

CRA/LA, A DESIGNATED LOCAL AUTHORITY

MEMORANDUM

DATE: SEPTEMBER 24, 2018

TO: HON. JOHN HEILMAN, CHAIR, AND MEMBERS OF THE LOS ANGELES COUNTY THIRD DISTRICT CONSOLIDATED OVERSIGHT BOARD

FROM: STEVE VALENZUELA, CHIEF EXECUTIVE OFFICER
SUCCESSOR AGENCY TO COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES

SUBJECT: Adopt Resolution of the Los Angeles County Third District Consolidated Oversight Board approving the sale of property by the Successor Agency to the Community Redevelopment Agency of the City of Los Angeles identified as LRPMP Asset ID No. 87 for the Fair Reuse Value of \$166,000.

RECOMMENDATION

That the Third District Consolidated Oversight Board adopt a resolution to approve a Disposition and Development Agreement ("DDA") (Attachment A) with the Developer for sale of the CRA/LA-owned parcel and subsequent development of the proposed Project and authorize the Chief Executive Officer ("CEO") or designee to execute the DDA, execute a Right of Reverter with the City and take such other actions as may be necessary to carryout the transaction.

SUMMARY

The recommended actions would satisfy CRA/LA's obligations under the Settlement Agreement dated as of August 2010 between the Former Agency and M&A Gabae, Arman Gabay and The Charles Company. M&A Gabae, Arman Gabay and The Charles Company assigned their rights under the Settlement Agreement to Summitrose Investments, LP, an entity wholly owned by Mark Gabay. Mark Gabay is also a principal of The Charles Company. The CRA/LA-owned asset is listed on the approved LRPMP as Asset ID No. 87, under the Retained for Enforceable Obligation category.

The requested approvals would authorize the CEO or designee to (i) execute a DDA with the Developer for a 28,500 square foot, high-quality, three-story, office building with office, retail, and restaurant space over subterranean parking; (ii) authorize the conveyance of a 25,337 square-foot CRA/LA-owned site located at 3900 W. Jefferson Boulevard for its fair reuse value of \$166,000; and (iii) authorize negotiation and execution of an Assignment of Reverter with the City.

A summary of key terms of the transaction is included as Attachment B.

PREVIOUS ACTIONS

September 6, 2018 – Governing Board adopted a resolution making environmental findings, adopted a resolution finding the fair reuse value complies with Government Code Section 55201 and approved the Disposition & Development Agreement with Summitrose Investment, LP, including the sale of the property for \$166,000.

January 4, 2018 – Governing Board approval of a four-month extension to the ENA.

September 7, 2017 – Governing Board approval of a five-month extension to the ENA.

April 6, 2017 – Governing Board approval of a 90-day extension to the ENA.

October 6 and 13, 2016 – Governing and Oversight Boards, respectively, approved an Exclusive Negotiating Agreement (“ENA”) with M&A Gabae.

October 7, 2014 – Subsequent to Governing Board and Oversight Board approval, DOF approved the Long Range Property Management Plan that included this asset in the Retained for Enforceable Obligation category.

January 6, 2014 – Governing Board approval of acceptance of a quitclaim deed from the City for the transfer of 3900 W. Jefferson Boulevard.

DISCUSSION & BACKGROUND

The Former Agency entered into a *Settlement Agreement, Release of Claims and Right of First Refusal Related to the Slauson Central Project (August 2010)* (“Settlement Agreement”) with M&A Gabae, Arman Gabay, and The Charles Company (collectively “Gabae”) relating to development of the Slauson Central Shopping Center located at 940-1040 E. Slauson Avenue. In the Settlement Agreement, the Former Agency agreed to provide Gabae with a First Opportunity to Negotiate for the purchase and redevelopment of the CRA/LA-owned property located at 3900 W. Jefferson Boulevard in the Mid-City Recovery Redevelopment Project Area. M&A Gabae, Arman Gabay and The Charles Company assigned their rights under the Settlement Agreement to Summitrose Investments, Inc., an entity wholly owned by Mark Gabay.

The Settlement Agreement provides that if the Project is approved by the Governing Board, subject to Oversight Board approval, the Property would be sold at its fair reuse value. Implementation of the First Opportunity to Negotiate component of the Settlement Agreement was incorporated into the LRPMP by listing the Property in the Retained to Fulfill an Enforceable Obligation category.

Proposed Development

Pursuant to the Settlement Agreement, CRA/LA staff negotiated an Exclusive Negotiating Agreement (“ENA”) with Gabae. The Governing and Oversight Boards approved the ENA in October 2016.

The ENA provides for the parties to negotiate the terms of a DDA for the development of a high-quality commercial office building on the Property and the sale of the Property at its fair reuse value. Accordingly, the proposed DDA requires the Developer to construct a high-quality, three-story, 28,500 square foot commercial office building over subterranean parking. The first floor would contain a building lobby, an approximately 2,575 square foot dine-in restaurant and approximately 3,135 square feet of retail space. The second and third floors would contain approximately 18,130 square feet of medical office space and approximately 4,660 square feet of exterior terrace gardens (Project Renderings, Attachment C). A total of 93 parking spaces would be provided on site.

The Property, located in the Mid-City Recovery Redevelopment Project Area, is bounded by Jefferson Boulevard to the north, an alley to the south, Wellington Road to the east and Virginia Road to the west (Map, Attachment D). It consists of five parcels totaling 25,337 square feet.

The Developer must satisfy various conditions pursuant to the Schedule of Performance in the DDA before the CRA/LA Property is conveyed. Among these conditions are requirements that the Developer provide evidence of financing commitments, execution of a Completion Guaranty and the closing of escrow on the Property within eleven months from the approval of the DDA. Commencement of construction is required within twelve months from approval of the DDA. Project completion is required within twenty-four months of the commencement of construction.

Determination of Fair Reuse Value

The Settlement Agreement provides for sale of the Property at its fair reuse value. Section 52201 of the California Government Code requires CRA/LA to identify the value of the interests being conveyed by CRA/LA pursuant to the DDA. Keyser Marston Associates, Inc., CRA/LA's financial consultant for the Project, prepared a reuse valuation analysis (Section 52201 Summary Report, Attachment E) of the Project based on the financial terms and conditions imposed by the DDA.

To arrive at the indicated fair reuse value, KMA analyzed the Developer's plans and development pro forma. Total development costs (excluding land value) were analyzed for consistency with market factors. Given the Developer's proposed tenant mix, the Project's net operating income (at stabilization) was projected and then capitalized, based on a 7.5% return-on-cost, to arrive at project value. Comparing total development costs to project value results in a residual land value of \$166,000.

The analysis concluded that the fair reuse value of Asset ID 87 is \$166,000. The fair reuse value reflects the requirements in the DDA imposed by CRA/LA on the Developer, including the high-quality development, the inclusion of prevailing wages during construction and the provision of high-quality amenities (e.g. a large exterior garden terrace). These land use controls and public benefits imposed by the DDA result in a discount to the fair market value and the acquisition price to be paid by the Developer in order to make the scope of development financially feasible. An essential element in the estimate of reuse value is the assumption that the conveyance of the Property will result in near-term development, not speculation, with strict limitations on the use of the Property.

CRA/LA's historical cost includes acquisition-related costs and relocation costs of \$2,657,000. CRA/LA's costs are partially mitigated by the Developer's payment of \$166,000. In addition, the affected taxing entities will receive an estimated \$3,600,000 in property tax revenue over thirty years, which has a net present value of \$1,200,000 when discounted at 8%. The estimated fair market value of the Property to be conveyed at the highest use permitted under the zoning in place for the Property is approximately \$3.3 million. Total development costs are \$8,647,000 or \$363 per square foot.

Through private investment, the development of this high-quality Project would replace a vacant, dilapidated building on the Property. Further, completion of the Project will be catalytic to the neighborhood, as it would increase the commercial offerings in the market area by providing new office, restaurant and retail opportunities. With 18,130 square feet of office space and 5,710 square feet of retail/restaurant space, the Project would generate an estimated 89 permanent jobs which represents at least one full-time equivalent permanent job for every twenty-eight

thousand dollars (\$28,000) of CRA/LA investment in the Project after full capacity and implementation. These employees would activate the area in and around the Project, potentially bringing in new clientele to the existing retail and dining establishments in the area. In addition, office building clientele will bring increased activity to the area.

Summitrose Investments, LP and The Charles Company

Summitrose Investments, LP is a Delaware Limited Partnership. Mark Gabay is its only limited partner. Its general partner is WVJ, Inc. a California Corporation. Mark Gabay is the sole shareholder and officer of WVJ, Inc. Arman Gabay is not involved with Summitrose Investments, LP.

Mark Gabay is also a principal of The Charles Company, which he runs with his brother, Arman Gabay. The Charles Company, a real estate development and investment partnership founded in 1979, has developed over 85 projects throughout California and Nevada and currently owns over six million square feet of commercial space valued at over \$1 billion. The company controls and administers all aspects of acquisition, design planning, property management, and leasing through its in-house staff. Mark Gabay is co-managing partner, handling all Charles Company financial matters and property investments. Arman Gabay is co-managing partner and lead negotiator focusing on the development side of the business.

As reported in various publications on May 16, 2018, Arman Gabay was arrested and charged with at least one felony count of bribing a Los Angeles County employee in exchange for a government lease worth \$45 million. The ongoing investigation is being conducted by the Federal Bureau of Investigation. To mitigate concerns about Arman Gabay's involvement with the proposed agreement and subsequent development, the Gabay parties have assigned their rights under the Settlement Agreement to Summitrose Investments, LP, an entity wholly owned by Mark Gabay.

Assignment of Reverter

Following approval by DOF in March 2013 of the Housing Assets Transfer Schedule ("HATS"), the CRA/LA transferred all approved housing assets and functions to the Los Angeles Housing Department ("LAHD") (since renamed as HCID), the City's duly-authorized housing successor. CRA/LA erroneously included the 3900 W. Jefferson Boulevard property in the HATS, which was quitclaimed to the LAHD. To fulfill its obligations under the Settlement Agreement, CRA/LA requested that the City transfer the Property back to CRA/LA. The City agreed with CRA/LA's request. As set forth in the LRPMP, if the Property is not conveyed to the Developer pursuant to an approved development agreement, the Property will be transferred back to the City as a housing asset.

Pursuant to the DDA, if an event of default has occurred under Section 9.3 (Fault of Developer) following the close of escrow and prior to the time when the Developer is entitled to issuance of a certificate of completion, then CRA/LA may, in addition to other rights granted in the DDA, re-enter and take possession of the Property with all improvements on the Property. CRA/LA's rights under Section 9.4 will terminate once the Developer is entitled to a Certificate of Completion. If the Property were to revert to CRA/LA, it would need to be conveyed to the City. Therefore, staff also recommends approval to negotiate and execute an Assignment of Reverter to allow the City to take possession of the Property in the event of a Developer default.

On or before September 14, 2018, CRA/LA posted a 10-Day Notice of the proposed sale in compliance with Health & Safety Code Section 34181(f).

SOURCE OF FUNDS

No funding is being requested for this item.

ROPS AND ADMINISTRATIVE BUDGET IMPACT

There is no ROPS impact anticipated with this action.

Net Sales Proceeds: There will be certain costs deducted from the gross sales prices, including closing costs. All net sales proceeds received from escrow will be deposited in the Successor Agency's Community Redevelopment Property Trust Fund for distribution to the affected taxing entities.

ENVIRONMENTAL REVIEW

CRA/LA, acting as lead agency, adopted the Mitigated Negative Declaration after a public hearing on September 6, 2018. No appeals have been submitted to date.

By:



Steve Valenzuela
Chief Executive Officer

There is no conflict of interest known to me which exists with regard to any CRA/LA officer or employee concerning this action.

Attachments

- Attachment A - Disposition and Development Agreement
- Attachment B - Transaction Summary
- Attachment C - Project Renderings
- Attachment D - Map
- Attachment E - Section 52201 Summary Report (included for informational purposes)

DISPOSITION AND DEVELOPMENT AGREEMENT

by and between

CRA/LA, A DESIGNATED LOCAL AUTHORITY

and

SUMMITROSE INVESTMENTS, LP

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DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (this "Agreement") is made as of _____, 2018, by and between CRA/LA, a Designated Local Authority ("CRA/LA"), and Summitrose Investments, LP, a Delaware limited partnership (the "Developer"), with reference to the following facts, purposes, and understandings.

RECITALS

A. These Recitals refer to and utilize certain capitalized terms that are defined in Article 1 of this Agreement. The Parties intend to refer to those definitions in connection with their use in these Recitals.

B. As of February 1, 2012, The Community Redevelopment Agency of the City of Los Angeles (the "Former Agency") was dissolved pursuant to California Health & Safety Code Section 34172. In accordance with California Health & Safety Code Section 34173(d)(3), CRA/LA was formed to serve as the successor agency to the Former Agency. In accordance with California Health & Safety Code Section 34175(b) all property and assets of the Former Agency were transferred to CRA/LA.

C. CRA/LA is responsible for implementation of the Redevelopment Plan for the Mid-City Recovery Redevelopment Project Area adopted by the City Council of the City of Los Angeles by Ordinance No. 171064 on May 10, 1996. The Redevelopment Plan affects and controls development and use of all real property located within an area within the City of Los Angeles, California, more particularly described and set forth in the Redevelopment Plan.

D. CRA/LA is the owner of parcels of real property located within the Project Area at 3900-3924 West Jefferson Boulevard, Los Angeles, California, as more particularly described in Exhibit A.

E. The Former Agency entered into that certain Settlement Agreement, Release of Claims and Right of First Refusal Related to the Slauson Central Retail Project dated as of January 31, 2011 (the "Settlement") with M&A Gabae, a California limited partnership, Arman Gabay and The Charles Company.

F. The Settlement provided M&A Gabae, Arman Gabay and The Charles Company a first opportunity to negotiate for the acquisition of the Property at its fair reuse value.

G. M&A Gabae, Arman Gabay and The Charles Company have assigned their rights under the Settlement Agreement to develop the Property to the Developer.

H. The Developer desires to construct a 3-story mixed-used building over subterranean parking. The first floor will contain a building lobby, a dine-in restaurant, approximately 2,575 square feet in size, and approximately 3,135 square feet of general retail. The second and third floors will contain approximately 18,130 of medical office or general office

space together with nearly 4,600 square feet of exterior terrace garden. Approximately 93 parking spaces will be included in the Project.

I. Upon satisfaction of specified preconditions to be performed by the Developer as set forth in Article 2 of this Agreement, CRA/LA will convey its fee estate in the Property to the Developer for the consideration and upon the terms set forth in this Agreement, and the Developer shall construct and cause the Project to be operated in the manner specified in this Agreement.

J. CRA/LA has concluded that the Developer has the necessary expertise, skill, and ability to carry out the commitments contained in this Agreement.

K. Pursuant to CEQA, CRA/LA (in its capacity as "lead agency") has prepared, reviewed, and adopted the Initial Study/Mitigated Negative Declaration for 3900 West Jefferson Boulevard dated as of February 2018.

NOW, THEREFORE, CRA/LA and the Developer agree as follows:

ARTICLE 1.
DEFINITIONS

Section 1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, the following capitalized words shall have the following meanings:

(a) "Affiliate" means any Person which (1) directly or indirectly through one or more intermediaries, (x) Controls, or (y) is Controlled by, or (z) is under common Control with, Developer or (2) owns twenty-five percent (25%) or more of the equity interest (whether beneficially or of record) of Developer.

(b) "Agreement" shall mean this Disposition and Development Agreement.

(c) "Bank" has the meaning set forth in Section 2.10.

(d) "Building Permit" shall mean an excavation, foundation or other building permit issued by the City in connection with the construction of the Improvements.

(e) "CEQA" shall mean the California Environmental Quality Act (California Public Resources Code Section 21000 et seq.), and its implementing guidelines.

(f) "Certificate of Completion" shall mean that certificate issued by CRA/LA to the Developer pursuant to Section 5.6.

(g) "City Approvals" shall mean, collectively, zoning approvals, conditional use permit and any other discretionary approvals required for construction of the Project. For definitional purposes in this Agreement, "City Approvals" do not include the Building Permit.

(h) "Close of Escrow" shall have the meaning set forth in Section 3.6.

- (i) "Collateral" has the meaning set forth in Section 2.10.
- (j) "Concept Design Drawings" shall mean the drawings attached to the Scope of Development.
- (k) "Construction Contract" shall mean the contract or contracts for the construction of the Improvements to be entered into by the Developer with its general contractor (and such other contractors contracting directly with the Developer for construction of all or a portion of the Improvements).
- (l) "Control" shall mean (i) direct or indirect management or control of the managing member or members in the case of a limited liability company; (ii) direct or indirect management or control of the managing general partner or general partners in the case of a partnership and (iii) (a) boards of directors that overlap by fifty percent (50%) or more of their directors, or (b) direct or indirect control of a majority of the directors in the case of a corporation.
- (m) "CRA/LA" shall mean CRA/LA, a Designated Local Authority
- (n) "CRA/LA Board" shall mean CRA/LA's Governing Board.
- (o) "CRA/LA Event of Default" shall mean any default by CRA/LA as set forth in Section 9.2.
- (p) "Design Development Drawings" shall mean the design development drawings described in Section 4.3(b).
- (q) "Developer" shall mean Summitrose Investments, LP, a Delaware limited partnership and wholly owned by Mark Gabay or any permitted transferee of the Developer in accordance with Section 7.4.
- (r) "Developer Event of Default" shall mean any default by the Developer as set forth in Section 9.3, subject to any applicable notice and cure rights set forth therein.
- (s) "Effective Date" shall mean the date which is the later of (i) the date this Agreement is executed by the Developer, (ii) the date this Agreement is approved and executed by CRA/LA.
- (t) "Escrow" shall mean the escrow opened with the Escrow Holder to close the transactions described in Article 3.
- (u) "Escrow Holder" shall mean Chicago Title Company, 725 South Figueroa Street, Suite 200, Los Angeles, California 90017; Attn: Joan Hawkins.
- (v) "Final Construction Drawings" shall mean the construction drawings described in Section 4.3(c).

(w) "Financing Plan" shall mean the Developer's plan for financing the Project submitted to CRA/LA pursuant to Section 2.2.

(x) "Grant Deed" shall mean the grant deed by which CRA/LA conveys its fee estate in the Property to the Developer. A form of the Grant Deed is attached to this Agreement as Exhibit E.

(y) "Hazardous Materials" shall mean:

(1) Those substances included within the definitions of "hazardous substances", "Hazardous Materials", "toxic substances", or "solid waste" in the Comprehensive Environmental Response Compensation and Liability Act of 1980 (42 U.S.C. §§ 9601 et seq.) ("CERCLA"), as amended by Superfund Amendments and Reauthorization Act of 1986 (Pub. L. 99-499 100 Stat. 1613) ("SARA"), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §§6901 et seq.) ("RCRA"), and the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801 et seq., and in the regulations promulgated pursuant to said laws, all as amended;

(2) Those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302 and amendments thereto);

(3) Any material, waste or substance which is (A) petroleum, (B) asbestos, (C) polychlorinated biphenyls, (D) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. §§ 1251 et seq. (33 U.S.C. §§1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. §§ 1317); (E) flammable explosives; or (F) radioactive materials;

(4) Any toxic or hazardous waste, material or substance or any oil or pesticide listed in, covered by, or regulated pursuant to, any state or local law, ordinance, rule or regulation applicable to the Property, as heretofore or hereafter amended; and

(5) Such other substances, materials and wastes which are or become regulated as hazardous or toxic under applicable local, state or federal law, or the United States government, or which are classified as hazardous or toxic under federal, state, or local laws or regulations.

The term "Hazardous Materials" shall not include: construction materials, gardening materials, household products, office supply products, medical supplies and equipment or janitorial supply products customarily used in the construction, maintenance, rehabilitation, use, occupancy or management of a medical office building and its supporting parking structure, and which are used and stored in accordance with all applicable environmental ordinances and regulations.

(z) "Hazardous Materials Laws" shall mean environmental and health and safety laws, regulations, ordinances, administrative decisions, common law decisions (whether federal, state, or local) with respect to Hazardous Materials, including those relating to soil and groundwater conditions.

(aa) "Improvements" shall mean a 3-story mixed-use building over subterranean parking, with (1) a first floor containing a building lobby, a dine-in restaurant approximately 2,575 square feet in size, approximately 3,135 square feet of general retail and parking; (2) a second and third floor containing approximately 18,130 of medical or general office space together with nearly 4,600 square feet of exterior terrace garden; and (3) approximately 93 parking spaces, all as more particularly described in the Scope of Development.

(bb) "Official Records" means the Official Records of Los Angeles County.

(cc) "Outside Date" shall mean 5:00 p.m. PDT on the first anniversary of the Effective Date of this Agreement, the final date for the disposition of the Property to the Developer by CRA/LA, as such date may be extended by Section 10.4.

(dd) "Parties" shall mean CRA/LA and the Developer.

(ee) Party shall mean either CRA/LA or the Developer depending on the context.

(ff) "Permitted Exceptions" shall mean the following exceptions to title with respect to the Property:

- (1) the Redevelopment Plan;
- (2) the lien of any non-delinquent property taxes and assessments;
- (3) all existing easements over, under and across the Property for public utilities, which do not preclude Developer's intended use of the Property;
- (4) any incidental easements or other matters affecting title which do not preclude or materially impair Developer's intended use of the Property;
- (5) applicable building and zoning laws and regulations;
- (6) the provisions of this Agreement;
- (7) other matters created by, through or under Developer; and
- (8) such other exceptions to title as may hereafter be mutually approved by CRA/LA and the Developer.

(gg) "Person" or "Persons" shall mean any individual, partnership, joint venture, corporation, limited liability company, limited liability partnership, trust or other entity, private or public with the power and authority to act and conduct business on its own behalf.

(hh) "Pro Forma" shall mean the preliminary sources and uses for the development of the Project, a copy of which is attached as Exhibit C.

(ii) "Project" shall mean (i) the Property and (ii) the Improvements as more fully set forth in the Scope of Development.

(jj) "Project Area" shall mean the Mid-City Recovery Redevelopment Project Area.

(kk) "Project Documents" shall mean the design and construction documents developed pursuant to Section 4.2.

(ll) "Property" shall mean the approximately 25,337 square foot parcel located at 3900-3924 West Jefferson Boulevard, Los Angeles, California, as more particularly described in Exhibit A attached to this DDA.

(mm) "Schedule of Performance" shall mean the summary schedule of actions to be taken by the Parties pursuant to this Agreement to achieve the disposition of the Property to the Developer and the construction of the Improvements. The Schedule of Performance is attached to this Agreement as Exhibit B.

(nn) "Schematic Design Drawings" shall mean the initial drawings for the Project showing site plans, elevations and landscape features for the Improvements as more particularly described in Section 4.3(a).

(oo) "Scope of Development" shall mean the description of the basic physical characteristics of the Project, including a basic site plan, which will serve as a basis for the Developer's application for the City Approvals and for the preparation of the Project Documents. The Scope of Development is attached to this Agreement as Exhibit D.

(pp) "Security Financing Interests" has the meaning set forth in Section 8.1.

(qq) "Title Company" shall mean Chicago Title Company, 725 South Figueroa Street, Suite 200, Los Angeles, California 90017.

(rr) "Title Policy" has the meaning set forth in Section 3.3.

(ss) "Transfer" shall mean a transfer of this Agreement or an interest in the Developer, as more particularly described in Section 7.1.

Section 1.2 Exhibits. The following exhibits are attached to and incorporated into this Agreement:

- Exhibit A: Legal Description of the Property
- Exhibit B: Schedule of Performance
- Exhibit C: Pro Forma
- Exhibit D: Scope of Development
- Exhibit E: Form of Grant Deed
- Exhibit F: Public Art Policy
- Exhibit G: Policy of Payment of Prevailing Wages
- Exhibit H: Form of Memorandum of DDA

Exhibit I: Form of Completion Guaranty

ARTICLE 2.
PREDISPOSITION REQUIREMENTS

Section 2.1 CRA/LA's Conditions Precedent to Close of Escrow. As conditions precedent to the Close of Escrow for the Property, the conditions set forth in this Article 2 must first be met by the times specified for such conditions in the Schedule of Performance (as such times may be extended pursuant to Section 10.4) or, if no time is so specified, on or before the Close of Escrow. Satisfaction of these conditions depends on performance by the Developer. Only CRA/LA can waive satisfaction of the conditions in this Article 2.

Section 2.2 Financing Plan. The Developer has provided CRA/LA with a preliminary development Pro Forma, a copy of which is attached as Exhibit C, setting forth the Developer's current estimate of sources and uses of funds for development of the Project. The Pro Forma is intended to serve as a guide for the preparation of the Financing Plan, although the Parties acknowledge that the actual Financing Plan will be based on more refined cost estimates.

No later than the time specified in the Schedule of Performance, the Developer shall submit to CRA/LA, for CRA/LA's review and approval, a proposed Financing Plan. The proposed Financing Plan shall include: (1) a projected cost estimate breakdown for development based upon design documents and contemplated government permits and approvals; (2) a true copy of each letter of interest from lenders, mortgage brokers and/or equity partners to provide funds in the amounts necessary to fully finance the projected costs of development of the Improvements; and (3) a sources and uses table identifying the proposed use of each source of funding for the Improvements during the construction period.

CRA/LA's review of the Financing Plan shall be for the purpose of determining (a) if the contemplated financing will be reasonably available, (b) if the contemplated financing will provide sufficient funds for development of the Project consistent with the terms of this Agreement, (c) if the proposed use of the funds will comply with the requirements of the funding source and (d) if the funds will otherwise be provided on terms consistent with the terms and conditions of this Agreement.

CRA/LA shall review the proposed Financing Plan and shall approve or disapprove the Financing Plan within thirty (30) days of receipt. Failure of CRA/LA to approve or disapprove the Financing Plan within thirty (30) days of receipt shall be deemed to be approval by CRA/LA. Any disapproval of a proposed Financing Plan shall state in writing the reasons for disapproval and the changes which CRA/LA requests. The Developer shall thereafter submit a revised Financing Plan to CRA/LA for its approval within thirty (30) days of CRA/LA's notification of disapproval. CRA/LA shall either approve or disapprove the revised Financing Plan within thirty (30) days of receipt. Failure of CRA/LA to approve or disapprove the Financing Plan within thirty (30) days of receipt shall be deemed to be approval by CRA/LA. If the revised Financing Plan is disapproved, then the Developer shall have thirty (30) days to submit a further revised Financing Plan. The periods for submission of a revised Financing Plan, review, and

approval or disapproval shall continue to apply until (a) a Financing Plan has been approved or deemed approved by CRA/LA or (b) the Outside Date.

Section 2.3 Insurance. Within the time specified in the Schedule of Performance, the Developer shall furnish to CRA/LA the type and amounts of insurance specified in Section 5.12. CRA/LA shall be named as additional insured on the policies specified therein. The Developer shall require that all worker compensation insurance policies carried by the general contractor and subcontractors working on the Improvements include a waiver of subrogation in favor of CRA/LA.

Section 2.4 Intentionally Omitted.

Section 2.5 City Approvals. No later than the time specified in the Schedule of Performance, the Developer shall have obtained all City Approvals necessary for the Improvements. Such City Approvals shall not be deemed to have been obtained unless and until any periods for appeal therefrom or legal challenge thereto have elapsed without any appeal or challenge having been filed.

Section 2.6 No Litigation. There is no existing, pending or threatened litigation, suit, action or proceeding before any court or administrative agency affecting CRA/LA or the Developer or the Property that would, if adversely determined, adversely affect the Property or the Developer's or CRA/LA's ability to perform their obligations under this Agreement or the Developers' ability to develop and operate the Project.

Section 2.7 Final Construction Drawings. No later than the time specified in the Schedule of Performance, the Developer shall have obtained CRA/LA approval of the Final Construction Drawings pursuant to Section 4.3(c).

Section 2.8 Building Permits. No later than the time specified in the Schedule of Performance, the Developer shall obtain the Building Permit for the construction of the Improvements. This condition shall be deemed complete if the Developer delivers evidence reasonably acceptable to CRA/LA that the City is ready to issue the Building Permit in favor of the Developer upon payment of applicable fees by the Developer.

Section 2.9 Construction Contract. No later than the time specified in the Schedule of Performance, the Developer shall have obtained CRA/LA approval of each Construction Contract in accordance with Section 5.13 below.

Section 2.10 Completion Guaranty. No later than the time specified in the Schedule of Performance, the Developer has provided CRA/LA with a completion guaranty consisting of (a) a letter from Wells Fargo Bank ("Bank") stating that the total of (i) Developers assets held by Bank together with (ii) any line of credit provided by Bank to the Developer (collectively the "Collateral") are at least one hundred ten percent (110%) of the total estimated cost of the Improvements, and that Bank shall notify CRA/LA in writing in the event that Bank becomes aware at any time prior to the date that the Certificate of Completion is issued that the Collateral is less than at least one hundred ten percent (110%) of the then-remaining cost of completing the Improvements, and (b) a guaranty from the Developer pursuant to which the Developer guaranties the completion of the Improvements.

ARTICLE 3.
DISPOSITION OF PROPERTY

Section 3.1 Purchase and Sale. Provided the predisposition requirements set forth in Article 2 and the additional closing conditions set forth in Section 3.4 have been satisfied, CRA/LA shall sell to the Developer, and the Developer shall purchase from CRA/LA, the Property pursuant to the terms, covenants, and conditions of this Agreement.

Section 3.2 Purchase Price. The Purchase Price for the Property shall be One Hundred Sixty Six Thousand Dollars (\$166,000) to be paid by the Developer at the Close of Escrow.

Section 3.3 Opening Escrow. To accomplish the conveyance of the Property from CRA/LA to the Developer, by the date specified in the Schedule of Performance, the Parties shall establish an escrow and execute and deliver to the Escrow Holder written instructions that are consistent with this Agreement. At Close of Escrow, Title Company shall provide Developer (at Developer's sole cost and expense) an ALTA owner's policy of title insurance issued by the Title Company insuring fee title to the Property vested in Developer subject only to the Permitted Exceptions (the "Title Policy")

Section 3.4 Additional Closing Conditions. Subject to the satisfaction of all predisposition conditions to the Close of Escrow set forth in this section, the Close of Escrow shall occur and CRA/LA shall convey, and the Developer shall accept conveyance of, a fee interest in the Property pursuant to the Grant Deed.

The following shall constitute conditions to the completion of the Close of Escrow:

- (a) The conditions precedent set forth in Article 2 above shall have been satisfied.
- (b) The Developer shall have deposited the following with the Escrow Holder: (i) the Purchase Price, (ii) a copy of the Memorandum of DDA in recordable form and (iii) any other documents that may be reasonably requested by the Escrow Holder and the Title Company and that are customarily delivered in connection with the closing of real estate transactions in Los Angeles County.
- (c) There shall exist no condition, event or act which would constitute a Developer Event of Default or which, upon the giving of notice or the passage of time, or both, would constitute a Developer Event of Default.
- (d) The representations and warranties of Developer as set forth in Section 10.1 remain true and correct in all material respects. There has been no material adverse change in the financial condition of the Developer as of the date of the Close of Escrow.
- (e) Title Company shall be prepared to issue the Title Policy without any exceptions other than the Permitted Exceptions.

(f) There is no existing or, to the Developer's or CRA/LA's actual knowledge, pending litigation, suit, action or proceeding before any court or administrative agency affecting the Developer or the Property that would, if adversely determined, adversely affect CRA/LA, Developer or the Property or CRA/LA's or Developer's ability to perform its obligations under this Agreement.

(g) The construction financing for the Project is ready to close simultaneously with the conveyance of the Property.

(h) CRA/LA shall have deposited the following with the Escrow Holder (i) the Grant Deed, in recordable form, (ii) an owner's affidavit as reasonably and customarily required by the Title Company, (iii) a FIRPTA Certificate, and (iv) any other documents that may be reasonably requested by the Escrow Holder and the Title Company and that are customarily delivered in connection with the closing of real estate transactions in Los Angeles County.

Section 3.5 Deposit of Documents. Within ten (10) business days after the satisfaction or waiver of all of the conditions set forth in Article 2, the Parties shall deposit into Escrow any and all documents and funds necessary to effectuate the Close of Escrow. Each such agreement, instrument and document shall be duly executed, and in recordable form if it is to be recorded.

Section 3.6 Close of Escrow. Provided that all of the conditions set forth in Article 2 have been satisfied or waived and all of the documents set forth in Section 3.5 have been deposited into Escrow, Escrow Holder shall do all of the following:

(a) Complete all blank spaces, if any, in the Grant Deed and Memo of DDA, including the effective dates thereof;

(b) Attach thereto final and accurate legal descriptions consistent with the title policies required under this Agreement;

(c) Deliver copies of fully executed originals of Grant Deed and the Memo of DDA to the appropriate parties; and

(d) Cause to be recorded or distributed (as set forth below) the following documents:

(1) Record in the Official Records the Grant Deed conveying the Property to the Developer;

(2) Record in the Official Records the Memo of DDA;

(3) File any informational reports required by Internal Revenue Code Section 6045(e), as amended, and any other applicable requirements;

(4) Deliver the FIRPTA Certificate, if any, to the Developer;

(5) Forward to both the Developer and CRA/LA a separate accounting of all funds received and disbursed for each party and copies of all executed and recorded or filed documents deposited into Escrow, with such recording and filing date and information endorsed thereon;

(6) Provide the Title Policy to Developer; and

(7) Distribute or record such other documents as may be specified in the Parties' escrow instructions, if any.

The date on which the Escrow Holder records the last of the above items shall be the "Close of Escrow."

Section 3.7 Additional Escrow Instructions. The Parties shall execute such further escrow instructions as Escrow Holder may require; provided that Escrow Holder shall not require the imposition of any additional obligations or liabilities on the Parties. Such further escrow instructions shall not modify the provisions of this Agreement unless the Parties otherwise expressly provide for such modification in such additional instructions.

Section 3.8 Condition of Title to the Property. CRA/LA shall convey the fee interest in the Property to the Developer free of all liens, encumbrances, clouds, conditions, and rights of occupancy and possession, except the (a) the Permitted Exceptions, (b) reservations, licenses, easements and rights of way in, to, over or affecting the Property for any purpose whatsoever that are existing as of the date of this Agreement and have been disclosed to Developer in writing or are otherwise known to Developer or would be apparent or discoverable by an ALTA survey of the Property.

Section 3.9 Condition of the Property.

(a) "As Is" Conveyance.

(1) **THE DEVELOPER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT CRA/LA IS CONVEYING THE PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT THE DEVELOPER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS (EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT) OR IMPLIED, FROM CRA/LA AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: (A) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, TOPOGRAPHY, CLIMATE, AIR, WATER RIGHTS, WATER, GAS, ELECTRICITY, UTILITY SERVICES, GRADING, DRAINAGE, SEWERS, ACCESS TO PUBLIC ROADS AND RELATED CONDITIONS); (B) THE QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF SOILS, GEOLOGY AND GROUNDWATER, (C) THE EXISTENCE, QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF UTILITIES SERVING THE PROPERTY, (D) THE DEVELOPMENT POTENTIAL OF THE PROPERTY, AND THE PROPERTY' USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE PROPERTY OR ANY PARTICULAR PURPOSE, (E) THE**

ZONING OR OTHER LEGAL STATUS OF THE PROPERTY OR ANY OTHER PUBLIC OR PRIVATE RESTRICTIONS ON THE USE OF THE PROPERTY, (F) THE COMPLIANCE OF THE PROPERTY OR THEIR OPERATION WITH ANY APPLICABLE CODES, LAWS, REGULATIONS, STATUTES, ORDINANCES, COVENANTS, CONDITIONS AND RESTRICTIONS OF ANY GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITY OR OF ANY OTHER PERSON OR ENTITY, (G) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS ON, UNDER OR ABOUT THE PROPERTY OR THE ADJOINING OR NEIGHBORING PROPERTY, AND (H) THE CONDITION OF TITLE TO THE PROPERTY. THE DEVELOPER AFFIRMS THAT THE DEVELOPER HAS NOT RELIED ON THE SKILL OR JUDGMENT OF CRA/LA OR ANY OF ITS RESPECTIVE AGENTS, EMPLOYEES OR CONTRACTORS TO SELECT OR FURNISH THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT CRA/LA MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE. THE DEVELOPER ACKNOWLEDGES THAT IT SHALL USE ITS INDEPENDENT JUDGMENT AND MAKE ITS OWN DETERMINATION AS TO THE SCOPE AND BREADTH OF ITS DUE DILIGENCE INVESTIGATION WHICH IT SHALL MAKE RELATIVE TO THE PROPERTY AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, WHETHER THE PROPERTY IS LOCATED IN ANY AREA WHICH IS DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY). THE DEVELOPER UNDERTAKES AND ASSUMES ALL RISKS ASSOCIATED WITH ALL MATTERS PERTAINING TO THE PROPERTY' LOCATION IN ANY AREA DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY.

(2) Developer's Release of CRA/LA. The Developer, on behalf of itself and anyone claiming by, through or under the Developer hereby waives its right to recover from and fully and irrevocably releases CRA/LA, its Governing Board and Oversight Board, employees, officers, directors, representatives, and agents (the "Released Parties") from any and all claims, responsibility and/or liability that the Developer may have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to (i) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the Property, or their suitability for any purpose whatsoever, (ii) any presence of Hazardous Materials, and (iii) any information furnished by the Released Parties under or in connection with this Agreement.

(3) Scope of Release. The release set forth in Section 3.9(a)(2) hereof includes claims of which the Developer is presently unaware or which the Developer does not presently suspect to exist which, if known by the Developer, would materially affect the Developer's release of the Released Parties. The Developer specifically waives the provision of

any statute or principle of law that provides otherwise. In this connection and to the extent permitted by law, the Developer agrees, represents and warrants that the Developer realizes and acknowledges that factual matters now unknown to the Developer may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and the Developer further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that the Developer nevertheless hereby intends to release, discharge and acquit CRA/LA from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, the Developer, on behalf of itself and anyone claiming by, through or under the Developer, hereby assumes the above-mentioned risks and hereby expressly waives any right the Developer and anyone claiming by, through or under the Developer, may have under Section 1542 of the California Civil Code, which reads as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Developer's Initials: m.g.

(b) The provisions of this section shall survive the termination of this Agreement.

Section 3.10 Real Estate Commissions. Neither Party has obtained or engaged the services of a real estate broker in this transaction. If a real estate commission is claimed through either Party in connection with the transaction contemplated by this Agreement, then the Party through whom the commission is claimed shall indemnify, defend and hold the other Party harmless from any liability related to such commission. The provisions of this Section shall survive termination of this Agreement.

Section 3.11 CRA/LA Participation. If at any time during the ten (10) year period following the issuance of a Certificate of Occupancy for the Project, Developer sells the Project to a unaffiliated third party in a bona fide arms-length transaction, Developer shall pay to CRA/LA fifty percent (50%) of all net sales proceeds received by the Developer in excess of Twelve Million Five Hundred Thousand Dollars (\$12,500,000), up to a maximum payment to CRA/LA of Two Million Five Hundred Thousand Dollars (\$2,500,000).

ARTICLE 4. DESIGN REQUIREMENTS

Section 4.1 Design in Conformance with Scope of Development and Concept Design Drawings. In designing and constructing the Project, the Developer shall cause all subsequent design documents to be substantially consistent with the Scope of Development attached as Exhibit D and the Concept Design Drawings. The Scope of Development and the Concept Design Drawings shall establish the baseline design standards from which the Developer shall prepare all subsequent Project Documents.

Section 4.2 Project Documents. The Developer shall cause its architect to proceed diligently to prepare Schematic Design Drawings, Design Development Drawings and Final Construction Drawings for the proposed Project, substantially consistent with the Scope of Development and the Concept Design Drawings, including, without limitation, such drawings as may reasonably be required to show the location, bulk, height and other principal external features of the proposed Project. In connection with its submittal to CRA/LA for its reasonable approval, the Developer shall provide to CRA/LA such elevations, sections, plot plans, specifications, diagrams and other design documents at each of the stages described in Section 4.3 ("Project Documents"), as may reasonably be required by CRA/LA for its review. The Project Documents shall incorporate the relevant mitigation measures adopted by CRA/LA and the City in conjunction with their CEQA review and final approval of the Project and any conditions imposed by the City's entitlements process.

Section 4.3 Submittal and Review of Design and Construction Documents. Within the times set forth in the Schedule of Performance, the Developer shall submit to CRA/LA the Project Documents in the following stages based on the Concept Design Drawings:

(a) Schematic Design Drawings. The Schematic Design Drawings shall Logically Evolve, as defined below, from the approved Concept Design Drawings, by clearly defining the development of the Improvements. These drawings shall include floor plans, elevations, features in public areas, landscape features, locations for signs, public art elements and artist participation, parking facilities with all spaces indicated, building sections indicating general construction techniques and major building materials under consideration, potential exterior materials, the colors and textures to be used, and the off-site public improvements to be implemented by the Developer. Key interior, exterior, and structural bay dimensions shall be established and a detailed tabulation of floor area by use provided.

(b) Design Development Drawings. The Design Development Drawings shall be based on the Schematic Design Drawings and the Scope of Development. The Design Development Drawings shall indicate estimated wall thickness, structural dimensions, and delineation of site features and elevations, the building core, materials and colors, fine art, landscaping, a refined exterior signage plan and other features reasonably required by CRA/LA. The drawings shall fix and describe all design features, as well as the size, character, and quality of the entire Project as to architectural, structural systems. Key details shall be provided in preliminary form. Samples of key materials to be used in publicly visible areas shall accompany the Design Development Drawings submittal.

(c) Final Construction Drawings. The Final Construction Drawings are to be a continuation of approved Design Development Drawings. The Final Construction Drawings must provide all the detailed information necessary to obtain a building permit to build the Improvements including complete building, mechanical systems, site, landscape, exterior signage and fine art construction details, requirements, standards, and specifications, excluding tenant improvements. The Developer shall provide additional material samples upon the reasonable request of CRA/LA.

(d) Public Art Program. The Developer agrees to conform to all the requirements of CRA/LA's Public Art Policy, attached hereto as Exhibit F (the "Public Art

Policy"). The Developer shall consult with CRA/LA's Cultural Arts Planner for guidance on meeting the requirements of the Public Art Policy expending one hundred percent (100%) of the art funds on-site art. The Developer's plan (art plan for on-site art or cultural facility plan) is subject to review by CRA/LA. The requirements of the Public Art Policy shall be developed, submitted and acted upon in accordance with the Schedule of Performance.

Section 4.4 Approval of Project Documents. Within the times set forth in Section 4.6, CRA/LA shall have the right to review and approve the Project Documents. The purpose of CRA/LA's review of the Project Documents is to ensure consistency with the Scope of Development, the provisions of this Agreement, and conformance to the Redevelopment Plan. Provided that the architectural submittals meet the requirements set forth in Section 4.2, CRA/LA shall be required to approve those Project Documents which Logically Evolve from concepts set forth in previously approved Project Documents. For purposes of this Article 4, the phrases "Logical Evolution" or "Logically Evolve" means a refinement or amplification of the Concept Design Drawings into subsequently approved architectural drawings and design material which flow naturally and foreseeably therefrom, which reflect good architectural and engineering design and local construction practices, code requirements, applicable plan check and permit conditions, and the timely availability of materials.

Section 4.5 New Material Concerns. If CRA/LA determines that there are material changes which are not Logical Evolutions from previously approved Project Documents or which raise material concerns that were not reviewable in previously approved Project Documents, in approving or disapproving such Project Documents, CRA/LA shall act in its reasonable discretion. Any disapproval of the new Project Documents shall be in writing and shall state with reasonable specificity the reasons for CRA/LA's disapproval.

Section 4.6 Approval Process. CRA/LA shall approve or disapprove submittals under this Article 4 within thirty (30) days after receipt of the submittal from the Developer. Failure of CRA/LA to approve or disapprove such submittals within thirty (30) days shall be deemed to be approval of such submittals. In the event that CRA/LA disapproves a submittal of the Project Documents pursuant to Section 4.4 or Section 4.5, CRA/LA shall submit a list of reasons for such disapproval to the Developer (and such list will include sufficient specificity for Developer to be able to reasonably determine the reasons for such disapprovals), together with its notice of disapproval. Upon receipt of such a list, the Developer shall have twenty (20) business days to resubmit a revised submittal. Again, upon CRA/LA's receipt of a revised submittal, CRA/LA shall have ten (10) business days (or in the event CRA/LA Board action is required as soon as reasonably possible) to approve or disapprove of the revised design. If, in CRA/LA's reasonable judgment, CRA/LA Board action is not required to consider the revised submittal, failure to approve or disapprove within ten (10) business days shall be deemed to be approval of such change.

Section 4.7 No Change in Project Documents. Subject to the provisions of Section 4.5, once CRA/LA has approved Final Construction Drawings, the Developer shall not make any material changes (as defined in Section 5.3(b) below) in those documents which would materially impact the matters set forth in Section 4.3 without the prior written approval of CRA/LA, acting in its reasonable discretion and within the time periods set out in Section 4.6, provided, however, that after the commencement of construction, any document submitted to

CRA/LA for its approval shall be deemed approved, if not reasonably disapproved, within fifteen (15) business days following receipt by CRA/LA.

Section 4.8 Additional Permits and Approvals. Within the time specified in the Schedule of Performance (as such times may be extended pursuant to Section 10.4 or by mutual agreement of the Parties), Developer shall obtain all permits and approvals necessary to construct the Improvements including the City Approvals and the Building Permit. All applications for such permits and approvals shall be consistent with the approved Project Documents. The Developer shall not obtain a building permit for a phase of construction until CRA/LA has approved the Final Construction Drawings for that phase in accordance with Section 4.5. The Developer acknowledges that execution of this Agreement by CRA/LA does not constitute approval by the City of any required permits, applications, or allocations, and in no way limits the discretion of the City in the permit, allocation and approval process. CRA/LA shall provide reasonable assistance to the Developer in securing such permits and approvals.

Section 4.9 CRA/LA Review. The Developer shall be solely responsible for all aspects of the Developer's conduct in connection with the Project, including, but not limited to, the quality and suitability of the Project Documents, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by CRA/LA with reference to the Project is solely for the purpose of determining whether the Developer is properly discharging its obligations to CRA/LA under this Agreement, and should not be relied upon by the Developer or by any third parties as a warranty or representation by CRA/LA as to the quality of the design or construction of the Improvements.

ARTICLE 5. CONSTRUCTION OF THE IMPROVEMENTS

Section 5.1 Commencement of Construction. The Developer shall commence construction of the Improvements within the time set forth in the Schedule of Performance. Construction shall be deemed to commence on the date the Developer starts physical work on the Property pursuant to a valid Building Permit from the City.

Section 5.2 Completion of Construction. The Developer shall diligently prosecute to completion the construction of the Improvements, and shall complete construction of the Improvements within the time set forth in the Schedule of Performance. As between CRA/LA and the Developer, the Developer shall be solely responsible for the construction of the Improvements, including all costs of construction.

Section 5.3 Construction Pursuant to Scope and Plans.

(a) The Developer shall construct the Improvements in accordance with the Scope of Development, the approved Final Construction Drawings, and the terms and conditions of all City and other governmental approvals.

(b) The Developer shall submit or cause to be submitted for CRA/LA approval any proposed change in the Final Construction Drawings which materially changes the size, location, or elevations of the Improvements, including the landscape and/or hardscape, or

signage of the Improvements, or which materially changes the quality or appearance of the exterior materials of the Improvements, or which would require an amendment to any City Approval prior to making such change. CRA/LA shall reasonably approve or disapprove a proposed material change within fifteen (15) days after receipt by CRA/LA. Failure to approve or disapprove within fifteen (15) days shall be deemed to be approval of such change. If CRA/LA rejects the proposed material change, then CRA/LA shall provide the Developer with the specific reasons therefor, and the approved Final Construction Drawings shall continue to control. The Developer shall submit all change orders to CRA/LA, however, only change orders that meet the requirements set forth in the first sentence of this Section 5.3(b) shall require the approval of CRA/LA.

(c) No change which is required for compliance with building codes, government health and safety regulations or other applicable laws or regulations, or to comply with changes or corrections required of the Developer in the plan check process shall be deemed material. However, the Developer must submit to CRA/LA any change that is required for such compliance within ten (10) days after making such change, and such change shall become a part of the approved Final Construction Drawings, binding on the Developer.

Section 5.4 Mechanics' Liens. The Developer shall indemnify CRA/LA and hold CRA/LA harmless against and defend CRA/LA in any proceeding related to any mechanic's lien, stop notice or other claim brought by a subcontractor, laborer or material supplier who alleges having supplied labor or materials in the course of the construction of the Improvements by the Developer. This indemnity obligation shall survive the issuance of a Certificate of Completion by CRA/LA and the termination of this Agreement.

Section 5.5 Compliance with Applicable Law. The Developer shall cause all work performed in connection with construction of the Improvements to be performed in compliance with (a) all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter, (including, without limitation, the prevailing wage provisions of Sections 1770 et seq., of the California Labor Code), and (b) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by any governmental agency having jurisdiction, and the Developer shall be responsible for the procurement and maintenance thereof, as may be required of the Developer and all entities engaged in work on the Property.

Section 5.6 Certificate of Completion. When the obligations of the Developer under this Article 5 have been met, the Developer may request that CRA/LA issue a certificate to such effect (a "Certificate of Completion") in a form recordable in the Official Records, which CRA/LA shall provide within thirty (30) days after such a request if the Developer has met the requirements for such issuance. CRA/LA shall issue the Certificate of Completion upon the completion of the following obligations: (a) the City has issued a certificate of occupancy or a temporary certificate of occupancy for the Improvements to allow occupancy by the general public, (b) the Developer has caused the completion of construction of the Improvements in substantial accordance with the Final Construction Drawings and the Scope of Development, and (c) the Developer has completed all of the obligations set forth in this Agreement to be

completed prior to the completion of the Improvements, as reasonably determined by CRA/LA. Such certification shall not be deemed a notice of completion under the California Civil Code, nor shall it constitute evidence of compliance with or satisfaction of any obligation of the Developer required by Section 5.7, or to any holder of deed of trust securing money loaned to finance the Project or any portion thereof. If the Developer requests issuance of a Certificate of Completion, but CRA/LA refuses, then CRA/LA shall provide the Developer with a written explanation of its refusal (containing sufficient specificity for the Developer to reasonably determine the reason for the refusal) within ten (10) days after the Developer's request.

Section 5.7 Prevailing Wages.

(a) The Developer shall pay or cause to be paid to all workers employed in connection with the development of the Improvements, not less than the prevailing rates of wages, as provided in the statutes applicable to CRA/LA public work contracts, including without limitation Sections 33423-33426 of the California Health and Safety Code and Sections 1770-1780 of the California Labor Code, in accordance with CRA/LA's Policy on Payment of Prevailing Wages By Private Redevelopers or Owner-Participants dated February 1986, set forth as Exhibit G, receipt of which is hereby acknowledged. In addition to any restitution required by CRA/LA's Policy and/or applicable law, any developer or owner determined by CRA/LA to have violated any provision of CRA/LA's Policy, shall forthwith pay the following as a penalty to CRA/LA or the State of California, if directed:

(1) Payment of less than prevailing wages: Fifty Dollars (\$50) per calendar day, or portion thereof, for each worker paid less than prevailing wages;

(2) Failure to provide all reasonably requested records and/or provide access to job site or workers: Five Thousand Dollars (\$5,000) per calendar day, or portion thereof.

(b) If the construction work covered under this Agreement is financed in whole or in part with assistance provided under a program of the U.S. Department of Housing and Urban Development or some other source of federal funding, the Developer shall comply with or cause its general contractor and all subcontractors to comply with the requirements of the Davis-Bacon Act (40 U.S.C. 276 et. seq.). The Davis-Bacon Act requires the payment of wages to all laborers and mechanics at a rate not less than the minimum wage specified by the Secretary of Labor in periodic wage rate determinations as described in the Federal Labor Standards Provisions (HUD-4010). In the event both State Prevailing wages and Davis-Bacon Act wages will be required, all works shall be paid at the higher of the two wage rates.

(c) Prior to the commencement of construction, and as soon as practicable in accordance with the Schedule of Performance, the Developer shall contact CRA/LA to schedule a preconstruction orientation meeting with the Developer and with the general contractor to explain such matters as the specific rates of wages to be paid to workers in connection with the development of the Improvements, preconstruction conference requirements, record keeping and reporting requirements necessary for the evaluation of the Developer's compliance with this Section 5.7.

(d) The Developer shall monitor and enforce the prevailing wage requirements imposed on its contractors and subcontractors, including withholding payments to those contractors or subcontractors who violate these requirements. In the event that the Developer fails to monitor or enforce these requirements against any contractor or subcontractor, the Developer shall be liable for the full amount of any underpayment of wages, plus costs and attorneys' fees, as if the Developer was the actual employer, and CRA/LA or the State Department of Industrial Relations may withhold monies owed to the Developer, may impose penalties on the Developer in the amounts specified herein, may take action directly against the contractor or subcontractor as permitted by law, and/or may declare the Developer in default of this Agreement (subject to the notice and cure rights provided in this Agreement) and thereafter pursue any of the remedies available under this Agreement.

(e) Any contractor or subcontractor who, as of the date of this Agreement is debarred by the Labor Commissioner pursuant to Section 1777.1 of the California Labor Code is ineligible to bid on the construction of the Improvements or to receive any contract or subcontract for work covered under this Agreement. The Developer agrees to include, or cause to be included, this paragraph (e) in all bid specifications for work covered under this Agreement.

(f) Any contractor or subcontractor who, at the date of this Agreement, is listed in the Lists of Parties Excluded From Federal Procurement or Nonprocurement Programs issued by the U.S. General Services Administration pursuant to Section 3(a) of the Davis-Bacon Act is ineligible to receive a contract for work covered under this Agreement, if the covered work is Federally funded in whole or in part.

(g) Any contractor or subcontractor that is at the time of bidding debarred or declared non-responsible under CRA/LA's Contractor Responsibility Policy or the City's Contractor Responsibility Ordinance is ineligible to bid on the construction of the Improvements or to receive any contract or subcontract for work covered under this Agreement. The Developer agrees to include, or cause to be included, this paragraph (g) in all bid specifications for work covered under this Agreement.

(h) The Developer agrees to include, or cause to be included, the above provisions in all bid specifications for work covered under this Agreement.

(i) The Developer shall indemnify, hold harmless and defend (with counsel reasonably acceptable to CRA/LA) CRA/LA against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including the Developer, its contractor and subcontractors) to pay prevailing wages as determined pursuant to Labor Code Sections 1720 et seq. and implementing regulation or comply with the other applicable provisions of Labor Code Sections 1720 et seq. and implementing regulations of the Department of Industrial Relations in connection with construction of the improvements or any other work undertaken or in connection with the Site. This indemnity obligation shall survive the issuance of a Certificate of Completion by CRA/LA and the termination of this Agreement.

Section 5.8 Progress Reports. Until a Certificate of Completion has been issued by CRA/LA, the Developer shall provide CRA/LA with periodic progress reports, as reasonably requested by CRA/LA (but not more than once every calendar month), regarding the status of the construction of the Improvements. Such report shall consist of an executive summary of the work to date, including, but not limited to, the causes for any delays and the work that is anticipated for the following month, a reasonable number of construction photographs taken since the last report submitted to CRA/LA, and shall be in form reasonably acceptable to CRA/LA.

Section 5.9 Entry by CRA/LA. Until a Certificate of Completion has been issued by CRA/LA, the Developer shall permit CRA/LA, upon reasonable prior notice, through its officers, agents, or employees, to enter the Property during normal business hours to inspect the work of construction to determine that such work is in substantial conformity with the Scope of Development and the approved Final Construction Drawings or to inspect the Property for compliance with this Agreement. Additionally, until a Certificate of Completion has been issued by CRA/LA, the Developer shall retain at the Property, its offices, or such other location reasonably acceptable to CRA/LA, all original receipts, invoices, contracts, agreements and other paperwork documenting the expenditure of all funds for labor and materials related to the Project. Upon two (2) business days' prior written notice to the Developer, CRA/LA shall have access to all such original documentation for review and/or duplication. CRA/LA is under no obligation to (a) supervise construction, (b) inspect the Property, or (c) inform the Developer of information obtained by CRA/LA during any inspection. The Developer shall not rely upon CRA/LA for any supervision or inspection. The rights granted to CRA/LA pursuant to this section are in addition to any rights of entry and inspection the City may have in exercising its municipal regulatory authority.

Section 5.10 Non-Discrimination During Construction; Equal Opportunity. The Developer (for purposes of this Section 5.10, the term "Developer" shall include Developer's contractors), for itself, its successors and assigns, and transferees agrees that in the construction of the Project provided for in this Agreement:

(a) The Developer will not discriminate against any employee or applicant for employment because of race, color, religion, creed, national origin, ancestry, disability, actual and perceived, medical condition, age, marital status, sex, sexual orientation, Acquired Immune Deficiency Syndrome (AIDS), actual or perceived, or retaliation for having filed a discrimination complaint ("Nondiscrimination Factors"). The Developer will take affirmative steps to ensure that applicants are employed by the Developer, and that its employees are treated without regard to the Nondiscrimination Factors during employment including, but not limited to, activities of: upgrading, demotion or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Developer agrees to post in conspicuous places, available to its employees and applicants for employment, the applicable nondiscrimination clause set forth herein.

(b) The Developer will ensure that its solicitations or advertisements for employment are in compliance with the aforementioned nondiscrimination factors; and

(c) The Developer will cause the foregoing provisions to be inserted in all contracts for the construction of the Project entered into by the Developer after the Effective Date of this Agreement and shall ensure that its general contractor shall insert the foregoing provisions in the general contractor's subcontracts; provided, however, that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

Section 5.11 Affirmative Outreach in Employment and Contracting Procedures, Including Utilization of Minority and Women Businesses. The Developer and CRA/LA acknowledge and agree that it is the policy of CRA/LA to promote and ensure economic advancement of minorities and women as well as other economically disadvantaged persons through employment and in the award of contracts and subcontracts for construction in redevelopment project areas.

(a) Use of Disadvantaged and Local Businesses. The Parties hereby acknowledge that California Health and Safety Code Section 33422.1 provides: "To the greatest extent feasible, contracts for work to be performed in connection with any redevelopment project shall be awarded to business concerns which are located in, or owned in the substantial part by persons residing in, the project area." Therefore, in consideration of the assistance provided to the Project by CRA/LA, Developer hereby agrees:

(1) To the greatest extent feasible, Developer shall seek out and award and require the award of contracts and subcontracts for development of the Site to contracting firms which are located or owned in substantial part by persons residing in the Redevelopment Project Area, and to promote outreach to minority-owned, women-owned and other businesses. This requirement applies to both the construction and operation of the Improvements.

(2) This paragraph shall require significant efforts of the Developer and its contractors but shall not require the hiring of any person unless such person has the experience and ability, and, where necessary, the appropriate trade union affiliation, to qualify such person for the job.

(b) Employment of Project Area Residents. The Parties hereby acknowledge that California Health and Safety Code Section 33422.3 provides: "To insure training and employment opportunities for lower-income project area residents, the agency may specify in the call for bids for any contract over one hundred thousand dollars (\$100,000) for work to be performed in connection with any redevelopment project that project area residents, if available, shall be employed for a specified percentage of each craft or type of workmen needed to execute the contract or work." Therefore, in consideration of the assistance provided to the Project by CRA/LA, Developer agrees as follows: Developer shall in all general contracts for the construction of the Improvements (and its contractors shall in all subcontracts thereunder), require that to the greatest extent feasible, the labor force in all categories be comprised of residents of the Redevelopment Project Area; and

(c) General Information. During the construction of the Improvements, the Developer shall provide to CRA/LA such information and documentation as reasonably requested by CRA/LA to carry out this Section 5.11. The Developer shall monitor and enforce

the affirmative outreach and equal opportunity requirements set forth in this Agreement. In the event the Developer fails to monitor or enforce these requirements, CRA/LA may declare the Developer in default of this Agreement (subject to the notice and cure rights provided in this Agreement) and thereafter pursue any of the remedies available under this Agreement.

Section 5.12 Insurance Requirements.

(a) Required Coverage. Developer, its contractors, subcontractors and/or agents shall furnish or cause to be furnished to CRA/LA duplicate originals of the insurance policies, complete with additional insured and loss payee endorsements, as applicable pursuant to this Agreement. Developer shall, until Developer's obligations under this Agreement are paid and discharged in full, maintain and keep in full force and effect any insurance required by CRA/LA, issued by companies approved and regulated by the State Department of Insurance including, without limitation:

(1) General Liability. General liability insurance, to protect against claims for damages due to bodily injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Property and the Improvements, or in connection with the operation thereof, resulting directly or indirectly from any acts or activities of CRA/LA or Developer or any person acting for CRA/LA or Developer, or under their respective control or direction, and also to protect against claims for damages to any property of any person occurring on or about the Property and the Improvements, or in connection with the operation thereof, caused directly or indirectly by or from acts or activities of CRA/LA or Developer or its tenants or any person acting for CRA/LA or Developer, or under their respective control or direction. Such property damage and bodily injury insurance shall also provide for and protect CRA/LA against incurring any legal cost in defending claims for alleged loss. Such bodily injury and property damage insurance shall name CRA/LA as additional insured. Such general liability insurance shall be in minimum limits of One Million Dollars (\$1,000,000) per occurrence with a Three Million Dollar (\$3,000,000) aggregate; provided, however, the limitation on the amount of insurance shall not limit the responsibility of the Developer to indemnify CRA/LA or pay damages of injury to persons or property resulting from Developer's activities or the activities of any other person or persons for which Developer is otherwise responsible.

(2) Property Insurance. Fire insurance in an amount not less than the full insurable value of the Improvements with extended coverage including fire, windstorm, flood, vandalism, malicious mischief, earthquake (if commercially available at reasonable rates or as otherwise required), boiler and machinery if applicable, and other such perils customarily covered by an "All Risk" policy. The term "full insurable value" as used above shall mean the actual replacement cost (excluding the cost of excavation, foundation and footings below the lowest floor and without deduction for depreciation) of the Improvements immediately before such casualty or other loss, including the cost of construction of the Improvements, architectural and engineering fees, and inspection and supervision. To ascertain the amount of coverage required, Developer shall cause the full insurable value to be determined from time to time by appraisal by the insurer, by agreement between CRA/LA and Developer or by an appraiser mutually acceptable to CRA/LA and Developer, not less often than once every three (3) years.

(3) Workers' Compensation. Maintain or cause to be maintained workers' compensation insurance in statutory limits and Employer's Liability in minimum limits of not less than One Million Dollars (\$1,000,000), issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the workers' compensation laws now in force in California, or any laws hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such workers' compensation insurance shall cover all persons employed by Developer and its contractors and subcontractors in connection with the Property and the Improvements and shall cover claims for death, bodily injury, illness, or disease made by, for or on behalf of any person incurring or suffering injury, death, illness or disease in connection with the Property or the Improvements or the operation thereof by Developer.

(4) Automobile Insurance. Automobile insurance coverage in minimum limits of not less than One Million Dollars (\$1,000,000) shall be required by Developer and/or Developer's contractors and sub-contractors hired to perform work on the Property for owned, hired, leased, and non-owned autos and shall be received by CRA/LA prior to the commencement of any work being performed on Property.

(5) Professional Liability Insurance. Developer shall use its best efforts to cause architects and engineers providing services to the Development to carry Professional Liability Insurance covering the Errors and Omissions exposure in an amount not less than \$1,000,000. Prior to the commencement of construction on the Property, Developer shall furnish or cause to be furnished to CRA/LA duplicate originals or appropriate certificates of such coverage.

(6) Additional Insureds. All required insurance policies shall not be subject to cancellation, reduction in coverage, or non-renewal except after notice in writing shall have been sent by registered mail addressed to CRA/LA not less than thirty (30) days prior to the effective date thereof (ten (10) days for nonpayment of premiums). All policies where applicable must name CRA/LA as additional insured. The insurance policies or endorsements shall also contain a waiver of subrogation for the benefit of CRA/LA.

(7) Excess Coverage. Any umbrella liability policy or excess liability policy shall be in "following form" and shall contain a provision to the effect that, if the underlying aggregate is exhausted, the excess coverage will drop down as primary insurance.

(8) Changes in Insurance Requirements. CRA/LA reserves the right at any time during the term of this Agreement to change the amounts and types of insurance required hereunder by giving the Developer ninety (90) days written, advance notice of such change. If such change(s) should result in substantial additional cost to the Developer, CRA/LA agrees to negotiate the payment to Developer to offset the increased costs in proportion to the increased benefit to CRA/LA.

(b) Payment of Premiums. All insurance provided under this Article 5 shall be for the benefit of Developer, CRA/LA. Developer agrees to timely pay all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. If Developer fails or refuses to

procure or maintain insurance as required by this Agreement, CRA/LA shall have the right, at CRA/LA's election, and upon ten (10) days' prior notice to Developer and all mortgagees entitled to notice, to procure and maintain such insurance. The premiums paid by CRA/LA shall be reimbursed by Developer to CRA/LA within ten (10) days following written demand by CRA/LA.

(c) Insurance Companies. Insurance required to be maintained pursuant to this Agreement shall be written by companies licensed to do business in California and having a "General Policyholders Rating" of at least "A" (or such higher rating as may be required by a Mortgagee) as set forth in the most current issue of "best's Key Rating Guide."

(d) Certificates of Insurance. The Developer shall monitor the insurance of Developer's contractors and maintain proof of such insurance during construction. The Developer shall deliver to CRA/LA certificates of insurance with original endorsements for all coverages required by this Agreement.

(e) Notification of Incidents. The Developer shall promptly notify CRA/LA of the occurrence of any accidents or incidents in connection with the Project which could give rise to a claim under any of the insurance policies required under this Section 7.13. The Developer shall notify its insurer of the occurrence of any accidents or incidents in connect with the Project within the time periods required under each insurance contract and shall provide a copy of that notice to CRA/LA. During construction, the Developer shall require the contractors to comply with the requirements of this Section 5.12 (e).

(f) Full Insurable Value. The term "full insurable value" shall mean the actual replacement cost (without deduction for depreciation) of the covered improvements immediately before such casualty or other loss, including the cost of construction of the improvements, architectural and engineering fees, and inspection and supervision. Developer shall make available to CRA/LA upon request, for its review and approval, all documents, data and resources used in determining the full insurable value.

(g) No Cancellation. All policies of insurance shall not be subject to cancellation, reduction in coverage, or non-renewal except after notice in writing shall have been sent to CRA/LA not less than ten (10) days prior to expiration or thirty (30) days prior to the effective date of any other cancellation, amendment or reduction in coverages.

(h) Certificates. The Developer shall submit insurance certificates with appropriate endorsements as proof of insurance required by this Agreement to CRA/LA prior to commencement of construction.

(i) Blanket Policies Compliance. The insurance described in this Section 5.12 may be carried under a policy or policies covering other liabilities and locations of the Developer and/or may be satisfied in whole or in part under any plan of self-insurance permitted hereunder from time to time.

(j) Waiver of Subrogation. The Developer shall use its reasonable efforts to ensure that each policy of property insurance relating to the Project shall permit a waiver of subrogation.

(k) Insurance Notices. Developer shall send all required insurance information to CRA/LA's Risk Management Division at 448 S. Hill Street, Suite 1200, Los Angeles, CA 90013. All correspondence shall reference the title of this Agreement.

Section 5.13 Construction Contract. No later than the time specified in the Schedule of Performance, the Developer shall submit to CRA/LA for review and approval a copy of each construction contract that the Developer proposes to enter into for construction of the Improvements. CRA/LA's review and reasonable approval of a proposed construction contract shall be limited to a determination of the following: (a) that the scope and cost of work have been clearly fixed and are consistent with the scope and cost set forth in the Project Documents and (b) the Financing Plan and that the provisions of each of the construction contracts are consistent with the provisions of this Agreement. CRA/LA shall approve or disapprove each construction contract within fifteen (15) days following the date of the submission of the construction contract. CRA/LA's failure to either reasonably approve or disapprove the proposed construction contract within such fifteen (15)-day period shall be deemed approval. Any disapproval of a proposed construction contract shall state in writing, with reasonable specificity, the reasons for disapproval and the changes which CRA/LA requests. The Developer shall thereafter submit, or cause to be submitted, a revised construction contract to CRA/LA for its approval within ten (10) days after receipt of CRA/LA's notification of disapproval. If the revised construction contract is disapproved, then the Developer shall have an additional ten (10) days to submit a further revised construction contract. The periods for submission of a revised construction contract, review, and approval or disapproval shall continue to apply until a construction contract has been approved or deemed approved by CRA/LA.

ARTICLE 6.
OBLIGATIONS WHICH CONTINUE THROUGH
AND BEYOND THE COMPLETION OF CONSTRUCTION

Section 6.1 Use of the Project. Throughout the term of the Redevelopment Plan, the Developer shall not use or operate the Property for any use other than the as contemplated in this Agreement or for such other uses as may be consistent with all City and other governmental approvals and the Redevelopment Plan.

Section 6.2 Maintenance. The Developer hereby agrees that, after the Close of Escrow and prior to completion of construction of the Improvements, the Property shall be maintained in a neat and orderly condition and in accordance with industry health and safety standards, and that, once the Project is completed, the Project shall be well maintained as to both external and internal appearance of the buildings, the common areas, and the parking areas. The Developer shall maintain or cause to be maintained the Improvements in good repair and working order, and in a neat, clean and orderly condition, including the walkways, driveways, parking areas and landscaping, and from time to time make all necessary and proper repairs, renewals, and replacements. In the event that there arises a condition in contravention of the above maintenance standard, then CRA/LA shall notify the Developer in writing of such condition, giving the Developer thirty (30) days from receipt of such notice to commence and thereafter diligently to proceed to cure said condition. In the event the Developer fails to cure or commence to cure the condition within the time allowed, CRA/LA shall have the right to perform all acts necessary to cure such a condition. CRA/LA shall receive from the Developer

CRA/LA's reasonable cost in taking such action and shall provide reasonable evidence of such costs to the Developer.

Section 6.3 Developer To Indemnify CRA/LA.

(a) The Developer shall indemnify, defend (with counsel approved by CRA/LA) and hold harmless CRA/LA and its Governing Board and Oversight Board, officials, employees, agents, consultants, and contractors (collectively, the "Indemnitees") from and against any and all liabilities, losses, costs, expenses (including without limitation attorneys' fees and costs of litigation), claims, demands, actions, suits, causes of action, writs, judicial or administrative proceedings, penalties, deficiencies, fines, orders, judgments and damages (all of the foregoing collectively "Claims") which in any manner, directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with, result from, or relate to: (i) approval of this Agreement and/or the Improvements; (ii) performance of this Agreement on the part of the Developer or any contractor or subcontractor of Developer; and/or (iii) the development, operation, maintenance or management of the Improvements, whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that CRA/LA does not and shall not waive any rights against Developer which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by CRA/LA, or Developer's deposit with CRA/LA of any of the insurance policies described in this Agreement.

(b) The Developer shall pay immediately upon the Indemnitees' demand any amounts owing under this indemnity. The duty of Developer to indemnify includes the duty to defend the Indemnitees or, at the Indemnitees' choosing, to pay the Indemnitees' costs of its defense in any court action, administrative action, or other proceeding brought by any third party arising from the Improvements or the Property. The Indemnitees shall have reasonable approval rights regarding decisions with respect to their representation in any legal proceeding, including, but not limited to, the selection of attorney(s). Developer's obligations set forth in this Section shall survive the issuance of the Certificate of Completion by CRA/LA, and termination of this Agreement. Developer's indemnification obligations set forth in this Section 6.3 shall not apply to Claims arising solely from the gross negligence or willful misconduct of the Indemnitees.

Section 6.4 Hazardous Materials.

(a) Certain Covenants and Agreements. Following possession of the Property, the Developer hereby covenants and agrees that:

(1) The Developer shall not knowingly permit the Property or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Property in violation of any applicable law;

(2) The Developer shall keep and maintain the Project and each portion thereof in compliance with, and shall not cause or permit the Project or any portion thereof to be in violation of, any Hazardous Materials Laws;

(3) Upon receiving actual knowledge of the same the Developer shall within ten (10) days advise CRA/LA in writing of: (A) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Developer or the Project pursuant to any applicable Hazardous Materials Laws; (B) any and all claims made or threatened by any third party against the Developer or the Project relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (A) and this clause (B) are hereinafter referred to as "Hazardous Materials Claims"); (C) the presence of any Hazardous Materials in, on or under the Property in such quantities which require reporting to a government agency; or (D) the Developer's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Project or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Project under any Hazardous Materials Laws.

(b) Indemnity. Without limiting the generality of the indemnification set forth in Section 6.3, the Developer hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to CRA/LA) CRA/LA, its board members, officers, and employees from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, reasonable attorney's fees and expenses), arising directly or indirectly, in whole or in part, out of: (1) the failure of the Developer, its agents, employees, or contractors to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Project; (2) the presence in, on or under the Project of any Hazardous Materials or any releases or discharges of any Hazardous Materials into, on, under or from the Property; or (3) any activity carried on or undertaken on or off the Project, subsequent to the conveyance of the Property to the Developer, and whether by the Developer or any employees, agents, contractors or subcontractors of the Developer at any time occupying or present on the Property, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials at any time located or present on or under the Property (collectively "Indemnification Claims"). The foregoing indemnity shall further apply to any residual contamination on or under the Property, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws. Notwithstanding the foregoing, Developer's indemnity under this Section 6.4(b) shall not apply to any Claims arising solely from the gross negligence or willful misconduct of any of CRA/LA, its board members, officers, employees, or contractors.

(c) No Limitation. The Developer hereby acknowledges and agrees that the Developer's duties, obligations and liabilities under this Agreement, including, without limitation, under Section 6.4(b) above, are in no way limited or otherwise affected by any information CRA/LA may have concerning the Project and/or the presence within the Project of any Hazardous Materials, whether CRA/LA obtained such information from the Developer or from its own investigations.

Section 6.5 Barriers to the Disabled.

(a) Compliance with all Accessibility Requirements. The Developer shall comply with all applicable requirements of state, local and federal rules, laws and regulations relating to accessibility and reasonable accommodations for persons with disabilities, including, without limitation, the following to the extent any are applicable to the Project: Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794 and implementing regulations at 24 CFR Part 8); the Americans with Disabilities Act (42 U.S.C. Sections 12131 *et seq.* and 12181 *et seq.*, and implementing regulations at 28 CFR Parts 35 and 36); the Fair Housing Act (42 U.S.C. Section 3601 *et seq.*, and implementing regulations at 24 CFR Part 100); the Fair Employment and Housing Act (California Government Code Section 12926); and Title 24 of the California Building Code. Without limiting the generality of the foregoing,

(1) residential and nonresidential projects that involve new construction or rehabilitation of existing buildings and that are financed in whole or in part with federal funds (e.g. CDBG, HOME) shall comply with all applicable requirements of Section 504 of the Rehabilitation Act of 1973 and all other applicable requirements;

(2) projects that receive CRA/LA or other nonfederal sources of funding shall comply with all applicable requirements of the Americans with Disabilities Act, the Fair Housing Act, the Fair Employment and Housing Act, Title 24 of the California Building Code, and all other applicable requirements;

(3) commercial structures, and common areas and public use areas in residential projects, shall comply with all applicable requirements of the Americans with Disabilities Act, Title 24 of the California Building Code and all other applicable requirements.

(b) ADA Certification. The Developer hereby certifies as follows:

(1) The Developer is in compliance with and will continue to comply with the Americans with Disabilities Act, 42 U.S.C. 12101 *et seq.* and its implementing regulations.

(2) The Developer shall provide for reasonable accommodations to allow qualified individuals with disabilities to have access to and participate in its programs, services and activities in accordance with the provisions of the Americans with Disabilities Act.

(3) The Developer shall not discriminate against persons with disabilities nor against persons due to their relationship or association with a person with a disability.

(c) Language in Documents. The Developer shall require that the language of this Section 6.5 be included in the award documents for all sub-awards at all tiers (including subcontracts, and contracts under grants, loans and cooperative agreements) and that all subcontractors shall certify and disclose accordingly.

(d) Certification. The certification set forth in this Section is a material representation of fact upon which reliance was placed when the Parties entered into this transaction.

Section 6.6 Non-Discrimination.

(a) The Developer covenants and agrees for itself, its successors and its assigns in interest to the Site or any part thereof, that there shall be no discrimination against or segregation of any person or persons on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code. All deeds, leases, or contracts for the sale, lease, sublease, or other transfer of the Site shall contain or be subject to the nondiscrimination or non-segregation clauses hereafter prescribed.

(b) Notwithstanding subdivision (a), with respect to familial status, subdivision (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subdivision (a) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to subdivision (a).

Section 6.7 Mandatory Language in All Subsequent Deeds, Leases and Contracts. All deeds, leases or other real property conveyance contracts entered into by the Developer on or after the date of execution of this Agreement as to any portion of the Property or the Project shall contain the following language:

(a) In Deeds:

(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) and (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed, nor shall the grantee or any person claiming under or through the grantee, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial

status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1)."

(b) In Leases:

(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) and (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed, nor shall the grantee or any person claiming under or through the grantee, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1)."

(c) In Contracts:

(1) There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) and (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial

status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

ARTICLE 7.
ASSIGNMENT AND TRANSFERS

Section 7.1 Definitions. As used in this Article 7, the term "Transfer" means:

(a) Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode of form, of or with respect to this Agreement, or of the Property, or any part thereof or any interest therein or of the Project constructed thereon, or any contract or agreement to do any of the same; or

(b) Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to more than fifty percent (50%) ownership interest in the Developer, or any contract or agreement to do any of the same.

Section 7.2 Purpose of Restrictions on Transfer. This Agreement is entered into solely for the purpose of development and operation of the Improvements on the Property and its subsequent use in accordance with the terms of this Agreement. The qualifications and identity of the Developer are of particular concern to CRA/LA, in view of:

(a) The importance of the redevelopment of the Property to the general welfare of the community; and

(b) The fact that a Transfer as defined in Section 7.1 above is for practical purposes a transfer or disposition of the Property.

It is because of the qualifications and identity of the Developer that CRA/LA is entering into this Agreement with the Developer and that Transfers are permitted only as provided in this Agreement.

Section 7.3 Prohibited Transfers. The limitations on Transfers set forth in this Article 7 shall apply from the Effective Date of this Agreement until the issuance of a Certificate of Completion by CRA/LA. Except as expressly permitted in this Agreement, the Developer represents and agrees that the Developer has not made or created, and will not make or create or suffer to be made or created, any Transfer, either voluntarily or by operation of law, without the prior approval of CRA/LA, which shall not be unreasonably withheld, conditioned, or delayed. Any Transfer made in contravention of this Section 7.3 shall be void and shall be deemed to be a default under this Agreement, whether or not the Developer knew of or participated in such Transfer.

Section 7.4 Permitted Transfers. Notwithstanding the provisions of Section 7.3, the following Transfers shall be permitted (subject to satisfaction of the conditions of Section 7.5),

so long as such Transfer is permitted under, and accomplished in accordance with this Agreement:

- (a) Any Transfer creating a Security Financing Interest (defined in Section 8.1).
- (b) Any Transfer directly resulting from the foreclosure of a Security Financing Interest or the granting of a deed in lieu of foreclosure of a Security Financing Interest.
- (c) Any Transfer resulting directly from the death or mental incapacity of an individual.
- (d) The conveyance or dedication of a portion of the Property to any public entity, including a public utility, required to allow for the development of the Improvements.
- (e) The granting of temporary or permanent easements or permits to facilitate development of the Project.
- (f) A Transfer to an Affiliate of Developer, provided that such Transfer does not result in a change of Control.
- (g) A Transfer otherwise approved by CRA/LA.

As a condition of CRA/LA approval of a Transfer described in Section 7.4(f) and 7.4(g) above, the transferee must concurrently assume the obligations of the Developer under this Agreement. As a condition of CRA/LA's approval of a Transfer described in Section 7.4(f), CRA/LA must review and approve the transferee's organizational documents for the purposes of determining that such transferee is controlled by the Developer.

Section 7.5 Effectuation of Permitted Transfers.

(a) Other than as permitted in Section 7.4, no Transfer of a direct interest in this Agreement shall be permitted unless, at the time of the Transfer, the person or entity to which such Transfer is made, by an agreement reasonably satisfactory to CRA/LA and in form recordable among the land records, expressly agrees to perform and observe, from and after the date of the Transfer, the obligations, terms and conditions of this Agreement; provided, however, that no such transferee shall be liable for the failure of its predecessor to perform any such obligation. CRA/LA shall grant or deny approval of a proposed Transfer within sixty (60) days of receipt by CRA/LA of the Developer's request for approval of a Transfer, which request shall include evidence of the proposed transferee's business expertise and financial capacity. Subject to the provisions of Section 10.5 of this Agreement, failure by CRA/LA to approve or disapprove the proposed Transfer within sixty (60) days after receipt of the Developer's written request shall be deemed to be approval of the proposed Transfer by CRA/LA.

(b) Any assignment of rights and/or delegation of obligations under this Agreement in connection with a Transfer of a direct interest in this Agreement (whether or not CRA/LA approval is required) shall be in writing executed by Developer and the assignee or transferee, which written agreement shall name CRA/LA as an express third party beneficiary with respect to such agreement (the "Assumption Agreement") with a copy thereof delivered to CRA/LA within thirty (30) days after the effective date thereof. Upon Transfer of a direct interest in this Agreement pursuant to an Assumption Agreement, the assignor shall be relieved of liability with respect to any such obligations relating to the Project accruing from and after the date of such assignment or transfer. Notwithstanding the foregoing, unless such assignee specifically assumes pursuant to the Assumption Agreement the obligations under this Agreement to indemnify CRA/LA with respect to the Project, the assignor will retain such obligations and remain jointly and severally liable for such indemnity obligations with such assignee; however, in the event of such an assumption of the indemnification obligation, Developer shall be released from all liability under such indemnity obligations.

ARTICLE 8.
SECURITY FINANCING AND RIGHTS OF HOLDERS

Section 8.1 No Encumbrances Except for Development Purposes. Prior to CRA/LA's issuance of a Certificate of Completion, mortgages, deeds of trust, assignment of rents and security agreements, and other real property security instruments to secure the funds necessary for the construction and permanent financing of the Improvements as shown in the Financing Plan are permitted to be placed upon the Property only as permitted pursuant to this Section 8.1. Such permitted security instruments and related interests shall be referred to as "Security Financing Interests". The Developer shall promptly notify CRA/LA of any Security Financing Interest that has been or will be created or attached to Developer's fee interest in the Property.

Until the Developer is entitled to issuance of a Certificate of Completion, the Developer may place mortgages, deeds of trust, or other reasonable methods of security on Developer's fee interest in the Property only for the purpose of securing acquisition of the fee interest and for construction and permanent financing approved by CRA/LA as part of the approved Financing Plan.

Section 8.2 Holder Not Obligated to Construct. The holder of any Security Financing Interest authorized by this Agreement is not obligated to construct or complete any improvements or to guarantee such construction or completion. However, nothing in this Agreement shall be deemed to permit or authorize any such holder to devote the Property or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

Section 8.3 Notice of Default and Right to Cure. Whenever CRA/LA pursuant to its rights set forth in Article 9 delivers any notice to the Developer of the occurrence of a Developer Event of Default (a "Cure Notice"), CRA/LA shall not exercise any remedy available to it unless and until each of the following have occurred: (a) written notice of the Developer Event of Default is provided to each and every then-existing holder of record of any Security Financing Interest (each an "Encumbrance Holder") that has notified CRA/LA in writing of (i) its interest in receiving such a notice, and (ii) its address for the receipt of such notice; and (b) such

Developer Event of Default remains uncured after the expiration of the applicable cure period set forth in Section 9.3. The Cure Notice shall be sent simultaneously with any similar notice or notices of a Developer Event of Default that CRA/LA may be required to provide to Developer pursuant to Article 9. An Encumbrance Holder shall have the right and the power to cure any Developer Event of Default specified in a Cure Notice within the cure periods set forth in Section 9.3 below, and, if such Developer Event of Default is so cured, this Agreement shall remain in full force and effect. Nothing contained in this Agreement shall be deemed to permit or authorize such Encumbrance Holder to undertake or continue the construction or completion of the Improvements (beyond the extent necessary to conserve or protect such improvements or construction already made) without first having expressly assumed in writing the Developer's obligations to CRA/LA under this Agreement. The Encumbrance Holder in that event must agree to complete, in the manner provided in this Agreement, the construction of the Improvements. Any such Encumbrance Holder properly completing construction of the Improvements pursuant to this section shall assume all rights and obligations of Developer under this Agreement and shall be entitled, upon written request made to CRA/LA, to a Certificate of Completion from CRA/LA.

Section 8.4 Cure of Developer Defaults. Developer Events of Default may be cured by any Encumbrance Holder in the following manner within the following time frames:

(a) For all Developer Events of Default, an Encumbrance Holder shall have (a) thirty (30) days after the later of (i) its receipt of the earliest Cure Notice issued by CRA/LA to such Encumbrance Holder setting forth such Developer Event of Default, or (ii) expiration of the applicable Cure Period set forth in Article 9 to cure such Developer Event of Default if such Developer Event of Default can reasonably be cured by an Encumbrance Holder within such thirty (30)-day period; or (b) if an Encumbrance Holder has promptly commenced to cure such Developer Event of Default within such applicable period and has been diligently prosecuting the same, but such Developer Event of Default cannot reasonably be cured by such Encumbrance Holder within such applicable period, then such Encumbrance Holder shall be provided with such additional time as is necessary to complete the cure, provided such Encumbrance Holder continues to diligently pursue such cure to completion.

(b) If a Developer Event of Default cannot practicably be cured by an Encumbrance Holder without the need for such Encumbrance Holder to obtain possession of the Property (for example, by foreclosure of a Security Financing Interest), or if a Developer Event of Default cannot be cured by an Encumbrance Holder (for example, the insolvency of Developer), then, in each case, if at least one Encumbrance Holder has delivered to CRA/LA within thirty (30) days after its receipt of an Cure Notice a written undertaking wherein such Encumbrance Holder agrees (1) that it will commence foreclosure proceedings forthwith, and (2) will cure or obtain an agreement from the Foreclosure Transferee that such Foreclosure Transferee will cure such Developer Event of Default (to the extent that it can be cured), upon completion of the foreclosure and the resultant Foreclosure Transfer, and if thereafter any such Encumbrance Holder actually commences foreclosure proceedings and prosecutes the same thereafter with due diligence, then the cure period shall not commence until completion of such foreclosure proceedings and the resultant Foreclosure Transfer; provided, that if said Encumbrance Holder is prevented from commencing or continuing foreclosure proceedings by any bankruptcy stay, or any order, judgment or decree of any court or regulatory body of

competent jurisdiction, and said Encumbrance Holder diligently seeks release from or reversal of such stay, order, judgment or decree, then the cure period shall not commence until such stay, order, judgment or decree is released or reversed, and such foreclosure proceedings and the resultant Foreclosure Transfer are thereafter actually commenced and prosecuted thereafter with due diligence to completion. Upon completion of any such Foreclosure Transfer, the Foreclosure Transferee (whether such Foreclosure Transferee is the Encumbrance Holder or another party) shall have until the expiration of the applicable cure periods set forth in this Section 8.4 to cure the Developer Event of Default giving rise to such Foreclosure Transfer, to the extent curable by such Foreclosure Transferee (unless such Developer Event of Default has already been cured), and any other Developer Events of Default that may then exist and be curable by such Foreclosure Transferee. The Encumbrance Holder shall have the right to terminate its foreclosure proceedings hereunder in the event of a cure of a Developer Event of Default giving rise to such foreclosure proceedings.

As used herein, a "Foreclosure Transfer" shall mean any transfer of the entire fee interest of Developer in the Property pursuant to any judicial or non-judicial foreclosure or other enforcement of remedies under or with respect to a Security Financing Interest, or by voluntary deed or other transfer in lieu thereof. A "Foreclosure Transferee" shall mean any transferee (including without limitation an Encumbrance Holder) which acquires title to the fee interest of Developer in the Property pursuant to a Foreclosure Transfer.

Section 8.5 Failure of Holder to Complete Development. Subject to Section 9.3(b), in any case where six (6) months after default by the Developer in completion of construction of the Improvements under this Agreement, the holder of record of any Security Financing Interest, having first exercised its option to construct, has not proceeded diligently with construction, CRA/LA shall be afforded those rights against such holder it would otherwise have against the Developer under this Agreement.

Section 8.6 Right of CRA/LA to Cure. In the event of a default or breach by the Developer of a Security Financing Interest prior to the completion of construction of the Improvements, and if the holder has not exercised its option to complete the construction of the Improvements, CRA/LA may, upon prior written notice to the Developer, cure the default, prior to the completion of any foreclosure. In such event CRA/LA shall be entitled to reimbursement from the Developer of all costs and expenses incurred by CRA/LA in curing the default. CRA/LA shall also be entitled to a lien upon the Developer's fee interest in the Property to the extent of such costs and disbursements. CRA/LA agrees that such lien shall be subordinate to any Security Financing Interest, and CRA/LA shall execute from time to time any and all documentation reasonably requested by the Developer to effect such subordination.

Section 8.7 Right of CRA/LA to Satisfy Other Liens. After the Close of Escrow and after the Developer has had a reasonable time to challenge, cure, or satisfy any liens or encumbrances on the Property, or any portion thereof, which is not permitted under this Agreement, and has failed to do so, in whole or in part, CRA/LA shall, upon at least ten (10) days' prior written notice to the Developer, have the right to satisfy any such lien or encumbrances; provided, however that nothing in this Agreement shall require the Developer to pay or make provision for the payment of any tax, assessment, lien or charge so long as the

Developer in good faith shall contest the validity or amount thereof and so long as such delay in payment shall not subject the Property or any portion thereof to forfeiture or sale.

Section 8.8 Holder to be Notified. To the extent deemed necessary by CRA/LA, the Developer shall insert each term contained in this Article 8 into each Security Financing Interest or shall procure acknowledgement of such terms by each prospective holder of a Security Financing Interest prior to its coming into any security right or interest in the Property or portion thereof.

Section 8.9 Modifications. If a holder of a Security Financing Interest should, as a condition of providing financing or funding for development of all or a portion of the Improvements, request any modification of this Agreement in order to protect its interests in the Project or this Agreement, CRA/LA shall consider such request in good faith consistent with the purpose and intent of this Agreement and the rights and obligations of the parties under this Agreement.

ARTICLE 9. DEFAULT AND REMEDIES

Section 9.1 Application of Remedies. The provisions of this Article shall govern the Parties' remedies for breach of this Agreement.

Section 9.2 Fault of CRA/LA.

(a) Event of Default. Following notice and cure as set forth in subsection (b) below, each of the following events constitutes a "CRA/LA Event of Default" and a basis for the Developer to take action against CRA/LA:

(1) CRA/LA fails to convey a fee interest in the Property as provided in this Agreement and the Developer is otherwise entitled by this Agreement to such conveyance.

(2) CRA/LA breaches any other material provision of this Agreement.

(b) Notice and Cure Procedure; Remedies. Upon the occurrence of any of the above-described events, the Developer shall first notify CRA/LA in writing of its purported breach or failure, giving CRA/LA thirty (30) days from receipt of such notice to cure such breach or failure. In the event CRA/LA does not then cure the default within such thirty (30)-day period (or, if the default is not reasonably susceptible of cure within such thirty (30)-day period, CRA/LA fails to commence the cure within such period and thereafter to prosecute the cure diligently to completion), then the Developer shall be entitled to any rights afforded it in law or in equity by pursuing any or all of the following remedies: (1) terminating this Agreement by written notice to CRA/LA; (2) prosecuting an action for damages (excluding punitive damages and consequential damages); or (3) seeking any other remedy available at law or in equity (excluding punitive damages and consequential damages).

Section 9.3 Fault of Developer.

(a) Event of Default. Following notice and cure as set forth in subsection (b) below, each of the following events constitutes a "Developer Event of Default" and a basis for CRA/LA to take action against the Developer:

(1) The Developer does not attempt diligently and in good faith to cause satisfaction of all conditions in Article 2 within the reasonable control of the Developer by the time set forth in the Schedule of Performance.

(2) The Developer breaches any Developer obligation set forth in Article 4.

(3) The Developer fails to construct the Improvements in the manner and by the deadline set forth in Article 5.

(4) The Developer breaches any provision of Article 6.

(5) The Developer attempts or completes a Transfer except as permitted under Article 7.

(6) The Developer's: (1) filing for bankruptcy, dissolution, or reorganization, or failure to obtain a full dismissal of any such involuntary filing brought by another party before the earlier of final relief or ninety (90) days after the filing; (2) making a general assignment for the benefit of creditors; (3) applying for the appointment of a receiver, trustee, custodian, or liquidator, or failure to obtain a full dismissal of any such involuntary application brought by another party before the earlier of final relief or ninety (90) days after the filing; (4) insolvency; or (5) failure, inability or admission in writing of its inability to pay its debts as they become due.

(7) The Developer defaults under any Security Financing Interest and has not cured such default within the applicable cure period contained in such agreement.

(8) The Developer breaches any other material provision of this Agreement.

(b) Notice and Cure Procedure. Upon the happening of any of the above-described events CRA/LA shall first notify the Developer in writing of its purported breach or failure, giving the Developer thirty (30) days from receipt of such notice to cure such breach or failure. If the Developer does not cure the default within such thirty (30)-day period (or if the default is not reasonably susceptible of being cured within such thirty (30)-day period, the Developer fails to commence the cure within such period and thereafter to prosecute the cure diligently to completion), then CRA/LA shall be afforded all of its rights at law or in equity by taking any or all of the following remedies: (1) terminating this Agreement by written notice to the Developer; (2) prosecuting an action for damages (excluding specific performance, punitive damages and consequential damages); or (3) seeking any other remedy available at law or in equity (excluding punitive damages and consequential damages). If CRA/LA elects to terminate

this Agreement, the provisions of this Agreement that are specified to survive such termination shall remain in full force and effect.

Section 9.4 Right of Reverter. If an event of default has occurred under Section 9.3 following the Close of Escrow and prior to the time when the Developer is entitled to issuance of a Certificate of Completion which is not cured within the cure period provided in Section 9.3 above, then CRA/LA may, in addition to other rights granted in this Agreement, re-enter and take possession of the Property with all improvements on the Property, and revert in CRA/LA the estate previously conveyed to the Developer by CRA/LA with respect to the Property subject to the provisions set forth below. CRA/LA's rights under this Section 9.4 shall terminate and be of no further force and effect once the Developer is entitled to a Certificate of Completion.

The interest created pursuant to this Section 9.4 shall be a "Power of Termination" as defined in California Civil Code Section 885.010. CRA/LA's Power of Termination shall be subordinate and subject to and be limited by and shall not defeat, render invalid, or limit:

- (a) Any Security Financing Instrument with respect to the Property; or
- (b) Any rights or interests provided in this Agreement for the protection of the holder of a Security Financing Interest with respect to the Property.
- (c) Any leases affecting the Property as of the date of such termination.

Upon reverting in CRA/LA of title to the Property as provided in this Section 9.4, CRA/LA shall, pursuant to its responsibilities under state law, use its best efforts to resell the Property as soon as possible, in a commercially reasonable manner and consistent with the objectives of such law and of the Plan, to a qualified and responsible party or parties (as determined by CRA/LA) who will assume the obligation of making or completing such improvements as are acceptable to CRA/LA in accordance with the uses specified for the Property in the Plan and in a manner satisfactory to CRA/LA. Upon such resale of the Property the proceeds thereof shall be applied as follows:

- (1) First to reimburse CRA/LA on its own behalf for all costs and expenses incurred by CRA/LA, including but not limited to salaries of personnel and legal fees incurred in connection with the recapture, management, and resale of the Property (but less any income derived by CRA/LA from any part of the Property in connection with such management); all taxes, installments of assessments payable prior to resale, and water and sewer charges with respect to the Property (or, in the event the Property is exempt from taxation or assessment or such charges during the period of ownership by CRA/LA, an amount equal to the taxes, assessments, or charges that would have been payable if the Property was not so exempt); any payments made or necessarily to be made to discharge any encumbrances or liens existing on the Property at the time of reverting of title in CRA/LA or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Developer, its successors or transferees; expenditures made or obligations incurred with respect to the making or completion of the Property or any part thereof; and any amounts otherwise owing CRA/LA by the Developer and its successors or transferee.

(2) Second, to reimburse the Developer, its successor or transferee, up to the amount equal to: the Purchase Price for the Property, plus the fair market value of the improvements the Developer has placed on the Property, less any gains or income withdrawn or made by the Developer from the Property or the improvements thereon. Notwithstanding the foregoing, the amount calculated pursuant to this paragraph (2) shall not exceed the fair market value of the Property together with the improvements thereon as of the date of the default or failure which gave rise to CRA/LA's exercise of the right of reverter.

(3) Any balance remaining after such reimbursements shall be retained by CRA/LA as its property.

The rights established in this Section 9.4 are to be interpreted in light of the fact that CRA/LA will convey the Property to the Developer for development and not for speculation.

Section 9.5 Rights and Remedies Cumulative. Except as otherwise provided, the rights and remedies of the Parties are cumulative, and the exercise or failure to exercise any right or remedy shall not preclude the exercise, at the same time or different times, of any right or remedy for the same default or any other default.

Section 9.6 Survival. Upon termination of this Agreement under this Article 9, the following provisions of this Agreement shall survive: the release Section 3.9(a)(2) and the indemnification obligations in Sections 6.3, 6.4(b), 6.5, 6.6 and 10.19. This Section 9.6 exists for reference purposes only, and does not alter the scope or nature of the surviving provisions.

ARTICLE 10. GENERAL PROVISIONS

Section 10.1 Identity of Developer. The Developer represents and warrants to CRA/LA as of the Effective Date and as of the Close of Escrow, as follows:

(a) Organization. The Developer is a corporation, duly organized, validly existing and in good standing under the laws of California with full power and authority to conduct its business as presently conducted and to execute, deliver and perform its obligations under this Agreement.

(b) Authorization. The Developer has taken all necessary action to authorize its execution, delivery and, subject to any conditions set forth in this Agreement performance of the Agreement. Upon the Effective Date of this Agreement, this Agreement shall constitute a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms.

(c) No Conflict. The execution, delivery and performance of this Agreement by the Developer does not and will not conflict with, or constitute a violation or breach of, or constitute a default under (i) the charter or incorporation documents of the Developer, (ii) any applicable law, rule or regulation binding upon or applicable to the Developer, or (iii) any material agreements to which the Developer is a party.

(d) No Litigation. Unless otherwise disclosed in writing to CRA/LA prior to the date of this Agreement, there is no existing or, to the Developer's actual knowledge, pending or threatened litigation, suit, action or proceeding before any court or administrative agency affecting the Developer or the Property that would, if adversely determined, materially and adversely affect the Developer or the Property or the Developer's ability to perform its obligations under this Agreement or to develop and operate the Project.

(e) No Material Adverse Change. There has been no material adverse change in the financial condition of the Developer since the Effective Date.

(f) Default Under Other Agreements. There is no event, act or omission which constitute, or but for the passage of time or the giving of notice, or both, would constitute a breach, violation or default under any agreement materially related to the development or operation of the Project, including but not limited any other partnership agreement, joint venture agreement, or loan agreement.

Until the Close of Escrow, Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 10.1(a) not to be true, immediately give written notice of such fact or condition to CRA/LA. Upon the Developer's Transfer prior to the Close of Escrow, the Developer shall cause the Developer's assignee to update the representations and warranties set forth above.

Section 10.2 Notices, Demands and Communications. Formal notices, demands, submittals and communications between CRA/LA and the Developer shall be sufficiently given if, and shall not be deemed given unless, delivered personally, or dispatched by certified mail, return receipt requested, or by reputable overnight delivery service with a receipt showing date of delivery, to the principal offices of CRA/LA and the Developer as follows:

CRA/LA:	CRA/LA, a Designated Local Authority 448 S. Hill Street, Suite 1200 Los Angeles, CA 90013 Attn: Chief Executive Officer
Developer	Mark Gabay 9034 W. Sunset Blvd. West Hollywood, CA 90069
with copies to:	Paul Rohrer Loeb & Loeb LLP 10100 Santa Monica Blvd, Suite 2200 Los Angeles, CA 90067

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section 10.2. Delivery shall be deemed to have occurred at the time indicated on the receipt for delivery or refusal of delivery.

Section 10.3 Non-Liability of Officials, Employees and Agents. No member, official, employee, consultant, counsel, or agent of a Party shall be personally liable to the other Party, or any successor in interest to the other Party, in the event of any default or breach or for any amount or on any obligation under the terms of this Agreement.

Section 10.4 Enforced Delay. In addition to specific provisions of this Agreement, performance by any Party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority (except for restrictions or priorities established by the Party required to perform the action required under this Agreement); unusually severe weather; inability to secure necessary labor, materials or tools; acts or the failure to act of any public or governmental agency or entity (except that acts or the failure to act of a Party shall not excuse performance by such Party, including without limitation the Developer's inability to obtain financing for the Project or the economic infeasibility of the Project) ("Force Majeure"). An extension of time for Force Majeure shall only be for the period of the enforced delay, which period shall commence to run from the time of the notification of the delay by the Party requesting the extension to the other Party. The Party requesting an extension of time under this Section 10.4 shall give notice promptly following knowledge of the delay to the other Party. If, however, notice by the Party claiming such extension is sent to the other Party more than thirty (30) days after knowledge of the commencement of the delay, the period shall commence to run upon the earlier of (i) thirty (30) days prior to the giving of such notice or (ii) the date that the other Party received knowledge of the events giving rise to the delay.

Section 10.5 Submittals and Approvals. Various submittals are required by the Developer pursuant to this Agreement. As expressly provided by this Agreement, CRA/LA shall approve or disapprove certain submittals from Developer within specified timeframes or else such submittal shall be deemed approved by CRA/LA. Notwithstanding the provisions for deemed approval, no submittal or matter shall be deemed approved unless the request for approval contains the following provision, in bold print with the appropriate time period stated:

NOTICE IS HEREBY GIVEN THAT PURSUANT TO SECTION __ OF
THE DDA THAT FAILURE TO APPROVE OR DISAPPROVE THE REQUESTED
MATTER WITHIN __ DAYS SHALL BE DEEMED AN APPROVAL.

Section 10.6 Inspection of Books and Records. CRA/LA has the right at all reasonable times and upon five (5) business days prior written notice to inspect the books, records and all other documentation of the Developer pertaining to its obligations under this Agreement.

Section 10.7 Title of Parts and Sections. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of its provision. References to "Articles" and "Sections" are to sections of this Agreement, unless otherwise specifically provided.

Section 10.8 Applicable Law. This Agreement shall be interpreted under and pursuant to the laws of the State of California.

Section 10.9 Severability. If any term, provision, covenant or condition of this Agreement is held in a final disposition by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 10.10 Legal Actions. In the event any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach thereof, each Party shall bear their own attorneys' fees and no attorneys' fees may be awarded to the Party prevailing in the action.

Section 10.11 Binding Upon Successors; Covenants to Run With Land. This Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, and assigns of each of the Parties; provided, however, that there shall be no Transfer except as permitted in Section 7.4. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor, successor, or assign of such Party who has acquired an interest in compliance with the terms of this Agreement or under law.

The terms of this Agreement shall run with the land, and shall bind all successors in title to the Property until the termination of this Agreement, except that the provisions of this Agreement that are specified to survive termination of this Agreement shall run with the land in perpetuity and remain in full force and effect following such termination. Every contract, deed, or other instrument hereafter executed covering or conveying the Property, or any portion thereof, shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless CRA/LA expressly releases the Property, or the applicable portion of the Property, from the requirements of this Agreement.

Section 10.12 Parties Not Co-Venturers. Nothing in this Agreement is intended to or does establish the Parties as partners, co-venturers, or principal and agent with one another.

Section 10.13 Entire Understanding of the Parties. This Agreement constitutes the entire understanding and agreement of the Parties with respect to the conveyance of the Property and the development of the Project.

Section 10.14 CRA/LA Approval. Whenever this Agreement calls for CRA/LA approval, consent, or waiver, the written approval, consent, or waiver of CRA/LA Chief Executive Officer, or his or her designee, shall constitute the approval, consent, or waiver of CRA/LA, without further authorization required from CRA/LA Governing Board. CRA/LA hereby authorizes CRA/LA's Chief Executive Officer, or his or her designee, to deliver such approvals or consents as are required by this Agreement, or to waive requirements under this Agreement, on behalf of CRA/LA. CRA/LA's Chief Executive Officer shall have the right to approve or disapprove such non-material changes in his/her sole discretion, or may refer such decision to CRA/LA Board. Material revisions of this Agreement shall require the prior approval of CRA/LA Governing Board.

Section 10.15 Counterparts. This Agreement may be executed in counterparts and multiple originals.

Section 10.16 Amendments. The Parties can amend this Agreement only by means of a writing signed by both Parties.

Section 10.17 Recordation of Memorandum of Agreement. The Parties consents to the recordation of a memorandum of this Agreement, in the form attached as Exhibit I, in the Official Records against Developer's interest in the Property.

Section 10.18 Standard of Approval. Any consents or approvals required or permitted under this Agreement shall not be unreasonably withheld or made, except where it is specifically provided that a sole discretion standard applies.

Section 10.19 Effectiveness of Agreement. This Agreement is dated for convenience only and shall only become effective on the Effective Date.

WHEREFORE, the Parties have executed this Agreement as of the date first above written.

CRA/LA:

CRA/LA, a Designated Local Authority

By: _____
Steve Valenzuela
Its: Chief Executive Officer

Date: _____

APPROVED AS TO FORM

Goldfarb & Lipman LLP

By: _____
CRA/LA Special Counsel

DEVELOPER:

Summitrose Investments, LP, a Delaware limited partnership

By: WVJ, Inc., a California corporation
its General Partner

By: _____
Mark Gabay, President

By: Mark Gabay

Limited Partner

EXHIBIT A
Legal Description of the Property

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

LOTS 301 AND 302 OF [TRACT NO. 5780](#), IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 66, PAGES 91 TO 95 INCLUSIVE OF MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE SOUTH 70.1 FEET OF SAID LOTS.

ALSO EXCEPT FROM LOT 301 THE RIGHT TO ANY DEPOSITS OF OIL, GAS OR OTHER HYDROCARBON SUBSTANCES, WITHOUT HOWEVER THE RIGHT OF ENTRY THERETO, AS RESERVED IN THE DEED FROM TITLE GUARANTEE AND TRUST COMPANY, RECORDED IN [BOOK 16941, PAGE 378, OF OFFICIAL RECORDS](#).

ALSO EXCEPT THE RIGHT TO ANY DEPOSITS OF OIL, GAS OR OTHER HYDROCARBON SUBSTANCES AND WATER UNDERLYING SAID LAND WITHOUT, THE RIGHT OF ENTRY THERETO, AS RESERVED IN THE DEED FROM ARTESIA WATER COMPANY, RECORDED SEPTEMBER 30, 1942, IN [BOOK 19598, PAGE 177, OFFICIAL RECORDS](#).

PARCEL 2:

LOT 303 OF [TRACT NO. 5780](#), IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 66, PAGES 91 TO 95 INCLUSIVE OF MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT FROM SAID LOT, ALL OIL, GAS OR OTHER HYDROCARBON SUBSTANCES UNDERLYING SAID LAND BUT WITHOUT ANY RIGHT OF ENTRY, AS RESERVED IN THE DEED RECORDED IN [BOOK 18804, PAGE 275, OFFICIAL RECORDS](#).

PARCEL 3:

LOTS 304 AND 305, OF [TRACT NO. 5780](#), IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 66, PAGES 91 TO 95 INCLUSIVE OF MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT FROM SAID LAND, THE RIGHT TO ANY DEPOSITS OF OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES UNDERLYING SAID LAND, BUT WITHOUT THE RIGHT OF ENTRY FOR DEVELOPMENT OF SAME, AS RESERVED IN THE DEED FROM TITLE GUARANTEE AND TRUST COMPANY, TRUSTEE UNDER ITS TRUST NO. S-816-H, RECORDED JANUARY 24, 1941, IN [BOOK 18082, PAGE 129, OFFICIAL RECORDS](#).

APN: **5046-004-900, 901 and 902**

EXHIBIT B – SCHEDULE OF PERFORMANCE

1. ENA

Milestones	Completed
Final ENA	September 6, 2016
CRA/LA Governing Board Approval	October 6, 2016
CRA/LA Oversight Board Approval	October 13, 2016
Department of Finance Approval	October 14, 2016
ENA Executed	October 14, 2016
1 st Extension of ENA approved by Governing Board	April 6, 2018
2 nd Extension of ENA approved by Governing Board	September 7, 2017
3 rd Extension of ENA approved by Governing Board	January 4, 2018

2. DDA

Milestones	No later than
Final DDA	April 30, 2018 (Completed)
CRA/LA Governing Board Approval	June 7, 2018
Oversight Board Approval	June 25, 2018
Department of Finance Approval	(up 40 days) August 6, 2018

3. Predisposition Requirements

Milestones	Target Date
Section 2.2: Financing Plan – Evidence of Financial Commitments	11 Months after Execution of DDA
Section 2.3: Insurance – Submittal of insurance certificates to CRA/LA	
Section 2.5: City Approvals - All City approvals obtained	
Section 2.7: Final Construction Drawings – CRA/LA approval of final construction drawings	
Section 4.3(d): Public Art Program – CRA/LA review and approval of on-site public art	
Section 2.8: Building Permits – City is ready to issue the Building Permit in favor of Developer upon payment of applicable fees by Developer	
Sections 2.9 & 5.13: Construction Contract – CRA/LA approval of each construction contract	
Section 2.10: Completion Guaranty	

4. Disposition of Property Contingent on Satisfaction of Predisposition Requirements

Milestones	Target Date
Section 3.3: Opening of Escrow	11 Months after Execution of DDA
Section 3.6: Close of Escrow	
Section 4.3: Submit & Review Design and Construction Documents	
Section 5.7(c): Prevailing Wages – prior to commencement of construction, developer will schedule a preconstruction orientation meeting with developer and general contractor	
Section 5.1: Commencement of Construction	12 Months after Execution of DDA
Section 5.2: Completion of Construction	18 Months after Commencement of Construction

EXHIBIT C - PROFORMA

Jefferson and Wellington Road				
DEVELOPMENT PROFORMA / CONFIDENTIAL NOT TO BE DISTRIBUTED / FOR INTERNAL USE ONLY (N)	SQ. FT.	\$/SQ.FT.	TOTAL COST	NOTES
LAND COST				
			\$ -	
Parcel A	25,337		\$ -	
Balance of Site			\$ -	
Total	25,337		\$ -	
Cost per square foot of Land		\$ -		
BUILDING COSTS				
18,000 square feet of Subterranean Parking	18,000	\$ 120.00	\$ 2,160,000.00	
Office	18,130	\$ 120.00	\$ 2,175,600.00	
Retail	3,135	\$ 110.00	\$ 344,850.00	
Restaurant	2,575	\$ 115.00	\$ 296,125.00	
Total	41,840	\$ -		
Tenant Improvement Allowance (Office)	18,130	\$ 50.00	\$ 906,500.00	
Retail	3,135	\$ 20.00	\$ 62,700.00	
Restaurant	2,575	\$ 40.00	\$ 103,000.00	
Total			\$ 6,048,775.00	
ON SITE COSTS				
Parking area/side walks/landscaping	25,337	\$ 5.00	\$ 126,685.00	
Grading	25,337	\$ 4.25	\$ 107,682.25	
Site Engineering	25,337	\$ 3.00	\$ 76,011.00	
General Conditions				

EXHIBIT C - PROFORMA

Jefferson and Wellington Road				
DEVELOPMENT PROFORMA / CONFIDENTIAL NOT TO BE DISTRIBUTED / FOR INTERNAL USE ONLY (N)	SQ. FT.	\$/SQ.FT.	TOTAL COST	NOTES
Soil Testing-Remediation			\$35,000	Actual costs for Phase II and ongoing monitoring per Tetra Tech proposal
Storm Water Management Plan			\$6,000	
Demo	8,000	\$ 6.00	\$ 48,000.00	
Total		\$ 18.25	\$ 399,378.25	
OFF SITE COSTS				
Driveways, streets, sidewalks				
Landscaping, utilities, curbs etc.	41,840	\$ 4.00	\$ 189,760.00	Additional Grading Costs of \$1,600 per day for 14 days of grading attributable to Monitoring of Soil Management Programs
Utilities-relocation & charges	41,840	\$ 4.00	\$ 167,360.00	
Bonds				
Total per square foot		\$ 8.54		
Total on and off site/ square foot		\$ 29.86		
TOTAL			\$ 357,120.00	
INDIRECT COSTS				
Escrow & Title			\$8,000	Survey for ALTA Escrow and title

EXHIBIT C - PROFORMA

Jefferson and Wellington Road				
DEVELOPMENT PROFORMA / CONFIDENTIAL NOT TO BE DISTRIBUTED / FOR INTERNAL USE ONLY (N)	SQ. FT.	\$/SQ.FT.	TOTAL COST	NOTES
1. PERMITS				
A. Building (Shell)	41,840	\$ 1.25	\$ 52,300.00	
B. Grading	25,337	\$ 0.80	\$ 20,269.60	
C. Mechanical			\$15,000.00	
D. Electrical			\$15,000.00	
E. Plumbing			\$15,000.00	
F. HVAC				
G. Plan Check		45%	\$23,535.00	45% of Shell Permit
2. ENTITLEMENT/GOVERNMENT FEES				
a. Water and Power				
(1) Connection and Implementation	41,840	\$ 0.80	\$ 33,472.00	
b. Parks and Recreation	41,840	\$ 0.80	\$ 33,472.00	
c. Fire Department	41,840	\$ 0.14	\$ 5,857.60	
d. Public Works (Sewer)	41,840	\$ 0.50	\$ 20,920.00	
e. Planning	41,840	\$ 0.50	\$ 20,920.00	
f. Development Impact Fees	41,840	\$ 2.03	\$ 85,000.00	Estimated city required impact fees including \$5/square foot for anticipated Housing Linkage Fee
g. School Fees	41,840	\$ 0.85	\$ 35,564.00	
3. TAXES, INSURE, LEGAL, ACCOUNTING				

EXHIBIT C - PROFORMA

Jefferson and Wellington Road				
DEVELOPMENT PROFORMA / CONFIDENTIAL NOT TO BE DISTRIBUTED / FOR INTERNAL USE ONLY (N)	SQ. FT.	\$/SQ.FT.	TOTAL COST	NOTES
a. Taxes during Construction				
b. Legal & Accounting				
c. General Liability Insurance				
Total (2% of direct costs)	\$ 6,805,273.25	\$ 0.02	\$ 136,105.47	
SOFT COSTS				
Traffic Studies	41,840	\$ 0.50	\$ 20,920.00	
Construction Warranty Insurance			\$ 15,000.00	
Architectural & Engineering	4% of Direct Costs		\$272,210.93	
Leasing Commission	23,840	\$ 6.00	\$ 143,040.00	
Development Fee	23,840		\$ 240,000.00	3% of construction costs
Historical Monitoring and Security			\$ 61,000.00	
Civil Engineer	25,337	\$ 7.00	\$ 177,359.00	
Total			\$ 1,449,945.60	
Per square foot cost / Indirect Costs				
TOTAL CONSTRUCTION INCLUDING LAND			\$ 8,255,218.85	
CONTINGENCY	4% of Direct Costs		\$272,210.93	
TOTAL			\$ 8,527,429.78	
FINANCING	AMOUNT	RATE	COST	

EXHIBIT C - PROFORMA

Jefferson and Wellington Road				
DEVELOPMENT PROFORMA / CONFIDENTIAL NOT TO BE DISTRIBUTED / FOR INTERNAL USE ONLY (N)	SQ. FT.	\$/SQ.FT.	TOTAL COST	NOTES
Interest on Land	\$ -		\$ -	
Interest on Building (50% on Improvement cost amount)	\$ 3,855,886.63	4.00%	\$ 154,235.47	
Loan broker fee (80% Loan)	\$ 6,821,943.82	1%	\$ 51,164.58	
Points	\$ 6,821,943.82	1%	\$ 51,164.58	
Total			\$ 256,564.62	
TOTAL PROJECT COST			\$ 8,783,994.40	
INCOME PROFORMA				
Tenant	Square Feet	\$/Sq.Ft.	Rent	
Office	18,130	\$ 26.00	\$ 471,380.00	
Retail	3,135	\$ 33.00	\$ 103,455.00	
Restaurant	2,575	\$ 36.00	\$ 92,700.00	
			\$ 667,535.00	
EXPENSES				
Reserves	\$ 2,575.00	\$ 1.00	\$ 2,575.00	
Vacancy (5% of net)		5%	\$ 33,376.75	
Management (2% of net Income)	\$ 667,535.00	2%	\$ 13,350.70	
Total			\$ 49,302.45	
NOI			\$ 618,232.55	
DEBT SERVICE	AMOUNT	RATE	COST	
Loan-70%- Interest Only.	\$ 6,148,796.08	3.90%	\$ 239,803.05	
Equity required/Return on Equity	\$ 2,635,198.32	6.00%	\$ 158,111.90	

EXHIBIT C - PROFORMA

Jefferson and Wellington Road				
DEVELOPMENT PROFORMA / CONFIDENTIAL NOT TO BE DISTRIBUTED / FOR INTERNAL USE ONLY (N)	SQ. FT.	\$/SQ.FT.	TOTAL COST	NOTES
Total			\$ 397,914.95	
Cash Flow			\$ 220,317.60	
Cash required	\$ 6,148,796.08			
Cash on Cost return (cap rate)	7.04%			
Cash on Cash return	3.58%			

EXHIBIT D – SCOPE OF DEVELOPMENT

3900 W. Jefferson Blvd.
Los Angeles, CA 90016

APN: 5046-004-900, -901, -902

The proposed project (the “**Project**”) will be located on a 25,337 square foot parcel located at 3900 W. Jefferson Boulevard, Los Angeles CA (APNs: 5046-004-900, -901, -902). The developer will construct a high quality, three-story, 28,500 square foot commercial office building over subterranean parking. The first floor will contain a building lobby, an approximately 2,575 square foot dine-in restaurant and approximately 3,135 square feet of retail space. The second and third floors will contain approximately 18,130 square feet of medical office space and approximately 4,660 square feet of exterior terrace gardens. A total of 93 parking spaces will be provided on site.

One Jefferson

3 STORY COMMERCIAL USE BUILDING (RESTAURANT, RETAIL & OFFICE)
PROJECT ADDRESS : 3900 & 3914 W Jefferson Blvd, Los Angeles, CA 90016



EXHIBIT E
FORM OF GRANT DEED

CRA/LA, A Designated Local Authority
448 S. Hill Street, Suite 1200
Los Angeles, California 90013
Attn: Records Department

After recordation mail to and
Mail tax statements to:

SPACE ABOVE THIS LINE FOR RECORDER'S USE

The undersigned declares that this Grant Deed is exempt from Recording Fees pursuant to California Government Code Sections 6103 and 27383 and exempt from Documentary Transfer Tax pursuant to California Revenue and Taxation Code Section 11922.

GRANT DEED

For valuable consideration, the receipt of which is hereby acknowledged,

CRA/LA, a Designated Local Authority, (herein called "Grantor" or "CRA/LA"), the successor agency to THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA (the "Former Agency"), grants to _____ (herein called "Grantee"), the real property located at _____, Los Angeles, California (the "Property") legally described in the document attached hereto, labeled Exhibit A, and incorporated herein by this reference, together with all of Grantor's right, title and interest in and to all easements, privileges and rights appurtenant to the Property, subject to (a) all non-delinquent real property taxes, (b) all non-delinquent special assessments, if any, (c) all other liens, leases, easements, encumbrances, covenants, conditions, restrictions and other matters of record, and (d) all matters affecting the status of title that would be revealed by an accurate survey of the subject property.

Grantor disclaims any and all express or implied warranties regarding the Property other than the implied warranties stated in Section 1113 of the California Civil Code.

1. Grantee herein covenants by and for itself, its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, national origin, ancestry, disability (actual or perceived), medical condition, age, source of income, familial status, marital status, domestic partner status, sex, sexual preference/orientation, Acquired Immune Deficiency Syndrome (AIDS) – acquired or perceived, or any additional basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, as such provisions may be amended from time to time, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property herein conveyed nor shall the Grantee or any person claiming under or through the Grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, vendees, or employees in the Property herein conveyed. The foregoing covenant shall run with the land.

All deeds, leases or other real property conveyance contracts entered into by the Grantee on or after the date of this Grant Deed as to any portion of the Property shall contain the following language:

(a) In Deeds:

"Grantee herein covenants by and for itself, its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, national origin, ancestry, disability (actual or perceived), medical condition, age, source of income, familial status, marital status, domestic partner status, sex, sexual preference/orientation, Acquired Immune Deficiency Syndrome (AIDS) – acquired or perceived, or any additional basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, as such provisions may be amended from time to time, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, vendees, or employees in the property herein conveyed. The foregoing covenant shall run with the land."

(b) In Leases:

"The lessee herein covenants by and for the lessee and lessee's heirs, personal representatives and assigns and all persons claiming under or through the lessee that his lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, religion, creed, national origin, ancestry, disability (actual or perceived), medical condition, age, source of income, familial status, marital status, domestic partner status, sex, sexual preference/orientation, Acquired Immune Deficiency Syndrome (AIDS) – acquired or perceived, or any additional basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, as such provisions may be amended from time to time, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, vendees, or employees in the land herein leased."

(c) In Contracts:

"There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, creed, national origin, ancestry, disability (actual or perceived), medical condition, age, source of income, familial status, marital status, domestic partner status, sex, sexual preference/orientation, Acquired Immune Deficiency Syndrome (AIDS) – acquired or perceived, or any additional basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, as such provisions may be amended from time to time, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, vendees, or employees of the land."

2. The covenants contained in this Grant Deed shall be construed as covenants running with the land.

[Remainder of page intentionally left blank; signature page to follow.]

IN WITNESS WHEREOF, the Grantor has caused this Grant Deed to be executed by its duly authorized representative.

Executed as of the __ day of _____, 2017

CRA/LA, A DESIGNATED LOCAL
AUTHORITY

By: _____
Estevan Valenzuela
Chief Executive Officer

APPROVED AS TO FORM:
GOLDFARB & LIPMAN LLP

By: _____
Thomas H. Webber
CRA/LA Counsel

EXHIBIT A

LEGAL DESCRIPTION OF LAND

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

LOTS 301 AND 302 OF [TRACT NO. 5780](#), IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 66, PAGES 91 TO 95 INCLUSIVE OF MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE SOUTH 70.1 FEET OF SAID LOTS.

ALSO EXCEPT FROM LOT 301 THE RIGHT TO ANY DEPOSITS OF OIL, GAS OR OTHER HYDROCARBON SUBSTANCES, WITHOUT HOWEVER THE RIGHT OF ENTRY THERETO, AS RESERVED IN THE DEED FROM TITLE GUARANTEE AND TRUST COMPANY, RECORDED IN [BOOK 16941, PAGE 378, OF OFFICIAL RECORDS](#).

ALSO EXCEPT THE RIGHT TO ANY DEPOSITS OF OIL, GAS OR OTHER HYDROCARBON SUBSTANCES AND WATER UNDERLYING SAID LAND WITHOUT, THE RIGHT OF ENTRY THERETO, AS RESERVED IN THE DEED FROM ARTESIA WATER COMPANY, RECORDED SEPTEMBER 30, 1942, IN [BOOK 19598, PAGE 177, OFFICIAL RECORDS](#).

PARCEL 2:

LOT 303 OF [TRACT NO. 5780](#), IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 66, PAGES 91 TO 95 INCLUSIVE OF MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT FROM SAID LOT, ALL OIL, GAS OR OTHER HYDROCARBON SUBSTANCES UNDERLYING SAID LAND BUT WITHOUT ANY RIGHT OF ENTRY, AS RESERVED IN THE DEED RECORDED IN [BOOK 18804, PAGE 275, OFFICIAL RECORDS](#).

PARCEL 3:

LOTS 304 AND 305, OF [TRACT NO. 5780](#), IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 66, PAGES 91 TO 95 INCLUSIVE OF MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT FROM SAID LAND, THE RIGHT TO ANY DEPOSITS OF OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES UNDERLYING SAID LAND, BUT WITHOUT THE RIGHT OF ENTRY FOR DEVELOPMENT OF SAME, AS RESERVED IN THE DEED FROM TITLE GUARANTEE AND TRUST COMPANY, TRUSTEE UNDER ITS TRUST NO. S-816-H, RECORDED JANUARY 24, 1941, IN [BOOK 18082, PAGE 129, OFFICIAL RECORDS](#).

APN: **5046-004-900, 901 and 902**

EXHIBIT F - CRA/LA ART POLICY

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES (CRA/LA)

ART POLICY



2005

Approved by the CRA/LA Board of Commissioners on 10/21/04

Approved by the Los Angeles City Council on 03/02/05

Additional Revisions Approved by the CRA/LA Board of Commissioners on 3/03/05 and 1/18/07

EXHIBIT F - CRA/LA ART POLICY

EXHIBIT F - CRA/LA ART POLICY

EXHIBIT F - CRA/LA ART POLICY

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EXHIBIT F - CRA/LA ART POLICY

I - INTRODUCTION

The Community Redevelopment Agency of the City of Los Angeles (CRA/LA) is a public agency established to attract private investment into economically depressed communities; eliminate slums, abandoned or unsafe properties and blight throughout Los Angeles; revitalize older neighborhoods through historic preservation and new development; create and retain employment opportunities; promote the development of new housing; support the best in urban design, architecture and the arts; and ensure the broadest possible community participation in its activities.

Beginning in the late 1960s, the CRA/LA made Los Angeles one of the first cities in the country to require developers to incorporate art in their development projects. In redeveloping Los Angeles, particularly its Downtown, the CRA/LA sought to recast Los Angeles as a world-class city, one whose vitality was strengthened by its commitment to arts and culture. Through its successful model, the CRA/LA planted the seeds for a program and funding mechanism that has, over the past 35 years, expanded to encompass all public and private sector development through Los Angeles and has been adopted by many other cities throughout this country.

In 1985, the CRA/LA formalized its commitment to the arts by adopting a “Downtown Art in Public Places Policy” for the three downtown redevelopment project areas, Bunker Hill, Central Business District, and Little Tokyo. Ten years later, with the adoption of the 1993 “Public Art Policy,” the CRA/LA expanded the Policy to include all CRA/LA redevelopment project areas throughout the City. This 2005 revision seeks to refine and clarify the organization of the Policy and modify its requirements to conform to the City’s Arts Development Fee Ordinance and Procedures so as to make the requirements less confusing to the development community and City staff. A separate user-friendly Developer Guide has been created to aid developers and their representatives, along with an Art Program Guide to address administration of Cultural Trust Fund and Agency-Initiated projects.

The intent of the Art Policy is to make artists and the arts primary resources in the revitalization of the City and to provide physical, social, cultural, and economic benefits that will strengthen and sustain communities over time.¹

II - POLICY GOALS

Through the Art Policy, the Agency seeks to achieve the following goals:

- Serve the CRA/LA's mission through revitalization of neighborhoods.
- Promote projects with permanence with which the CRA/LA can be identified.
- Provide public art that is of the highest quality, well integrated into the fabric of the City.
- Involve artists in planning efforts and utilize their talents to make spaces relevant to the people who use them.
- Ensure that artists are hired concurrent with other members of the design team and foster collaboration amongst artists and designers.
- Provide opportunities for communities to participate in cultural planning through Art Advisory Panels.

¹ By changing the name of the policy to Art Policy the intention is not to de-emphasize Public Art, but rather to acknowledge that in addition to Public Art the policy supports the creation of, and upgrades to, Cultural Facilities.

EXHIBIT F - CRA/LA ART POLICY

- Encourage establishment of new and rehabilitated Cultural Facilities based on an assessment of need and feasibility.
- Assure that artists from diverse cultural, ethnic, gender, and regional backgrounds are engaged in public art activities under this Policy.
- Work cooperatively with the City of Los Angeles Cultural Affairs Department and be in conformance with the City's Arts Development Fee Program and the Public Work Improvements Arts Program.
- Actively disseminate information to the public, especially via the Internet, about the Art Program. Specifically, communicate the Program's mission and goals, keep artists informed about upcoming opportunities, provide easy access to basic information about artworks available for public viewing, and distribute user-friendly guides to developers.

III - DEFINITIONS

Agency (CRA/LA) – The Community Redevelopment Agency of the City of Los Angeles, California.

Art Budget – An amount equal to one percent (1%) of project Development Cost pursuant the Disposition and Development Agreement, Owner Participation Agreement, or other legal agreement, minus allowable exemptions or credits. Costs must be verified through Proformas or other financial spreadsheets used as the basis for the DDA, OPA or other legal agreement.

Art Advisory Panel – A group appointed by the CRA/LA Chief Executive Officer or a Regional Administrator, in consultation with the CRA/LA staff, to provide advice and guidance, especially with regard to redevelopment project area-based Cultural Trust Fund planning, project identification and implementation, and fund balance oversight.

Art Plan – A narrative statement with required attachments submitted by the developer indicating how the development will meet the requirements of this CRA/LA Art Policy. Art Plans may address on-site artwork, development or upgrades to a Cultural Facility within the development or in the redevelopment project area. Art Plans are submitted at the schematic and final stages of project design. The developer may choose to contribute the full amount of the art obligation to a Cultural Trust Fund (defined below) in lieu of an Art Plan.

Art Policy – The adopted policy of the CRA/LA Board of Commissioners and City Council by which the CRA/LA's Art Program is directed.

Art Program – The CRA/LA's program which sets forth the oversight and management of Developer-Initiated art projects, Cultural Trust Fund projects, CRA/LA-Initiated projects, and other related activities.

Artist Selection Panel – A group of artists, design professionals, arts professionals, community representatives, and others deemed necessary for a balanced point of view called together by a developer or Art Program staff to evaluate artist qualifications and/or identify artist(s) for a given project in conformance with this Art Policy and related Procedures and Guidelines.

Arts Development Fee – A fee required of developers (other than those working under agreements with the CRA/LA) in the City of Los Angeles guided by Municipal Code Section 91.107.2.11 and Administrative Code Div. 22, Ch.7, Art.3, Sec.22.118.

EXHIBIT F - CRA/LA ART POLICY

Artwork (Art, Art Project, Art Elements) – The artist’s contribution to the project as a result of collaboration with the other members of the design team.

Certificate of Completion (C of C) – A certificate issued by the Agency upon request of the developer following the completion of a project and as guided by a DDA, OPA or other legal agreement.

Community Advisory Committee (CAC) – A committee established by City Council in a specific redevelopment project area to review CRA/LA activities and to make recommendations to the CRA/LA Board of Commissioners through CRA/LA staff.

Community Redevelopment Agency (CRA/LA, The Agency) – The Community Redevelopment Agency of the City of Los Angeles, California.

Cultural Affairs Department (CAD) – A department of the City of Los Angeles which serves as a catalyst for the delivery of high quality arts and cultural experiences to every neighborhood in the City of Los Angeles. The CAD ensures access to these experiences through grant making, marketing, development, communication, and building relationships with community partners.

Cultural Facility – A structure, which houses a cultural activity, that has as its primary purpose the presenting of one or more art forms (dance, opera, live theater, visual art, folk and community art, literature, media arts). Cultural Facilities are operated by public entities or non-profit organizations and are dedicated to cultural activities available to a broad public. Examples of acceptable facilities are museums, theatres, performing arts centers, multi-purpose stages and amphitheatres. Facilities that do not meet the definition are churches, schools, commercial movie theaters, gymnasiums or other sports facilities, bookstores, buildings dedicated primarily to housing or administrative activities, and for-profit facilities used for for-profit activities.

Cultural Trust Fund – A separate interest-bearing fund established and maintained by the CRA/LA for each redevelopment project area for the deposit of the cash portion of the public art requirement of a development within that redevelopment project area.

Design Professional – An individual professionally trained in design, such as architecture, landscape architecture, art, graphics, urban design, and planning; also environmental, industrial, interior, and design.

Design Team Collaboration – Projects created through the co-equal cooperative design efforts of design professionals, such as artists, architects, and landscape architects.

Development Cost – All “hard” costs and “soft” costs which are incurred by or on behalf of the Developer, which are directly related to the improvements to be developed pursuant to an OPA, DDA or other legal agreement (other than costs relating to property acquisition, development rights transfers, tenant improvements unless specifically included in the OPA/DDA or other legal agreement, and the construction or installation of off-site improvements), including, without limiting the generality of the foregoing, the following: construction costs; construction, engineering and design fees; general development cost; construction financing interest, fees and "points"; permanent financing interest, fees, and "points"; building permits and other City fees; utility fees; taxes; insurance; legal and accounting fees; bonds; soils tests and other tests; and all other fees and expenses directly related to the construction of the improvements not specifically included in any of the foregoing categories.

EXHIBIT F - CRA/LA ART POLICY

Disposition and Development Agreement (DDA) – An agreement between the CRA/LA and a developer involving a conveyance of property by the CRA/LA to the developer for the purpose of implementing a redevelopment activity.

Financial Participation – Categories of CRA/LA financial participation include, but are not limited to: tax increment financing; bond financing; planning assistance which results in a discrete monetary benefit to the project such as a fee reduction or fee waiver; construction of off-site public improvements by the CRA/LA that would otherwise be the responsibility of the developer; lease or license of Agency land; land assembly; land write-downs and tax credits; and below market interest loans.

Final Design – The design once all variables, such as engineering, costs, and changes in project design are fixed and resolved. It must include identification of all materials, colors, and processes to be used in the creation of the art, as well as an identification of who will fabricate or provide all components. Drawings should contain sufficient detail to allow the art to be constructed and installed. Final design should be accompanied by a revised artist's statement of intent and detailed budget.

Life Span of the Artwork – Artworks created under this Policy are meant to be permanent and should last a century or more when properly designed and maintained. Artworks with shorter life spans are allowable if addressed in the Art Plan and approved by the CRA/LA Board of Commissioners. Artwork reaches the end of its life cycle when the artist, or the artist's estate, and/or a qualified art conservator verifies that the artwork has aged or deteriorated to a point where it cannot reasonably be conserved or repaired. Artwork life span cannot be less than 25 years or the duration of CRA/LA land use controls.

Nondiscrimination Policy – The CRA/LA policy dedicated to ensuring equal employment opportunity and access to all individuals regardless of race, color, religion, national origin, sex, age, disability, marital status, sexual orientation, creed, ancestry, medical condition, or Acquired Immune Deficiency Syndrome (AIDS) (acquired or perceived).

Notice of Program Availability (NOPA) – An advertisement by the CRA/LA that a program is to be initiated which will require consultants to develop a plan and to implement it.

Other Legal Agreements – Other types of legal agreements the CRA/LA enters into with developers include, but are not limited to, Loan, Bond and Construction Agreements or Contracts.

Owner Participation Agreement (OPA) – An agreement between the CRA/LA and a developer providing for the development of property owned by the developer to effectuate a redevelopment activity.

Permit Date – The date on which the developer has obtained permits to allow commencement of construction work on the development project.

Project Area Committee (PAC) – A committee in certain redevelopment project areas formed and existing pursuant to California Health and Safety Code Section 33385.

Public Accessibility – The condition under which a public space is accessible to the public a minimum of 12, but preferably up to 18, hours, a day.

EXHIBIT F - CRA/LA ART POLICY

Redevelopment Project Area – A specific geographic area of the City of Los Angeles for which the City Council has adopted a redevelopment plan, in accordance with applicable State law.

Regional Artist – An artist who resides in Southern California which is geographically defined as within Santa Barbara to San Diego Counties.

Request for Proposals (RFP) – An invitation by the CRA/LA or a developer to potential consultants, such as artists, to submit proposals for a specific project, project component, or professional service.

Request for Qualifications (RFQ) – An invitation by the CRA/LA or a developer to potential consultants, such as artists, to submit for consideration their qualifications for a specific project, project component, or professional service.

Schedule of Performance – The summary schedule of actions to be taken by the developer and the CRA/LA, and any other parties, pursuant to a DDA, OPA, or other legal agreement to allow for completion of the development.

Schematic Design – The artist's initial artwork design in context and in scale with components fully identified. The design should address materials, colors, features, and processes for which the artist is responsible. Visual illustrations should represent the artwork in context and should be submitted along with a narrative description explaining the artist's intent.

IV - MANAGEMENT AND OVERSIGHT

This section sets out the roles and responsibilities of Art Program staff, Art Advisory Panels, the CRA/LA CEO and the CRA/LA Board of Commissioners with regard to review and approval of public art projects mandated under this Policy and addresses project management.

A. CRA/LA Board of Commissioners

The CRA/LA Board of Commissioners ensures that developer agreements brought before it conform to the requirements set forth in this Policy. The Board approves changes to the Art Policy as needed to ensure it adapts to the shifting focus and goals of the Agency. Developer Art Plans are reviewed and approved by the Board after review and evaluation by Art Program staff and an Art Advisory Panel, if applicable.

B. CRA/LA CEO

The CRA/LA CEO reviews and approves updates to the Developer and Art Program Guides, manages Art Program staff, and ensures adequate staffing. Additionally, the CEO ensures that the Agency achieves its goals of supporting the best in urban design, architecture, and the arts.

C. Art Advisory Panels

The Regional Administrator or CEO and CRA/LA Art Program staff establish Art Advisory Panels in redevelopment areas when the amount and consistency of art projects merits their formation. Panels should include artists, design professionals, arts organization representatives, and those interested in public art that live or work in or near the



Hollywood Art Advisory Panel

EXHIBIT F - CRA/LA ART POLICY

redevelopment area. Panels provide advice and guidance to Art Program staff and their views are incorporated into reports to the CRA/LA Board of Commissioners. Art Advisory Panels review Art Plans from developers, provide recommendations on the use of Cultural Trust Funds, provide recommendations for artist selection panel members and may serve on panels themselves. Most importantly, through their knowledge of their communities, they aid in establishing priorities, in identifying project opportunities, and in recommending locations and problem sites that might benefit from visual improvement. Where Art Advisory Panels are not formed, the PAC or CAC shall fulfill this function or a project-specific Advisory Panel may be established by the CEO or Regional Administrator.

D. Art Program Staff

Art Program activities and projects are implemented by the CRA/LA Art Program staff according to CRA/LA policies and practices and are subject to approval of the CEO, the CRA/LA Board of Commissioners, or the City Council, as indicated and as required by general CRA/LA procedures and practices, and applicable law. Art Program staff members are responsible for administrative processes for reviewing and approving developer Art Plans; updates to the Art Policy and related Guides; participation in the development of, or revisions to, other Agency policies that impact art or cultural activities within redevelopment project areas; oversight of all Cultural Trust Funds; management of CRA/LA-Initiated public art projects and Cultural Trust Fund projects; program planning and development; outreach efforts; technical support; and support of communications/public relations efforts related to all such activities. CRA/LA funds will be budgeted to administer, implement, and support this Art Policy. In addition, up to 15% of Cultural Trust Fund total fund revenues can be utilized for the management of Cultural Trust Fund projects.

V - DEVELOPER OBLIGATION

This section summarizes public art requirements placed on private developments. It gives the history of this obligation and the relationship of the CRA/LA Policy to the City's Arts Development Fee Program. Exemptions and credits are listed, as well as the three possible options for satisfying the Policy requirement.

A. City Arts Development

On March 8, 1991, City Council established the Arts Development Fee requiring developers to pay up to one percent of their building permit valuation into the Arts Development Fee Trust Fund or develop an arts project approved by CAD and receive a dollar-for-dollar credit. The CRA/LA's commitment to public art began more than 20 years earlier and was formalized through a Board-adopted "Downtown Art in Public Places Policy" in 1983 and again in 1993 when the Policy was revised and expanded to apply to all redevelopment areas. The 1993 CRA/LA Policy was also adopted by the City Council. The CRA/LA's Art Policy is reinforced through legal agreements (DDA, OPA or other legal agreements) and monitored by staff and the CRA/LA Board of Commissioners.

Both the City's Arts Development Fee and the CRA/LA's developer obligation require one percent of project costs to be designated for art, although the City's is based on building type and a square foot calculation.² The Los Angeles Administrative Code requires that dollar-for-dollar credits be granted for any development project subject to an art requirement pursuant to a written agreement with the CRA/LA in lieu of meeting the City's

² For further discussion of the Arts Development Fee, see Developer Guide.

EXHIBIT F - CRA/LA ART POLICY

Arts Development Fee requirement.³ The developer will work with CAD staff to ensure compliance paperwork is issued prior to pulling permits with the Building and Safety Department.

B. Private Development Projects Subject to the Art Policy

All private development projects with CRA/LA financial participation must obligate at least 1% of development cost to art and adhere to the CRA/LA's Art Policy. Private development projects within the City *without* CRA/LA financial participation may be subject to the City's Arts Development Fee Program.

C. Exemptions to the Art Obligation

The following are exemptions to the Policy:

- Projects with Development Cost below \$500,000.
- New or rehabilitated very low-, low-, and moderate-income (as defined within the CRA/LA Housing Policy) housing units are exempt from the art obligation. New or rehabilitated mixed-income housing developments that include both market-rate and affordable housing units are subject to the art obligation on that portion of the development that is market rate, but only if that portion represents 20% or more of Development Cost.
- Historic rehabilitation projects conforming to the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings. Credits are given dollar-for-dollar for historic rehabilitation.
- Cultural Facilities (see Definition). Credits are given dollar-for-dollar for the cost attributed to a Cultural Facility.⁴



The cost of Cultural Facilities, such as Disney Hall, is credited against the art requirement.

D. Developer Options for Satisfying the Art Obligation

A developer has the option of proposing an Art Plan incorporating on-site art or a Cultural Facility into the development or may elect to pay the full fee into the Cultural Trust Fund for the redevelopment area in which the development is located. At the outset of discussions, the CRA/LA will inform the developer of the Art Policy and of its goals and objectives and how they relate to the CRA/LA's overall mission of revitalization. Throughout negotiations, staff will work with the developer to fully evaluate the options available.

Art Plan options are:

- On-Site Art: An artist or artists may be hired to participate in design and execution of artwork for the development project. To ensure that adequate funding is available to meaningfully impact the project, the CRA/LA will establish a threshold (for example, \$100,000) or fixed amount of the total Art Budget that may be spent for on-site art. Above that fixed amount or threshold, up to 60% of the total Art Budget (60% of 1%) can be spent for this effort. The remaining 40% of the total Art Budget (40% of 1%) must be contributed to a Cultural Trust Fund established for the redevelopment area. Cultural Trust Funds are guided by redevelopment project area-based art advisory

³ Division 22, Chapter 7, Article 3, Section 22.118, Subsection 3.

⁴ CAD must also concur that the development meets its definition of a Cultural Facility and, if so, will issue compliance paperwork exempting the project from the Arts Development Fee.

EXHIBIT F - CRA/LA ART POLICY

panels and support public art initiatives and Cultural Facilities that improve the project area as a whole.

- **Cultural Facility:** The development may include a Cultural Facility on-site or within the redevelopment project area, and may utilize up to the full 1% obligation for that purpose. The Cultural Facility must be made available to a public or non-profit cultural organization on a permanent basis or long-term basis. There must not only be a demonstrated need for that Cultural Facility in that area of the city, but the arts activity must be compatible with the activities, hours of operation, and public comings and goings of the development. The cultural organization managing and programming the Cultural Facility must demonstrate current and future financial stability.



MOCA's facility was built to satisfy the art requirement for California Plaza.

- **Cultural Trust Fund Contribution:** The full 1% art obligation may be contributed to the appropriate Cultural Trust Fund in lieu of an Art Plan (see "Procedure for Cultural Trust Fund Contribution").

E. Art Plan - On-Site Art Option

All developers will be informed of the Art Policy at the outset of discussions with the CRA/LA. Any developer electing to meet the public art requirement by preparing and carrying out an Art Plan for on-site art will be instructed that such plan should evolve as an integral part of the project program and should be the responsibility of the project artist working collaboratively with the full design team. The Art Plan will be reviewed at two stages, schematic and final, and will be subject to review and approval in accordance with a Schedule of Performance.

The Art Plan for on-site art, through the various stages, will describe:

- The artist-selection process, including the method of artist identification, and evidence that culturally diverse, male and female artists, and artists from the region have been considered.
- The biographical and professional experience of the artist(s), demonstrating that the artist is qualified to participate in the project.
- The interrelationship of the Art Plan to the development project plan, including the artist's contribution to the development of project program and design.
- The relationship and significance of the Art Plan to the site, to the neighborhood in which it is located, and to its place in the city.
- The location of the artwork within the project and evidence that the location is accessible to the general public at least 12, but preferably 18 hours a day.
- The relationship to the CRA/LA's mission of revitalization and its Art Policy goals and objectives.



Zanja Madre, a public plaza designed by Andrew Leicester for the 801 Figueroa Building.

EXHIBIT F - CRA/LA ART POLICY

- The Art Budget showing only eligible costs and limiting administrative fees to a maximum of 10% of the total.

F. Art Plan - Cultural Facility Option

To use the art obligation to develop a new Cultural Facility, upgrade an existing facility or contribute to a future Cultural Facility (either on- or off-site) within a redevelopment project area, the proposal must not only meet an identified need, it must also be operated by a public or non-profit cultural organization with financial capacity.

The Art Plan for the Cultural Facility must address:

- The facility's location within the project, capacity, preliminary design concept, credentials of proposed operating entity, estimated operating budget of user(s), and programmatic goals and objectives.
- The operational and financial plan developed jointly by the developer and the facility operator/cultural organization.
- A plan for ongoing funding of the organization and maintenance of the facility, including a proposed long-term financing report and marketing plan.
- The Art Budget, including detailed costs associated with building, architectural and engineering fees, tenant improvements, land value (if appropriate), projected rent (if the building will not be owned by the non-profit entity), and other costs used to verify expenditure of the full 1% requirement.
- Legal agreements providing adequate assurances of continuing cultural use throughout the term of commitment. Such assurances may take the form of secured contractual commitments, a covenant in perpetuity, an irrevocable trust fund financing plan, conditional use or zoning restriction, ground-lease covenants, or other binding use restriction which assures that the property and/or improvements will be dedicated to public and/or non-profit cultural purposes.

G. Cultural Trust Fund Contribution

Cultural Trust Funds are interest-bearing accounts administered and managed by the CRA/LA that support public art projects resulting in visual enhancements to the redevelopment project area, or support Cultural Facilities that attract visitors to the project area or serve the local community. A developer may commit the total art obligation to a Cultural Trust Fund for the redevelopment project area in which the development is located.

Developers who do not submit an Art Plan within the approved Schedule of Performance maybe required to forgo an Art Plan and instead submit the full 1% developer art obligation to a Cultural Trust Fund. Retrofit of an Art Plan into a completed project will be discouraged. The Cultural Trust Fund contribution shall be made no later than the project's Permit Date for demolition, grading, and construction work. The due date, therefore, will be referred to as the Permit Date.



The Lankershim Arts Center was renovated with funds from the NoHo Cultural Trust Fund.

EXHIBIT F - CRA/LA ART POLICY

H. Review and Evaluation of Art Plans

Developer Art Plans will be submitted to and reviewed by Art Program staff and may be presented to an Art Advisory Panel at two stages of design, schematic and final. The CRA/LA Board of Commissioners shall approve Art Plans at the schematic stage, but not before the artist's ideas are well developed and good visual representations of the artwork in relation to the project are available. Art Program staff, Art Advisory Panels, and the Board will use the following criteria for evaluating an Art Plan for On-Site Art:

- Art Plan adheres to Art Policy and the Developer Guide;
- Art Plan achieves Art Policy and Agency goals;
- Artwork design is of high quality and has artistic merit;
- Art Plan is appropriate in terms of scale, material and components relative to the development's architecture;
- Artwork is located within the development project in a location or locations with adequate public accessibility;
- Artwork has long-term durability against vandalism, weather and theft; and
- Artist's achievements, experience, education, and recognition are consistent with the scale and complexity of the artwork design.

Art Program staff, Art Advisory Panels, and the Board shall use the following additional criteria for evaluating an Art Plan for a Cultural Facility:

- A need for such a Facility has been clearly demonstrated through an independent study;
- The Facility meets national standards and is sited appropriately within the development project area and the redevelopment project area;
- The managing cultural organization has demonstrated financial capability to successfully operate the Facility in the short- and long-term;
- The parties are committed to negotiating all details regarding ownership, management, costs, rights over development, and management of the Facility; and
- Agreements will ensure that the Facility will be reserved for public or non-profit cultural activity throughout the term of the commitment.

No part of this review and approval process shall operate to restrict or prohibit any ideological, political or non-commercial message which is a part of any Art Plan submitted by the Developer.

I. Covenant for Long-Term Artwork Maintenance

During the Certificate of Completion process for the development project, the developer will be required to enter into a covenant agreement obligating the developer to maintain the artwork over the life of the artwork unless otherwise negotiated and approved by the CRA/LA Board of Commissioners. The covenant will be for the benefit of, and be approved by, CRA/LA and the City.⁵

VI - CRA/LA OBLIGATION

This section summarizes the CRA/LA's commitment to public art for Agency-Initiated projects, which parallel the basic requirements placed on private developments. It also addresses how

⁵ CRA/LA has authority over the covenant for the duration of land use controls of the relevant redevelopment plan and therefore the City will be the responsible party after that point in time.

EXHIBIT F - CRA/LA ART POLICY

artists are selected and who serves on panels that select artists.

A. Agency-Initiated Projects

In keeping with the requirement it imposes on private developers, and to match the commitment made by the City to set aside 1% of all public works projects for art,⁶ the CRA/LA shall obligate for public art at least 1% of project development cost on all new Agency-Initiated projects. This obligation applies to projects where the CRA/LA is the developer or manager as well as those projects that are jointly developed by the Agency and a municipal department, agency, or authority. Projects with total costs less than \$500,000 or with little to no public accessibility shall be exempt. However, Agency staff should consider artists as a valuable resource and may, with guidance from Art Program staff, seek to engage artists in projects of all sizes and scopes. Budgets may be in excess of the 1% requirements where appropriate (i.e., in arts districts where public art can reinforce district identity or where a high-level of community participation in a public project is sought).



B. Artist Selection Process

Three selection methods are available for artist selection, open, invitational, and direct (allowable only if justified). In most cases the open method will be used, which invites all artists to submit qualification or proposals for a project. Art Program staff will work with CRA/LA redevelopment project area staff to determine any eligibility limitations. These limitations may be imposed based on the funding source, the budget size, location within the city, expectations for community involvement, and adherence to Policy goals. Invitational or direct selections may be appropriate for projects with extremely aggressive schedules, where there is community consensus around an artist or list of artists to be considered, or where a high-level of experience or a specific type of experience is required. Shortlists for specific project types assembled by artist selection panels after an open selection process (i.e., streetscapes, parks, etc.) may be used for a fixed number of years.

C. Artist Selection Panels

Artist Selection Panels will be comprised of a combination of professional artists, arts and design professionals, community representatives or stakeholders, and city department representatives, if appropriate, appointed by Art Program staff. If the artist is expected to collaborate with a design professional, that design professional should actively participate in the artist selection process and be a voting or advisory member. If the artist is selected before the design professional, the artist should participate in reviews of qualifications and interviews of design professionals being considered for the project.

D. Artwork Maintenance

Since redevelopment areas are established for fixed time periods, the Agency cannot be in the business of owning artwork in the long-term. Projects initiated by the Agency should ultimately be turned over to another entity for ownership, such as a Business Improvement

⁶ Los Angeles Administrative Code Article 2, Section 19.85.

EXHIBIT F - CRA/LA ART POLICY

District, the City, or a private owner (See the Art Program Guide Procedures for details and processes).

VII - CULTURAL TRUST FUNDS

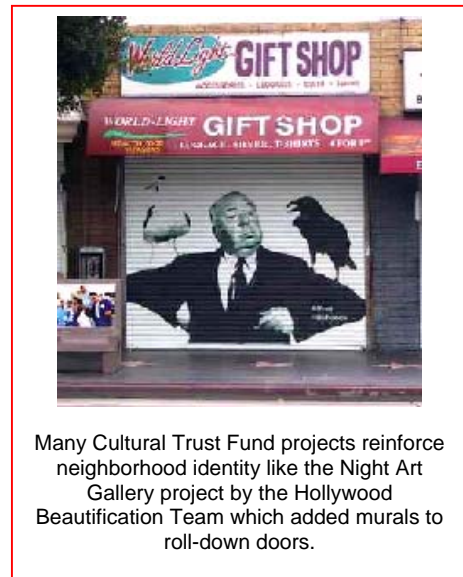
A. Establishment of Cultural Trust Funds

Redevelopment project areas with development projects requiring art obligations that result in deposits to a Cultural Trust Fund will establish an interest-bearing Cultural Trust Fund named after that area (e.g., Hollywood Cultural Trust Fund). The fund will contain developer contributions and any other funds that are contributed or allocated to the fund. Cultural Trust Funds shall be carefully monitored by Agency staff to ensure that developer receipts and project expenditures are accurately recorded and are approved by the Art Program staff, Art Advisory Panels (PAC/CACs where applicable), or the CRA/LA Board of Commissioners. Management costs, staff labor, and administrative charges shall not exceed 15% of total fund revenues.

B. Cultural Trust Fund Projects

Cultural Trust Funds provide redevelopment project areas with resources for projects involving artists and the arts that could otherwise not be accomplished. It is not intended that these funds be used for programming and operating grants or for objectives more reasonably funded by others, such as the Cultural Affairs Department, or other arts funders. Art Advisory Panels shall guide Cultural Trust Fund projects, or in redevelopment areas where panels have not been established PACs or CACs will guide them. The Panel or PAC/CAC shall be asked to develop priorities for projects that it, on behalf of the community, sees as important to change, enhance, or energize the visual environment. Council Offices, the Mayor's Office, and Neighborhood Councils play vital roles in efforts to revitalize communities and bring arts and cultural experiences to their

constituencies. Input and guidance will be sought from each to identify and initiate Cultural Trust Fund projects. On a case-by-case basis, projects outside a redevelopment area may be supported. Projects funded by Cultural Trust Funds will be measured first by how they serve the revitalization mission of the CRA/LA and second how they meet the goals and objectives of the Art Policy.



Many Cultural Trust Fund projects reinforce neighborhood identity like the Night Art Gallery project by the Hollywood Beautification Team which added murals to roll-down doors.

VIII - DEVELOPER AND ART PROGRAM GUIDES

A Developer Guide has been prepared to assist developers and their representatives in understanding the Art Policy and how it applies to their development. It outlines choices, steps, required submittals, approvals, and key milestones. The Guide contains procedures which detail key components, for example, eligible and ineligible costs, and should be consulted for a more thorough understanding of CRA/LA requirements.

EXHIBIT F - CRA/LA ART POLICY

An Art Program Guide has been prepared to assist Agency staff in implementation of Agency-Initiated public art projects or Cultural Trust Fund financed projects, oversight of Cultural Trust Funds, interface with advisory panels, and coordination with the Cultural Affairs Department. Procedures address artist selection processes, panel membership and term limits, project approvals and forms, planning for future maintenance, plaques, and public information.

The Developer and Art Program Guides may be changed upon approval of the CRA/LA CEO, as necessary, so long as such changes are consistent with the intent and practice of this Policy.

EXHIBIT G - PREVAILING WAGES

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY
OF LOS ANGELES, CALIFORNIA

POLICY ON PAYMENT OF PREVAILING WAGES BY PRIVATE
DEVELOPERS, REDEVELOPERS OR OWNER-PARTICIPANTS

Revised: February 1986
Approved: February 24, 1986

EXHIBIT G - PREVAILING WAGES

Introduction

Under the Community Redevelopment Law of the State of California, the Community Redevelopment Agency of the City of Los Angeles may enter into contracts or other agreements with developers of property to assist in the acquisition or the improvement of such property to eliminate blight. The Agency is also empowered to enter into agreements with owners of property in redevelopment project areas to develop their property pursuant to the requirements of adopted redevelopment plans. In all such agreements, the Agency may require the private owner or developer to comply with conditions which the Agency deems necessary to carry out the purposes of the Community Redevelopment Law.

Under certain circumstances, the Agency may provide funding which has been obtained from the Federal Government for use by private developers or owners in the development of their property. In such cases, the federal grant or loan or mortgage assistance program may require that construction work performed in such projects comply with the requirements of the Davis-Bacon Act (40 U.S.C. 276 et. seq.), which requires the payment of wages to laborers and mechanics at a rate not less than the minimum wage specified by the Secretary of Labor in periodic wage rate determinations.

In addition, whenever the, Agency contracts directly for public works improvements, the contractor is required by pertinent State law provisions to pay not less than the prevailing rate of wages to workers employed on the public work.

The public purposes which underlie both the Davis-Bacon Act and the State prevailing wage requirements apply no less to work performed on a project which is the subject of an agreement between the Agency and a private developer or owner. Those purposes include protecting the employees of contractors on public projects from substandard wages, promoting the hiring of a local labor force, and ensuring, to the extent possible, that the quality of the work to be performed will not be compromised by the payment of less than the prevailing rate of wages. That is, developers who seek Agency assistance, or property owners who wish to develop their property pursuant to an owner participation agreement, should not be permitted to pay, or to allow their contractors or subcontractors to pay less than the prevailing rate of wages for work performed pursuant to an agreement with the Agency.

The Legislature has declared that the redevelopment of blighted areas and the provisions for appropriate construction policies in them constitute public uses and purposes and are governmental functions of state concern in the interest of health, safety and welfare of the people of the State and of the communities in which the blighted areas exist. The Legislature has further declared that genuine employment opportunities for all the people of the State are vital to the States peace and prosperity, and that a fundamental purpose of redevelopment is to expand employment opportunities for jobless, underemployed and low-income persons. Therefore, the

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Agency has determined that the application of prevailing wage requirements to private developers or owners of property who enter into agreements with the Agency for the development of such property is a necessary condition in carrying out the purposes of the Community Redevelopment Law.

I. Statement of Policy

It is the policy of the Agency that any developer or Owner of property who enters into a Agreement with the Agency for the development of such property shall pay or cause to be paid to all workers employed in connection with the development of such property, not less than the prevailing rates of wages, as provided in the statutes applicable to the Agency public works contracts, including without limitation Section 33423-33426 of the California Health and Safety Code and Sections 1770-1780 of California Labor Code. However, notwithstanding the foregoing, this policy shall not apply to the payment of wages to such workers who have not approved by and are appropriately registered in a Starting Apprenticeship Program administered by the Building Trades. Those workers shall be paid at the rate of wages prescribed by the appropriate collective bargaining agreement in effect for such trade; provided a list of current enrollees in the Program has been submitted to the Agency for review. In addition, the foregoing Agency Policy shall not apply to Agreements in which the total aggregate cost of construction does not exceed \$250,000 in the case of residential development, and \$100,000 in the case of non-residential developments. However, notwithstanding the foregoing, a special residential wage rate established by the State of California, Department of Industrial Relations, Division of Labor Statistics and Research for public projects, may be paid to those trade-crafts or classifications performing work on Agency sponsored residential projects in which a developer or contractor has requested and received approval from the Agency to pay.

In the case of an Agreement with the Agency which involves the use of federal funds, such use shall be subject to the prevailing wage requirements, if any, mandated by the federal program legislation by which such funds are authorized. In the case of construction work financed in whole or in part with assistance provided under the Community Development Block Grant ("CDBG") program of the United States Department of Housing and Urban Development, the Davis Bacon Act applies to any Agreement with the Agency which involves CDBG funds in the amount of \$2,000 or more. ' However, this CDBG requirement applies to the rehabilitation of residential property only if such property is designed for residential use of eight or more families.

2. Construction of Terms and Phrases

For purposes of implementing this policy, the following shall apply:

EXHIBIT G - PREVAILING WAGES

- (a) The phrase "developer or owner" means any person, corporation, partnership, joint venture, association or entity regardless of form, whether public or private, for-profit or not-for-profit, which enters into an Agreement with the Agency, as hereinafter defined.
- (b) The phrase "an Agreement with the Agency" means any disposition and development agreement, owner participation agreement, development agreement, loan agreement, rehabilitation agreement, agreement for the sale of land or any other agreement to which the Agency is a party, regardless of form or title, whereby a developer or owner of property in the City of Los Angeles agrees to develop or cause the development of such property. An Agreement in which the Agency agrees to subsidize or guarantee a rehabilitation loan to be made to a developer or owner by a lending institution shall be deemed "an Agreement with the Agency" for purposes of this policy. However, to the extent that an Agreement with the Agency provides for the use of federal financial assistance, this policy is not intended to supersede the prevailing wage requirements, if any, mandated by the federal grant, loan or mortgage insurance program legislation by which such assistance is authorized, but shall be deemed to be supplementary to such requirements.
- (c) The phrase "the development of property" means any demolition, construction, rehabilitation, reconstruction or other work of improvement to be performed by or on behalf of an owner or developer in accordance with an Agreement with the Agency.
- (d) The phrase "all workers employed in connection with the development of such property" shall mean and refer to each craft, classification or type of worker, as determined by the rules and regulations of the California Department of Industrial Relations, actually employed by the developer or owner, or by a contractor or subcontractor, to perform labor or services in connection with the development of the property. In the case of a family owned business which employs family members, who have an ownership interest in such business, such family members shall not be deemed to be "workers employed in connection with the development of such property" for purposes of this policy.
- (e) The phrase "prevailing rates of wages" means the general prevailing rate of per diem wages in the locality in which the work is performed, for each craft or type of worker needed to perform the work, and the general prevailing rate for regular, holiday and overtime work in the locality, for each craft or type of worker needed to perform the work, as provided to the Agency by the California Department of Industrial Relations pursuant to Section 1773 of the Labor Code.

EXHIBIT G - PREVAILING WAGES

- (f) The phrase "total aggregate cost of construction" means the total sum of costs incurred by the developer or owner in connection with the development of property which is the subject of an Agreement with the Agency, excluding the cost of acquiring the property and also excluding the cost of tenant improvements which are not paid for by the developer or owner, and which are constructed under contract with a contractor other than the general contractor or a sub-contractor already on the job. The intent of this Policy is to cover only non-excluded initial tenant improvements which are part of the construction or substantial rehabilitation contemplated in the Agreement with the Agency. The "total aggregate cost of construction includes, without limitation, the cost to the developer or owner of contractors" services, architectural and engineering services, materials, direct labor and all other costs which are customarily considered to be costs of construction. In the case of multiple projects which are functionally or substantively related, Agency staff shall determine whether the purposes to be served by this policy require that the costs incurred with respect to such projects must be combined in determining the "total aggregate cost of construction."

3. Implementation of Policy

This policy shall be implemented and enforced by Agency staff as follows:

- (a) Every Agreement with the Agency to which this policy applies shall contain a provision whereby the developer or owner shall agree to pay or cause to be paid to all workers employed in connection with the development of the property, not less than the prevailing rates of wages, as provided in the statutes applicable to Agency public works contracts, including without limitation Sections 33423-33426 of the California Health and Safety Code and Sections 1770-1780 of the California Labor Code. Every Agreement with the Agency to which this policy applies shall also contain a provision incorporating this policy by reference.
- (b) Every owner or developer entering into an Agreement with the Agency to which this policy applies shall include, in all contracts for work relating to the development of the property to which the Agreement applies, a provision whereby the contractor shall agree to pay and shall cause its subcontractors to pay all workers employed in connection with such contact or subcontract not less than the prevailing rates of wages, as provided in the statutes applicable to Agency public works contracts, including without limitation Sections 33423-33426 of the California Health and Safety Code and Sections 1770-1780 of the California Labor Code.
- (c) Prior to the execution of any Agreement with the Agency to which this policy applies, Agency staff shall provide a copy of this policy to the owner

EXHIBIT G - PREVAILING WAGES

or developer. It shall be the obligation of the developer or owner to provide copies of this policy to its contractors and subcontractors.

- (d) Prior to the commencement of construction, and as soon as practicable, Agency staff shall hold an orientation meeting with any owner or developer who enters into an Agreement with the Agency to which this policy applies, and with the General Contractor of such owner or developer in order to explain such matters as the specific rates of wages to be paid to workers employed in connection with the development of the property, preconstruction conference requirements, record keeping and reporting requirements necessary for the evaluation of an owner or developer's compliance with this policy.

4. Enforcement

- (a) Every owner or developer entering into an Agreement with the Agency to which this policy applies shall maintain or cause its contractors and subcontractors to maintain an accurate record showing the name, occupation and actual per diem, regular, overtime and holiday wages paid to each worker and fringe benefits (as appropriate) paid to or on behalf of each worker employed in connection with the development of the property, the hours worked by such workers and amounts withheld pursuant to law. It shall be the responsibility of the owner or developer to maintain such records in the event that its contractors or subcontractors do not maintain such records. Such records shall be open for inspection by Agency staff at reasonable hours.
- (b) Agency staff shall periodically monitor compliance with this policy by inspecting payroll records, interviewing workers at the construction site or by other similar means. Any owner or developer entering into an Agreement with the Agency to which this policy applies shall cooperate with Agency staff in carrying out this policy.
- (c) Agency staff shall promptly and thoroughly investigate any claim made by a worker that less than prevailing wages were paid for work performed in connection with the development of property to which this policy applies. Any owner or developer entering into an Agreement with the Agency to which this policy applies shall cooperate with and cause its contractors and subcontractors to cooperate with Agency staff in carrying out such investigation, and shall promptly pay or cause its contractors or subcontractors to pay any amount determined by Agency staff to be the difference between the applicable prevailing wage for the number of hours worked by the claimant and the amount actually paid to the claimant. At the request of Agency staff, an owner or developer shall withhold funds from its contractor, or cause its contractor to withhold funds from a

EXHIBIT G - PREVAILING WAGES

subcontractor, prior to the completion of such investigation, to ensure that the amount of such restitution, if required, is available.

- (d) In the event that the Agency staff determines that a contractor or subcontractor has violated any provision of this policy, the developer or owner and Agency staff shall agree on appropriate measures, in addition to restitution, to ensure that such contractor or subcontractor complies with this policy. Such measures may include, without limitation, a requirement that during the contract period the owner or developer withhold funds from the contractor or cause the contractor to withhold funds from the subcontractor, or that the contractor post a bond or provide a letter of credit or other security in an amount sufficient to ensure that workers employed in connection with such contract or subcontract receive the prevailing rates of wages for the work to be performed. Any owner or developer entering into an Agreement with the Agency to which this policy applies shall include in its contracts and require its contractors to include in subcontracts, appropriate provisions by which the provisions of this paragraph may be carried out.
- (e) In the event of a dispute between the owner or developer, or its contractors or subcontractors, or a claimant, and the Agency staff with respect to an Agency staff determination, the owner or developer, or its contractors or subcontractors, or the claimant, as the case may be, shall have the opportunity to bring the dispute before the Agency Board for review. The Agency Board may take such action as it deems appropriate, including: (i) affirming the Agency staff determination; (ii) referring the matter back to Agency staff for further investigation; (iii) reversing or modifying the Agency staff determination; (iv) directing the Agency staff to appoint an independent hearing examiner for further investigation; or (v) such other action as the Board may deem appropriate under the circumstances.
- (f) Penalties. In addition to any restitution required by this Policy and/or applicable law, any developer or owner determined by the Agency to have violated any provision of this Policy, shall forthwith pay the following as a penalty to the Agency:
 - (1) Payment of less than Prevailing Wages:

\$50 per calendar day, or portion thereof, for each worker paid less than prevailing wages.
 - (2) Failure to Provide all requested Records and/or Provide Access to Job Site or Workers:

\$5,000 per day, or portion thereof.

EXHIBIT G - PREVAILING WAGES

The provisions of this section 4.(f) shall be included verbatim in the clause required by Section 3.(a) for Agreements with the Agency, and in the clause required by Section 3.(b) for owner and developer agreements.

5. Sanctions

Any developer or owner determined by the Agency to have paid less than prevailing wages for work performed in connection with the development of property to which this policy applies, or whose contractors or subcontractors have been found to have paid less than the prevailing rate of wages, shall promptly pay or cause its contractors or subcontractors to pay restitution to any worker to whom wages less than the prevailing rate have been paid. The amount of such restitution shall be the difference between the applicable prevailing wage rate for the number of hours the claimant was found to have worked and the amount actually paid to the worker. In the event that such restitution is not promptly made, Agency staff may refer the matter to the State Department of Industrial Relations or other appropriate governmental agency or licensing board for further action. In the event that the Agency staff determines that there is a pattern of noncompliance with this policy by any owner or developer, or its contractors or subcontractors, the Agency staff may refer to the State Department of Industrial Relations or other appropriate governmental agency or licensing board for further action. Moreover, in the event that the Agency Agreement involves any direct Agency assistance to the developer or owner, including without limitation, financial assistance, or discretionary Agency action such as the grant of a variation from requirements of the redevelopment plan, or other Agency consideration, the failure by the developer to comply with this policy shall be deemed to be a breach of contract, authorizing the Agency to take all appropriate action, including rescission of the Agreement, or to seek judicial relief for damages or injunctive relief.

6. Waivers

The Agency Board reserves the right, in its sole discretion, to waive or modify any provision of this policy with respect to any project, upon a showing that the interests to be served by this policy and the purposes generally of the Community Redevelopment Law will not be adversely affected by such waiver or modification.

EXHIBIT H – MEMORANDUM OF DDA

OFFICIAL BUSINESS

Document entitled to free
recording per Government
Code Section 6103

**RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:**

CRA/LA, a Designated Local Authority
448 S. Hill Street, Suite 1200
Los Angeles, CA 90013
Attn: Records Department

**MEMORANDUM OF
DISPOSITION AND DEVELOPMENT AGREEMENT**

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (the “**Memorandum**”) is made this _____ day of _____, 2018, by and between CRA/LA, a Designated Local Authority, a public body formed under California Health and Safety Code Section 34173(d)(3) (“CRA/LA) and successor to The Community Redevelopment Agency of the City of Los Angeles (the "Former Agency"), and Summitrose Investments, LP (“**Developer**”).

This Memorandum is to confirm that CRA/LA and Developer have entered into that certain Disposition and Development Agreement (“**DDA**”) dated as of _____, 2018. The DDA imposes certain conditions on the real property described in Exhibit A attached hereto and incorporated herein (“**Property**”).

This Memorandum shall incorporate herein all of the terms and provisions of the DDA as though fully set forth herein. This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the DDA, of which this is a memorandum.

This Memorandum may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

[SIGNATURES ON NEXT PAGE]

EXHIBIT H – MEMORANDUM OF DDA

IN WITNESS WHEREOF, CRA/LA and Developer have caused their duly authorized representatives to execute this Memorandum as of the date first written above.

CRA/LA:

CRA/LA, A DESIGNATED LOCAL
AUTHORITY

By: _____

Name: Estevan Valenzuela

Title: Chief Executive Officer

APPROVED AS TO FORM

GOLDFARB & LIPMAN LLP

By: _____

Thomas H. Webber
CRA/LA Counsel

DEVELOPER:

By: _____

Name: _____

Title: _____

EXHIBIT H – MEMORANDUM OF DDA

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

LOTS 301 AND 302 OF [TRACT NO. 5780](#), IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 66, PAGES 91 TO 95 INCLUSIVE OF MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE SOUTH 70.1 FEET OF SAID LOTS.

ALSO EXCEPT FROM LOT 301 THE RIGHT TO ANY DEPOSITS OF OIL, GAS OR OTHER HYDROCARBON SUBSTANCES, WITHOUT HOWEVER THE RIGHT OF ENTRY THERETO, AS RESERVED IN THE DEED FROM TITLE GUARANTEE AND TRUST COMPANY, RECORDED IN [BOOK 16941, PAGE 378, OF OFFICIAL RECORDS](#).

ALSO EXCEPT THE RIGHT TO ANY DEPOSITS OF OIL, GAS OR OTHER HYDROCARBON SUBSTANCES AND WATER UNDERLYING SAID LAND WITHOUT, THE RIGHT OF ENTRY THERETO, AS RESERVED IN THE DEED FROM ARTESIA WATER COMPANY, RECORDED SEPTEMBER 30, 1942, IN [BOOK 19598, PAGE 177, OFFICIAL RECORDS](#).

PARCEL 2:

LOT 303 OF [TRACT NO. 5780](#), IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 66, PAGES 91 TO 95 INCLUSIVE OF MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT FROM SAID LOT, ALL OIL, GAS OR OTHER HYDROCARBON SUBSTANCES UNDERLYING SAID LAND BUT WITHOUT ANY RIGHT OF ENTRY, AS RESERVED IN THE DEED RECORDED IN [BOOK 18804, PAGE 275, OFFICIAL RECORDS](#).

PARCEL 3:

LOTS 304 AND 305, OF [TRACT NO. 5780](#), IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 66, PAGES 91 TO 95 INCLUSIVE OF MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT FROM SAID LAND, THE RIGHT TO ANY DEPOSITS OF OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES UNDERLYING SAID LAND, BUT WITHOUT THE RIGHT OF ENTRY FOR DEVELOPMENT OF SAME, AS RESERVED IN THE DEED FROM TITLE GUARANTEE AND TRUST COMPANY, TRUSTEE UNDER ITS TRUST NO. S-816-H, RECORDED JANUARY 24, 1941, IN [BOOK 18082, PAGE 129, OFFICIAL RECORDS](#).

APN: **5046-004-900, 901 and 902**

PERFORMANCE AND COMPLETION GUARANTY

THIS PERFORMANCE AND COMPLETION GUARANTY (this "Guaranty") is made as of _____, 2018, by **Mark Gabay** having an address at 9034 W. Sunset Blvd., West Hollywood, CA 90069 (hereinafter ("Guarantor"), to and for the benefit of **CRA/LA**, a Designated Local Authority ("**CRA/LA**"), successor to The Community Redevelopment Agency of the City of Los Angeles (the "Former Agency"), having an address at 448 South Hill Street, Suite 1200, Los Angeles, California 90013.

RECITALS

A. CRA/LA and Summitrose Investments, LP, a Delaware limited partnership entered into that certain Disposition and Development Agreement dated as of _____, 2018 (the "DDA").

B. Pursuant to the DDA, Summitrose Investments, LP intends to develop a three story mixed-use building over subterranean parking.

C. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the DDA.

NOW, THEREFORE, the Guarantor guarantees and agrees as follows:

1. **Completion Guaranty and Agreement.** Guarantor unconditionally guarantees the full performance by Summitrose Investments, LP of, and agrees to perform, all of Summitrose Investments, LP's obligations under the DDA. Guarantor unconditionally guarantees the lien-free completion of the Improvements in accordance with the requirements of the DDA. Guarantor shall assume responsibility for and shall fully perform all of such obligations promptly on receiving written notice from CRA/LA that Summitrose Investments, LP has failed to perform any of such obligations in accordance with the DDA. Without limiting the generality of the foregoing, Guarantor guarantees that: (a) construction of the Improvements shall commence and be completed within the time limits set forth in the DDA; (b) the Improvements shall be constructed and completed in accordance with the Final Construction Drawings Plans and the other provisions of the DDA, without substantial deviation therefrom unless approved by CRA/LA in writing; (c) the Improvements shall be constructed and completed free and clear of any mechanic's liens, materialmen's liens and equitable liens; and (d) all costs of constructing the Improvements shall be paid when due. This Guaranty shall remain in full force and effect until the completion of the Improvements free and clear of liens. Completion of the Improvements free and clear of liens shall be deemed to have occurred upon the issuance by CRA/LA of the Certificate of Completion pursuant to Section 5.6 of the DDA. Guarantor shall, promptly upon demand of CRA/LA: (a) diligently proceed to complete construction of the Improvements at Guarantor's sole cost and expense; (b) fully pay and discharge all claims for labor performed and material and services furnished in connection with the construction of the Improvements or effect the release of such lien or stop notice by delivering to CRA/LA a surety bond in sufficient form and amount to provide CRA/LA with other assurance satisfactory to CRA/LA that the claim of lien or stop notice will be fully paid or discharged; (c) release and

EXHIBIT I - PERFORMANCE AND COMPLETION GUARANTY

discharge all claims of stop notices, mechanic's liens, materialmen's liens and equitable liens that may arise in connection with the construction of the Improvements; and (d) pay to CRA/LA the amount of any loss or damage incurred by CRA/LA as a result of any delay in the completion of construction of the Improvements beyond the time specified in the DDA for such completion.

2. **CRA/LA's Remedies.** If Guarantor fails promptly to perform its obligations under Section 1 above, CRA/LA may bring any action at law or in equity or both, or commence any reference or arbitration proceeding to compel Guarantor to perform its obligations under Section 1 above, and to collect compensation for all loss, cost, damage, injury and expense which may be sustained or incurred by CRA/LA as a direct or indirect consequence of Guarantor's failure to perform those obligations. CRA/LA from time to time may bring such an action or commence such a reference or arbitration proceeding, regardless of whether CRA/LA has first required performance by Summitrose Investments, LP or whether CRA/LA has exhausted any or all security for the DDA.

3. **Rights of CRA/LA.** Guarantor authorizes CRA/LA to perform any or all of the following acts at any time in its sole discretion, all without notice to Guarantor and without affecting Guarantor's obligations under this Guaranty:

- 3.1. CRA/LA may apply any payments or recoveries from Summitrose Investments, LP, Guarantor or any other source to Summitrose Investments, LP obligations under the DDA in such manner, order and priority as CRA/LA may elect, whether or not those obligations are guaranteed by this Guaranty at the time of the application.
- 3.2. CRA/LA may release Summitrose Investments, LP of its liability under the DDA or any part of it.
- 3.3. CRA/LA may substitute, add or release the Guarantor hereunder, or add more Guarantor or endorsers.
- 3.4. CRA/LA may approve modifications to the Improvements.
- 3.5. CRA/LA may change the terms or conditions of the DDA, subject to the amendment and modification provisions contained therein.

4. **Guaranty to be Absolute.** Guarantor expressly agrees that until each and every term, covenant and condition of this Guaranty is fully performed, Guarantor shall not be released by or because of:

- 4.1. Any act or event, which might otherwise discharge, reduce, limit or modify Guarantor's obligations under this Guaranty;
- 4.2. Any waiver, extension, modification, forbearance, delay or other act or omission of CRA/LA, or its failure to proceed promptly or otherwise as against Summitrose Investments, LP or Guarantor;

EXHIBIT I - PERFORMANCE AND COMPLETION GUARANTY

- 4.3. Any action, omission or circumstance which might increase the likelihood that Guarantor may be called upon to perform under this Guaranty or which might affect the rights or remedies of Guarantor as against Summitrose Investments, LP;
- 4.4. Any dealings occurring at any time between Summitrose Investments, LP and CRA/LA, whether relating to the DDA or otherwise; or
- 4.5. Any action of CRA/LA described in Section 3 above.

Guarantor hereby acknowledges that absent this Section 4, Guarantor might have a defense to the enforcement of this Guaranty as a result of one or more of the foregoing acts, omissions, agreements, waivers or matters. Guarantor hereby expressly waives and surrenders any defense to any liability under this Guaranty based upon any of such acts, omissions, agreements, waivers or matters. It is the express intent of Guarantor that Guarantor's obligations under this Guaranty are and shall be absolute, unconditional and irrevocable.

5. **Guarantor's Waivers.** Guarantor waives:

- 5.1. All statutes of limitations as a defense to any action or proceeding brought against Guarantor by CRA/LA, to the fullest extent permitted by law;
- 5.2. Any right it may have to require CRA/LA to proceed against Summitrose Investments, LP, proceed against or exhaust any security held from Summitrose Investments, LP or pursue any other remedy in CRA/LA's power to pursue;
- 5.3. Any defense based on any claim that Guarantor's obligations exceed or are more burdensome than those of Summitrose Investments, LP;
- 5.4. Any defense based on: (i) any legal disability of Summitrose Investments, LP, (ii) any release, discharge, modification, impairment or limitation of the liability of Summitrose Investments, LP to CRA/LA from any cause, whether consented to by CRA/LA or arising by operation of law or from any the Bankruptcy or other voluntary or involuntary proceeding, in or out of court, for the adjustment of debtor-creditor relationships ("**Insolvency Proceeding**") and (iii) any rejection or disaffirmance of the DDA, or any part of it, or any security held for it, in any such Insolvency Proceeding;
- 5.5. Any defense based on any action taken or omitted by CRA/LA in any Insolvency Proceeding involving Summitrose Investments, LP, including any election to have CRA/LA's claim allowed as being secured, partially secured or unsecured, any extension of credit by CRA/LA to Summitrose Investments, LP in any Insolvency Proceeding, and the taking and holding by CRA/LA of any security for any such extension of credit;
- 5.6. All presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of acceptance of this Guaranty and of the existence, creation, or incurring of new or additional indebtedness, and

demands and notices of every kind except for any demand or notice by CRA/LA to Guarantor expressly provided for above;

- 5.7. Any defense based on or arising out of any defense that Summitrose Investments, LP may have to the performance of the DDA or any part of it; and
- 5.8. Any defense based on or arising out of any action of CRA/LA described in Sections 2 or 3 above.

6. **Waivers of Subrogation and Other Rights and Defenses.**

- 6.1. Upon a default by Summitrose Investments, LP, CRA/LA in its sole discretion, without prior notice to or consent of Guarantor, may elect to: (i) compromise or adjust the DDA or any part of it, subject to the terms of the DDA, or make any other accommodation with Summitrose Investments, LP or Guarantor, or (ii) exercise any other remedy against Summitrose Investments, LP. No such action by CRA/LA shall release or limit the liability of Guarantor, who shall remain liable under this Guaranty after the action, even if the effect of the action is to deprive Guarantor of any subrogation rights, rights of indemnity, or other rights to collect reimbursement from Summitrose Investments, LP for any sums paid or performance rendered to CRA/LA, whether contractual or arising by operation of law or otherwise.
- 6.2. Regardless of whether Guarantor may have made any payments to CRA/LA, Guarantor hereby waives: (i) all rights of subrogation, indemnification, contribution and any other rights to collect reimbursement from Summitrose Investments, LP or any other party for any sums paid or performance rendered to CRA/LA, whether contractual or arising by operation of law (including the United States the Bankruptcy Code or any successor or similar statute) or otherwise, (ii) all rights to enforce any remedy that CRA/LA may have against Summitrose Investments, LP, and (iii) all rights to participate in any security now or later to be held by CRA/LA for the DDA. The waivers given in this Section 6.2 shall be effective until Summitrose Investments, LP has performed its obligation to construct the Improvements.
- 6.3. Guarantor waives all rights and defenses arising out of an election of remedies by CRA/LA.
- 6.4. Guarantor waives any rights and defenses that are or may become available to Guarantor by reason of Sections 2787 to 2855, inclusive, of the California Civil Code including, without limitation, (1) any defenses the Guarantor may have to the Guaranty obligation by reason of an election of remedies by CRA/LA and (2) any rights or defenses the Guarantor may have by reason of protection afforded to the Summitrose Investments, LP with respect to the obligation so guaranteed pursuant to the antideficiency or other laws of California limiting or discharging the Summitrose Investments, LP's indebtedness.
- 6.5. Guarantor waives any rights or defenses it may have at law or equity.

6.6. No provision or waiver in this Guaranty shall be construed as limiting the generality of any other provision or waiver contained in this Guaranty.

7. **Information Regarding Snyder Vine, LLC and the Property.** Before signing this Guaranty, Guarantor investigated the financial condition and business operations of Summitrose Investments, LP, the present and former condition, uses and ownership of the Property, and such other matters as Guarantor deemed appropriate to assure itself of Summitrose Investments, LP's ability to discharge its obligations under the DDA. Guarantor assumes full responsibility for that due diligence, as well as for keeping informed of all matters, which may affect Summitrose Investments, LP's ability to pay and perform its obligations to CRA/LA. CRA/LA has no duty to disclose to Guarantor any information which CRA/LA may have or receive about Summitrose Investments, LP's financial condition or business operations, the condition or uses of the Property, or any other circumstances bearing on Summitrose Investments, LP's ability to perform.

8. **Subordination.** Notwithstanding anything herein to the contrary, the provisions of this **Section 8** shall only apply during the period in which Summitrose Investments, LP is in default under the DDA and such default remains uncured. Any rights of Guarantor, whether now existing or later arising, to receive payment on account of any indebtedness (including interest) owed to it by Summitrose Investments, LP or any subsequent owner of the Property, or to withdraw capital invested by it in Summitrose Investments, LP, or to receive distributions from Summitrose Investments, LP, shall at all times be subordinate as to lien and time of payment and in all other respects to the full and prior repayment to CRA/LA of CRA/LA assistance if required. Subject to release of the Guaranty pursuant to Section 1 hereof, Guarantor shall not be entitled to enforce or receive payment of any sums hereby subordinated.

9. **Events of Default.** CRA/LA may declare Guarantor to be in default under this Guaranty upon the occurrence of any of the following events ("**Events of Default**"):

- 9.1. Guarantor fails to perform any of its obligations under this Guaranty; or
- 9.2. Guarantor revokes this Guaranty or this Guaranty becomes ineffective for any reason; or
- 9.3. Any representation or warranty made or given by the Guarantor to CRA/LA proves to be false or misleading in any material respect; or
- 9.4. Guarantor becomes insolvent or the subject of any Insolvency Proceeding; or
- 9.5. Guarantor dissolves or liquidates.

10. **Authorization; No Violation.** Guarantor is authorized to execute, deliver and perform under this Guaranty, which is a valid and binding obligation of the Guarantor. No provision or obligation of Guarantor contained in this Guaranty violates any applicable law, regulation or ordinance, or any order or ruling of any court or governmental agency. No such provision or obligation conflicts with, or constitutes a breach or default under, any agreement to which Guarantor is a party. No consent, approval or authorization of or notice to any person or entity is required in connection with Guarantor's execution of and obligations under this Guaranty.

11. **Additional and Independent Obligations; Joint and Several.** Guarantor's obligations under this Guaranty are in addition to its obligations under any other existing or future guaranties, each of which shall remain in full force and effect until it is expressly modified or released in a writing signed by CRA/LA. Guarantor's obligations under this Guaranty are independent of those of Summitrose Investments, LP under the DDA. CRA/LA may bring a separate action against Guarantor without first proceeding against Summitrose Investments, LP, any other person or any security that CRA/LA may hold, and without pursuing any other remedy. CRA/LA's rights under this Guaranty shall not be exhausted by any action by CRA/LA so long as this Guaranty remains in effect as more particularly described in Section 1.

12. **No Waiver; Consents; Cumulative Remedies.** Each waiver by CRA/LA must be in writing, and no waiver shall be construed as a continuing waiver. No waiver shall be implied from CRA/LA's delay in exercising or failure to exercise any right or remedy against Summitrose Investments, LP, Guarantor or any security. Consent by CRA/LA to any act or omission by Summitrose Investments, LP or Guarantor shall not be construed as a consent to any other or subsequent act or omission, or as a waiver of the requirement for CRA/LA's consent to be obtained in any future or other instance. All remedies of CRA/LA against Summitrose Investments, LP and Guarantor are cumulative.

13. **Heirs, Successors and Assigns; Participations.** The terms of this Guaranty shall bind and benefit the heirs, legal representatives, successors and assigns of CRA/LA and Guarantor; provided, however, that Guarantor may not assign this Guaranty, or assign or delegate any of their rights or obligations under this Guaranty, without the prior written consent of CRA/LA in each instance.

14. **Notices.** All notices given under this Guaranty must be in writing and shall be effectively served upon delivery, or if mailed, upon the first to occur of receipt or the expiration of forty-eight hours after deposit in certified United States mail, postage prepaid, sent to the party at its address given at the end of this Guaranty. Those addresses may be changed by CRA/LA or Guarantor by written notice to the other party. Service of any notice on Guarantor signing this Guaranty shall be effective service on Guarantor for all purposes.

15. **Rules of Construction.** In this Guaranty, the word "Summitrose Investments, LP" includes both the named Summitrose Investments, LP and any other person who at any time assumes or otherwise becomes primarily liable for all or any part of the obligations of the named Summitrose Investments, LP under the DDA. The word "person" includes any individual, company, trust or other legal entity of any kind. If this Guaranty is executed by more than one person, the word "Guarantor" includes all such persons. The word "include(s)" means "include(s), without limitation," and the word "including" means "including, but not limited to." When the context and construction so require, all words used in the singular shall be deemed to have been used in the plural and vice versa. No listing of specific instances, items or matters in any way limits the scope or generality of any language of this Guaranty. All headings appearing in this Guaranty are for convenience only and shall be disregarded in construing this Guaranty.

16. **Governing Law.** This Guaranty shall be governed by, and construed in accordance with, the laws of the State of California.

17. **Costs and Expenses.** If any lawsuit, reference or arbitration is commenced which arises out of, or which relates to this Guaranty or the DDA, the prevailing party shall be entitled to recover from each other party such sums as the court may adjudge to be reasonable attorneys' fees (including allocated costs for services of in-house counsel) in the action or proceeding, in addition to costs and expenses otherwise allowed by law. Subject to Section 2 above, in all other situations, including any Insolvency Proceeding, Guarantor agrees to pay all of CRA/LA's reasonable costs and expenses, including attorneys' fees which may be incurred in any effort to enforce any term of this Guaranty.

18. **Consideration.** Guarantor acknowledges that it expects to benefit from CRA/LA's extension of assistance to Summitrose Investments, LP, and conveyance of the Property to Summitrose Investments, LP pursuant to the DDA because of its relationship to Summitrose Investments, LP, and that it is executing this Guaranty in consideration of that anticipated benefit.

19. **Integration; Modifications.** This Guaranty (a) integrates all the terms and conditions mentioned in or incidental to this Guaranty, (b) supersedes all oral negotiations and prior writings with respect to its subject matter, and (c) is intended by the Guarantor and CRA/LA as the final expression of the agreement with respect to the terms and conditions set forth in this Guaranty and as the complete and exclusive statement of the terms agreed to by the Guarantor and CRA/LA. No representation, understanding, promise or condition shall be enforceable against any party hereto unless it is contained in this Guaranty. This Guaranty may not be modified except in a writing signed by both CRA/LA and the Guarantor. No course of prior dealing, usage of trade, parol or extrinsic evidence of any nature shall be used to supplement, modify or vary any of the terms hereof.

20. **WAIVER OF RIGHT TO TRIAL BY JURY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY TO THIS GUARANTY, HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THE DDA, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THE DDA (AS NOW OR HERE AFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY AGENCY AND ADMINISTRATIVE AGENT HEREBY AGREES AND CONSENTS THAT ANY PARTY TO THIS GUARANTY AND ADMINISTRATIVE AGENT AND EACH AGENCY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO AND AGENCY TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.**

[signature page follows]

EXHIBIT I - PERFORMANCE AND COMPLETION GUARANTY

IN WITNESS WHEREOF, the each undersigned party has executed this Guaranty effective as of the date set forth above.

GUARANTOR:

Mark Gabay, an individual

By: _____

**ATTACHMENT B
TRANSACTION SUMMARY**

	Asset ID No.	Location	Project Area	Fair Reuse Value	Buyer
1	87	3900 W. Jefferson Blvd.	Mid-City	\$166,000	Summitrose Investments, LP
			Total	\$166,000	

ATTACHMENT C - PROJECT RENDERINGS

One Jefferson

3 STORY COMMERCIAL USE BUILDING (RESTAURANT, RETAIL & OFFICE)
PROJECT ADDRESS : 3900 & 3914 W Jefferson Blvd, Los Angeles, CA 90016



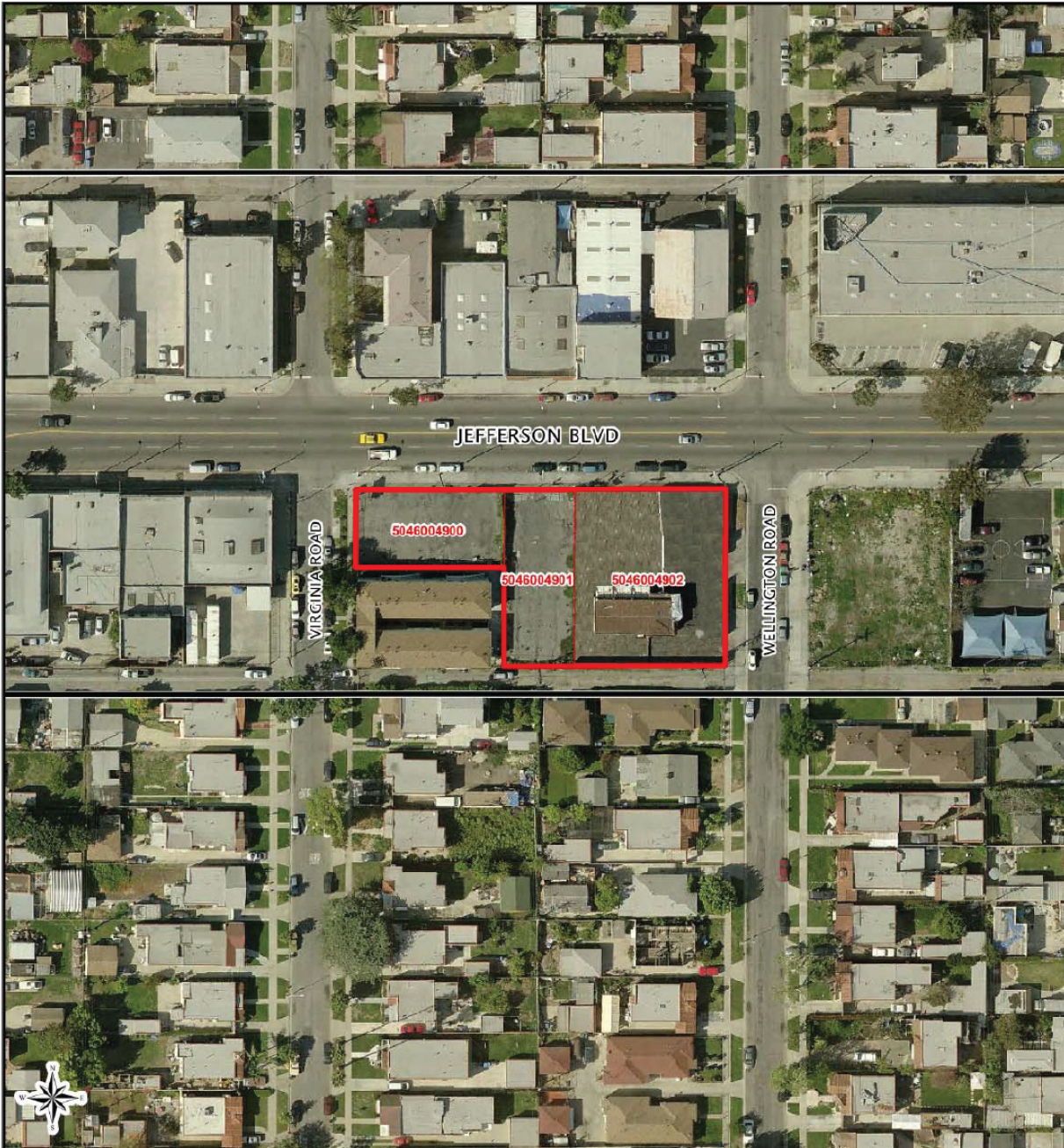
ATTACHMENT D - MAP

Mid-City Redevelopment Project Area
CRA/LA Asset Inventory
 3900 W Jefferson Boulevard

CRA / LA

APN: 5046-004-900, -901, -902

ID# 87



Project Area: Mid-City
Address: 3900 W Jefferson Boulevard
Parcel SqFt: 25,332
Zoning: C2-1VL-CP10
Site Description: Vacant structure & asphalt lots with perimeter fence



**SUMMARY REPORT PURSUANT TO
CALIFORNIA GOVERNMENT CODE SECTION 52201
ON THE
DISPOSITION AND DEVELOPMENT AGREEMENT
BY AND BETWEEN THE
CRA/LA A DESIGNATED LOCAL AUTHORITY
AND
SUMMITROSE INVESTMENTS, INC.**

The following Summary Report sets forth certain details of the proposed Disposition and Development Agreement (Agreement) between the CRA/LA (Authority) and Summitrose Investments, Inc. (Developer). The purpose of the Agreement is to redevelop the real property located at 3900 and 3914 West Jefferson Boulevard (APNs: 5046-004-900, 5046-004-901 and 5046-004-902) in the City of Los Angeles (Site). The Agreement requires the Authority to transfer the 25,337 square foot Site to the Developer to construct a 23,840 square foot mixed use commercial development that includes 18,130 square feet of office, 3,135 square feet of retail and 2,575 square feet of restaurant space (Project).

BACKGROUND STATEMENT

The following Summary Report is based upon information contained within the Agreements, and is organized into the following four sections:

- I. **Salient Points of the Agreements:** This section includes a description of the Project and the major responsibilities imposed on the Authority and the Developer by the Agreement.
- II. **Cost of the Agreements to the Authority:** This section details the total and net cost to the Authority associated with implementing the Agreement.
- III. **Estimated Fair Market Value of the Interests to be Conveyed:** This section estimates the fair market value of the interests to be conveyed taking into account the development requirements and conditions imposed on the Project.
- IV. **Consideration Received and Comparison with the Established Value of the Site:** This section describes the compensation and other public revenues and expenses that accrue to the Authority, and explains any difference between the compensation to be received and the established value of the Site.
- V. **Creation of Economic Opportunity and Public Purpose:** This section explains how the Agreement will assist in creating economic opportunity in the City of Los Angeles (City).

I. SALIENT POINTS OF THE AGREEMENTS

A. Project Description

The Site is located in the City of Los Angeles at 3900 and 3914 West Jefferson Boulevard. The Site is located in the Mid-City Recovery Redevelopment Project Area. The Site consists of a 25,337 square foot parcel (.58 acres). The Developer will construct a high quality, 3-story mixed-used building over subterranean parking. The first floor will contain a building lobby, a dine-in restaurant, approximately 2,575 square feet in size, and approximately 3,135 square feet of general retail. The second and third floors will contain approximately 18,130 of medical office or general office space together with nearly 4,660 square feet of exterior terrace garden. Approximately 93 parking spaces will be included in the Project.

B. Authority Responsibilities

The Agreement requires the Authority to accept the following responsibilities:

1. Provided the predisposition requirements and the additional closing conditions set forth in the Agreement have been satisfied, the Authority shall sell to the Developer, and the Developer shall purchase from the Authority, the Site pursuant to the terms, covenants, and conditions of the Agreement.
2. The Authority is transferring the Site to the Developer on an “as is with all faults” basis.
3. The Authority will review the Project Documents to ensure consistency with the Scope of Development, the provisions of this Agreement, and conformance to the Redevelopment Plan.
4. Within 30 days of receipt, the Authority will review the Developer’s Financing Plan for the purpose of determining (a) if the contemplated financing will be reasonably available, (b) if the contemplated financing will provide sufficient funds for development of the Project consistent with the terms of this Agreement, (c) if the proposed use of the funds will comply with the requirements of the funding source and (d) if the funds will otherwise be provided on terms consistent with the terms and conditions of this Agreement.
5. To accomplish the conveyance of the Property from the Authority to the Developer, by the date specified in the Schedule of Performance, the Parties shall establish an escrow and execute and deliver to the Escrow Holder written instructions that are consistent with the Agreement.
6. The Authority shall deposit the following with the Escrow Holder (i) the Grant Deed, in recordable form, (ii) an owner’s affidavit as reasonably and customarily required by the Title Company, (iii) a FIRPTA Certificate, and (iv) any other documents that may be

ATTACHMENT E - SECTION 52201 SUMMARY REPORT

reasonably requested by the Escrow Holder and the Title Company and that are customarily delivered in connection with the closing of real estate transactions in Los Angeles County

C. Developer Responsibilities

The Agreement imposes the following additional responsibilities on the Developer:

1. The Developer shall purchase the Site from the Authority for a price of \$166,000 or an average of \$6.60 per square foot.
2. No later than the time specified in the Schedule of Performance, the Developer shall submit to the Authority, for its review and approval, a proposed Financing Plan. The proposed Financing Plan shall include: (1) a projected cost estimate breakdown for development based upon design documents and contemplated government permits and approvals; (2) a true copy of each letter of interest from lenders, mortgage brokers and/or equity partners to provide funds in the amounts necessary to fully finance the projected costs of development of the Improvements; and (3) a sources and uses table identifying the proposed use of each source of funding for the Improvements during the construction period.
3. In the time specified in the Schedule of Performance, the Developer shall have obtained all City Approvals necessary for the Improvements.
4. In the time specified in the Schedule of Performance, the Developer will provide the Authority with a completion guaranty.
5. In designing and constructing the Project, the Developer shall cause all subsequent design documents to be substantially consistent with the Scope of Development in the Agreement.
6. The Developer shall commence construction of the Improvements within the time set forth in the Schedule of Performance. Construction shall be deemed to commence on the date the Developer starts physical work on the Property pursuant to a valid Building Permit from the City.
7. The Developer shall diligently prosecute to completion the construction of the Improvements, and shall complete construction of the Improvements within the time set forth in the Schedule of Performance.
8. The Developer shall construct the Improvements in accordance with the Scope of Development, the approved Final Construction Drawings, and the terms and conditions of all City and other governmental approvals.

ATTACHMENT E - SECTION 52201 SUMMARY REPORT

9. The Developer shall pay or cause to be paid to all workers employed in connection with the development of the Improvements, not less than the prevailing rates of wages, as provided in the statutes applicable to Authority public work contracts.
10. The Developer shall indemnify, hold harmless and defend the Authority against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including the Developer, its contractor and subcontractors) to pay prevailing wages.
11. The Developer shall monitor and enforce the affirmative outreach and equal opportunity requirements set forth in the Agreement.
12. No later than the time specified in the Agreement, the Developer shall submit to Authority for review and approval a copy of each construction contract that the Developer proposes to enter into for construction of the Improvements.
13. Throughout the term of the Redevelopment Plan, the Developer shall not use or operate the Property for any use other than as contemplated in the Agreement or for such other uses as may be consistent with all City and other governmental approvals and the Redevelopment Plan.
14. The Developer agrees that, after the Close of Escrow and prior to completion of construction of the Improvements, the Property shall be maintained in a neat and orderly condition and in accordance with industry health and safety standards, and that, once the Project is completed, the Project shall be well maintained as to both external and internal appearance of the buildings, the common areas, and the parking areas.
15. The Developer covenants and agrees for itself, its successors and its assigns in interest to the Site or any part thereof, that there shall be no discrimination against or segregation of any person or persons on any basis listed in the Agreement.

II. COST OF THE AGREEMENTS TO THE AUTHORITY

The Authority purchased the Site in 2009, including the currently vacant existing structure on the property. In addition, the Authority absorbed costs for relocation and goodwill when purchasing the property.

The Authority costs are estimated as follows:

Acquisition Costs	\$2,506,000
Relocation Costs	151,000
Total Authority Cost	\$2,657,000

ATTACHMENT E - SECTION 52201 SUMMARY REPORT

To partially reimburse the identified costs, the Authority will receive a payment for the land from the Developer. In addition, the Affected Taxing Entities (ATES) will receive property tax, sales tax and other miscellaneous revenue generated by the Project.

III. ESTIMATED FAIR MARKET VALUE OF THE INTERESTS TO BE CONVEYED

Government Code Section 52201 requires the Authority to identify the value of the interests being conveyed at the highest use permitted under the general plan or zoning in place for the Site. The valuation must be based on the assumption that the property is vacant, and that near-term development is required. The valuation does not take into consideration any extraordinary use, quality and/or income restrictions being imposed on the development by the Authority.

A Broker's Opinion of Value was prepared for the Site in its as-is condition. In the report dated March 2018, ECCRE estimated a value for Site ranging from \$3.2 million to \$3.4 million. Therefore, the estimated fair market value of the interest to be conveyed at the highest use permitted under the zoning in place for the Site is approximately \$3.3 million.

IV. CONSIDERATION RECEIVED AND COMPARISON WITH THE ESTABLISHED VALUE OF THE SITE

Keyser Marston Associates, Inc. (KMA), the Authority's financial consultant, prepared a fair reuse valuation analysis of the Site based on the financial terms and conditions imposed by the Agreement. The KMA analysis concluded that the fair reuse value of the Site is \$166,000. The fair reuse value reflects the requirements of the Agreement between the Authority and the Developer, including the high quality Class A development, the inclusion of prevailing wages in the construction costs and the provision of high quality amenities (e.g. a large exterior garden terrace. This means that the Site would need to be conveyed to the Developer at this cost to make the scope of development required by the Agreement financially feasible.

V. CREATION OF ECONOMIC OPPORTUNITY AND PUBLIC PURPOSE

The Authority identified a number of goals and objectives for the Mid-City Recovery Redevelopment Project Area in which the Site is located. These goals include: promote the elimination and prevention of blight and deterioration; increase employment, business and investment opportunities; improve the quality of the environment; and, encourage private investment in targeted areas of commerce and industry.

Through private investment, the development of this high quality, Class A Project would replace a vacant, dilapidated building on the Site. Further, completion of the Project will be catalytic to the neighborhood, as it would increase the commercial offerings in the market area by providing new office, restaurant and retail opportunities. Assuming typical space allocations for office and retail/restaurant space, the Project would generate 89 on-site jobs. In addition, an estimated 66 temporary construction jobs will be created during the construction period. These employees would activate the area in and around the Project, potentially bringing in new clientele to existing

ATTACHMENT E - SECTION 52201 SUMMARY REPORT

retail and dining establishments in the area. In addition, office building clientele will bring increased activity to the area.

The Project will also generate general fund revenues to the ATES. The 1.0% property tax levy allocation is shown in Table 1. In addition, the sales tax generated on-site to the City is provided in Table 1. The following assumptions were utilized to make these 30-year projections:

- The assessed value for the Project is based on the estimated development costs.
- The assessed value increases 2.0% per year after Year 1.
- The property tax allocation of the base 1.0% levy assumes the following distribution:
 - County of Los Angeles – 26.4%
 - Los Angeles Unified School District – 19.2%
 - ERAF – 23.2%
 - Los Angeles Community Colleges District – 2.4%
 - County Office of Education – 0.6%
 - City of Los Angeles – 28.2%
- The taxable retail and restaurant sales are projected to be \$300 per square foot.
- The City receives 1.0% of the projected taxable sales in sales tax (\$748,000 with a NPV of \$245,000 when discounted at 8.0%).

The allocation of the base 1.0% property tax levy to the various taxing entities is shown below.

Property Tax Allocation		
	Total	Present Value
Los Angeles County	\$941,200	\$318,000
LA Unified School District	\$684,500	\$231,000
ERAF	\$826,900	\$279,000
LA Community Colleges	\$85,500	\$29,000
County Office of Education	\$21,300	\$7,000
City of Los Angeles	<u>\$1,005,300</u>	<u>\$340,000</u>
Total	\$3,565,100	\$1,205,000

The Project would generate a total of \$3.6 million in property tax revenue over 30 years, which has a present value of \$1.2 million when discounted at 8.0%.

ATTACHMENT E - SECTION 52201 SUMMARY REPORT

TABLE 1

**PROPERTY & SALES TAX REVENUE PROJECTIONS
ONE JEFFERSON PROJECT
LOS ANGELES, CALIFORNIA**

Project Year	Base Levy	County of Los Angeles	Los Angeles Unified Sch. Dist.	ERAF	LA Community Colleges	County Office of Education	City Share ¹	On-Site Sales Tax ²	Gross City Revenues
1	\$88,100	\$23,300	\$16,900	\$20,400	\$2,100	\$500	\$24,800	\$17,100	\$41,900
2	90,000	23,800	17,300	20,900	2,200	500	25,400	17,500	42,900
3	92,000	24,300	17,700	21,300	2,200	600	25,900	17,900	43,800
4	94,000	24,800	18,000	21,800	2,300	600	26,500	18,300	44,800
5	96,000	25,300	18,400	22,300	2,300	600	27,100	18,800	45,900
6	98,000	25,900	18,800	22,700	2,400	600	27,600	19,300	46,900
7	100,000	26,400	19,200	23,200	2,400	600	28,200	19,800	48,000
8	102,000	26,900	19,600	23,700	2,400	600	28,800	20,300	49,100
9	104,000	27,500	20,000	24,100	2,500	600	29,300	20,800	50,100
10	106,000	28,000	20,400	24,600	2,500	600	29,900	21,300	51,200
11	108,000	28,500	20,700	25,100	2,600	600	30,500	21,800	52,300
12	110,000	29,000	21,100	25,500	2,600	700	31,000	22,300	53,300
13	112,000	29,600	21,500	26,000	2,700	700	31,600	22,900	54,500
14	114,000	30,100	21,900	26,400	2,700	700	32,100	23,500	55,600
15	116,000	30,600	22,300	26,900	2,800	700	32,700	24,100	56,800
16	118,000	31,200	22,700	27,400	2,800	700	33,300	24,700	58,000
17	120,000	31,700	23,000	27,800	2,900	700	33,800	25,300	59,100
18	122,000	32,200	23,400	28,300	2,900	700	34,400	25,900	60,300
19	124,000	32,700	23,800	28,800	3,000	700	35,000	26,500	61,500
20	126,000	33,300	24,200	29,200	3,000	800	35,500	27,200	62,700
21	129,000	34,100	24,800	29,900	3,100	800	36,400	27,900	64,300
22	132,000	34,800	25,300	30,600	3,200	800	37,200	28,600	65,800
23	135,000	35,600	25,900	31,300	3,200	800	38,100	29,300	67,400
24	138,000	36,400	26,500	32,000	3,300	800	38,900	30,000	68,900
25	141,000	37,200	27,100	32,700	3,400	800	39,800	30,800	70,600
26	144,000	38,000	27,600	33,400	3,500	900	40,600	31,600	72,200
27	147,000	38,800	28,200	34,100	3,500	900	41,500	32,400	73,900
28	150,000	39,600	28,800	34,800	3,600	900	42,300	33,200	75,500
29	153,000	40,400	29,400	35,500	3,700	900	43,100	34,000	77,100
30	<u>\$156,000</u>	<u>\$41,200</u>	<u>\$30,000</u>	<u>\$36,200</u>	<u>\$3,700</u>	<u>\$900</u>	<u>\$44,000</u>	<u>\$34,900</u>	<u>\$78,900</u>
30 Year Term									
Total	\$3,565,100	\$941,200	\$684,500	\$826,900	\$85,500	\$21,300	\$1,005,300	\$748,000	\$1,753,300
NPV @ 8%	\$1,205,000	\$318,000	\$231,000	\$279,000	\$29,000	\$7,000	\$340,000	\$245,000	\$585,000

¹ Based on project development costs. Assumes the City share is 28.0% of the base 1.0% levy.

² Assumes taxable restaurant and retail sales average \$300 per square foot.