement, dated August 1, 2014 ("MIRA"), is entered into as of June 30, 2016 (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 Navy and the City executed a Second Amendment to Environmental Services Cooperative Agreement on August 1, 2014 ("ESCA Second
Amendment"), pursuant to which Navy provided an additional grant in the amount of $399,000 for long term monitoring work; and

WHEREAS, the Environmental Services have not been completed, and, contemporaneously with the execution of this Third Amendment, the Navy and City have agreed to an additional Navy grant in the amount of $955,262 for additional EETP-wide Environmental Services as well as continued Project Management within the ACES at the EETP ("Additional Funding") pursuant to that certain Third Amendment to Environmental Services Cooperative Agreement ("ESCA Third Amendment"), as more fully described in the ESCA Third Amendment;

WHEREAS, contemporaneously with this Amendment, the City, LMI and First American Title Guaranty Company ("Fiscal Agent"), executed an amendment ("FAA Third 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, and that certain Second Amendment to Fiscal Agent Agreement dated August 1, 2014 ("Fiscal Agent Agreement"), providing for the management of "Additional funding" in accordance with the terms of the ESCA Third Amendment and this Third Amendment.

WHEREAS, the Parties wish to amend the MIRA to reflect the ESCA Third Amendment, the Additional funding, the FAA Third 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 Third Amendment such that all references in the MIRA to the ESCA shall hereafter include the ESCA Amendment, the ESCA Second Amendment and the ESCA Third 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, the ESCA Second Amendment, and the ESCA Third Amendment, and that the Navy’s payment of the Additional funding shall be deposited with the Fiscal Agent, and held thereafter pursuant to the Fiscal Agent Agreement as amended by the FAA Amendment, the FAA Second Amendment and the FAA Third 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.**

Third Amendment to MIRA
a. Article III: Obligations of the Parties

i. Section 301 regarding Obligations of LMI shall be amended to add a new section (I), which states:

"I. In addition to the foregoing, LMI shall amend the O&M Plan to state that all owners must utilize the annual and five-year review inspection forms that are attached to the O&M Plan. LMI shall prepare the deeds for all conveyances in accordance with the requirements of the O&M Plan and applicable recorded land use covenants that LMI has entered into with DTSC."

b. Article VI: Funding Limitation and Budgeting.

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

ii. Section 402 regarding City’s Funding Limitation shall be amended to include the Additional Funding.

3. Miscellaneous.

a. Entire Agreement. This Third 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 Third Amendment.

b. Original MIRA Remains in Effect. Except as expressly modified or superseded by this Third 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 Third Amendment, the provisions of the Third Amendment shall prevail.

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

d. Authority and Execution. This Third 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 Third Amendment certifies that he or she has been duly authorized to enter into this Third Amendment by the entity on whose behalf it is indicated that the person is signing. To facilitate execution of this Third 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.
IN WITNESS WHEREOF, the Parties hereto have executed this Third Amendment as of the date written above.

**CITY:**

CITY OF VALLEJO, a municipal corporation

By: [Signature]
Name: Daniel E. Keen
Its: City Manager

**LMI:**

LENNAR MARE ISLAND, LLC, a California limited liability company

By: [Signature]
Name: Thomas E. Sheaff
Its: Managing Member

APPROVED AS TO FORM:

By: [Signature]
Name: Claudia Quintana, City Attorney

By: [Signature]
Name: Claudia Quintana
Its: Risk Manager

ATTEST:

By: [Signature]
Name: Dawn G. Abrahamson, City Clerk