

CITY OF LOS ANGELES
CALIFORNIA

ALVIN Y. BLAIN
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

June 29, 2006

Approved on 6-29-06 by
The Municipal Facilities Committee

City of Los Angeles City Council
City of Los Angeles
C/o City Clerk
Room 360, City Hall
Los Angeles, CA 90012

Attention: Patrice Lattimore, Legislative Assistant

**REQUEST FOR THE APPROVAL OF ACQUISITION OF THE
CHICAGO PLAZA BUILDING LOCATED AT 2130 E. 1ST STREET,
LOS ANGELES FOR THE BOYLE HEIGHTS
NEIGHBORHOOD CITY HALL IN COUNCIL DISTRICT 14**

(RECOMMENDATION FOR CLOSED SESSION PURSUANT TO
GOVERNMENT CODE SECTION 54956.8)

This report addresses the proposed acquisition of the Chicago Plaza Building located at 2130 E. First Street for the Boyle Heights Neighborhood City Hall.

This is a request to purchase property located at 2130 East First Street, Los Angeles, for the sum of Six Million, Three Hundred Fifty Thousand Dollars (\$6,350,000.00) on an "as is" basis. The building on the property presently houses Council District 14 Field Office, CDD's Youth and Family Center, and several other commercial and non-profit tenants. The Community Redevelopment Agency of the City of Los Angeles would like to lease space in the building. The building will be known as the Boyle Heights Neighborhood City Hall.



Background

The property to be acquired is approximately 35,520 square feet in area with an office and commercial building built in 1927 with approximately 30,520 rentable square feet of office and retail space and a parking lot with 51 parking spaces. The property is zoned for both commercial "C2-1" and multi-family residential "R4-1". In order to provide adequate parking spaces, the seller is presently leasing an adjacent parking lot with 30 parking spaces. This parking lease is to be assigned to the City as part of the acquisition. This parking lease has options through 2013.

The building has been found to be eligible for State and National historical resource designations and hence all work, including tenant improvements, must be performed in a manner consistent with the Secretary of the Interior's Standards and Guidelines for the Treatment of Historic Properties and is limited to the activities identified in CEQA 15331. The project plans must be reviewed for compliance by a historical architect prior to any work on the historical resource, including any repair, rehabilitation or reconstruction in order to be eligible for the CEQA exemption discussed below.

A total of \$12,175,000 is available for this project as follows: Funds totaling \$1.175 million were approved in August 2003 from the proceeds of the sale of the Produce Market located in Council District 14 for the purchase of the Boyle Heights Constituent Service Center (C.F. 04-0820); \$1 million in MICLA funds were approved in the 2004-05 Budget; \$6 million in MICLA funds were approved in the 2004-05 second financial status report (C.F. 04-060-S32); and \$4 million in MICLA funds were approved for this project in the 2006-07 Budget.

Because of the age of the building and areas of deferred maintenance, the property will require substantial repairs and renovations. The cost of these improvements as well tenant improvements is estimated to cost \$6,500,000. With the possibility of up to \$750,000 in relocation benefits and good will for some tenants and miscellaneous costs related to the acquisition, the total cost of acquisition, renovations, and tenant improvements is approximately \$13,600,000. Therefore, additional funding of \$1,425,000 is needed to fully fund this project. This report recommends that MICLA funding for this project be increased by \$1,425,000.

Council must authorize the use of taxable MICLA for the purchase and build-out of this project since some of the tenants are commercial entities. Debt service on MICLA funds are paid from the General Fund. The estimated debt service for this project is \$927,000 for 30 years.

Terms and conditions of the purchase

A purchase and sale agreement has been prepared by the City Attorney and reviewed by the Asset Management Division of the Department of General Services (GSD). The terms of the agreement are in the process of being negotiated and the attached agreement (Attachment 1) is the current draft. The purchase price was negotiated based on the condition of the building and a recent appraisal of the property.

On April 26, 2006 GSD opened escrow with Stewart Title Company, the escrow number is 05110542. The negotiated price and conditions for sale is as follows:

1. The owners of the property are ANER J. IGLESIAS, Trustee of the 1997 Aner Iglesias Trust, dated March 24, 1997, CONSTANTINO MIGUEL and ALICE MIGUEL, Trustees of the 1993 Miguel Family Trust, dated August 31, 1993, and WILLIAM P. MIGUEL;
2. The property will be purchased "as is" for \$6,350,000.
3. The City will pay the cost of escrow and title policy, estimated to be approximately \$15,998.80. The CLTA owner's Title Policy premium is estimated to be \$9,988.80 and the total escrow fees are estimated to be \$6,000.
4. The City will not pay an agent or broker's commission.
5. The purchase is subject to the approval of the Mayor and City Council accompanied by the Council's approval of the funding for the purchase.

CEQA Compliance

Acquisition of the property is part of the Boyle Heights Neighborhood City Hall project. The Environmental Management Group of the Bureau of Engineering (BOE) has determined that this proposed project, including the acquisition, is categorically exempt from the requirements of CEQA based on Class 31 (Section 15331) categorical exemption of the State California Environmental Quality Act ("CEQA") guidelines, which are incorporated into the City CEQA Guidelines in Article I. Attached is their Notice of Exemption dated May 25, 2006. (Attachment 2). No exception to this exemption apply here. This exemption only applies to projects that are limited to maintenance, repair, stabilization, rehabilitation, restoration, preservation, conservation or reconstruction of historical resources in a manner consistent with the Sectary of the Interior's Standards of the Treatment of Historic Properties. As part of the approval of the acquisition of the property, Council adopt this CEQA determination.

As discussed above, since the building has been found to be eligible for State and National historical resource designation, project plans must be reviewed for compliance by a historical architect in order to be eligible for this CEQA exemption.

Leasing Issues

Attached is the rent roll for April 2006 (Attachment 3). Of the total 30,520 rentable square feet of space:

- City entities occupy 6,058 square feet (20% of the building)
- "As-needed" 6,076 square foot auditorium (20% of the building)
- Non-profits occupy 9,713 square feet (31.9% of the building)
- Commercial tenants occupy 4,156 square feet (13.6% of the building)
- 4,517 square feet are vacant (14.5% of the building).

The City does have effective use of approximately 12,134 sq. ft. (Suites 130, 200, 202, and 305) in the building; however, 6,076 sq. ft. (Suite 130) of that is the first floor rear auditorium space that is not under lease agreement and is simply provided to the City on an "as-needed" basis.

There are currently six independent tenants occupying space in the building along with the City of Los Angeles. The City occupies three separate suites (Suites 200, 202, 305) distributed between two departments (Council District 14 Field Office and CDD's Youth and Family Center), for a total of 6,058 RSF.

The Community Redevelopment Agency of the City of Los Angeles currently has a lease with the seller for space consisting of 2,150 RSF, but it was subject to the seller paying for the tenant improvements, which was not done and the CRA has not moved into the space. New terms will have to be negotiated between the City and the CRA for this space. It is requested that GSD be authorized to negotiate and execute with the CRA for a lease to be presented to MFC for approval.

Non-profit tenants are as follows:

1. Public Health Foundation Enterprises, Inc. (which operates a "W.I.C." program) leases Suite 110, consisting of 3,500 RSF at \$1.61 per RSF per month gross (\$5,641.89 per month), increasing at the rate of 3% per year, for a term ending on May 31, 2009.
2. Southern California Edison Federal Credit Union leases Suite 201, consisting of 1,480 RSF at \$1.61 per RSF per month triple net (\$2,692.97 per month), for a term ending on October 31, 2007.

3. El Centro De Ayuda leases Suite 350, consisting of 4,733 RSF triple net at \$1.54 per RSF per month (\$8,421.14 per month), increasing at the rate of 3% per year for a term ending on December 31, 2010. CDD presently has a grant contract with this non-profit.

The total annual rent from non-profit tenants is \$16,756.00

The commercial tenants are as follows:

4. AT&T leases 200 RSF for a cell phone tower on the roof at a rent of \$1,100 per month for a term ending about 2033. AT&T is not shown on the rent roll attachment however the lease is current.
5. Mother's Nutritional Center, Inc., leases Suite 100, consisting of 3,142 RSF triple net at \$2.77 per RSF per month (\$9,480.09 per month) for a term ending December 31, 2008.
6. Enki Health & Research Family Services leases Suite 250, consisting of 1,014 RSF at \$2.15 per RSF per month triple net (\$2,812.07 per month), increasing at the rate of 3% per year for a term ending on June 30, 2011.

The total annual rent from commercial tenants is \$160,706.00.

The suites that are currently unoccupied are as follows:

7. Suite 120 which consists of 2,150 sq. ft.
8. Suite 130, consisting of 6,076 sq. ft., is the first floor rear auditorium space. Approximately half of this space or 3,000 sq. ft. will be required during upgrade and construction of the building and therefore will not be available for lease.
9. Suite 150 consists of 1,300 sq. ft.
10. Suite 203 consists of 150 sq. ft.
11. Suite 300 consists of 917 sq. ft.

The available space for lease totals 7,517 sq. ft. When these suites are made available for lease, the estimated income stream at a rental rate of \$1.50 per RSF is \$11,276 per month or \$135,306 per year.

Reconstruction and Repairs

At the request of the City Administrative Officer, CD 14, GSD, the Architectural Division of BOE and Building and Safety conducted a comprehensive review and completed a report to determine the costs to renovate and repair the subject property. This report was completed on December 5, 2005 and a copy is attached as Attachment 4. The building has a long history of unresolved code violations that are noted in the attachment which must be addressed in order for the property to be eligible for historical status designation. The cost of repairs for the subject property was estimated by BOE to be approximately \$1,800,000.

Tenant improvements

Extensive meetings were held with representatives from GSD Construction and Asset Management Divisions, Building & Safety and BOE Architectural Division to discuss tenant improvements. BOE estimates that the project will require significant tenant improvements to make the building adaptable to its future intended use by those agencies. All such work must be consistent with the Secretary of Interior Standards for Treatment of Historic Properties. The cost of these tenant improvements and the cost of the building code repairs reported above total \$6,500,000.

GSD Construction

The construction plan for this project is to have BOE prepare the architectural drawings needed for the building code repairs and the tenant improvements and for GSD Construction forces to perform the work.

There are two options available for performing the needed work to the building as follows:

Option 1: Move tenants within existing available spaces inside the building while construction is progressing elsewhere in the building. Estimated cost is \$7.5 million, including the construction of temporary improvements. (Attachment 5)

Option 2: Relocate existing tenants to another property while the building repair and tenant improvement construction is being completed. Estimated cost is \$7.3 million, including \$750,000 in relocation costs. (Attachment 6)

The costs of both items are relatively close. The major difference between the two options is operational in nature. If the construction site is totally free of tenants, as is proposed in Option 2, the benefit is as follows:

- Expedience – Speed of construction, phasing is minimized or eliminated
- Reduced risk - no liability to the city for people working within a construction site.

BOE recommends adoption of Option 2 for tenant improvements and repair of this building.

Under either option, there are City staff costs of approximately \$950,000 to perform design services, project management and construction management duties. These services will be performed by BOE staff. The cost for these services is not eligible for MICLA funding and will have to be addressed through BOE’s existing resources.

New Leases

Under Option 2, most of these tenants will have to be relocated once construction on the building is started. In the interim, GSD must negotiate new leases with them to cover the time period that they will be in the building before construction begins. This report recommends that GSD be authorized to negotiate and execute leases and relocation terms with these tenants and present these recommendations to the MFC for approval.

These new leases will have to include compliance with City Ordinances (Living Wages, Equal Benefits, Non-Discrimination, Affirmative Action, Slavery Disclosure Ordinances) and other City required contractual terms. It is possible that some tenants may refuse and insist on relocating, which would require the City to pay relocation assistance and perhaps goodwill claims.

Relocation Costs

Although the building is predominantly occupied by City and non-profits, there is still a requirement that a budget be established for tenant relocation if required. The City Attorney has advised that the City may have to pay relocation costs for any tenant whose lease is terminated or who is temporarily displaced by construction, depending on how long it is displaced.

Asset Management of GSD has estimated that relocation costs based on the subject’s current tenancy to be in the amount of \$750,000 as follows:

1. WIC - Public Health Foundation Enterprises, Inc.	no cost***
2. Southern California Edison Federal Credit Union	\$ 89,700**
3. El Centro de Ayuda Corp.	69,600**
4. AT & T	163,400**
5. Mother’s Nutritional Center, Inc.	277,000*
6. Enki Health & Research Family Service	150,300*

- * Permanent relocation
- ** Temporary relocation
- ***WIC will stay in current location with current lease arrangement

Relocation estimate is based on the provisions of the Uniform Relocation Act and implementing regulations. Determination of assistance includes; business moves, substitute property, tangible loss, reestablishment expenses and/or fixed payment. Actual relocation costs will be based on the physical inspection and financial review of each business.

Rental Income

In deference to the City's plan to acquire the building, the owner has not leased additional space to new tenants as other occupants have vacated their space. Currently there are four vacant suites in the building amounting to 10,593 square feet, including the "as-needed" space.

Based on the current tenant roster, the annual revenue of approximately \$423,585 can be achieved. This amount would then be reduced by the amount of space that the City would occupy, which is estimated to be approximately \$108,950. Therefore, the net annual revenue to the City for the lease of the non-City occupied space is estimated to be \$314,635 if all non-City occupied space is rented out. If the five (5) suites that are currently unoccupied are leased, an additional annual rental of \$135,306 can be generated resulting in a total annual net revenue of \$449,941 (\$314,635 + \$135,306).

Building Maintenance

GSD has estimated that annual operating costs for this building, including custodial, building maintenance and utility costs would be about \$592,000. The 2006-07 Budget includes \$323,605 to pay for partial year costs for these buildings. These funds are in the Unappropriated Balance and would need to be moved into the GSD budget once the acquisition of the building is finalized. In future years, these costs would be budgeted in the GSD budget.

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Find that the acquisition and tenant improvements for the Boyle Heights Neighborhood City Hall is exempt from City CEQA Guidelines, Article 111. Section 1 and State CEQA Guidelines Section 15300 et. seq.;
2. Approve the acquisition of property located at 2130 E. First Street for the price of \$6,350,000 to house the Boyle Heights Neighborhood City Hall

building and authorize the Department of General Services to process all necessary paperwork to purchase the property;

3. Find that the previously approved MICLA financing for this project is determined to be \$11 million of taxable monies;
4. Approve an additional allocation of \$1,425,000 of taxable MICLA monies for this project to provide sufficient funds for tenant improvements at this facility;
5. Instruct the Bureau of Engineering to ensure that the building will be rehabilitated and restored in a manner consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring and Reconstructing Historic Buildings, since the building has been found to be eligible for State and National historical resource designation;
6. Authorize the Department of General Services to report back to the Municipal Facilities Committee on interim leases and relocation agreements with the current tenants of the building; and
7. Instruct the Bureau of Engineering and the Department of General Services to report to the Municipal Facilities Committee on a quarterly basis on the progress of this project.

FISCAL IMPACT STATEMENT

The total project costs are estimated to be \$13,600,000. Of this amount, \$1,175,000 is available from Urban Development Action Grant funds and the balance of \$12,425,000 is to be financed through taxable MICLA monies. Of the \$12,425,000 in MICLA monies, \$11,000,000 has been previously approved by the Mayor and Council.

Adoption of this report approves the issuance of up to \$12,425,000 in taxable MICLA monies. The debt service for MICLA is paid by the General Fund and will result in annual debt service payments of approximately \$927,000 for thirty years, for a total cost of \$27,810,000.

In addition, annual building operating costs of \$592,000 will be needed. The 2006-07 Budget includes partial year funding for pay for these costs in 2006-07. The cost of this project will be offset by lease revenues of approximately \$340,000 which will be deposited into the General Fund.



Alvin Y. Blain
General Manager

- Attachment 1 - Sale and Purchase Agreement
- Attachment 2 – Notice of Exemption dated May 25, 2006
- Attachment 3 – Rent roll for building
- Attachment 4 – Bureau of Engineering and Building and Safety report dated December 5, 2005 on code violations and building repair
- Attachment 5 – Bureau of Engineering Cost estimate for Option 1
- Attachment 6 – Bureau of Engineering Cost Estimate for Option 2

ATTACHMENT 1

DRAFT

MRC
5

5-30-06

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

This Purchase and Sale Agreement ("**Agreement**") is made as of _____ (Effective Date), between ANER J. IGLESIAS, Trustee of the 1997 Aner Iglesias Trust, dated March 24, 1997, CONSTANTINO MIGUEL and ALICE MIGUEL, Trustees of the 1993 Miguel Family Trust, dated August 31, 1993, and WILLIAM P. MIGUEL, an unmarried man, as tenants in common (collectively "**Seller**"), and the CITY OF LOS ANGELES, a municipal corporation, ("**Buyer**").

RECITALS

A. Seller is the owner of certain real property located in the City of Los Angeles, County of Los Angeles, State of California, consisting of an approximately 35,520 square foot parcel of land, commonly known as 2130 East First Street, Los Angeles, California, with Assessor's parcel number 5183-008-015 and 016, which is more particularly described in Exhibit A (Land), and the related improvements, appurtenances, and certain related personal and intangible property.

B. The Land is improved by a three-story building located at 2130 East First Street, Los Angeles, California (Building), containing approximately 30,520 rentable square feet. There are approximately six (6) office tenants in the Building and two (2) retail tenants on the ground floor. **[PARKING - ALSO - ASSIGN PARKING LEASE?]**

C. Seller desires to sell and Buyer desires to purchase the Property, including the Land and the Building, as specifically described below.

D. This Agreement is neither valid nor binding on the City unless and until approved by the Council of the City pursuant to the requirements of the City's Charter and Administrative Code and executed in accordance with the Council motion authorizing execution of this Agreement.

ARTICLE 1

AGREEMENT OF SALE

1.1. Execution Date. The phrase "**Execution Date**" shall mean the date that is the later of (i) the date the Office of the City Clerk of Los Angeles attests this Agreement on page ___ and shall also be the "**Effective Date**" of this Agreement.

1.2. Purchase and Sale. For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller agrees to sell and Buyer agrees to purchase all Property described below in Section 1.2, under the terms and conditions of this Agreement.

1.3. Description of the Property. The property to be sold and purchased under this Agreement (Property) consists of the following:

1.3.1. Land. As described in Recital A.

1.3.2. Appurtenances. All privileges, rights, easements appurtenant to the Land, including without limitation all minerals, oil, gas, and other hydrocarbon substances on and under the Land; all development rights, air rights, water, water rights, and water stock relating to the Land; all right, title, and interest of Seller in and to any streets, alleys, passages, water and sewer taps, sanitary or storm drain capacity or reservations and rights under utility agreements, and other easements and other rights-of-way included in, adjacent to or used in connection with the beneficial use and enjoyment of the Land (collectively, the Appurtenances).

1.3.3. Improvements. The Building described in Recital B and all other buildings, structures, fences, parking areas, or improvements located upon the Land or upon the Improvements, including fixtures, systems, and equipment attached to the Land or Improvements and used in connection with the operation or occupancy of the Land and Improvements (such as heating and air-conditioning systems, refrigeration, ventilation, garbage disposal, or utility conduits) (collectively, the Improvements, which together with the Land and the Improvements are called the Real Property).

1.3.4. Personal Property. Certain tangible personal property and all intangible property owned by Seller that is located on or in or is used in connection with the use or operation of any of the Property (Personal Property). Personal Property shall include, without limitation, all the following: (a) all of the tangible property listed on a schedule to be delivered according to Section 3.1.3 of this Agreement; (b) the service contracts listed on a schedule to be delivered according to Section 3.1.3 of this Agreement, which Buyer elects to assume, by written notice to Seller not less than ten (10) days before the Closing; (c) all rights under the Leases (defined in Section 3.1.8); (d) all warranties and guaranties on or related to the tangible Personal Property or related to construction, repair, or alteration work on the Real Property, to the full extent such warranties and guaranties are assignable; (e) all licenses and permits related to the Property; (f) all plans, drawings, engineering studies located within, used in connection with, or related to the Property; (g) all intellectual property associated with, related to, or used in connection with the Property, including logos, trademarks, designs, tradenames, service marks, email addresses,

domain names, and telephone numbers; and (h) all goodwill associated with the Real Property.

ARTICLE 2

PURCHASE PRICE

2.1. Amount. The full purchase price (Purchase Price) for the Property is SIX MILLION, THREE HUNDRED FIFTY THOUSAND Dollars (\$6,350,000.00), and is payable in accordance with this Article 2.

2.2. Payment of Purchase Price. Buyer agrees to pay, or cause to be paid, the Purchase Price to Seller through the Escrow by depositing check payable to the Escrow Holder, or by electronic transfer of federal funds, which shall be delivered to the Escrow Holder at least one (1) business day before the Closing Date.

ARTICLE 3

BUYER'S CONTINGENCIES

3.1. Seller's Delivery of Documents. Buyer's obligation to purchase the Property is expressly conditioned on Seller's delivering to Buyer all documents listed below (collectively, Preliminary Documents). Failure to deliver the Preliminary Documents within five (5) days after the Effective Date will extend the Contingency Date (as defined in Section 3.2 by one day for every one day thereafter that the last such Preliminary Document is delivered.

3.1.1. Preliminary Report. A preliminary report (Preliminary Report) dated no earlier than thirty (30) days before the Effective Date covering the Real Property and issued by Steward Title Company of California, Inc. (Title Company), together with a legible copy of all exceptions to title shown in the Preliminary Report, including each document, map, and survey referred to in the Preliminary Report.

3.1.2. Surveys. An ALTA survey of the Real Property dated no earlier than sixty (60) days before the Effective Date meeting the requirements of the most current edition of the ALTA/ACSM Minimum Survey Standards (Survey) and showing Items _____ from Table A of the ALTA/ACSM Minimum Survey Standards and copies of all other existing surveys in Seller's possession. [CITY WILL CHECK AND SEE IF IT STILL WANTS ONE – BUT SHALL NOT HOLD UP ESCROW]

3.1.3. Schedules of Personal Property. A complete schedule of all tangible Personal Property to be sold under this Agreement and a complete schedule of all service contracts related to the Property that Seller does not intend to cancel before the Closing Date.

3.1.4. Agreements. Copies of all written easements, covenants, restrictions, agreements, service contracts, and other documents that affect the Property, including without limitation any agreements relating to insurance, service, operation, repair, supply, advertising, promotion, sale, leasing, or management of the Property or the use of the common facilities.

3.1.5. Licenses and Permits. Copies of any licenses, permits, or certificates required by governmental authorities in connection with construction or occupancy of the Improvements, including without limitation building permits, certificates of completion, certificates of occupancy, and environmental permits and licenses, and any correspondence related to the Improvements.

3.1.6. Plans. Copies of any existing construction drawings, as-built plans, and specifications for the Property.

3.1.7. Rent Roll. A rent roll, dated no earlier than ten (10) days before the Effective Date (Rent Roll).

3.1.8. Leases. Copies of all Leases (and any modifications or amendments to them) with all tenants of the Property (Leases), and any correspondence related to the Leases, including all statements from retail tenants of their sales.

3.1.9. Leasing Commission Agreements. A complete list of all agreements for leasing commissions payable on the Leases and renewals of or options on the Leases and copies of all such written agreements.

3.1.10. Tax Bills. Property tax bills for the current tax year.

3.1.11. Financial Information. Copies of operating statements for the Property covering each calendar month of the current calendar year to date, and each of the prior three (3) calendar years and all budgets prepared in relation to the current year and the prior three (3) years. Copies of all invoices, utility bills, and other records of operating expenses incurred during the current years and the prior three (3) years shall be made available for inspection by Buyer at reasonable times at King Ranch Market, 328 W. Huntington Drive, Montrose, California.

3.1.12. Insurance Policies. Copies of all liability, fire, and casualty insurance policies carried by Seller, and copies of certificates evidencing all insurance that tenants of the Property are required to carry.

3.1.13. Materials Related to Condition of the Property. Any environmental impact reports, "Phase I" or "Phase II" reports, or environmental site assessments concerning hazardous materials on the Property, complaints or

notices of the presence of hazardous materials on the Property, geological surveys, soil tests, engineering reports, inspection results, complaints, or notices received regarding the safety of the Property.

3.1.14. **Litigation Materials.** All materials related to pending or threatened litigation, or litigation that was pending or threatened during the period of Seller's ownership of the Property, involving the Property or the Seller on account of its ownership of the Property, including correspondence, complaints, court orders, settlements, and judgments.

3.1.15. **Other Documents.** All other data, correspondence, documents, agreements, waivers, notices, applications, and other records regarding the Property relating to transactions with taxing authorities, governmental agencies, utilities, vendors, tenants, neighbors, and others with whom Buyer may be dealing from and after the Closing Date.

3.1.16. **Excluded Records.** The Preliminary Documents shall not include any books, records, documents, or information on the corporate, financial, and accounting records of the operations of Seller as an entity (as opposed to records concerning the Property), regarding offers or inquiries made by third parties concerning the purchase of some or all of the Property or appraisals of the value of the Real Property that are attorney-client communications of Seller, that is Seller's attorney's work product, or that is not in the possession of Seller or persons under Seller's control.

3.2. **Buyer's Approval of Preliminary Documents.** Buyer's obligation to purchase the Property is expressly conditioned on its approval, in its sole discretion, of the matters disclosed in the Preliminary Documents. Buyer shall have the period from the Effective Date until the date that is fifteen (15) days after delivery to Buyer of the last Preliminary Document (Contingency Date) to review the Preliminary Documents and to decide whether to approve the matters disclosed in the Preliminary Documents. On or before the Contingency Date, Buyer shall deliver written notice to Seller either accepting the matters disclosed in the Preliminary Documents or terminating this Agreement.

3.3. **Approval of Title.** Buyer's obligation to purchase the Property is expressly conditioned on Buyer's approval of the condition of title of the Property in accordance with the following procedure:

3.3.1. **Permitted Exceptions.** The following exceptions shown on the Preliminary Report (Permitted Exceptions) are approved by Buyer: (a) exceptions for a lien for local real estate taxes and assessments not yet due or payable, including (without limitation) special taxes under Government Code §§53311-53368.3 or installment assessments under Street & H C §§8500-8887, (b) the standard preprinted exceptions and exclusions of the Title Company, and (c) any other exception shown on the Preliminary Report, other than exceptions for

monetary liens, which Buyer does not object to by written notice to Seller within fourteen (14) days after delivery of the Preliminary Report (Buyer's Title Notice), or as otherwise provided in this section 3.3. All exceptions on the Preliminary Report other than the Permitted Exceptions will be Title Objections. If Buyer fails to deliver Buyer's Title Notice within the time specified in this section 3.3, Buyer shall be deemed to have objected to each title exception shown in the Preliminary Report that is not otherwise a Permitted Exception. [CITY WILL REVIEW TITLE REPORT AND MODIFY PARAGRAPH ACCORDINGLY]

3.3.2. Title Objections. With respect to any Title Objection arising or resulting from any act or omission of Seller, Seller shall have ten (10) days after delivery of Buyer's Title Notice (or Buyer's deemed objection to all exceptions), to specify the manner in which it will remove or cure such Title Objection. With respect to any Title Objection that did not arise or result from any act or omission of Seller, Seller shall have ten (10) days after delivery of Buyer's Title Notice, to give notice to Buyer in writing (Seller's Title Notice), stating either (a) the manner in which Seller will remove or cure such Title Objection, or (b) that Seller shall not remove or cure such Title Objection. If Seller fails to deliver Seller's Title Notice within the time specified in this section 3.3, Seller shall be deemed to have elected not to cure such Title Objection. Despite the foregoing, Seller agrees to remove all liens securing the payment of money that encumber the Property.

3.3.3. Seller Elects Not To Cure. If Seller elects not to cure or remove a Title Objection (or is deemed to have so elected), then Buyer shall have fourteen (14) days after delivery of the Seller's Title Notice to deliver a written notice to Seller (Buyer's Election Notice) of Buyer's election either to (a) proceed with the purchase of the Property, waive such Title Objection, and accept the exception shown in the Preliminary Report as a Permitted Exception, or (b) terminate this Agreement. If Buyer fails to deliver Buyer's Election Notice within the time specified in this section 3.3, Buyer shall be deemed to have elected to terminate this Agreement.

3.3.4. Nonmonetary Cure. If Seller is obligated or elects to cure or remove a Title Objection, but the method specified for removing or curing the Title Objection is other than the payment of a specific sum of money, then Buyer shall have ten (10) business days after delivery of the Seller's Title Notice to deliver Buyer's Election Notice specifying whether it elects to (a) proceed with the purchase of the Property, subject to Seller's removal of the Title Objection, or (b) terminate this Agreement. If Buyer fails to deliver Buyer's Election Notice within the time specified in this section 3.3, Buyer shall be deemed to have elected to terminate this Agreement.

3.3.5. Additional Encumbrances. If any encumbrance or other exception to title arises or is discovered after the delivery of the Preliminary Report (Additional Encumbrance), the party discovering such Additional Encumbrance shall promptly give written notice to the other. No later than five (5) business days after

delivery of the notice of such Additional Encumbrance, Buyer shall deliver a new Buyer's Title Notice to Seller specifying whether the Additional Encumbrance is a Title Objection or a Permitted Exception. If Buyer objects to the Additional Encumbrance, the parties shall proceed in the same manner as set forth above for Title Objections arising from the Preliminary Report. If Buyer fails to deliver Buyer's Election Notice within the time specified in this section 3.3, Buyer shall be deemed to have elected to terminate this Agreement.

3.3.6. Seller's Failure To Remove Title Objection. If Seller is obligated or elects to cure or remove a Title Objection and fails to do so least five (5) days before the Closing Date, or fails to show that it will be able to do so on Closing, then Seller shall be in default under this Agreement, and Buyer shall have all its rights and remedies provided by this Agreement.

3.4. Review of Preliminary Documents and Physical Condition.

3.4.1. Due Diligence. Buyer's obligation to purchase the Property is expressly conditioned on its approval, in its sole discretion, of the condition of the Property and all other matters concerning the Property, including without limitation economic, financial, and accounting matters relating to or affecting the Property or its value, and the physical and environmental condition of the Property. Buyer shall have until the Contingency Date to conduct such investigations as Buyer may chose (Due Diligence) to determine, in its sole discretion, whether this contingency is met. On or before the Contingency Date, Buyer shall deliver written notice to Seller accepting the Property, or terminating this Agreement.

3.4.2. Access to Property. As part of its Due Diligence, Buyer may investigate economic, financial, and accounting matters relating to or affecting the Property or its value, and conduct inspections, tests, and studies with respect to the physical and environmental condition of the Property. Buyer and Buyer's consultants, agents, engineers, inspectors, contractors, and employees (Buyer's Representatives) shall be given reasonable access to the Property during regular business hours for the purpose of performing such Due Diligence. Buyer shall undertake the Due Diligence at its sole cost and expense, except as provided in Section 9.4. Buyer shall indemnify, defend with counsel reasonably acceptable to Seller, and hold Seller harmless from all claims (including claims of lien for work or labor performed or materials or supplies furnished), demands, liabilities, losses, damages, costs, fees, and expenses, including Seller's reasonable attorney fees, costs, and expenses, arising from the acts or activities of Buyer or Buyer's Representatives in, on, or about the Property during or arising in connection with Buyer's inspections of the Property.

3.5. Termination for Failure of a Contingency. If this Agreement is terminated for failure of a contingency set forth in this Article 3, any cancellation fee or other costs of the Escrow Holder or the Title Company resulting from this termination

for failure of a contingency, shall be borne equally by Seller and Buyer, and each party shall pay its own expenses.

ARTICLE 4

SELLER'S PRECLOSING COVENANTS

4.1. No Amendment or Agreements. On or after the Effective Date, Seller shall not (a) amend or waive any right under any Preliminary Document or (b) enter into any lease or other agreement of any type affecting the Property that would survive the Closing Date, without Buyer's prior written consent. Before the Contingency Date, Buyer may not unreasonably withhold its consent under this Section 4.1; after the Contingency Date, however, Buyer shall have sole discretion in all such matters.

4.2. Insurance. Through the Closing Date, Seller must maintain or cause to be maintained in full force and effect comprehensive general liability casualty and other insurance on the Property in an amount equal to the full replacement cost of the Improvements.

4.3. Maintenance and Operation. Seller, at its sole cost and expense, must operate the Property in substantially the same manner as it has operated the Property prior to the Effective Date and must maintain and keep the Property such that on the Closing Date the Property is in at least as good condition and repair as on the Effective Date, reasonable wear and tear excepted. Seller may not make any material alterations to the Property without Buyer's prior written consent.

4.4. Mechanics' Liens. Except for materials, supplies, or work provided or ordered for the Property at the request of or for the account of Buyer, on or before the Closing, Seller must (a) pay for all materials, supplies, and work provided or ordered for the Property for which a labor, materialman's, or mechanics' lien may be claimed under applicable law and (b) if required by the Title Company, provide the Title Company with such indemnifications or security as it may require to insure title to the Property at the Closing without exception for any unrecorded labor, materialman's, or mechanics' claim of lien.

4.5. No Marketing. Seller agrees not to market, show, or list the Property to any other prospective buyer during the term of this Agreement.

4.6. Existing Financing. Seller shall not permit any default, or any event that could give rise to a default with lapse of time or notice, to occur under any existing loan secured by the Property or other financing encumbering the Property.

4.7. Licenses and Permits. Seller shall use due diligence and its best efforts to keep in full force and effect, and shall renew, when necessary, all licenses and permits for the Property.

4.8. Access to Property. Buyer and Buyer's representatives, agents, and designees shall have the right at all reasonable times until Closing to enter the Property as provided in Section 3.4.

4.9. Notification. Seller shall promptly notify Buyer of any material change in any condition with respect to the Property or of any material event or circumstance that makes any representation or warranty of Seller under this Agreement untrue or misleading.

4.10. Estoppel Certificates. Seller agrees to use its best efforts to obtain the estoppel certificates described in Section 6.1.4.

4.11. Service Contracts. Seller covenants and agrees that before the Closing Date it shall terminate all service contracts related to the Property except any that Buyer has specifically elected to assume under Section 1.1.4(b).

ARTICLE 5

REPRESENTATIONS AND WARRANTIES

5.1. Seller's Representations and Warranties. Seller hereby represents and warrants that each of the following is true as of the Effective Date and the Closing Date:

5.1.1. Condition of the Property. The Property is free of any physical or mechanical defects and all building systems in the Improvements (including without limitation heating, ventilating, air-conditioning, elevator, and other mechanical, electrical, sprinkler, life safety, and plumbing systems) are in good order and repair except as set forth in the attached Exhibit B.

5.1.2. Compliance With Laws. Except for the Building and Safety violations set forth in Exhibit B, neither the Property nor its operation violates in any way any applicable laws, ordinances, rules, regulations, judgments, orders, or covenants, conditions and restrictions, whether federal, state, local, foreign or private, including without limitation the Americans with Disabilities Act and all life safety requirements. The Improvements are not in violation of any applicable building or zoning codes, building moratorium or environmental protection codes, laws, regulations, or ordinances. Seller has not received any request, oral or written, that Seller modify or terminate any use of the Property. The zoning of the Property permits the current Improvements and use of the Property, there is no pending or contemplated rezoning, and the Property complies with the Subdivision Map Act and local ordinances enacted under that Act.

5.1.3. Documents. All Preliminary Documents delivered to Buyer under Section 3.1, and all other documents delivered to Buyer by or on behalf of Seller, are true, correct, and complete copies of what they purport to be. The documents delivered by Seller to Buyer are all the material documents concerning the Property in Seller's possession or under its control.

5.1.4. Leases. The Rent Roll and Updated Rent Roll (defined in Section 6.1.4) are true, correct, and complete. Seller has delivered to Buyer true, accurate, and complete copies of all Leases, and there are no leases, subleases, occupancies, or tenancies in effect pertaining to the Property except as stated in the Leases. The Leases are in full force and effect; no party to the Leases is in default under the Leases; and the Leases are subject to no defenses, setoffs, or counterclaims for the benefit of the tenants under the Leases; and no rent has been prepaid nor concessions given to the tenants under the Leases except as disclosed in the Leases. Seller has no notice or knowledge that any tenant of the Property is the subject of a bankruptcy or insolvency proceeding. Seller may not modify, cancel, amend, or extend any Lease or waive any rights under the Leases or enter into any new tenant lease between the Effective Date and the Closing Date without Buyer's prior written approval, which approval shall not be unreasonably withheld prior to the Contingency Date, but may be withheld at Buyer's sole discretion after the Contingency Date. Seller is in full compliance with all of the landlord's obligations under the Leases.

5.1.5. Operating Statements. All operating statements furnished to Buyer in connection with or under this Agreement (a) are true and correct in all material respects, (b) have been prepared in conformity with generally accepted accounting principles consistently applied, and (c) accurately reflect the financial position of the Property.

5.1.6. Litigation. There is no pending or threatened private or governmental litigation by any governmental authority or person against Seller relating to the Property that might, if it and all other pending and threatened litigation were adversely determined, result in a material adverse change in the Property or its operation or that challenges the validity of or otherwise materially adversely affects the transactions contemplated by this Agreement.

5.1.7. Other Proceedings. No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization, or other proceedings are pending or threatened against Seller or Seller's interest in the Property, nor are any such proceedings contemplated by Seller.

5.1.8. Governmental Action. Seller has no knowledge of, nor has Seller received written notice of, any plan, study, or effort by any agency or party that in any way would materially affect the use of the Property or any portion of it for its current use or of any intended public improvements that would result in any

charge being levied against, or any lien assessed on, the Property.

5.1.9. Condemnation. Other than from the City, Seller has received no notice of any presently pending or contemplated special assessments or proceedings to condemn or demolish the Property or any part of it or any proceedings to declare the Property or any part of it a nuisance.

5.1.10. Utilities. All water, sewer, gas, electric, telephone, drainage facilities, and all other utilities required by law or by the normal operation of the Property are adequate to service the Property in its present use and to permit full compliance with all requirements of law and normal usage by the tenants of the Property.

5.1.11. Licenses. Seller has all licenses, permits, easements, and rights of way, including proof of dedication, building permits, and occupancy permits that are required from any governmental authority having jurisdiction over the Property except as set forth in the attached Exhibit ___, or from private parties, in order to continue the present use of the Property and to insure adequate vehicular and pedestrian ingress and egress to the Property. Such licenses, permits, easements, and rights-of-way shall be in full force and effect on the Closing Date. All permits, rights, and documents to be transferred to Buyer at close of escrow have been fully paid for and are not subject to any liens, encumbrances, or claims of any kind, and their transfer and assignment do not require the consent of third parties other than as set forth in such documents or as required by law. Seller has, and at close of escrow shall deliver to Buyer, good and marketable title to all such permits, rights, and documents.

5.1.12. Development Rights. Neither Seller nor any previous owner of the Property has, except by operation of law, sold, transferred, conveyed, or entered into any agreement regarding "air rights," "excess floor area ratio," or other development rights or restrictions relating to the Property, except as otherwise expressly set forth in the Preliminary Report.

5.1.13. Due Authorization. This Agreement and the performance of Seller's obligations under it and all documents executed by Seller that are to be delivered to Buyer at the Closing are, or on the Closing Date shall be, duly authorized, executed, and delivered by Seller and are, or at the Closing Date shall be, legal, valid, and binding obligations of Seller, and do not, and on the Closing Date shall not, violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject. No consent of any beneficiary, co-trustee, partner, shareholder, creditor, investor, judicial or administrative body, government agency, or other party is required for Seller to enter into and/or to perform Seller's obligations under this Agreement, except as has already been obtained. The trusts of which Sellers are trustees are formed, validly existing, and in good standing under the laws of the State of California and qualified to do business in the State of California.

5.1.14. Title to the Property. Seller has good and marketable title to the Property. Seller has no actual knowledge of any unrecorded or undisclosed legal or equitable interest in the Property owned or claimed by anyone other than Seller. Seller has no knowledge that anyone will, at the Closing, have any right to possession of the Property, except as disclosed by this Agreement or otherwise in writing to Buyer. There are no unsatisfied mechanics' or materialmen's lien rights on the Property. No assessment lien or bond encumbers the Property, and no governmental authority has undertaken any action that could give rise to an assessment lien affecting the Property.

5.1.15. Personal Property. Seller has no knowledge that anyone will, at the Closing, have any right to possession of any personal property included in the Purchase Price nor knowledge of any liens or encumbrances affecting such personal property, except as disclosed by this Agreement or otherwise on writing to Buyer.

5.1.16. Hazardous Wastes. To the best of Seller's knowledge, (1) the Property is not in violation of any federal, state, or local law, ordinance, or regulation relating to industrial hygiene or to the environmental conditions on, under, or about the Property, including but not limited to soil and groundwater conditions. There are no environmental, health, or safety hazards on, under, or about the Property, including but not limited to soil and groundwater conditions. Neither Seller nor any third party (including but not limited to Seller's predecessors in title to the Property) has used or installed any underground tank, or used, generated, manufactured, treated, stored, placed, deposited, or disposed of on, under, or about the Property or transported to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances, or related materials (Hazardous Materials), which for purposes of this Agreement includes, but is not limited to, substances defined as "hazardous substances, hazardous materials, or toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 United States Code §§9601, et seq.); the Hazardous Materials Transportation Act (49 United States Code §§1801, et seq.); the Resource Conservation and Recovery Act (42 United States Code §§6901, et seq.); the substances defined as "hazardous wastes" in California Health and Safety Code §25117 or as "hazardous substances" in California Health and Safety Code §25316; and the chemicals known to cause cancer or reproductive toxicity as published in the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health and Safety Code §25249.5, et seq.); and in the regulations adopted and publications promulgated under each of the aforesaid laws). Seller has no actual knowledge, except as otherwise disclosed to Buyer in writing, of the existence or prior existence on the Property of any Hazardous Material, other than de minimis amounts of household cleaners or office supplies. The term "Seller's Knowledge" as used in this section shall refer to the actual personal

knowledge only of WILLIAM MIGUEL, ANER IGLESIAS, CONSTANTINO MIGUEL AND ALICE MIGUEL, as the acting trustees for the respective seller trusts and/or _____ . Seller shall not be deemed to have nor be charged or imputed with the knowledge of any other person, nor as to any constructive “due diligence,” inquiry or any other notice in any way whatsoever.

5.1.17. Foreign Person. Seller is not a foreign person and is a “United States Person” as such term is defined in §7701(a)(30) of the Internal Revenue Code of 1986, as amended.

5.2. Buyer’s Representations and Warranties. Despite anything to the contrary in this Agreement, Buyer hereby warrants and represents that, as of the Effective Date, this Agreement and the performance of Buyer’s obligations under it and all the documents executed by Buyer that are to be delivered to Seller at the Closing are, or on the Closing Date shall be, duly authorized, executed, and delivered by Buyer and are, or at the Closing Date shall be, legal, valid, and binding obligations of Buyer, and do not, and on the Closing Date shall not, violate any provisions of any agreement or judicial order to which Buyer is a party or to which Buyer or the Property is subject. Buyer has obtained all internal approvals and consents required for Buyer to enter into or to perform Buyer’s obligations under this Agreement. Buyer is a municipal corporation organized and existing under the laws of the State of California.

5.3. Effect of Representations and Warranties. Each representation and warranty in this Article 5 and every document (including estoppel and other certificates) executed or submitted by Seller under this Agreement with respect to the Property (a) is material and being relied on by the party to which the representation and warranty is made; (b) is true in all respects as of the Effective Date; (c) shall be true in all respects on the Closing Date; and (d) shall survive the Closing, except as otherwise provided in this Agreement.

5.4. “As Is” Purchase. Subject to the approval or waiver of the Contingencies in Article 3, Seller’s preclosing obligations under Article 4, the closing conditions in Article 6, and as a material inducement to Seller’s execution and delivery of this Agreement and performance of its duties under this Agreement: EXCEPT AS OTHERWISE PROVIDED IN THIS ARTICLE 5, BUYER HAS AGREED TO ACCEPT POSSESSION OF THE PROPERTY ON THE CLOSING DATE ON AN “AS IS” BASIS. SELLER AND BUYER AGREE THAT THE PROPERTY SHALL BE SOLD “AS IS, WHERE IS, WITH ALL FAULTS” WITH NO RIGHT OF SET-OFF OR REDUCTION IN THE PURCHASE PRICE, AND, EXCEPT AS SET FORTH IN THIS ARTICLE 5 OF THIS AGREEMENT, SUCH SALE SHALL BE WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED (INCLUDING, WITHOUT LIMITATION, WARRANTY OF INCOME POTENTIAL, OPERATING EXPENSES, USES, MERCHANTABILITY OR

FITNESS FOR A PARTICULAR PURPOSE), AND SELLER DISCLAIMS AND RENOUNCES ANY SUCH REPRESENTATION OR WARRANTY.

ARTICLE 6

CLOSING CONDITIONS

6.1. Buyer's Closing Conditions. All obligations of Buyer under this Agreement are subject to the fulfillment, before or at the Closing, of each of the following conditions (Buyer's Closing Conditions). Buyer's Closing Conditions are solely for Buyer's benefit and any or all of the Buyer's Closing Conditions may be waived in writing by Buyer in whole or in part without prior notice.

6.1.1. Title. It is a Buyer's Closing Condition that, on the Closing Date, Seller convey to Buyer marketable fee simple title to the Real Property by execution and delivery of a grant deed in the form attached to this Agreement as Exhibit C (Deed) and cause to be delivered to Buyer from the Title Company an ALTA (B-1970 Form, as amended/ June 1, 1987, Form __) Owner's Extended Coverage Policy of Title Insurance with liability in the full amount of the Purchase Price, insuring title to the Real Property in Buyer, subject only to the Permitted Exceptions, together with such endorsements described below or as may be reasonably requested by Buyer (Title Policy). The Title Policy must also include such endorsements or guaranties as Buyer may request. Seller must deliver to the Title Company such instruments, documents, releases, and agreements and must perform such other acts as Title Company may reasonably require in order to issue the Title Policy. Indemnification of the Title Company to induce it to insure any otherwise unpermitted exception to title shall not be allowed except with Buyer's prior written consent after full disclosure to Buyer of the nature and substance of such exception and indemnity, which consent shall not be unreasonably withheld by Buyer for exceptions not material to marketable title to the Real Property.

6.1.2. Liens. Buyer must have received a certified report, with copies of all documents, satisfactory to Buyer and Buyer's counsel, from the Title Company or a reputable lien search company indicating that there are no personal property liens of record on file with the Secretary of State of California, other than those that will be discharged at the Closing, as of a date no more than e.g., ten (10) business days before the Closing Date, and a confirmation dated no more than three (3) business days before the Closing Date that no further liens have been filed since the date of the certified report. Also, Buyer must have received a verified report, satisfactory to Buyer and Buyer's counsel, from the Title Company or a reputable lien search company, indicating that there are no federal or state tax liens of record against the Property and on file with the respective agencies as of a date no more than ten (10) business days before the Closing Date.

6.1.3. Seller's Representations, Warranties, and Covenants. The

representations and warranties of Seller in this Agreement must be true in all material respects on and as of the Closing Date with the same effect as if such representations and warranties had been made on and as of the Closing Date. Seller must have performed and complied with all covenants, agreements, and conditions required by this Agreement to be performed or complied with by it before or on the Closing Date. Buyer must have been furnished with a certificate of Seller dated as of the Closing Date, certifying to the fulfillment of the foregoing conditions. Such certificate shall have the effect of a representation and warranty of Seller made on and as of the Closing Date.

6.1.4. Tenant Estoppel Certificates. At least ten (10) days before the Closing Date, Seller shall deliver to Buyer an updated Rent Roll dated no earlier than thirty (30) days before the Closing Date (Updated Rent Roll). At least ten (10) days before the Closing Date, Seller must deliver to Buyer estoppel certificates in the form attached as Exhibit D or in the form required under each tenant's Lease (Tenant Estoppel Certificates), dated no earlier than thirty (30) days before the Closing Date. Seller may substitute its own certificate verifying the information that tenant would have given under the required form of such tenant's Tenant Estoppel Certificate (Seller's Certificate) for Tenant Estoppel Certificates from no more than twenty (20) percent of the tenants occupying no more than ten (10) percent of the Property. If a Tenant Estoppel Certificate or Seller's Certificate contains a material discrepancy from the Updated Rent Roll, discloses an alleged material breach by Seller as landlord under such tenant's Lease, or discloses, in Buyer's reasonable opinion, an unsatisfactory condition not discovered by Buyer during the Due Diligence Period, then Buyer may disapprove the Tenant Estoppel Certificates and the Seller Certificates and terminate this Agreement without default by either party, by giving written notice of its disapproval within three (3) days before the Closing Date. If Buyer does not give written notice of its disapproval of the Tenant Estoppel Certificates and the Seller Certificates, then Buyer shall be deemed to have approved such certificates and this Agreement shall not be terminated. If at any time within sixty (60) days after the Closing Date, Seller delivers a Tenant Estoppel Certificate from a tenant for which Seller previously provided a Seller's Certificate and such Tenant Estoppel Certificate contains no material discrepancies from the related Seller's Certificate, then Buyer shall accept the Tenant Estoppel Certificate in lieu of the Seller's Certificate, and the Seller's Certificate shall be of no further effect between Seller and Buyer.

6.1.5. Closing Documents. Seller must have delivered to Escrow the documents and funds it is required to deliver through Escrow at Closing.

6.1.6. Physical Condition. The physical condition of the Property must be substantially the same on the Closing Date as on the Effective Date, reasonable wear and tear excepted.

6.1.7. Adverse Actions. There shall exist no actions, suits, arbitrations,

claims, attachments, proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization, or other proceedings, pending or threatened, against Seller or regarding the Property that would materially and adversely affect the Seller's ability to perform its obligations under this Agreement or Buyer's title to the Property and there shall exist no pending or threatened action, suit, or proceeding regarding the Seller before or by any court or administrative agency that seeks to restrain or prohibit, or to obtain damages or a discovery order with respect to, this Agreement or the consummation of the transactions contemplated by this Agreement.

6.1.8. Hazardous Material. No Hazardous Materials shall have been discovered on the Property after the Contingency Date that were not previously disclosed to Buyer or discovered by Buyer before the Contingency Date.

6.1.9. No Material Changes. No event shall have occurred nor shall any condition have arisen after the Contingency Date that as of the Closing Date materially and adversely affects all or any part of the Property or its current or prospective operation, use, value, income, expenses, or occupancy.

6.1.10. Consents. All necessary agreements and consents of all parties to consummate the transaction contemplated by this Agreement shall have been obtained and furnished by Seller to Buyer.

6.2. Seller's Closing Conditions. Seller's obligation to sell the Property is expressly conditioned on the fulfillment of each condition precedent at or before the Closing (Seller's Closing Conditions). Seller's Closing Conditions are solely for Seller's benefit and any of Seller's Closing Conditions may be waived in writing by Seller in whole or in part without prior notice.

6.2.1. Approval of Contingencies. It is a Seller's Closing Condition that Buyer must have acknowledged its approval or waiver of all contingencies as required under Article 3 of this Agreement.

6.2.2. Purchase Price. Buyer must have delivered the Purchase Price to Escrow.

6.2.3. Delivery of Closing Documents and Funds. Buyer must have delivered to Escrow the documents and funds specified in Section 7.4.2.

6.2.4. Buyer's Representations, Warranties, and Covenants. The representations and warranties of Buyer in this Agreement must be true in all material respects on and as of the Closing Date with the same effect as if such representations and warranties had been made on and as of the Closing Date. Buyer must have performed and complied with all covenants, agreements, and conditions required by this Agreement to be performed or complied with by it before or on the Closing Date. Seller must have been furnished with a certificate

of Buyer dated as of the Closing Date, certifying to the fulfillment of the foregoing conditions such certificate shall have the effect of a representation and warranty of Buyer made on and as of the Closing Date.

6.3. Termination for Failure of a Condition. If Buyer's Closing Conditions or Seller's Closing Conditions, as the case may be, have not been previously approved or waived, this Agreement may be terminated by the party in whose favor the Closing Condition runs by written notice to the other. If this Agreement is so terminated, the parties shall have no further obligation or liability under this Agreement, except as provided in Article 9 and this Section 6.3. Any cancellation fee or other costs of the Escrow Holder and Title Company shall be borne equally by Seller and Buyer and each party shall pay its own expenses.

ARTICLE 7

CLOSING

7.1. Escrow. The Escrow shall be opened with the Escrow Holder on the execution of this Agreement. Buyer and Seller shall promptly on the Escrow Holder's request execute such additional escrow instructions as are reasonably required to consummate the transaction contemplated by this Agreement and are not inconsistent with this Agreement.

7.2. Closing Definitions.

7.2.1. Definition. The "Closing" means the exchange of money and documents as described in this Article 7, and shall be deemed to have occurred when Seller's Deed to Buyer has been recorded, the Escrow Holder holds and can record and deliver the remaining documents described in this Article 7, the Title Company is irrevocably and unconditionally committed to issue the Title Policy, and Buyer has delivered the Purchase Price in immediately available funds to Escrow Holder.

7.2.2. Closing Date. Seller and Buyer agree that the Closing shall occur on the "Closing Date." The Closing Date shall be a date mutually agreeable to Buyer and Seller that is no later than fifteen (15) days after the Contingency Date. If the Closing has not occurred within thirty (30) days after the Contingency Date (unless a later date is mutually agreed to by Buyer and Seller), then subject to Section 6.3 either party may elect to terminate this Agreement, and neither party shall have any obligations to the other except on account of any breach of this Agreement. The Closing shall be at the offices of Escrow Holder or such other place as the parties may agree.

7.3. Seller's Deposit of Documents and Funds. Seller must deposit into Escrow the following documents duly executed by Seller in form and substance

reasonably satisfactory to Buyer:

7.3.1. Deed. The duly executed and acknowledged Deed conveying the Property to Buyer subject only to the Permitted Exceptions;

7.3.2. Bill of Sale. A duly executed bill of sale, in the form attached to this Agreement as Exhibit F, conveying the Personal Property to Buyer free and clear of liens, encumbrances, and restrictions of every kind and description (Bill of Sale);

7.3.3. Assignment. A duly executed assignment, in the form attached to this Agreement as Exhibit F, assigning to Buyer Seller's interest (a) in the Plans (if any), (b) in all warranties of which Seller is the beneficiary with respect to the Improvements or Personal Property, (c) in all intangible assets of the Property, and (d) in such service contracts and other agreements as Buyer elects to assume (Assignment);

7.3.4. Lease Assignment. A duly executed assignment of Leases, in the form attached to this Agreement as Exhibit G, assigning to Buyer Seller's interest as lessor in all the Leases (Lease Assignment);

7.3.5. Nonforeign Certification. Certificates required by §1445 of the Internal Revenue Code of 1986, and the California Revenue and Taxation Code §18815, executed by Seller and in a form satisfactory to Buyer (Nonforeign Certification), to relieve Buyer of any potential transferee's withholding liability under such statutes;

7.3.6. Seller's Proof of Power and Authority. Such proof of Seller's authority and authorization to enter into and perform under this Agreement, and such proof of power and authority of the individuals executing or delivering any instruments, documents, or certificates on behalf of Seller to act for and bind Seller as may reasonably be required by Buyer or the Escrow Holder; and

7.3.7. Additional Documents. Such additional documents, including written Escrow instructions consistent with this Agreement, as may be necessary or desirable to convey the Property in accordance with this Agreement.

7.4. Buyer's Deposit of Documents and Funds. Buyer must deposit into Escrow the following funds and documents duly executed by Buyer in form and substance reasonably satisfactory to Seller:

7.4.1. Purchase Price. The Purchase Price in accordance with Article 2, plus or minus prorations as provided in Section 7.7 (including funds to be provided by the New Lender as described in Section 3.5);

7.4.2. Seller Financing Documents. Duly executed loan and security

documents as Seller requires under Section 2.4 on account of the Seller Financing;

7.4.3. Assignment. A duly executed assignment, in the form attached to this Agreement as Exhibit G, by which Buyer assumes Seller's interest in (a) the Plans (if any), (b) all warranties of which Seller is the beneficiary with respect to the Improvements or Personal Property, (c) all intangible assets of the Property, and (d) such service contracts and other agreements as Buyer elects to assume (Assignment);

7.4.4. Lease Assignment. A duly executed assignment of Leases, in the form attached to this Agreement as Exhibit H, by which Buyer assumes Seller's interest as lessor in all the Leases (Lease Assignment);

7.4.5. Buyer's Proof of Power and Authority. Such proof of Buyer's authority and authorization to enter into and perform under this Agreement, and such proof of power and authority of the individuals executing or delivering any instruments, documents, or certificates on behalf of Buyer to act for and bind Buyer as may reasonably be required by Seller and the Escrow Holder; and

7.4.6. Conveyance Documents. Such documents, including written Escrow instructions consistent with this Agreement, as may be necessary or desirable for conveyance of the Property in accordance with this Agreement.

7.5. Closing. When the Escrow Holder receives all documents and funds identified in Sections 7.3 and 7.4, and the Title Company is ready, willing, and able to issue the Title Policy, then, and only then, the Escrow Holder shall close Escrow by:

7.5.1. Recording the Deed;

7.5.2. Recording the documents Seller requires to be recorded under Section 2.4 with respect to Seller Financing;

7.5.3. Recording the Lease Assignment;

7.5.4. Issuing the Title Policy to Buyer;

7.5.5. Delivering to Buyer the Assignment, the Bill of Sale, the Updated Rent Roll, the original Leases, the Tenant Estoppel Certificates, the Nonforeign Certification, copies of all recorded documents related to the transfer or encumbering of the Property, the Letter of Credit, if it has not been fully drawn down under Section 2.2.4, and a copy of Seller's Escrow instructions; and

7.5.6. Paying the Purchase Price to Seller, plus or minus prorations under Section 7.7.

7.5.7. Thereafter, Escrow Holder shall deliver signed closing statements showing all receipts and disbursements to Buyer and Seller and shall file with the Internal Revenue Service (with copies to Buyer and Seller) the reporting statement required under Internal Revenue Code §6045(e).

7.6. Deliveries Outside Escrow. Seller agrees to deliver the following to Buyer outside Escrow within three (3) business days after Closing:

7.6.1. Letters in form and substance satisfactory to Buyer, signed, and stamped by Seller and addressed to each tenant at the Property, stating that the Property has been sold to Buyer and that all rents should be paid to Buyer after the Closing Date (Tenant Notices);

7.6.2. The Updated Rent Roll current through the day before the Closing Date;

7.6.3. The original Leases.

7.7. Prorations. All receipts and disbursements of the Property shall be prorated as of 11:59 p.m. on the day immediately preceding the Closing Date and the Purchase Price shall be adjusted on the following basis:

7.7.1. Property Rents.

(a) Collected Rents. All rents collected by Seller under the Leases in effect on the Closing Date, including rents on account of operating cost pass-throughs, percentage rents, and other charges paid by tenants (Collected Rents) shall be prorated as of the Closing by charging Seller and crediting Buyer for any Collected Rents applicable to periods after the Closing. Despite the foregoing, Collected Rents are subject to re-proration for one (1) year after the Closing Date if there is accurate and definitive evidence that Collected Rents were incorrectly applied to the preclosing or postclosing period. The party receiving such evidence must provide written notice to the other within five (5) days after receipt of such information and the parties shall re-prorate the Collected Rents to adjust for any excess credit by immediate reimbursement for such excess credit. There shall be no right to re-prorate after the first year anniversary of the Closing Date.

(b) Delinquent Rents. All unpaid rents that are due and owed to Seller under the Leases in effect on the Closing Date, including rents on account of operating cost pass-throughs, percentage rents, and other charges paid by tenants (Delinquent Rents) shall not be prorated and shall remain the property of Seller. Buyer shall deliver any Delinquent Rents received by Buyer to Seller, less the actual costs of collection, on the condition that Buyer shall apply all rent received from tenants under the Leases first to any obligations arising under the Leases after the Closing and Buyer shall then apply the balance, if any, to the

Delinquent Rents. Seller shall have the right to collect Delinquent Rents, at Seller's sole cost and expense, on the condition that Seller shall have no right to cause the eviction of, and Buyer shall have no obligation to evict, any tenants owing Delinquent Rents.

(c) Payable Rents. All unpaid rents that have accrued under the Leases in effect on the Closing Date but that are not due and payable as of the Closing, including rents on account of operating cost pass-throughs, percentage rents, and other charges paid by tenants (Payable Rents), shall be prorated as of the Closing by charging Buyer and crediting Seller for any Payable Rents applicable to periods before the Closing, as mutually agreed on by the parties not less than five (5) days before the Closing Date. Despite the foregoing, Payable Rents are subject to re-proration for one (1) year after the Closing Date if there is accurate and definitive evidence that Payable Rents were incorrectly applied to the preclosing or postclosing period. The party receiving such evidence must provide written notice to the other within five (5) days after receipt of such information, and the parties shall re-prorate the Payable Rents to adjust for any excess credit by immediate reimbursement for such excess credit. There shall be no right to re-prorate after the e.g., first anniversary of the Closing Date.

7.7.2. Security Deposits. At Closing, Buyer shall be credited and Seller shall be charged with the amount of all security deposits received under the Leases in effect as of the Closing.

7.7.3. Capital Expenditures and Accounts Payable. All capital and other improvements (including labor and material) that are performed or contracted for, by or on behalf of Seller before the Closing Date, and all sums due for accounts payable that were owed or incurred by the Property before the Closing Date, must be paid by Seller.

7.7.4. Leasing Commissions. Seller shall pay when due, whether before or after Closing, all leasing commissions payable with respect to Leases and extensions, renewal, and expansions of the Leases that were fully executed before the Contingency Date. Seller shall be credited and Buyer shall be charged the amount of leasing commissions paid by Seller on account of Leases and extensions, renewals, and expansions of the Leases that were fully executed after the Contingency Date.

7.7.5. Property Taxes. All real and personal property ad valorem taxes and special assessments, if any, whether payable in installments or not, including without limitation all supplemental taxes attributable to the period prior to the Closing shall be prorated to the Closing Date, based on the latest available tax rate and assessed valuation. All amounts attributable to the period prior to the Closing shall be paid at the Closing from funds accruing to Seller. No amounts attributable to the period subsequent to the Closing shall be paid out of escrow and no amounts shall be debited for taxes or assessments from funds accruing

to Buyer. To the extent that Seller has paid property taxes and assessments relating to periods subsequent to the Closing, it shall be the Seller's responsibility to apply to the appropriate authority for a refund of said taxes and assessments.

7.7.6. Utility Charges. Charges for utilities, including water, sewer, electric, and gas, shall be prorated within thirty (30) days after the Closing Date based on the then most recent bills for such services. Seller shall pay for all utility services to the Property for all periods before the Closing and Buyer shall pay for all utility services to the Property for the Closing Date and all periods thereafter.

7.8. Closing Costs. Closing costs shall be allocated as follows:

7.8.1. Seller shall pay all costs associated with removing any debt encumbering the Property;

7.8.2. Escrow costs shall be shared equally by Seller and Buyer;

7.8.3. Seller shall pay the cost of the Title Policy;

7.8.4. No recording fee is payable upon the recording of the Deed;

7.8.5. No City or County documentary transfer taxes shall be payable upon the recordation of the Deed.

7.9. Broker's Commission; Indemnity. Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or person who can claim a commission or finder's fee as a procuring cause of the sale contemplated in this Agreement. If any broker or finder perfects a claim for a commission or finder's fee based on any contract, dealings, or communication with a party (Indemnifying Party), then the Indemnifying Party shall indemnify, defend, and hold the other party (Nonindemnifying Party) harmless from all costs and expenses (including reasonable attorney fees and costs of defense) incurred by the Nonindemnifying Party in connection with such claim.

7.10. Possession. Seller shall deliver exclusive right of possession of the Property to Buyer on the Closing Date, subject only to the interest of tenants under the Leases.

ARTICLE 8

RISK OF LOSS

8.1. Condemnation. If before the Closing Date any action or proceeding is commenced for the condemnation or exercise of the rights of eminent domain of

the Property or any portion of it, or if Seller is notified by the duly authorized officer of a duly empowered condemning authority of the intent to commence such action or proceeding (Condemnation) and if such Condemnation would materially and adversely affect the use or operation of the Property, have the effect of decreasing the square footage of the Improvements, or reduce or eliminate access to the Property, then Buyer may either (a) terminate this Agreement or (b) proceed with the Closing without modifying the terms of this Agreement and without reducing the Purchase Price, on the condition that Seller must assign and turn over, and Buyer shall be entitled to keep, all awards for the Condemnation that accrue to Seller. Seller may not negotiate, resist, or stipulate to any Condemnation without Buyer's written consent. Seller must notify Buyer of any notice of Condemnation of all or any portion of the Property within five (5) days after the receipt of this notice, and Buyer must exercise its option(s) as provided in this Section 8.1 within twenty (20) business days after receipt of such notice. If necessary, the Closing Date shall be extended to give Buyer the full twenty (20) business day period to make such election. The provisions of this Section do not apply when the condemning authority is the City.

8.2. Damage and Destruction. If before the Closing Date any damage or destruction of the Property, or any portion of it shall have occurred that results in an Uninsured Loss of Six Hundred Thousand Dollars (\$600,000.00) or less, then at the Closing Seller must assign to Buyer the right to collect any Insurance Proceeds with respect to such loss and give Buyer a credit against the Purchase Price in the amount of such Uninsured Loss. If such damage or destruction results in an Uninsured Loss of more than SIX HUNDRED THOUSAND DOLLARS (\$600,000.00), then within five (5) days after determination of the amount of the Insurance Proceeds Seller shall elect either (a) to give Buyer a credit for the entire amount of such Uninsured Loss and assign to Buyer the right to collect any Insurance Proceeds with respect to such loss or (b) to terminate this Agreement. Despite any such damage or destruction, the Purchase Price for the Property shall not be reduced except by the credits referred to above. For purposes of this Section 8.2, Uninsured Loss shall mean the difference between (i) the sum of the actual cost necessary for the Seller to fully repair such damage and destruction, as determined by a qualified insurance adjuster selected by the insurance carrier providing insurance for the Property, and (ii) the total amount of Insurance Proceeds, which shall mean the proceeds from any and all insurance with respect to the Property and/or to such loss, including without limitation fire and casualty and liability insurance. Uninsured Losses may arise because of self-insurance, deductible amounts under policies, proceeds of policies insufficient to cover the loss, risks not insured for, or otherwise. If any damage to or destruction of the Property occurs, the Closing Date shall be extended until the amount of the Insurance Proceeds is determined and Seller has made any election permitted under this Section 8.2.

REMEDIES FOR DEFAULT

9.1. Buyer's Default. Buyer shall be in default under this Agreement if Buyer fails, for any reason other than Seller's default under this Agreement or the failure of a condition precedent to Buyer's obligation to perform under this Agreement, to meet, comply with, or perform any covenant, agreement, or obligation required on its part within the time limits and in the manner required in this Agreement, or a material breach shall have occurred of any representation or warranty (made by Buyer) by reason of Buyer's actual fraud or intentional misrepresentation; provided, however, that no such default shall be deemed to have occurred unless and until Seller has given Buyer written notice of the default, describing the nature of the default, and Buyer has failed to cure such default within ten (10) business days after the receipt of such notice (but in any event before the Closing Date, unless such default occurs after Closing).

9.2. Remedies for Buyer's Default. If Buyer defaults in its obligations under this Agreement to purchase the Property on the Closing Date through no fault of Seller, then Seller may have the right to recover all of its general and specific damages. If, after the Closing Date, Seller determines that Buyer has breached any representation or warranty set forth in Article 5 then Seller shall have the right to bring an action for general and specific damages to Seller.

9.3. Seller's Default. Seller shall be in default under this Agreement if Seller fails, for any reason other than Buyer's default under this Agreement or the failure of a condition precedent to Seller's obligation to perform under this Agreement, to meet, comply with, or perform any covenant, agreement, or obligation required on its part within the time limits and in the manner required in this Agreement, or a material breach shall have occurred of any representation or warranty (made by Seller) because of Seller's actual fraud or intentional misrepresentation; provided, however, that no such default shall be deemed to have occurred unless and until Buyer has given Seller written notice of the default, describing its nature, and Seller has failed to cure such default within five (5) days after receipt of such notice (but in any event before the Closing Date, unless such default occurs after Closing).

9.4. Remedies for Seller's Default. If Seller defaults in its obligations under this Agreement to sell the Property to Buyer on the Closing Date through no fault of Buyer, then Buyer at its option may have the right to specific performance of this Agreement or the right to recover the Deposit and all of its general and specific damages. If, after the Closing Date, Buyer determines that Seller has breached any representation or warranty set forth in Article 5 then Buyer shall have the right to bring an action for general and specific damages to Buyer.

9.5. Resolution of Disputes. Controversies or claims between Seller and Buyer that arise from (a) this Agreement (including any modifications to this

agreement), (b) any document, agreement, or procedure related to or delivered in connection with this Agreement or the Property, (c) any violation of this Agreement, or (d) any claims for damages resulting from any business conducted between Seller and Buyer, including claims for injury to persons, property, or business interests (torts) (collectively Arbitrable Disputes) shall be resolved under this Section 9.5, which shall survive termination of this Agreement. Wherever this Agreement refers to arbitration as the means of resolving disputes between the parties, the parties agree to follow the procedure described immediately below before commencing arbitration procedures. The filing of a judicial action during the term of this Agreement to enforce the other party's performance under this Agreement, e.g., for an order of attachment, injunction, specific performance, or other remedy, shall not constitute a waiver to the filing party's right or breach of the filing party's obligation to arbitrate; provided, however, that in no circumstances following the termination of this Agreement shall Buyer be entitled to record a notice of pending action (lis pendens) or take other action or seek other remedies that would have the effect of clouding Seller's title or restricting Seller's ability to convey or encumber the Property, free of any claim by Buyer to the Property.

9.5.1. Arbitration of Disputes. [TO BE DISCUSSED]

(a) General. Any controversies or claims between Seller and Buyer that arise from Arbitrable Disputes shall be settled by arbitration in the City of Los Angeles, California, in accordance with the Commercial Arbitration Rules (Rules of the American Arbitration Association (AAA)) if not inconsistent with other provisions of this Agreement, and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction. The parties submit to the jurisdiction of the Superior Court of the State of California, County of Los Angeles, for purposes of confirming in any such award and entering judgment. The parties further agree that, despite anything to the contrary that may now or hereafter be contained in the Rules of the AAA, this Section 9.5.1 shall control.

(b) Appointment. Within thirty (30) days after receipt of a notice of arbitration (Demand) from the other party, each party shall appoint one person to hear and decide the dispute. The two persons so chosen shall, within ten (10) business days after their appointment, appoint a third impartial arbitrator (who shall be an attorney at law licensed to practice in California), and the final majority decision of the three arbitrators shall be final and conclusive on the parties to this Agreement. Each appointment of an arbitrator shall be deemed complete on delivery by the appointing party of written notice of appointment of that arbitrator to the Los Angeles Regional Office of the AAA. If either Seller or Buyer fails to designate its arbitrator within the specified period after receipt of the Demand, then the arbitrator designated by the other party shall sit as the sole arbitrator and shall be deemed to be the single, mutually approved arbitrator to resolve the Arbitrable Dispute. If the party-appointed arbitrators are unable to appoint an impartial arbitrator, the impartial arbitrator shall be appointed under

the Rules of the AAA. If the parties cannot agree on a rate of compensation for the arbitrators, they shall be compensated for their services at a rate to be determined by the AAA.

(c) Costs. Except as provided in this Section 9.5.1, each party shall bear its own costs and expenses of arbitration, including, but not limited to, filing fees, attorney fees, the fees of the arbitrator appointed by the party, and costs of transcripts, and each party agrees to pay half of the compensation to be paid to the neutral arbitrator in the arbitration. The arbitrators shall not have the power or competence to allocate between the parties in their award any costs, expenses, fees, or share of arbitrators' compensation.

(d) Written Opinion. The arbitrators shall, on the request of either Seller or Buyer, issue a written opinion of their findings of fact and conclusions of law. On receipt by the requesting party of this written opinion, the party shall have the right to file with the arbitrators a motion to reconsider, and the arbitrators shall then reconsider the issues raised by this motion and either confirm or change their majority decision, which shall then be final and conclusive on the parties.

(e) Applicability of Code of Civil Procedure. It is specifically contemplated and agreed by the parties that California Code of Civil Procedure §1283.05, as it may be amended from time to time, shall be incorporated into, made a part of, and made applicable to the arbitration agreement in this Section 9.5.1.

(f) Power of Arbitrators. The arbitrators shall have the authority to issue any judgment or order, including punitive damages and equitable relief; provided, however, that the arbitrators' power to provide equitable relief or specific performance shall be limited to disputes in connection with the administration of this agreement and shall not preclude or restrict implementation of the termination provisions of this Agreement

(g) Statute of Limitations. For purposes of the statute of limitations, the filing of an arbitration under this Section 9.5.1 is the equivalent of the filing of a lawsuit, and any claim or controversy that may be arbitrated under this Section 9.5 is subject to any applicable statute of limitations. The arbitrators shall have the authority to decide whether any such claim or controversy is barred by the statute of limitations, and, if so, to dismiss the arbitration on that basis.

(h) Disagreement on Arbitrability. If the parties disagree on whether a dispute is an Arbitrable Dispute, the issue of arbitrability shall be resolved by litigation unless both parties in their sole discretion agree to make the issue of arbitrability an issue to be decided by the arbitrators under this Section 9.5.1.

9.5.2. Statutory Notice. NOTICE: BY INITIALING IN THE SPACE BELOW, YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION

DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW, YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

THE UNDERSIGNED HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Seller's Initials: _____

Buyer's Initials: _____

ARTICLE 10

GENERAL

10.1. Notices. Any notices relating to this Agreement shall be given in writing and shall be deemed sufficiently given and served for all purposes when delivered personally, by generally recognized overnight courier service, by facsimile (provided that sender retains a printed confirmation of delivery to the facsimile number provided below), or three (3) days after deposit in the United States mail certified or registered, return receipt requested, with postage prepaid, addressed as follows:

SELLER: _____

Address: _____

Att'n: _____

Facsimile No: _____

with a copy to _____

Address: _____

Att'n: _____

Facsimile No: _____

Telephone No.: _____

BUYER:

City of Los Angeles
Asset Management Division
Department of General Services
201 City Hall South
111 E. First Street, Room 201
Los Angeles, California 90012
Attn: David L. Roberts
Facsimile No.: (213) 922-8511
Telephone No.: (213) 922-8546

With a copy of any notice to:

Office of the City Attorney
Real Property/Environment Division
700 City Hall East
200 North Main Street
Los Angeles, California 90012
Attn: Andrew J. Nocas, Esquire
Facsimile No.: (213) 978-8217
Telephone No.: (213) 978-8197

ESCROW HOLDER:

Stewart Title of California, Inc.
National Commercial Closing Division
Att'n: Josette Loaiza
505 No. Brand Boulevard, Suite 800A
Glendale, California 91203
Facsimile No. (818) _____
Telephone No.: (818) 547-2030

Either party may change its address by written notice to the other given in the manner set forth above.

10.2. Entire Agreement. The terms of this Agreement are intended by the parties as a final expression of their agreement with respect to such terms as are included in this Agreement and may not be contradicted by evidence of any prior or contemporaneous agreement. This Agreement specifically supersedes any prior written or oral agreements between the parties. The language in all parts of

this Agreement shall be construed as a whole in accordance with its fair meaning and without regard to California Civil Code §1654 or similar statutes.

10.3. Amendments and Waivers. No addition to or modification of this Agreement shall be effective unless it is made in writing and signed by the party against whom the addition or modification is sought to be enforced. The party benefited by any condition or obligation may waive the same, but such waiver shall not be enforceable by another party unless it is made in writing and signed by the waiving party.

10.4. No Merger. This Agreement, each provision of it, and all warranties and representations in this Agreement shall survive the Closing and shall not merge in any instrument conveying title to Buyer. All representations, warranties, agreements, and obligations of the parties shall, despite any investigation made by any party to this Agreement, survive Closing, and the same shall inure to the benefit of and be binding on the parties' respective successors and assigns.

10.5. References. Unless otherwise indicated, (a) all article and section references are to the articles and sections of this Agreement, and (b) except where otherwise stated, all references to days are to calendar days. Whenever under the terms of this Agreement the time for performance of a covenant or condition falls on a Saturday, Sunday, or California state holiday, such time for performance shall be extended to the next business day. "Business Days" means days other than Saturday, Sunday, and California State holidays. The headings used in this Agreement are provided for convenience only and this Agreement shall be interpreted without reference to any headings. The date of this Agreement is for reference purposes only and is not necessarily the date on which it was entered into.

10.6. Governing Law. This Agreement shall be governed by the laws of the State of California applicable to contracts made by residents of the State of California and to be performed in California.

10.7. Assignment. This Agreement shall inure to the benefit of and be binding on the parties to this Agreement and their respective successors and assigns. Buyer shall have the right to assign all or any portion of its interest in this Agreement, provided that Buyer gives written notice of such assignment to Seller before the Closing Date.

10.8. No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person other than the parties to it and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge any obligation of any third person to any party to this Agreement or give any third person any right of subrogation or action over against any party to this Agreement.

10.9. Remedies Cumulative. The remedies set forth in this Agreement are cumulative and not exclusive to any other legal or equitable remedy available to a party.

10.10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.11. Tax-Deferred Exchange. Seller may use the proceeds from the sale of the Property to affect one or more tax deferred exchange under Internal Revenue Code §1031 or §1033. Buyer agrees to accommodate Seller in effecting such tax-deferred exchange. Seller shall have the right, expressly reserved here, to elect such tax-deferred exchange at any time before the Closing Date. Seller and Buyer agree, however, that consummation of the purchase and sale of Property under this Agreement is not conditioned on such exchange. If Seller elects to make a tax-deferred exchange, Buyer agrees to execute such additional escrow instructions, deeds, documents, agreements, or instruments to effect this exchange, provided that Buyer shall incur no additional costs, expenses, or liabilities in this transaction as a result of or in connection with this exchange. Seller agrees to hold Buyer harmless of any liability, damages, or costs, including reasonable attorney fees, that may arise from Buyer's participation in such exchange.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

SELLER:

ANER J. IGLESIAS, Trustee of the 1997
Aner Iglesias Trust, dated March 24, 1997

CONSTANTINO MIGUEL, Trustee of the 1993 Miguel Family Trust,
dated August 31, 1993

ALICE MIGUEL, Trustees of the 1993 Miguel Family Trust,
dated August 31, 1993

WILLIAM P. MIGUEL, an unmarried man

Date: _____

BUYER:

CITY OF LOS ANGELES, a municipal corporation, acting by and through its Department of General Services

By:

ALVIN Y. BLAIN
General Manager

DATE:

APPROVED AS TO FORM AND LEGALITY:
ROCKARD J. DELGADILLO, City Attorney

By:

ANDREW J NOCAS
Deputy City Attorney

DATE:

ATTEST:

FRANK T. MARTINEZ, City Clerk

By:

Deputy

DATE: _____

CONSENT OF ESCROW HOLDER

Stewart Title of California, Inc. (Escrow Holder) accepts the foregoing Purchase and Sale Agreement and Joint Escrow Instructions as escrow instructions, agrees to act as escrow holder and agrees to be bound by their provisions applicable to it as Escrow Holder.

Date: _____,

a _____
corporation

By: _____

Name: _____

Its: _____

TABLE OF CONTENTS

PURCHASE AND SALE AGREEMENT	1
RECITALS	1
ARTICLE 1	1
AGREEMENT OF SALE	1
ARTICLE 2	3
PURCHASE PRICE	3
ARTICLE 3	3
BUYER'S CONTINGENCIES	3
ARTICLE 4	8
SELLER'S PRECLOSING COVENANTS	8
ARTICLE 5	9
REPRESENTATIONS AND WARRANTIES	9
ARTICLE 6	14
CLOSING CONDITIONS	14
ARTICLE 7	17
CLOSING	17
ARTICLE 8	22
RISK OF LOSS	22
ARTICLE 9	23
REMEDIES FOR DEFAULT	24
ARTICLE 10	27
GENERAL	27
CONSENT OF ESCROW HOLDER	31
TABLE OF EXHIBITS	32

TABLE OF EXHIBITS

Exhibit A Description of Property

Exhibit B List of Building Problems and Building and Safety violations

Exhibit C Form of Grant Deed

Exhibit D Form of Tenant Estoppel Certificate

Exhibit E Form of Bill of Sale

Exhibit F Form of Assignment

Exhibit G Form of Assignment of Leases

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 25, 2006

To: Lourdes Owen, Deputy Director
Asset Management Division
Department of General Services
Attention: Lavivanh Tang, Real Estate Officer

From: Ara Kasparian, Ph.D., Manager *Lisa Ochman for*
Environmental Management Group
Department of Public Works, Bureau of Engineering

Subject: 2124-2134 East 1st Street (W.O. E1905874)

This project has been evaluated in accordance with the requirements of the California Environmental Quality Act (CEQA). It has been determined that the project is categorically exempt from the requirements of CEQA. Please review the enclosed CEQA notice of exemption carefully. If the notice incompletely or inaccurately describes the project, the city could be vulnerable to legal challenges. If you think there may be inconsistencies, or if the project description changes, please contact this office for a re-evaluation of the project's exempt status.

Please note that this building has been found to be eligible for State and National historical resource designation. All work must be performed in a manner consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Buildings in order to qualify for this exemption under CEQA. Project plans should be reviewed for compliance by an historical architect or architectural historian who meets the Secretary of the Interior's qualification standards prior to the commencement of any project-related demolition or new construction.

If you have any questions or need further assistance, please contact Julie Van Wagner of my staff at 485-5754.

ATTACHMENT 2

OFFICE OF THE CITY CLERK
 ROOM 395, CITY HALL
 LOS ANGELES, CALIFORNIA 90012
 CALIFORNIA ENVIRONMENTAL QUALITY ACT

NOTICE OF EXEMPTION

(Articles II and III - City CEQA Guidelines)

Submission of this form is optional. The form shall be filed with the county clerk, 12400 E. Imperial Highway, Norwalk, California, 90650, pursuant to Public Resources Code Section 21152(b). Pursuant to Public Resources Code Section 21167(d), the filing of this notice starts a 35-day statute of limitations on court challenges to the approval of the project.

LEAD CITY AGENCY AND ADDRESS: Department of Public Works, Bureau of Engineering - 1149 South Broadway, Suite 600 Los Angeles, CA 90015	COUNCIL DISTRICT 14
---	-------------------------------

PROJECT TITLE: 1 st Street 2124-2134 E -- GD 14 Constituent Services Center (W.O. E1905874)	LOG REFERENCE T.G. 635 A5
--	-------------------------------------

PROJECT LOCATION:
2124-2134 East 1st Street in the community of Boyle Heights.

DESCRIPTION OF NATURE, PURPOSE, AND BENEFICIARIES OF PROJECT:
 The project will include the purchase of the existing two-story commercial building known as the Roybal Building, and the adjacent parking lot located at 2nd Street and Chicago Street, for the purpose of creating a Constituent Services Center. Interior alterations will be made to bring the building into compliance with current building codes and reconfigure offices to meet the requirements of the new use. The purpose of this project is to provide city services to the community in a more convenient location.

CONTACT PERSON Julie Van Wagner, Environmental Specialist II	TELEPHONE NUMBER (213) 485-5754
--	---

EXEMPT STATUS: (Check One)

<input type="checkbox"/> MINISTERIAL	<u>CITY CEQA GUIDELINES</u> Art. II, Sec. 2b	<u>STATE CEQA GUIDELINES</u> Sec. 15268
<input type="checkbox"/> EMERGENCY	Art. II, Sec. 2a	Sec. 15269
<input type="checkbox"/> GENERAL EXEMPTION	Art. II, Sec. 1	Sec. 15061(b)(3)
<input checked="" type="checkbox"/> CATEGORICAL EXEMPTION	Art. III, Sec. 1	Sec. 15300 et seq.
Class/ Category <u>31</u> (City CEQA Guidelines)		
<input type="checkbox"/> STATUTORY (See Public Resources Code Sec. 21080 and set forth state and city guidelines provisions)		

JUSTIFICATION FOR PROJECT EXEMPTION:
 The building has been found to be eligible for State and National historical resource designation. The interior of the existing building will be rehabilitated and restored in a manner consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Buildings.

IF FILED BY APPLICANT, ATTACH CERTIFIED DOCUMENT OF EXEMPTION FINDING

SIGNATURE: <i>Lisa Ahern for</i> Ara Kasparian, Ph D.	TITLE: Manager Environmental Management Group	DATE: 05-25-06
FEE: \$25.00	RECEIPT NO.	REC'D BY
		DATE

DISTRIBUTION: (1) County Clerk (2) City Clerk (3) Agency Record
 Form Date: 1/20/04 (Agencies: A)

ATTACHMENT 3

Report Date 5/10/2006
 M & I Asset Management Co.
 328 W. Huntington Drive, Monrovia, CA 91016-3304
 RENT ROLL (PRO-FORMA)

April 2006

Prepared By:
 Grace Robles

The Chicago Plaza Building 2130 E. First Street, Los Angeles CA 90033

Space #	Unit	dba/tenant Name	Square Feet	Lease Type	% of Property	Annual Scheduled Rent	Annual Rent per SQ/FT/MO	Minimum Current Mo. Rent	NNN Billed	Total Billed	Future Rent Date Start	Rent Increases	Lease Begins	Lease Ends	Options Ends	Option Date Increase	Option Rent	CPI	Comments	
100		Mother's Nutritional Center, Inc	3,142	NNN	8.98%	\$104,335.08	\$2.77	8,694.69	\$785.50	\$9,480.09	01/01/07	8,955.43	1/1/1999	12/31/2003	12/31/2008	01/01/04	8,195.49	NO	Rent shall be increased by 3% per annum	
110		Public Health Foundation Entle "WIC Program"	3,500	Gross	9.89%	\$87,702.68	\$1.61	\$5,641.89	\$0.00	\$5,641.89	08/01/06	5,811.15	6/1/1999	5/31/2004	5/31/2009	06/01/04	5,477.56	NO	Rent shall be increased by 3% per year of the preceding years base rent.	
150		Vacant	1,300	NNN	3.67%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00										
120		Vacant	2,150	NNN	6.07%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00										
130		Vacant (1st Floor Rear area 2nd Level)	6,076	NNN	17.16%	PROJECTED	\$0.00	\$0.00	\$0.00	\$0.00										
200		City of Los Angeles East L.A. Youth & Family Center	1,220	NNN	3.45%	\$31,160.40	\$2.13	\$2,596.70	\$0.00	\$2,596.70			11/1/1999	7/31/2003	7/31/2007			NO	Addition of Suite 200 offices #7, #8, #9 and Mezzanine Suite # 200 with one four year option to extend.	
201		Southern California Federal Credit Union	1,480	NNN	4.18%	\$28,657.08	\$1.61	\$2,398.09	\$304.88 Utilities Recovered	\$2,692.97	11/1/2006	2,459.73	11/1/2002	10/31/2007	No Options	No Options		NO		
202		City of Los Angeles Councilman Nick Pacheco	1,410	NNN	3.98%	\$24,790.00	\$1.46	\$2,065.00	\$700.00	\$2,765.00	11/1/2006	CPI	11/1/1999	7/31/2003	7/31/2007	11/01/04	COLA	YES		
203		Vacant	150	Gross	0.42%	PROJECTED	\$0.00	\$0.00	\$0.00	\$0.00										
250		Enki Health & Research Family Services 819/993-3554	1,014	NNN	2.86%	\$26,208.84	\$2.15	\$2,184.07	\$628.00 Includes \$314 power	\$2,812.07			10/1/2001	6/30/2008	6/30/2011	No Options	NO	NO	Rent shall be increased by 3% per annum	
300		Vacant	917	Gross	2.59%	PROJECTED	\$0.00	\$0.00	\$0.00	\$0.00										
305		City of Los Angeles East L.A. Youn & Family Center	3,428	Gross	9.68%	\$53,010.00	\$1.29	\$4,417.50	\$0.00	\$4,417.50	9/1/2006	CPI	8/1/2000	7/31/2005	7/31/2009	7/31/2009	COLA	YES	Lease Forthcoming 4% cap from City of L.A.	
350		El Centro de Ayuda Corp. Raul Estrada	4,733	NNN	13.37%	\$87,731.64	\$1.54	7,310.97	\$1,110.17	\$8,421.14	1/1/2007	7,530.30	1/1/2001	12/31/2010	No Options	No Options	NO	NO	3% increase every year	
Totals			30,520		86.21%	\$423,595.72	\$1.16	\$35,298.81	\$3,528.55	\$38,827.36										
TOTALS		Scheduled Rent	GLA	Vacant GLA	Curr Mo. Min Rent	Mo. NNN	Total Collect Mo.	% Vacant GLA	Rent Lost to Vacancies											
		\$423,595.72	35,400	8,510	\$35,299	\$3,528	\$38,827	24.04%	\$5,476.66											

DETERMINED @ FAIR MARKET VALUE

ATTACHMENT 4CITY OF LOS ANGELES
INTERDEPARTMENTAL CORRESPONDENCE

Date: December 5, 2005

To: Honorable Councilmember José Huizar
Council 14th District
Room 425, City Hall

Attention: Lisa Sarno, Chief Deputy

From: Mahmood Karimzadeh, AIA
Principal Architect
Architectural Division
Bureau of Engineering



Subject: EVALUATION AND VISUAL INSPECTION OF EXISTING COMMERCIAL
BUILDING LOCATED AT 2130 EAST FIRST STREET

This letter supersedes our letter dated November 14, 2005. The Bureau of Engineering (BOE) and the Department of Building and Safety (DBS) inspectors and plan check engineer have further inspected and evaluated the building conditions. The building history of permit applications, permits, and Notice of Order to Comply were reviewed by both departments. We have also received a code assessment of the building's current conditions from David Lara, Chief of DBS Case Management Division.

General Building Description

The property lies in the southwest corner of 1st Street and Chicago Street. Hollenbeck Police Station is located across from the property on 1st Street. Benjamin Franklin Public Library is located across the street on Chicago Street. Current occupants of the building include CD 14 field office, SCE Federal Credit Union, WIC, Mother's Nutritional Center, Youth Opportunities Movement, and other community based organizations. The main entrance to the building is on the north at 1st Street. Parking and disabled access entrance is at the south end of the building. The parking spaces are secured with a wrought iron fence.

The lot area is 17,760 sq ft and total building area is 32,480 sq ft. The building was built in 1927. There are approximately 3,500 square feet of mezzanine level constructed inside of the building with permits issued by the Department of Building and Safety between 1998 to 2003. There are 51 parking spaces available at the rear of the site. General plan and land use for this C2-1 property is for limited commercial use. It is within 500 feet of Breed Elementary School. The parcel profile report also indicated the subject property is in Fire District No. 2, in a methane buffer zone, with a hill side grading requirement, and in a special flood zone hazard area.

Recommendations

The following findings are based on the site visit and review of permit applications and inspection history for this property.

The existing building is aesthetically pleasing. Department of Building and Safety records indicate that permits for various improvements and seismic upgrade throughout the building were issued between 1963 and 2003. The Division 88 seismic retrofit of Class IIIA for the building was issued in 1986. However, the work was performed without required inspection by DBS. Some miscellaneous construction work is necessary to comply with ADA requirements. Repairs to damaged areas such as roof leaks, roof vibrations, exposed roof joists, wall cracks, and other general repairs are recommended. Additionally, mechanical and electrical retrofit and upgrades may be necessitated either by code requirements or the lack of maintenance. The building is 78 years old and does not conform to current building code requirements. The major structural elements of the building are not visible and their integrity could not be verified; however, visual inspection of the building does not indicate any structural distress.

The building is older than 50 years old and a Historic Property Survey including a Historical Structure Report (HSR) is required to determine if the building is historically significant. In this case, any physical changes to the building will have to follow the process of restoration of the building based on the Secretary of the Interior Standards. This may have a cost impact on the construction cost of all retrofits which propose a modification to the building's physical appearance.

If the Historic Property Survey determined that the building is not historically significant, then BOE will issue a "Categorical Exemption Notice" for the building.

Estimated Cost of Retrofit, Repair and Building Code Compliance:

Demolition of 7500 S.F. of T.I. on the 3rd Floor constructed without permit and in Violation of the Building Code. Construction of less than 3000 S.F. of New Enclosed Offices and Open Space Modular Cubicles for the Remaining Area.	\$350,000
General repair including ADA improvement, HVAC system, and roof (provided by GSD)	\$500,000
Structural Retrofit for additions to the URM building at 1st Floor, Southeast Mezzanine Level.	\$100,000
Demolition of all Additions without permit and in Violation of the Building Code to the URM Building.	\$50,000
Fire/life safety – sprinkler	\$250,000
Elevator upgrade and repair	\$100,000
Hazmat survey and removal	\$50,000
Potential HSR cost impacts to building repairs	\$100,000
Total Repair Cost	\$1,500,000
Construction contingency	\$300,000
Total Retrofit Budget	\$1,800,000

If the City decides to do a tenant improvement for the entire building, there will be an estimated cost of \$3.5 million for this renovation. If the building is determined as historically significant,

Lisa Sarno, CD 14

December 5, 2005

Page 3 of 3

an estimated \$500,000 should be added for a total of \$4 million to complete the tenant improvements.

The above estimates are based on observation of building architectural/structural elements and engineering systems. For a more accurate estimate of the building retrofit, a building forensic study is recommended.

If you have any questions, please call Reza Bagherzadeh at (213) 847-6372.

MK/RB:ab

ATTACHMENT 5

BUREAU OF ENGINEERING PROJECT COST ESTIMATE

Project Title:

BOYLE HEIGHTS CONSTITUENT SERVICES BUILDING

Scope:

SCOPE: Option 1 - Renovation of bldg. while tenants occupy a portion of bldg during construction.

1. Demolition of the exist. Mezaanine within the exist Community Room on the 1st level.
2. Re-locate Mother's Nutrition Store (MNS) off-site.
3. Tenant Improvements in the Community Rm on 1st level for El Centro de Ayuda & CDD.
4. Tenant Improvements for CD 14 and So. Cal. Edison Fed. Credit Union in the MNS's space.
5. WIC to remain in current location.
6. Re-locate the Police Assistance League to a rented trailer in the parking lot.
7. Rent additional trailers for fitting various City office functions in the parking lot.
8. Removal of hazardous materials (assuming half the area of the building is effected).
9. Demolition of the existing tenant spaces.
10. Complete tenant improvements for the entire building as scoped by CD 14.
11. General exterior renovation such as re-surfacing parking lot, fences, gates and etc.
12. Provide office furniture.
13. ITA related costs.

Work Order:

N/A

B.O.E. Contact:

Reza Bagherzadeh 213/485-4773 Client Dept. CD14

Type of Estimate:

Class "A" +5% to -10%
 Class "B" +20% to -15%
 Class "C" +30% to -20%

ESTIMATE

Land Acquisition

Land		
Relocation	<i>Temporary Offices</i>	\$ 954,000

Site Improvement

Demolition		\$ 404,000
HazMat Abatement		\$ 360,000
		\$ 764,000

Construction

Construction Cost (Site Preparation, Renovations & New)		\$ 4,450,000
Communications		\$ 100,000
Sustainability		
Design Contingency		\$ 313,000
1% Art		
Permits		\$ 31,000
Construction Contingency		\$ 940,000
		\$ 5,835,000

Planning, Design and Construction Services

Project Management		\$ 125,000
Planning and Design Services		\$ 608,000
Construction Management		\$ 188,000
Related Costs (overhead)		\$ 31,000
Consultant Cost		\$ 952,000

Other

Inspection by the Bureau of Contract Administration		
Escalation	5.00% per year for 3 years	
Project Contingency	%	

Total Estimated Project Cost

~~\$ 8,506,000~~

7,553,500

ASSUMPTIONS

1. Due to historical and aged nature of the building there may be additional unforeseen conditions existing within the building as assumed in this project budget summary.
2. The soft costs (design and PM/CM) in this report are for monitoring the project costs.

Prepared by:

Paul Young

Date: 06-09-06

Checked by:

Reza Bagherzadeh

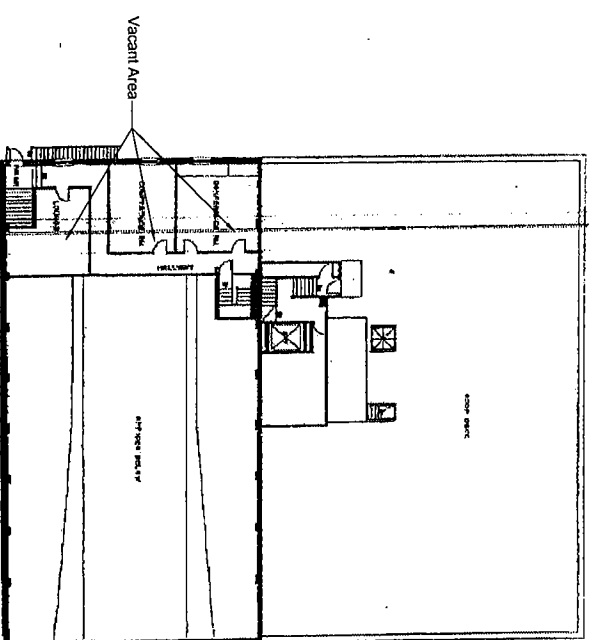
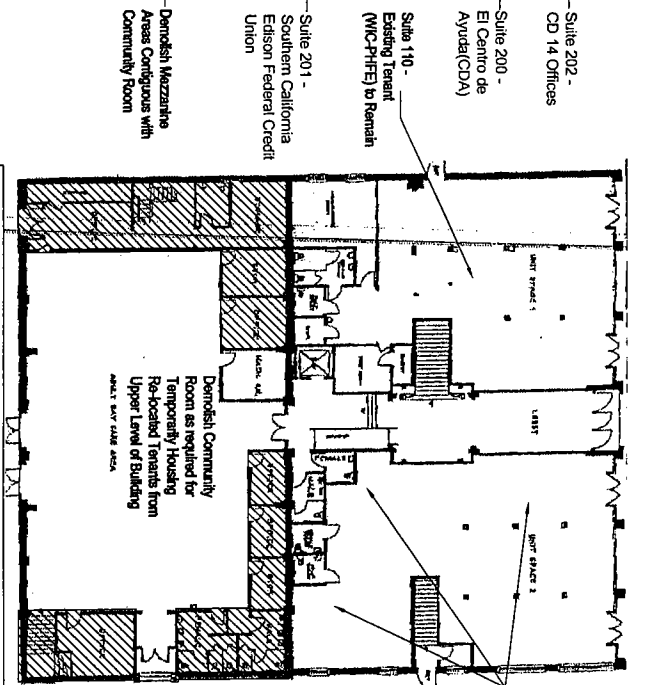
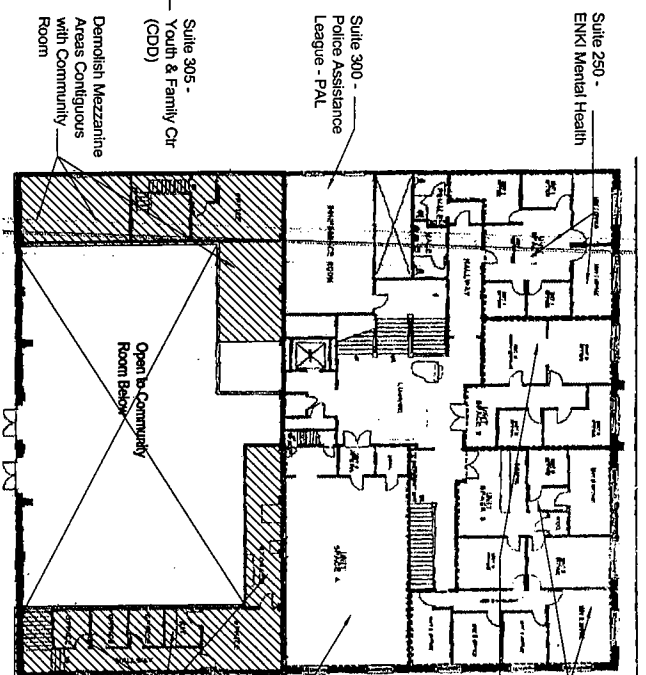
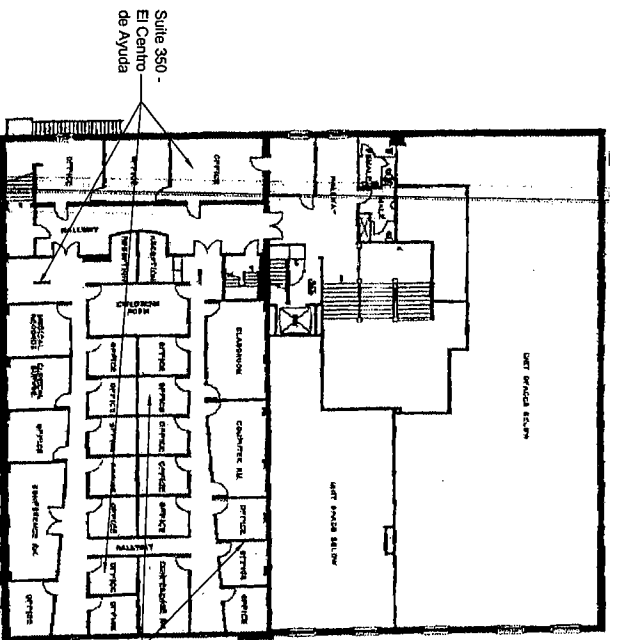
Date: 06-09-06

Client

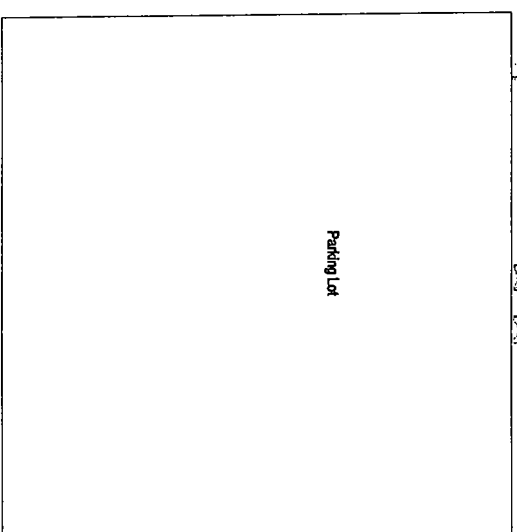
Date: 06-09-06

Approval:

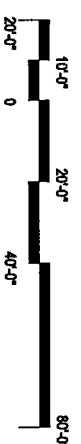
Date:

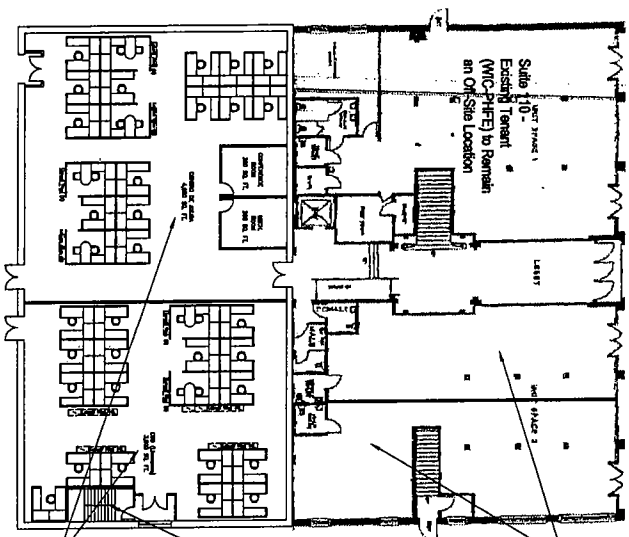
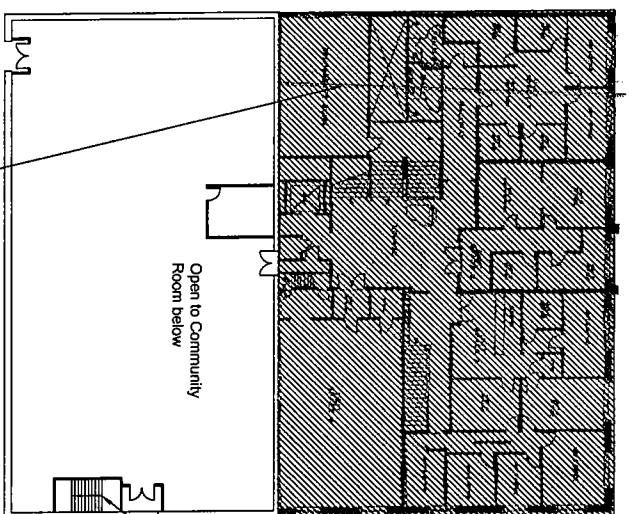
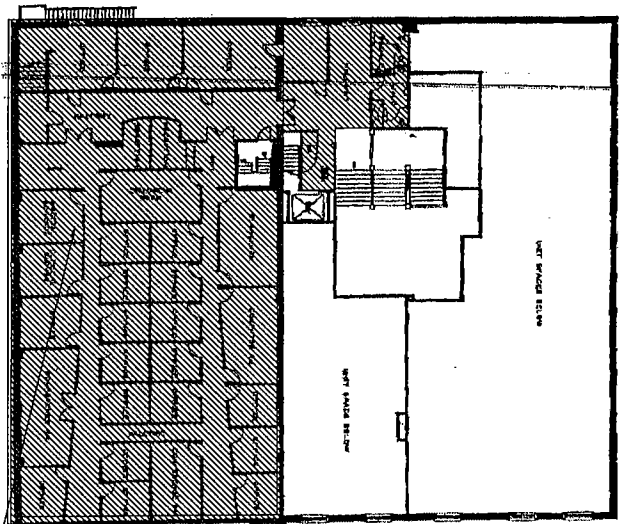


- SCOPE: Option 1 - Renovation of bldg. while tenants occupy a portion of bldg during construction.
1. Demolition of the exist. Mezzanine within the exist Community Room on the 1st level.
 2. Re-locate Mother's Nutrition Store (MNS) off-site.
 3. Tenant Improvements in the Community Room on 1st level for El Centro de Ayuda & CDD.
 4. Tenant Improvements for CD 14 and So. Cal. Edison Fed. Credit Union in the MNS's space.
 5. WIC to remain in current location.
 6. Re-locate the Police Assistance League to a rented trailer in the parking lot.
 7. Rent additional trailers for fitting various City office functions in the parking lot.
 8. Removal of hazardous materials (assuming half the area of the building is affected).
 9. Demolition of the existing tenant spaces.
 10. Complete tenant improvements for the entire building as scoped by CD 14.
 11. General exterior renovation such as re-surfacing parking lot, fences, gates and etc.
 12. Provide office furniture.
 13. ITA related costs.



CD - 14 : Boyle Heights Constituent Services Building OPTION 1a - Demolition Phase





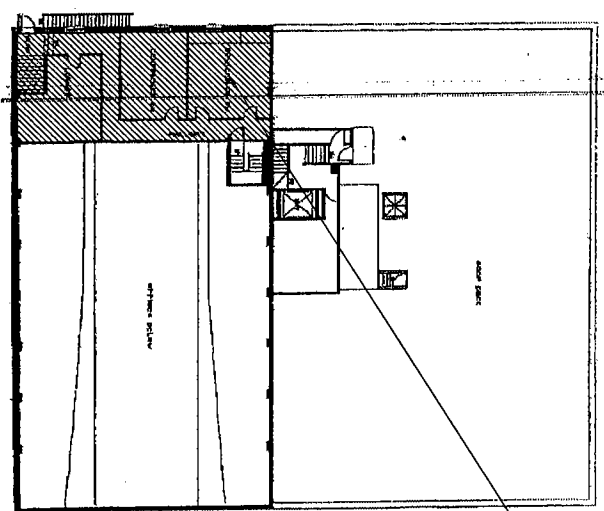
Hazardous Materials
Abatement and
Demolition for all
Common and Tenant
Areas at this Level

Demolition for
New stair

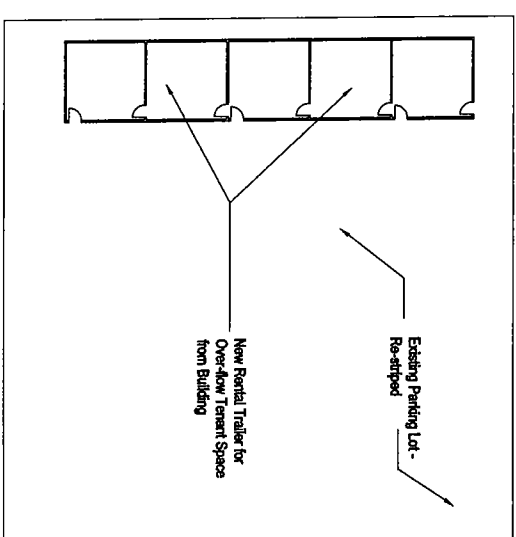
Southern California
Edison Federal Credit
Union and Offices of CD
14 Re-located to Suite
100 (Grocery Store
re-located off-site)

Demolition for
New stair

Tenants at Upper Levels
Re-located to the
Community Room



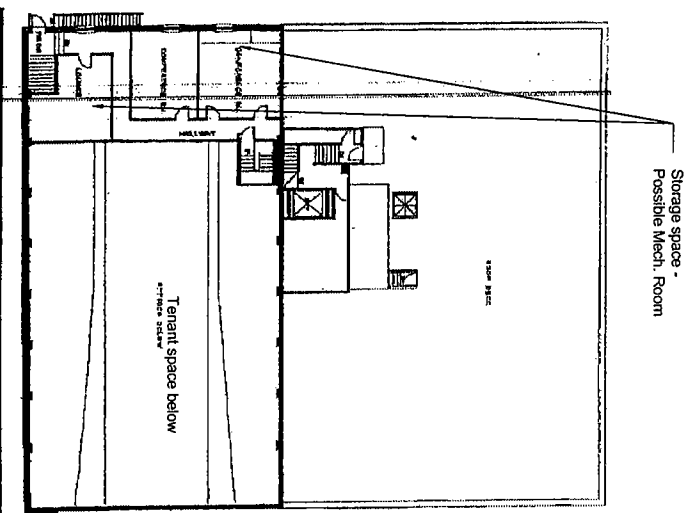
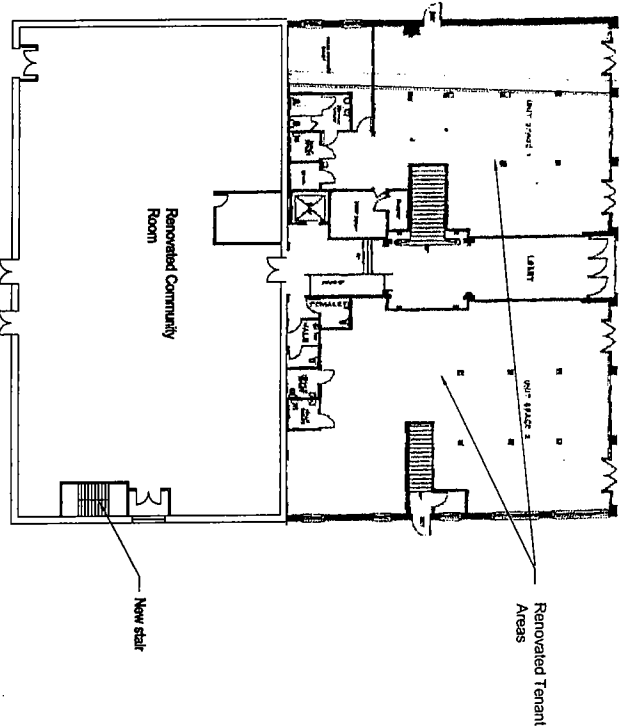
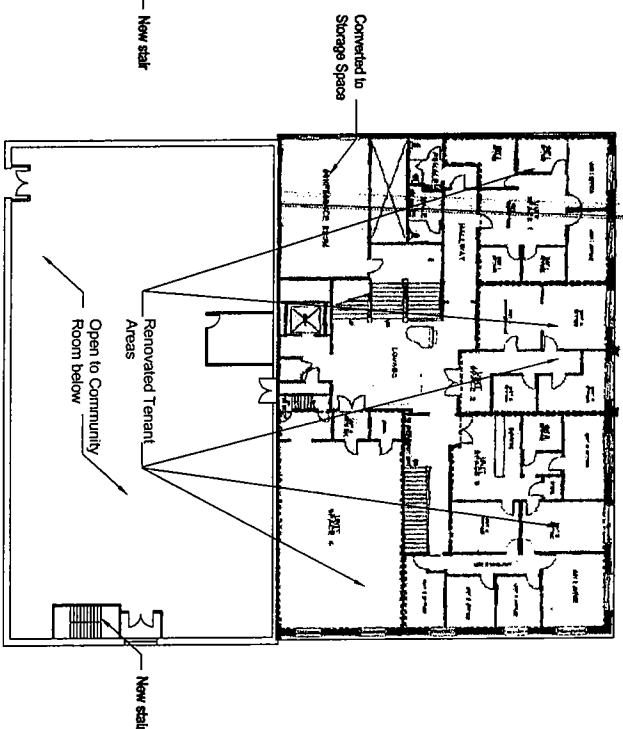
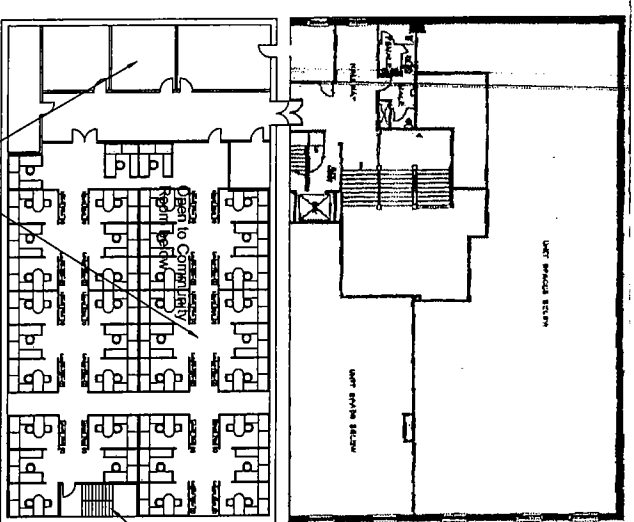
- SCOPE: Option 1 - Renovation of bldg. while tenants occupy a portion of bldg during construction.
1. Demolition of the exist. Mezzanine within the exist Community Room on the 1st level.
 2. Re-locate Mother's Nutrition Store (MNS) off-site.
 3. Tenant Improvements in the Community Rm on 1st level for El Centro de Ayuda & CDO.
 4. Tenant Improvements for CD 14 and So. Cal. Edison Fed. Credit Union in the MNS's space.
 5. WIC to remain in current location.
 6. Re-locate the Police Assistance League to a rented trailer in the parking lot.
 7. Rent additional trailers for fitting various City office functions in the parking lot.
 8. Removal of hazardous materials (assuming half the area of the building is effected)
 9. Demolition of the existing tenant spaces.
 10. Complete tenant improvements for the entire building as scoped by CD 14.
 11. General exterior renovation such as re-surfacing parking lot, fences, gates and etc.
 12. Provide office furniture.
 13. ITA related costs.



CD - 14 : Boyle Heights

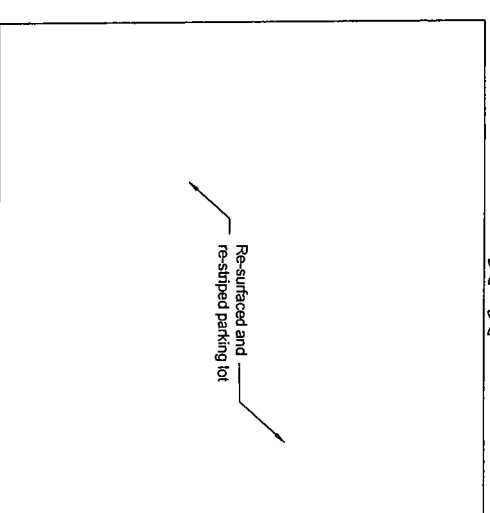
Constituent Services Building

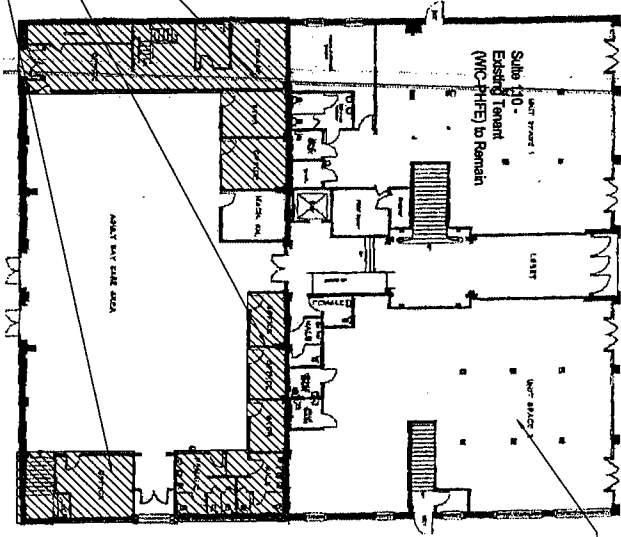
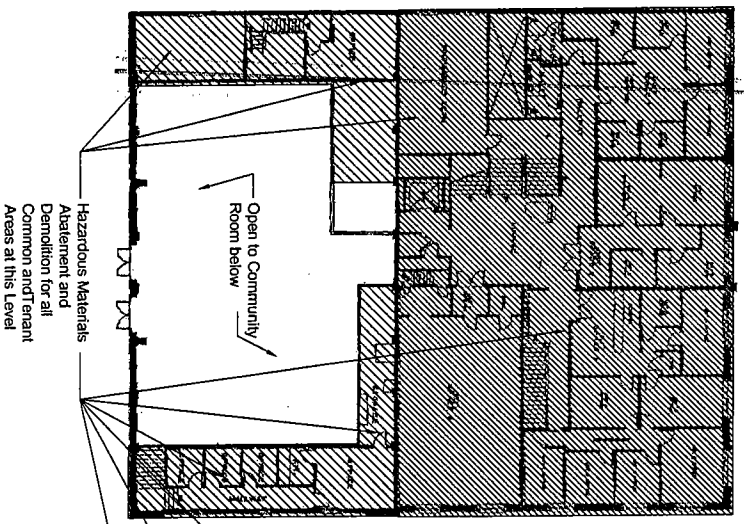
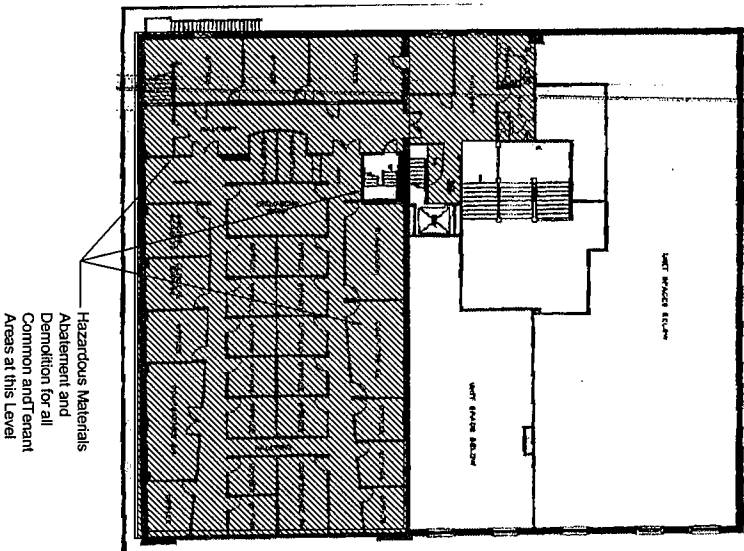
OPTION 1b - Temp. Re-location of Bldg. Tenants



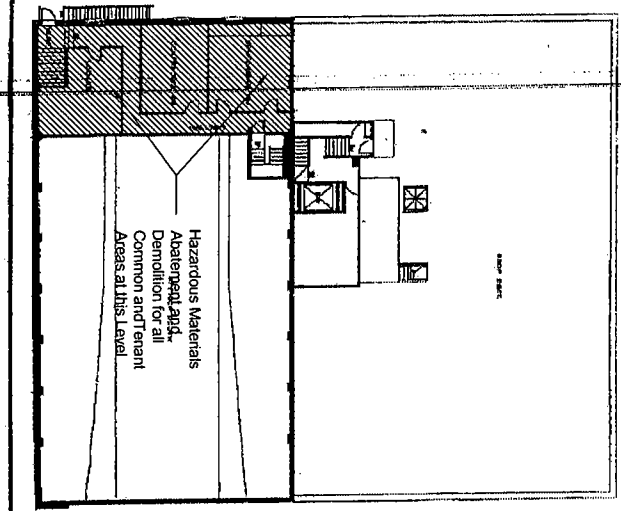
- SCOPE: Option 1 - Renovation of bldg, while tenants occupy a portion of bldg during construction.
1. Demolition of the exist. Mezzanine within the exist Community Room on the 1st level.
 2. Re-locate Mother's Nutrition Store (MNS) off-site.
 3. Tenant improvements in the Community Rm on 1st level for El Centro de Ayuda & CDD.
 4. Tenant improvements for CD 74 and So. Cal. Edison Fed. Credit Union in the MNS's space.
 5. VWC to remain in current location.
 6. Re-locate the Power Assistance League to a rented trailer in the parking lot.
 7. Re-locate additional trailers for fitting various City office functions in the parking lot.
 8. Demolition of hazardous materials (assuming half the area of the building is affected).
 9. Demolition of existing tenant spaces.
 10. Complete tenant improvements for the entire building as scoped by CD 74.
 11. General exterior renovation such as re-surfacing parking lot, fences, gates and etc.
 12. Provide office furniture.
 13. TIA related costs.

CD - 14 : Boyle Heights Constituent Services Building OPTION 1c - Final Tenant Improvement of the Entire Building



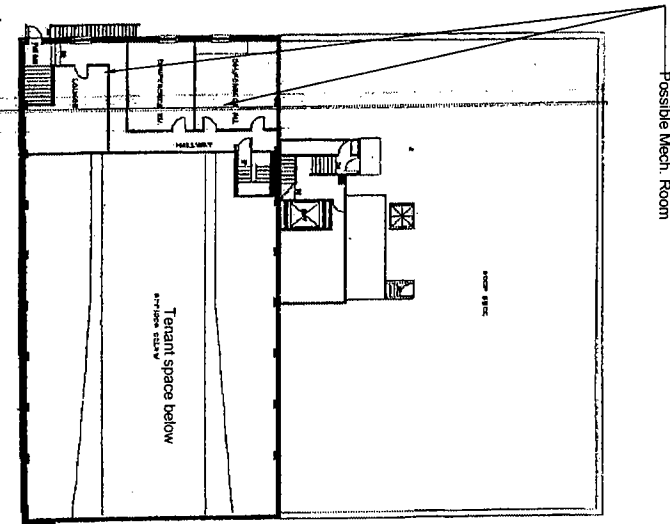
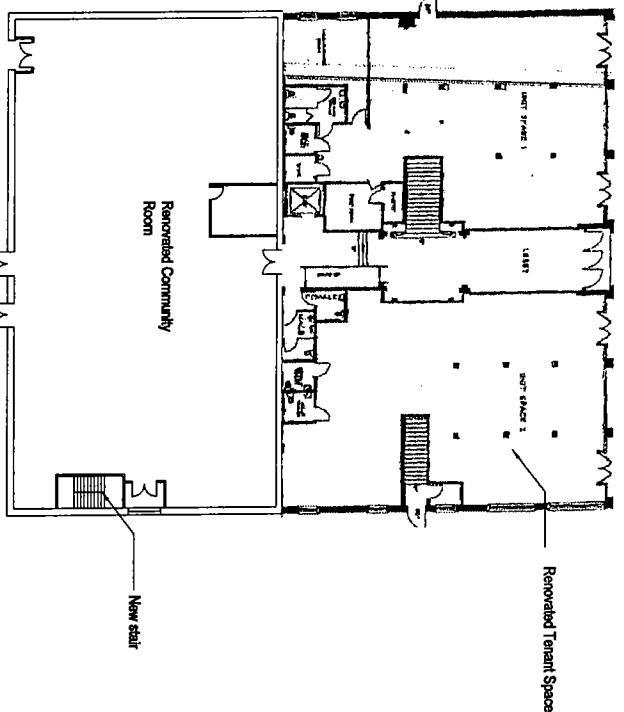
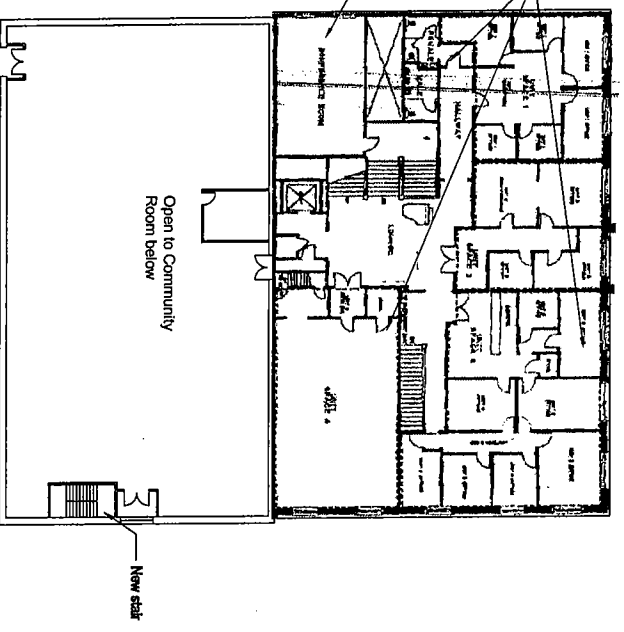
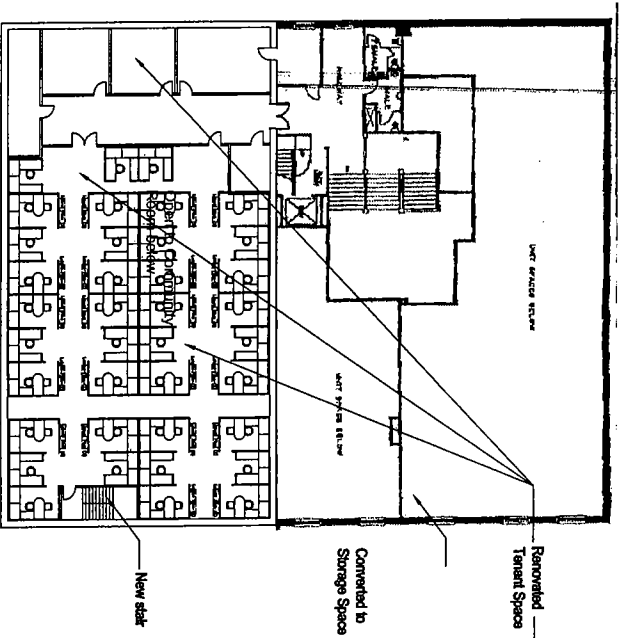


Suite 100 -
Mother's Nutrition Store
to remain

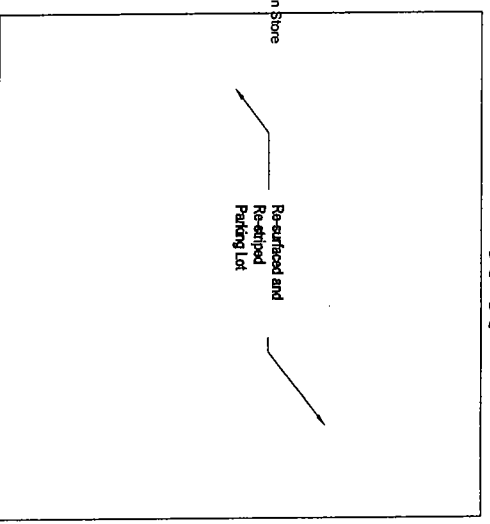


- SCOPE: Option 2 - Renovation of the bldg, after re-locating all tenants, except the WIC & Mother's Nutrition Store
1. Re-location of the existing tenants to an off-site location.
 2. Remove hazardous materials.
 3. Demolish all interior areas.
 4. Tenant Improvements for CD 14, SCE Fed. Credit Union, CDD, CDA, PAL & CPA (for the entire bldg.)
 5. Provide office furniture.
 6. ITA related costs.
 7. General exterior renovation such as re-surfacing parking lot, fences, gates and etc.

CD - 14 : Boyle Heights Constituent Services Building OPTION 2a - Temp. Re-location of Bldg. Tenants, Haz-Mat Abatement, and Demolition



- SCOPE: Option 2 - Renovation of the bldg. after relocating all tenants, except the WIC & Mother's Nutrition Store
1. Relocation of the existing tenants to an off-site location.
 2. Remove hazardous materials.
 3. Demolish all interior areas.
 4. Tenant Improvements for CD 14, SCE Fed. Credit Union, CDD, CDA, PAL & CRA (for the entire bldg.)
 5. Provide office furniture.
 6. TIA related costs.
 7. General exterior renovation such as re-surfacing parking lot, fences, gates and etc..



CD - 14 : Boyle Heights Constituent Services Building OPTION 2b - Final Tenant Improvement of the Entire Building