

OPTION AGREEMENT

This Option Agreement (this “**Agreement**”) is made and entered into effective as of March 17, 2026 (the “**Effective Date**”), between the City of Redondo Beach, a California charter city and municipal corporation (“**Optionor**”), and Marine Mammal Care Center Los Angeles, a California nonprofit public benefit corporation (“**Optionee**”). Optionor and Optionee are sometimes individually referred to as a “**Party**” and collectively as the “**Parties**” in this Agreement.

RECITALS

A. Optionor is the owner of certain improved real property located at 230 Portofino Way, Redondo Beach, California, referred to in the Legal Description attached to this Agreement as Exhibit “A” (the “**Premises**”). The Premises consists of tidelands granted by the State in trust to the City, and for which disposal of the land is authorized or required subject to conditions established by statute.

B. In order to provide for the redevelopment and revitalization of the Premises, by this Agreement, Optionor is granting to Optionee the sole and exclusive option and right to enter into a long-term lease of the Premises, conditioned upon and subject to Optionee’s performance of established criteria relating to the implementation of the agreed upon redevelopment plan for the Premises. The use and redevelopment of the Premises is consistent with valid state and federal land use restrictions applicable to development in the tidelands within which the Premises is located, including Optionor’s obligations under the California Coastal Act to protect and manage coastal resources by facilitating public access, recreation, habitat protection, public education and scenic values.

NOW, THEREFORE, the Parties agree as follows:

1. Grant of Option. Optionor hereby grants to Optionee the right, privilege and option to lease the Premises (herein, the “**Option**”) from Optionor on the terms and provisions to be set forth in a mutually acceptable lease agreement which will be prepared in accordance with Section 3.1 hereof (the “**Lease**”), and conditioned upon and subject to Optionee’s satisfaction of the conditions and performance of its obligations regarding the implementation of the redevelopment of the Premises as set forth in Section 3 below, as reasonably determined by Optionor. Optionor understands that Optionee has and shall continue to invest resources with regards to and in reliance of the Option granted herein and as such, Optionor agrees that the Option granted herein will be exclusive to Optionee during the term of this Agreement.

1.1 Option Fee. Upon execution of this Agreement, Optionee shall pay to City a nonrefundable option fee in the amount of Five Thousand Dollars (\$5,000) , and another Five Thousand Dollars (\$5,000) upon the Optionee’s exercise of the Option (for a total of Ten Thousand Dollars (\$10,000), as consideration for the Option granted hereby (which consideration is in addition to the other consideration provided by Optionee in the performance of its obligations set forth in this Agreement, and is not applicable to any other payment obligations contained herein or in the Lease).

1.2 Fundraising. Within thirty (30) days of the Effective Date of this Agreement, Optionee shall commence a capital campaign to obtain donations and grants of funds for the construction of the improvements to the Premises (“**Improvements**”), including the formation and appointment of members to a capital campaign committee, and the commencement of outreach efforts to potential donors and funders. Optionee shall use good faith efforts through its capital campaign to obtain cash donations, signed pledges for donations and grants to be used in the construction of the Improvements for:

- a. not less than Four Million Dollars (\$4,000,000) of the total \$15,000,000 goal within five (5) months of the Effective Date of this Agreement,
- b. not less than Eight Million Dollars (\$8,000,000) of the total \$15,000,000 goal within eleven (11) months of the Effective Date of this Agreement, and
- c. not less than Fifteen Million Dollars (\$15,000,000) within eighteen (18) months of the Effective Date of this Agreement, as such time may be extended pursuant to Section 2 hereof.

For purposes hereof, cash donations, signed pledges for donations and grants shall include donation pledges and grants which have informally been approved but are pending final or formal approval, or are otherwise highly probable to be finally and formally approved and disbursed to Optionee.

Optionee shall send monthly written reports to Optionor during the fundraising period detailing its cash donations received, grants approved and donation pledges, including a description of aggregate totals of all cash donations received, grants approved and donation pledges raised against the total \$15,000,000 fundraising goal, and the identities of the donors, grantors and respective donation pledges (but donors requesting anonymity may be identified as anonymous in monthly reports). The monthly written report for the fifth month shall show the total cash donations received, grants approved and donation pledges through the last day of the donation period in subparagraph (a) above. The monthly written report for the eleventh month shall show the total cash donations received, grants approved and donation pledges through the last day of the donation period in subparagraph (b) above. The monthly written report for the eighteenth month shall show the total cash donations received, grants approved and donation pledges through the last day of the donation period in subparagraph (c) above. For donation pledges and grants that have informally been approved but are pending final or formal approval, or are otherwise highly probable to be finally and formally approved and disbursed to Optionee, the monthly written report shall include a description of each pending or probable grant or donation, why it is considered to be informally approved or highly probable, and the actions that are necessary for final or formal approval. Subsequent monthly written reports shall further describe the current status of pending or probable grants or donations that have been included in prior monthly written reports, and total fundraising amounts shall be adjusted in the subsequent monthly reports to reflect the current status of such previously reported pending or probable grants and donations. The monthly written report for the eighteenth month shall provide any additional information as may be reasonably necessary for City to determine whether pending grants and donations are highly probable to be finally and formally approved and disbursed to Optionee.

2. Option Term; Exercise of Option. Upon the satisfaction of the conditions set forth below in Section 2.1 in all material respects, Optionee may exercise the Option by providing Optionor with written notice of exercise (“**Exercise Notice**”) at any time during the Option Term (as defined below). The date that the Exercise Notice is given by Optionee to Optionor during the Option Term is referred to herein as the “**Exercise Date**.” For purposes of this Agreement, “**Option Term**” shall mean the period commencing on the Effective Date and ending eighteen (18) months thereafter. Upon Optionee’s written request, the Option Term and the time for receipt of cash donations and signed donation pledges and grants pursuant to Section 1.2(c) hereof may be extended for up to an additional six (6) months, in Optionor’s sole discretion, provided that Optionee has received cash donations and obtained signed donation pledges and grants for at least eighty percent (80%) of the \$15,000,000 fundraising goal (*i.e.*, at least \$12,000,000) by the end of the original eighteen (18) month Option Term.

2.1 Conditions Precedent to Exercise of Option. Optionee’s right to exercise the Option is contingent upon the satisfaction of the following conditions in all material respects:

a. Preparation and Submission of Elevations. Optionee shall have submitted to Optionor elevation drawings for the Improvements, and Optionor shall have approved such elevation drawings, in accordance with Section 4.1 hereof.

b. Receipt of Cash Donations, Donation Pledges and Grants. Optionee shall have received cash donations, signed pledges for donations and grants of not less than Fifteen Million Dollars (\$15,000,000) for use in the construction of the Improvements in accordance with Section 1.2 hereof.

c. No Default. No event of Default of this Agreement by Optionee, as defined in Section 13 hereof, shall then exist, and no event shall then exist which, with the giving of notice or the passage of time or both, would constitute an event of Default by Optionee.

d. No Litigation. No litigation or other administrative or judicial proceeding that would materially affect Optionee’s ability to carry out its obligations with respect to the Improvements, the Premises, or the Lease, shall have been filed or be pending.

3. Conditions Precedent to Execution of Lease. The Parties shall execute the Lease within thirty (30) days after the satisfaction of the conditions set forth below in this Section 3 in all material respects. In the event that all of the conditions have not been satisfied within thirty-six (36) months after the Optionee’s exercise of the Option, subject to extensions for events of force majeure pursuant to Section 22 hereof, either Party shall have the right to terminate this Agreement by sending notice thereof to the other Party.

3.1 Negotiation and Preparation of Lease. The Parties shall have agreed upon a form of Lease, as follows: Beginning not later than twelve (12) months after the Effective Date, staff and consultants of the Optionor and Optionee shall meet and confer regularly, in good faith, and jointly negotiate the terms of the Lease, based upon the Proposed Lease Terms attached hereto as Exhibit “B,” which the Parties agree are reasonable at this time for the proposed redevelopment and use of the Property, and subject to such changes and additions to the Proposed Lease Terms as the Parties may propose and mutually agree upon in their

reasonable discretion. Upon mutual agreement of the terms of the proposed Lease, Optionor shall prepare and submit to the Optionee a draft Lease. The Parties each covenant and agree to negotiate exclusively with the other Party during the Option Term, in order to negotiate, draft and finalize the Lease. If the Optionor and Optionee have not agreed upon a written Lease within twelve (12) months after the Optionee's exercise of the Option, this Agreement shall automatically terminate, unless the Parties mutually agree to an extension.

3.2 Preparation and Approval of Final Improvement Plans. Prior to execution and commencement of the Lease, the City shall have approved the Improvement Plans in accordance with Section 4.2 hereof, and the Applicable City Permits shall have been issued or shall be ready for issuance.

3.3 Permitting of Improvements By Other Agencies. Prior to execution and commencement of the Lease, Optionee shall have obtained all material governmental permits and approvals from all governmental agencies other than the City having jurisdiction that are necessary for the planning, design and construction of the Improvements, if any (the "**Other Governmental Permits**"). Such governmental agencies may include, but are not necessarily limited to, the California Coastal Commission and the Army Corps of Engineers. All costs associated with the permitting of the Improvements as provided in this Section 3.3 shall be paid for by Optionee. Optionor shall cooperate in all reasonable respects with the permitting of the Improvements as provided in this Section 3.3.

3.4. Financing of Improvements. Prior to execution and commencement of the Lease, Optionee shall have provided to Optionor evidence reasonably satisfactory to Optionor that adequate financing (which is anticipated to include internal equity from Optionee, received cash donations and pledged donations from private and public donors, grants, equity from third party investors, and/or construction loans by a third party lender, or a combination of the foregoing) is available to ensure the construction of the Improvements at the time and in the manner set forth in the Lease, and will be sufficient to pay for hard costs and soft costs of construction, including a reasonable contingency. Optionor shall promptly review such evidence of adequate financing and shall within thirty (30) days after receipt thereof either approve such evidence or deliver to Optionee Optionor's specific objections to such evidence together with Optionor's proposed solution to each objection. Optionor shall not unreasonably withhold, condition or delay Optionor's approval of such evidence. If Optionor duly objects to all or part of such evidence of adequate financing, Optionee shall have the right to deliver to Optionor revised evidence of adequate financing. Within thirty (30) days after receipt of the revised evidence, Optionor shall review the revised evidence and shall notify Optionee in writing of any further objections and/or information required by Optionor and the reasons therefor. The procedure set forth in this Section 3.4 will be repeated until such evidence is approved by Optionor or it is determined that reasonably satisfactory evidence of adequate financing cannot be provided. Examples of evidence of adequate financing that may be submitted for consideration may include, but are not limited to, the following:

a. A proforma statement showing hard costs and soft costs of predevelopment work and construction of the Improvements, including a reasonable contingency.

b. The amount of received cash donations, signed donation pledges, grants, and other capital, if any, to be invested by Optionee for the construction of the Improvements.

c. A firm commitment for a construction loan or loans in a form or forms reasonably acceptable to Optionor.

d. A firm commitment with respect to any permanent financing in a form reasonably acceptable to Optionor.

e. A certified statement identifying all sources of working capital projected in the pro forma statement submitted under subparagraph (a) above.

f. A financial statement of Optionee (or each separate entity or person making up the business venture of Optionee) prepared by a certified public accountant within ninety (90) days prior to its submittal.

g. A statement of all material pending litigation involving Optionee.

h. Three (3) financial references.

3.5 Demolition of Existing Improvements. The demolition and removal of the existing improvements on the Premises shall have been completed in accordance with Section 5 hereof.

3.6 Title Approval. Optionee shall have approved the condition of title to the Premises in accordance with Section 8 hereof, and the title company shall be prepared to issue Optionee, concurrently with the Lease execution, a policy of title insurance insuring Optionee's leasehold interest in the Premises.

3.7 No Default. No event of Default of this Agreement by Optionee shall then exist, and no event shall then exist which, with the giving of notice or the passage of time or both, would constitute an event of Default by Optionee.

3.8 No Litigation. No litigation or other administrative or judicial proceeding that would materially affect Optionee's ability to carry out its obligations with respect to the Improvements, the Premises, or the Lease, shall have been filed or be pending.

3.9 Construction Contract. Optionee shall have entered into, or shall provide evidence satisfactory to Optionor that it is prepared and able to enter into, a general construction contract for the Improvements, with one or more general contractors reasonably acceptable to Optionor.

3.10 Insurance. Optionee shall have submitted to Optionor certificates of the insurance policies required pursuant to the Lease.

3.11 Bonds and Security. Optionee shall have submitted to Optionor its proposed form of payment and performance bonds or alternate security, if required by the Lease, which proposed form shall be reasonably satisfactory to Optionor.

3.12 Construction to Commence. Optionor shall be reasonably satisfied that construction of the Improvements is ready to commence in the time and manner referred to in the construction schedule as provided in the Lease and thereafter will be pursued to completion in a diligent and continuous manner.

3.13 Representations and Warranties. The representations of Optionee contained in this Agreement and the Lease shall be correct in all material respects as of the Lease Commencement Date as though made on and as of that date and, if requested by Optionor, the Optionor shall have received a certificate to that effect signed by Optionee.

3.14 Surplus Land Act Requirements. Optionor shall have resolved to the satisfaction of Optionor any objection or challenge regarding compliance with the Surplus Land Act as set forth in Section 7 hereof, and there shall be no outstanding notice of violation of the Surplus Land Act from HCD.

4. Plans and Elevations for Improvements.

4.1 Preparation of Elevations. Within one hundred eighty (180) days from the Effective Date, Optionee shall cause to be prepared and shall submit to the Optionor high quality elevation drawings from an architectural firm depicting the Improvements to be made to the Premises. The elevation drawings shall include all sides of the Improvements building, and shall be accurate, detailed, and legible, with dimensions, proposed materials, and vertical heights, and shall include a representation of all exterior features such as windows, doors, finishes and rooflines. The City Council shall review and approve, disapprove, or send comments to Optionee within thirty (30) days of receipt of the elevation drawings, in the City Council's reasonable discretion. In the event that the City Council sends comments on the elevation drawings to Optionee, Optionee shall revise and resubmit the elevation drawings to Optionor for the City Council's approval within thirty (30) days after receipt of the City Council's comments. The procedure set forth in this Section 4.1 will be repeated until such elevation drawings are approved by the City Council.

4.2 Preparation of Improvement Plans. Within one hundred eighty (180) days after Optionee's exercise of the Option, Optionee shall prepare and submit to the City of Redondo Beach, in connection with the exercise of its governmental functions as the permitting agency (in such capacity, "City"), a complete set of final plans and specifications for the Improvements consistent with the elevation drawings approved by the City Council (the "**Improvement Plans**"). The Improvement Plans shall be in such form which may be required by the City with respect to any permits and entitlements that are required to be obtained to construct and develop the Improvements. Optionee shall submit to the Optionor such plans for the Improvements as are required by the City in order for Optionee to obtain building and other required permits for the Improvements (as reasonably determined by City). The Improvement Plans shall be accompanied by a cost estimate for the Improvements, including hard costs, soft costs and contingency, and a construction schedule for the construction of the Improvements.

Such construction schedule shall be attached to and incorporated into the Lease. All costs associated with the design of the Improvements and preparation of the Improvement Plans shall be paid for by Optionee. If the City objects to any portion of the Improvement Plans as provided above, Optionee will discuss the objections with Optionor, and Optionee and Optionor will work together in good faith to achieve approval of the Improvement Plans by the City that are acceptable to Optionee. The City, acting in its governmental capacity as the regulatory agency, shall have all rights to review and approve or disapprove all Improvement Plans, land use and entitlement matters, design review, and other required submittals in accordance with the City Municipal Code, and shall retain the same discretion over such matters as it has with respect to any other development applications submitted to City. Nothing set forth in this Agreement shall be construed as City's approval of any or all of the Improvement Plans. In no event shall City's disapproval or failure to approve the Improvement Plans and/or other required submittals be deemed a breach or Default of this Agreement. The procedure set forth in this Section 4.2 will be repeated until such Improvement Plans are approved by City. Upon such approval by City, and City's issuance of all applicable permits for the Improvements as reasonably determined by City (the "**Applicable City Permits**"), or such Applicable City Permits being ready for issuance subject only to the payment of applicable fees, the posting of required security, or both, it shall be conclusively deemed that Optionee has satisfied the condition precedent set forth in this Section 4.2. For clarity and avoidance of doubt, nothing herein is intended nor shall it be construed to restrict Optionor from waiving (in Optionor's sole discretion) the foregoing condition with respect to any Applicable City Permit that Optionor deems minor or ministerial in nature that is normally obtained during the ordinary course of the development at a later date.

5. Demolition of Existing Improvements. Optionor may, in its sole discretion, demolish and remove all of the existing improvements on the Premises prior to the commencement of the Lease. If Optionor demolishes the existing improvements, Optionee shall reimburse Optionor for the actual cost of demolition, in an amount not to exceed Four Hundred Thousand Dollars (\$400,000) (in 2025 dollars), upon execution of the Lease. Optionee shall have no obligation to reimburse Optionor for the costs of such demolition if this Agreement is terminated for any reason prior to execution of the Lease.

If Optionor does not commence the demolition of the existing improvements prior to the Parties' agreement upon the form of the Lease in accordance with Section 3.1 hereof, Optionee shall demolish the improvements prior to and as a condition precedent to the commencement of the Lease. Optionee shall have the right, but not the obligation, in its discretion, to demolish the existing improvements prior to the Parties' agreement upon the form of the Lease. Prior to commencement of such demolition work, Optionee and Optionor shall enter into a mutually acceptable construction management agreement which sets forth the terms and conditions of Optionee's performance of the demolition work. Optionee shall not be entitled to payment or reimbursement for its performance of such work, whether or not the Parties ultimately execute a Lease of the Premises as provided in Section 3 hereof.

6. Use of Premises During Option Period. City may itself use the Premises, or lease or license the use of the Premises to others, at any time prior to execution of the Lease. City shall be responsible for causing all licensees, lessees, or other users and occupants to vacate the Premises prior to the commencement of the Lease. City shall be responsible for any relocation assistance which may be required in connection with any such licensees, lessees, or other occupants of the

Premises. City shall comply and shall cause all licensees, lessees, or other users and occupants to comply with all state, federal and local laws, ordinances, rules and regulations applicable to the use and maintenance of the Premises.

7. Surplus Land Act Compliance. Optionor has previously submitted to the California Department of Housing and Community Development ("HCD") a notice of Optionor's determination, together with written findings regarding Surplus Land Act compliance, that the lease of the Premises to Optionee pursuant to the Lease is exempt from the requirements of the Surplus Land Act, Government Code Section 54220, *et seq.* Optionor shall take all other actions pursuant to the Surplus Land Act and the Surplus Land Act Guidelines which are required, if any, for the lease of the Premises to the Optionee pursuant to the Lease.

8. Title. Optionor shall cause a title insurance company reasonably acceptable to the Parties to issue to Optionee a preliminary title report for the Premises ("Preliminary Report") within thirty (30) days after the Effective Date of this Agreement. Optionee shall have sixty (60) days from receipt of the Preliminary Report to approve or disapprove the condition of title to the Premises. If there are any changes to the Preliminary Report prior to the execution of the Lease, Optionee shall have sixty (60) days after receipt of the revised Preliminary Report to approve or disapprove such changes. Optionor shall not cause any adverse title exceptions or matters to be placed against or encumber title to the Premises that may adversely affect Optionee's leasehold interest in the Premises or Optionee's use and enjoyment thereof. In the event that any such title exception or matter exists, then Optionor shall use good faith reasonable efforts to promptly cure such title exception or matter.

9. Due Diligence. Optionee shall be entitled during the term of this Agreement to undertake and complete physical inspections of the Premises and due diligence related to the Lease of the Premises. Optionor shall provide to Optionee copies of all reasonably available and known documents relating to the Premises, including but not limited to plans, permits and reports (such as environmental, engineering and land surveys) that Optionor has in its possession not later than thirty (30) days following the Effective Date of this Agreement. At Optionor's request, Optionee shall provide Optionor with a copy of the results of any tests and inspections made by or for Optionee, and any reports or studies regarding the Premises made by or for Optionee, at no cost to Optionor. If any inspection or test disturbs the Premises, Optionee will restore the Premises to the substantially the same condition as existed before the inspection or test. Optionee shall defend, indemnify and hold Optionor and its officers, employees, agents and representatives harmless from and against any and all losses, costs, damages, claims or liabilities, including but not limited to, mechanic's and materialmen's liens, arising out of or in connection with Optionee's inspection of the Premises as allowed pursuant to this Section 9.

10. Notices. Any notice required or authorized to be given hereunder or any other communications between the Parties provided for under the terms of this Agreement shall be in writing and shall be served personally or by reputable express overnight courier service or by U.S. certified mail, return receipt requested, in each case addressed to the relevant Parties at the address stated below or at any other address notified by that Party to the other as its address for service. Notice given in accordance herewith shall be effective upon receipt at the address of the addressee, as evidenced by the executed postal receipt or other receipt for delivery. Notice of change of

address shall be given by written notice in the manner detailed in this Section. Any notice shall be addressed as follows:

If to Optionor:

City of Redondo Beach
Waterfront & Economic Development Department
415 Diamond Street
Redondo Beach, CA 90277
Attention: Katherine Buck
with a copy to City Attorney

If to Optionee:

Marine Mammal Care Center Los Angeles
1536 W. 25th Street #272
San Pedro, CA 90732
Attention: John Warner, CEO

11. Assignment. Optionee shall have the right to assign its rights and obligations under this Agreement with Optionor's consent, which consent shall not be unreasonably withheld, upon written notice to Optionor, to any other entity (herein a "**Related Entity**") that is controlled by or is under common control with Optionee. For purposes of this paragraph, the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management, affairs and policies of anyone, whether through the ownership of voting securities, by contract or otherwise. For example, a Related Entity would include a limited liability company of which Marine Mammal Care Center Los Angeles is the sole managing member, or a general or limited partnership in which Marine Mammal Care Center Los Angeles is the managing partner. A Related Entity would not include an entity, for example, in which Marine Mammal Care Center Los Angeles and another nonprofit or for-profit entity are both co-general partners or both co-managing members, or an entity in which a nonprofit or for-profit entity other than Marine Mammal Care Center Los Angeles is the sole general partner or managing member. Without limiting the foregoing, any other proposed assignment of this Agreement (or any of Optionee's rights or interests in connection with this Agreement) by Optionee, shall require the prior written consent of Optionor, which consent may be given or withheld in Optionor's sole and absolute discretion. Prior to any proposed assignment hereunder (except for permitted assignments to Related Entities), Optionee shall submit to Optionor detailed written information regarding the proposed transferee's development and operational experience as relevant to the proposed transfer, detailed information with respect to the financial capacity of the proposed transferee, and the form of a proposed assignment and assumption agreement which requires the assignee to comply with this Agreement. Upon receipt of Optionee's submission Optionor may request further information regarding the experience and financial capacity of the proposed transferee, and such requests shall not be considered an unreasonable withholding or delay of Optionor's consent. In connection with any assignment (including assignments to both Related Entities and unrelated parties), the assignee and Optionee shall execute an assignment and assumption agreement, in a form approved by Optionor, which requires the assignee to comply with this Agreement and assume all obligations and liabilities of Optionee hereunder. A copy of such executed assignment and assumption agreement shall be

delivered to Optionor. Subject to the foregoing restriction on assignment, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties. All assignments hereunder shall be in compliance with the requirements herein for the design, construction and uses of the Improvements.

12. Entire Agreement. This Agreement, together with the Exhibits attached hereto, supersedes any prior agreement or understanding between the Parties and contains the entire agreement of the Parties concerning the subject of this Agreement together with the Exhibits attached hereto.

13. Default and Termination Rights. A Party's failure to perform any material obligation set forth in this Agreement shall constitute a "**Default**" under this Agreement unless such Party cures such failure within thirty (30) days after delivery of written notice of such failure given to such Party, or within sixty (60) days if the failure is not reasonably curable within thirty (30) days. In the event of a Default that remains uncured as provided above, the non-defaulting Party shall have the right to terminate this Agreement effective upon written notice to the defaulting Party.

The failure of Optionee to use good faith efforts to obtain cash donations and signed donation pledges by the times and at the dollar levels set forth in Section 1.2 hereof shall be a Default of this Agreement. However, if Optionee uses reasonable, good faith efforts to obtain cash donations and signed donation pledges and grants by the times and at the dollar levels set forth in Section 1.2 hereof, but fails to timely obtain such cash donations and donation pledges, Optionee shall not be in Default of this Agreement.

Without regard to whether a Default of this Agreement has or has not occurred, each Party shall nonetheless have the right in its sole discretion to terminate this Agreement, without the fault of Optionee, by delivery of written notice to the other Party if Optionee has not timely obtained either the \$4,000,000 monetary level of cash donations, donation pledges and grants required by Section 1.2(a), or the \$8,000,000 monetary level of cash donations, donation pledges and grants required by Section 1.2(b), or the \$15,000,000 monetary level of cash donations, donation pledges and grants required by Section 1.2(c), as such time may be extended pursuant to Section 2 hereof.

14. Attorney's Fees. In the event of any dispute or litigation arising in relation to this Agreement, the prevailing Party shall be entitled to its reasonable attorney's fees and expenses.

15. Governing Law. This Agreement and any lease of the Premises by Optionee shall be governed by the law of the state of California.

16. No Third Parties Benefitted. The terms and provisions of this Agreement are for the sole benefit of Optionor and Optionee, and no third party is intended to benefit herefrom.

17. No Recording. This Agreement shall not be recorded.

18. Counterpart Originals. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument. Facsimile of signatures and copies of signatures sent by electronic pdf shall have the same force and effect as original signatures and each Party shall be entitled to rely upon executed copies of this Agreement transmitted by facsimile and/or electronic pdf to the same and full extent as the originals.

19. Brokers. Optionor and Optionee each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the transaction contemplated hereby, and that no broker or other person, firm or entity is entitled to any commission or finder's fee in connection with said transaction. Optionor and Optionee do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

20. Authority. Optionor and Optionee hereby represent to the other that: (i) such Party validly exists and is in good standing and qualified to do business in the State of California, (ii) such Party has full right and authority to enter into this Agreement, (iii) each person signing on behalf of such Party is authorized to do so, and (iv) the execution and delivery of this Agreement by such Party will not result in any breach of, or constitute a default under any contract or instrument to which such Party is a party or by which such Party may be bound.

21. No Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver.

22. Force Majeure. Performance by either Party hereunder shall not be deemed to be a Default, and the time within which a Party shall be required to perform any act under this Agreement shall be extended by a period of time equal to the number of days during which performance of such act is delayed unavoidably and beyond the reasonable control of the Party seeking the delay, by strikes, lock-outs and other labor difficulties, Acts of God, inclement weather, failure or inability to secure materials or labor by reason of priority or similar regulations or order of any governmental or regulatory body, delays of governmental agencies (except that delays of the City of Redondo Beach shall not excuse delay of performance by Optionor), changes in local, state or federal laws or regulations, any development moratorium or any action of other public agencies that regulate land use, development or the provision of services that prevents, prohibits or delays the design and entitlement of the Improvements, enemy action, civil disturbances, wars, terrorist acts, pestilence or epidemics, fire, earthquakes, floods, storm surges, unavoidable casualties, litigation involving this Agreement, or a governmentally declared emergency or disaster ("Force Majeure Events"). Any extension of time for Force Majeure Events shall be for a reasonable period, and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of the commencement of the cause. Such extension(s)

of time shall not constitute an event of Default and shall occur at the request of any Party. Notwithstanding any provision of this Agreement to the contrary, delays due to inability to obtain cash donations, donation pledges, grants or other financing, other general economic conditions, adverse market conditions, adverse interest rates, and/or the lack of funds or financing to complete the Improvements, shall not constitute Force Majeure Events.

23. Time is of the Essence. Time is of the essence in the performance of all of the terms and conditions of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their respective authorized representatives as of the Effective Date.

OPTIONOR:

City of Redondo Beach,
a California charter city and municipal
corporation

By _____

ATTEST:

Eleanor Manzano, City Clerk

APPROVED AS TO FORM:

Joy A. Ford, City Attorney

OPTIONEE:

Marine Mammal Care Center Los Angeles,
a California nonprofit public benefit corporation

By _____

ESTHER BANDA

[Signature] 3/12/2026

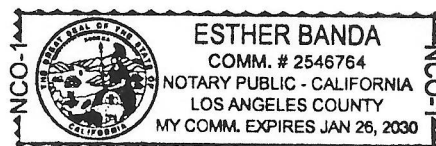


Exhibit A

LEGAL DESCRIPTION OF PREMISES

Beginning at a point on an official Los Angeles County Surveyor's Transit Line, which line is described in Los Angeles County Surveyor's Field Book 2100, pages 21 and 22 and which point is designated as S-12, a point on said Transit Line; thence North $20^{\circ} 45' 03''$ West 261.37 feet to a point on the said Transit Line; thence North $77^{\circ} 23' 54''$ East 200.97 feet to a point, which point is designated H-1, said H-1 also being South $65^{\circ} 43' 19''$ East 46.82 feet from the intersection of the center line of Hermosa Avenue and the center line of Tenth Street, as said intersection is shown on the map of Tract No. 1326, recorded in Book 18, Page 67 of Maps, records of said County and as said intersection is shown in Los Angeles County Surveyor's Field Book No. 1589, page 134, in the office of the County Engineer of said County; thence South $24^{\circ} 59' 36''$ East 516.87 feet; thence South $24^{\circ} 24' 43''$ East 509.95 feet to a point which point is designated H-2, thence South $27^{\circ} 07' 16''$ East 615.37 feet to a point, which point is designated H-3; thence South $65^{\circ} 54' 45''$ West 247.41 feet to a point, which point is designated H-8; thence South $16^{\circ} 39' 50''$ East 956.81 feet to a point, which point is designated H-10; thence South $73^{\circ} 21' 10''$ West 304.94 feet to the true point of beginning; thence South $73^{\circ} 21' 10''$ West 249.75 feet; thence South $16^{\circ} 38' 50''$ East 226.60 feet; thence North $73^{\circ} 21' 10''$ East 72.84 feet to the beginning of a tangent curve concave to the South and having a radius of 630 feet and a central angle of $16^{\circ} 18' 29''$ thence easterly along said curve 179.29 feet; thence North $16^{\circ} 38' 50''$ West 251.94 feet to the true point of beginning.

Containing therein approximately 58,051 square feet.

Exhibit B

PROPOSED LEASE TERMS

Proposal: The Marine Mammal Care Center Los Angeles (“MMCC”), proposes to build, occupy, and operate a state-of-the-art marine mammal rehabilitation hospital and education center at the site of the former Joe’s Crab Shack, 230 Portofino Way, Redondo Beach, CA 90277.

- Facility:**
- 3-story building totaling at least 18,000 SF
 - First Floor and Outdoors - Animal Care, Veterinary Medicine, Research, Staff and Volunteer break room, Visitor Center, Education Programming, Offices, Gift Shop
 - Second Floor – Conference rooms, Offices, Education Programming, Community Partner Space
 - Third Floor – rooftop visitor and community event space
 - Pools and pens for marine mammal patients – outdoor
 - Quality of construction:
 - Materials and finishes of interior and exterior improvements open to visitors (visible to the public) better than the Marine Mammal Center in Sausalito.
 - Materials and finishes of back of house marine mammal care areas similar to or better than the Marine Mammal Center facilities in Sausalito
 - Materials and finishes of interior and exterior improvements which are not open to visitors similar to or better than the Marine Mammal Center facilities in Sausalito
 - Back of house marine mammal care areas and other nonpublic areas shall be adequately architecturally screened from public viewing from Seaside Lagoon, adjacent harbors, docks, walkways, piers, beaches, hotel facilities and restaurants, etc.
 - No chain link fencing will be used in any exterior area of the facility.
 - Facility must offer a full range of activities serving public and visitors, such as viewing of marine mammal patients, guided visitor tours and school field trips, interactive exhibits, programs for public and school groups, marine science and conservation labs and education, and science and art workshops
 - Facility must be designed to minimize impact of facility noise on surrounding neighborhoods and businesses, as well as insulate onsite marine mammals from noise and other impacts generated by existing and future waterfront uses such as BeachLife and other music festivals, Fourth of July fireworks displays, boating and other harbor activities

Location: 230 Portofino Way, Redondo Beach, CA 90277

Expected Cost: \$20M – \$30M construction (in 2025 dollars)

Proposed Lease Terms:

- Term ends 50 years after completion of construction. MMCC may also propose term renewal options, subject to the approval of City in its sole discretion.
- Base Rent of \$60,000 per year (with annual inflation adjustments)
- Base Rent may be offset by cost of marine mammal rescue and rehabilitation services provided by MMCC for benefit of City (which shall not exceed the Base Rent amount)
- No security deposit will be required
- Rent obligations and Term of Lease will begin upon completion of construction. Upon the effective date of the Lease, MMCC will commence the provision of marine mammal rescue and rehabilitation services for the benefit of City at no charge to City, with the value of such services capped at the initial Base Rent amount.
- Percentage rent in an amount to be mutually agreed upon by the parties, not to exceed 10% of gross sales from new earned revenue sources, which may include, without limitation, parking fees, event rental fees, space rental fees, coffee shop or food sales paid by third parties to MMCC, and the incremental increase in gift shop sales.

New earned revenue sources shall not include (i) charitable and/or campaign fundraising revenue from grants, government contracts, donations, or sponsorships, or (ii) existing revenue sources that are currently designated for or required to support animal response and rehabilitation, veterinary medicine, research, and educational activities essential to MMCC's mission.

- MMCC would be responsible at its sole expense for obtaining land use approvals and permits, for demolition of existing improvements, and for construction of new building and site improvements.
- MMCC would be responsible at its sole expense for taxes, utilities, insurance, repairs, maintenance, environmental compliance, and operating costs of the facility.
- Lease would include a use and operating plan that would include requirements for public access to the facility in accordance with Coastal Act and public trust requirements.

- MMCC will accept the Premises in its “As Is” condition, with no City representations regarding the condition of the Premises or its suitability for MMCC’s use.
- City approval will be required for all subleases and assignments. Upon an unapproved sublease or assignment in violation of the Lease, the Base Rent for the Premises will be increased to 110% of fair market rent for the Premises, and all rental adjustments will be increased to 110% of the scheduled adjusted rent.
- MMCC will have no right to retain possession of the Premises past the expiration or termination of the term. In the event that MMCC holds over in violation of the Lease, the rent will be increased to 150% of the fair market rent for the Premises.
- The termination of the Lease will automatically terminate all subleases, unless City elects to continue the subtenancy.
- Lease would contain other provisions commonly found in City ground leases, including without limitation provisions relating to tenant improvements, maintenance, parking, termination rights, indemnity, representations and warranties, and force majeure provisions.