

**LABOR RELATIONS DEVELOPMENT  
AGREEMENT FOR THE ALAMEDA POINT REDEVELOPMENT PROJECT,  
FORMER ALAMEDA NAVAL STATION,  
ALAMEDA, CALIFORNIA**

**ARTICLE I - RECITALS AND AGREEMENT**

The provisions of this Agreement shall apply to the Alameda Point Community Partners, LLC (a joint venture of: Shea Homes, Centex Homes, Industrial Realty Group, Morgan Stanley Real Estate) (referred hereto as "Developer") and the Alameda Building and Construction Trade Council of Alameda County, AFL-CIO (referred hereto as the "BTC") on the Alameda Point Development Project, Former Alameda Naval Station, Alameda, California as shall be more particularly described in the Development and Disposition Agreement and in the Exclusive Negotiating Agreement, negotiated with the City of Alameda. This Agreement shall apply to all construction work on the project and with respect to residential work, this Agreement shall apply only to that portion of the residential work classified as prevailing wage work by the Department of Industrial Relations, State of California and/or by the City of Alameda.

This Agreement is entered into the ninth day of August, 2001, between the Developer and the BTC.

The BTC and the Developer agree that the Developer will require of all successful bidders for construction work on this project that, as a condition of award of work, all contractors at all tiers who perform construction work on this Project must be bound to, or agree to be bound to, the attached Project Labor Agreement (attached hereto as "Addendum A") and will not allow any such contractors or subcontractors to perform work unless they become signatory to the attached Project Labor Agreement. The Developer agrees that the Project Labor Agreement will be included as a part of the bid specifications for all covered work on this Project.

The parties to this Agreement acknowledge that the construction of the Project as defined herein is important to the development of Alameda Point. The parties recognize the need for the timely completion of the Project without interruption or delay. This Agreement is intended to enhance this cooperative effort through the establishment of a framework for labor-management cooperation and stability.

The Developer and the Unions agree that the timely construction of this Project will require substantial numbers of employees from construction and supporting crafts possessing skills and qualifications that are vital to its completion. They further agree that the need for apprentices from long-standing, proven apprenticeship programs is critical to the quality construction of this Project. The parties will therefore work together to furnish skilled, efficient craftworkers for the construction of the Project.

Therefore, in recognition of the special needs of this Project and to maintain a spirit of harmony, labor-management peace, and stability during the term of this Agreement, the parties agree that the Project Labor Agreement (Addendum A) establishes an effective and binding methods for the settlement of all misunderstandings, disputes or grievances that may arise.

## ARTICLE II – Successorship

Section 1. This Agreement is and shall be binding and legally effective upon any successor in interest to Developer whether by merger or acquisition and upon any entity which acquires title to the Project whether by sale, lease, or other transfer, or contribution to partnership, joint venture or other entity; provided, however, that this Agreement shall not be binding upon any successor transferee (a “lender Transferee”) who takes title to the site of a project by reason of the default of Developer pursuant to any loan or because of the bankruptcy or insolvency of Developer. This successorship provision shall not apply to successors who will be the end users (as opposed to

developers) for all residential housing which have been fully completed for the portion of the Project being transferred. Any agreement for a sale, lease, or other transfer, or contribution of the Project or an agreement for a merger or acquisition including ownership or control of Developer, other than a transfer to a Lender Transferee, shall include an express assumption of the obligations and undertakings of Developer in this Agreement, including this successorship provision. The Developer shall provide the BTC with notice in writing at the close of any sale, acquisition, merger, lease, other transfer or contribution, other than a transfer to a Lender Transferee, and an original executed assumption of this Agreement by the successor. Any sham transaction by Developer shall not release Developer from any of its obligations or undertakings under this Agreement.

Section 2. The parties hereto agree that in the event Developer breaches Section 1. above, that the actual damages to the Unions affiliated with the BTC or their members who are third party beneficiaries to this Agreement would be unreasonably difficult, costly, inconvenient, or impracticable to calculate. Accordingly, the parties agree to liquidated damages which bear a reasonable relationship to the actual harm suffered. In the event of a breach of Section 1. above, the Developer, shall pay Twenty Five Dollars (\$25.00) for each hour that Covered Work was performed by employees of contractors or subcontractors who are not signatory to this Agreement. The liquidated damages shall be paid as follows: Twelve Dollars and Fifty Cents (\$12.50) per hour to the qualified pension plan and Twelve Dollars and Fifty Cents (\$12.50) per hour to the qualified health and welfare plan of the Union(s) having jurisdiction over the work performed by the contractors(s) or subcontractors(s) not signatory to this Agreement. This shall be the sole remedy for a breach by Developer of Section 1.

Section 3. The Developer shall be released from all subsequent obligations and undertakings of this Agreement, including liability for the payment of liquidated damages under Section 2. with respect to all or any portion of the Project transferred to a successor, provided the Developer satisfies one of the following conditions:

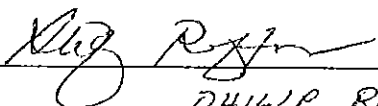
- (a) The transfer of property to a Lender Transferee because of the default, bankruptcy, or insolvency of Developer as provided in Section 1.
- (b) Receipt of written acknowledgements from the Unions that the Unions agree that Developer shall be released from the foregoing obligations, undertakings and liability with respect to the portion of the Project transferred to a successor. Such acknowledgement shall not be withheld if, under all the circumstances, Unions, in the exercise of their reasonable judgment, determine that the successor is financially capable of completing the transferred portion of the Project and complying with its obligations and undertakings under this Agreement; or
- (c) Upon delivery to the Unions by Developer of a "Successor's Assumption." A Successor's Assumption for purposes of this Section 3, (c) consists of (i) an agreement of the Developer's successor assuming all the obligations and undertakings of Developer in this Agreement for that portion of the project which has been transferred to the successor (the "Transferred Project") from the date of the Successor's Assumption, (ii) and reasonable evidence that the successor is a skilled developer who is financially able to perform the remaining obligations as to the development of the Transferred Project.

ARTICLE III - Arbitration

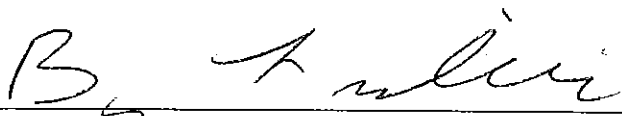
Any dispute between the parties concerning the interpretation and/or application of this Agreement shall be resolved through final and binding arbitration. The parties designate Arbitrator Gerald McKay or, if he is unavailable, Arbitrator Thomas Angelo, as the permanent arbitrators to resolve any such disputes. Each party shall bear their own attorneys' fees and costs of any such arbitration and the parties shall jointly pay the fees of the arbitrator.

Executed this 9<sup>th</sup> day of August, 2001 at Alameda, California.

ALAMEDA POINT COMMUNITY PARTNERS

By:   
PHILIP RAFTON

ALAMEDA BUILDING AND CONSTRUCTION  
TRADES COUNCIL, AFL-CIO

By:   
BARRY LOBOVISKI