



Community Redevelopment Agency
of the CITY OF LOS ANGELES

DATE / AUG 20 2009

FILE CODE /

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Los Angeles / California 90013-1258

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CRA File No. 9084
Council District: CD 9
Contact Person: David Riccitiello
Jenny Scanlin
(213) 977-1710

Honorable Council of the City of Los Angeles
John Ferraro Council Chamber
200 N. Spring Street
Room 340, City Hall
Los Angeles, CA. 90012

Attention: Alan Alietti, Office of the City Clerk

COUNCIL TRANSMITTAL:

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on August 20, 2009 City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

VARIOUS ACTIONS RELATED TO:

REMOVAL OF COVENANTS AND RECEIPT OF REPAYMENT OF LOAN FOR THE PROPERTIES LOCATED AT 4601-4617, 4624, 4700-4716, AND 5265-5269 SOUTH CENTRAL AVENUE AND APPROVAL OF A QUASI-PUBLIC CHARTER SCHOOL USE ON THE SITE IN THE COUNCIL DISTRICT NINE CORRIDORS SOUTH OF THE SANTA MONICA FREEWAY RECOVERY REDEVELOPMENT PROJECT AREA DOWNTOWN REGION (CD9)

RECOMMENDATION

That City Council approve(s) recommendation(s) on the attached Board Memorandum.

ENVIRONMENTAL REVIEW

The proposed temporary use of 4601-4617 S. Central Avenue for a charter school is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15332 of the CRA/LA CEQA Guidelines.

FISCAL IMPACT STATEMENT

There is no fiscal impact to the City's General Fund, as a result of this action.



Cecilia V. Estofano, Chief Executive Officer



Council Transmittal
Page 2 of 2

cc: Karen Kalfayan, Office of the City Clerk (Original & 3 Copies on 3-hole punch)
Lisa Johnson Smith, Office of the CAO
Ivania Sobalvarro, Office of the CLA
Helmi Hisserich, Office of the Mayor
Noreen Vincent, City Attorney's Office
Councilmember Jan Perry, 9th Council District

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

MEMORANDUM

2

DATE: AUGUST 20, 2009 C91204

TO: CRA/LA BOARD OF COMMISSIONERS

FROM: CECILIA V. ESTOLANO, CHIEF EXECUTIVE OFFICER

RESPONSIBLE PARTIES: DAVID RICCIHELLO, REGIONAL ADMINISTRATOR
JENNY SCANLIN, PROJECT MANAGER

SUBJECT: REMOVAL OF COVENANTS AND RECEIPT OF REPAYMENT OF LOAN FOR THE PROPERTIES LOCATED AT 4601-4617, 4624, 4700-4716, AND 5265-5269 SOUTH CENTRAL AVENUE AND APPROVAL OF A QUASI-PUBLIC CHARTER SCHOOL USE ON THE SITE IN THE COUNCIL DISTRICT NINE CORRIDORS SOUTH OF THE SANTA MONICA FREEWAY RECOVERY REDEVELOPMENT PROJECT AREA DOWNTOWN REGION (CD9)

COMMITTEE REVIEW: APPROVED BY LOAN COMMITTEE ON JUNE 29, 2009

RECOMMENDATIONS

That the CRA/LA Board of Commissioners:

1. Accept \$2,783,500 from Concerned Citizens of South Central Los Angeles, as a repayment of loan 872192 and compensation for removal of affordability covenants;
2. Authorize the Chief Executive Officer (CEO) or designee to release the covenants recorded against the properties located at 4601-4617, 4624, 4700-4716, and 5265-5269 S. Central Avenue (the "Sites") and to take any such actions as may be necessary to carry out the release of the covenants; and
3. Make the determination that the proposed quasi-public use of a charter school at 4601-4617 S. Central Avenue ("Project") on a commercially-designated parcel is compatible with the surrounding uses and approve the quasi-public use pursuant to Sections 504.3 in the Council District Nine Corridors South of the Santa Monica Freeway Recovery Redevelopment Plan ("Plan").

That the CRA/LA Board of Commissioners, subject to City Council review and approval:

4. Amend the FY2009-2010 Budget to recognize receipt of \$2,783,500 as loan repayment to be applied to budgeted Line Item "Affordable Housing" in the Bunker Hill Redevelopment Project Area (\$2,635,231) and the Council District 9 Corridors Recovery Redevelopment Project Area (\$148,269).

SUMMARY

The recommended actions will allow the CRA/LA to release affordable housing covenants placed on the Sites (see Attachment A, Site Map) owned by Concerned Citizens of South Central Los Angeles, ("CCSCLA"), in exchange for CCSCLA repaying the principal and accrued interest on CRA/LA acquisition and predevelopment loan 872192 in the amount of \$1,524,744 and additional funds, for a total of \$2,783,500 or 95% of the current Fair Market Value of the Sites based on a CRA/LA appraisal dated March 21, 2009. The CRA/LA loan has matured and is currently in default. The negotiated repayment will resolve the default and provide sufficient funding to both the Bunker Hill and CD9 Project Areas to recapture these lost units through investments in new projects in and around Central Avenue. Future affordable rental and/or ownership housing projects are estimated to create at least 55 affordable units based on the average amount of CRA/LA subsidy spent on an affordable rental unit in the Downtown Region.

Loan 872192 was approved for a total of \$1,825,111, but only \$1,076,259 was drawn down. As of May 31, 2009, \$448,485 is owed in accrued interest. The acquisition and predevelopment loan was funded by several sources:

- ❖ CD9 Low and Moderate Income Housing Funds: \$690,006
- ❖ CD9 Tax Increment: \$263,593
- ❖ Bunker Hill Replacement Housing Trust Funds: \$871,512

In addition, in a Board memo dated, August 21, 2003, \$468,600 in Bunker Hill Replacement Housing Trust Funds that had previously been committed and expended for the Central Avenue Townhomes project was written off as "sunk costs". Of the total funds drawn down to date, \$1,018,930 (95%) are from Bunker Hill and \$57,329 (5%) are from CD9 tax increment.

CRA/LA staff worked with CCSCLA over 12 years in efforts to develop the Sites for 29-35 affordable homeownership units using various design and financial models, including; manufactured housing, a land trust concept and finally a fee simple townhome project. Sunk costs on the property along with the unavailability of local sources to underwrite costs to the potential buyers as well as the current credit crisis have made the Project, as defined pursuant to an agreement containing covenants dated September 10, 1996, infeasible. In 2007, CCSCLA requested a loan workout that would allow CCSCLA to identify alternative feasible development opportunities for the Sites. Because the Sites were purchased with Bunker Hill Replacement Housing Trust Funds, any development on the Sites would have to include affordable housing. Staff offered several options for a loan workout. These included:

1. Repayment of the loan and interest in full and maintain affordability covenants on the property allowing for development of affordable ownership housing;
2. Offer the CRA/LA a deed in lieu of foreclosure;
3. Negotiate a repayment price such that the CRA/LA could justify removal of the covenants on the property by repaying the value of the properties to the original funding sources.

CCSCLA, desiring to free the land of the existing covenants, developed an agreement with CRA/LA staff to pay 95% of the Fair Market Value for the land, which is the equivalent of \$790,157 or about 25% over the total value of the disbursed loan plus interest and previously forgiven CRA/LA sunk costs.

CCSCLA has entered into a Purchase and Sale Agreement with Celerity Educational Group ("Celerity"), a charter school active in the area, to purchase the four properties for the current Fair Market Value. The funds from this purchase totaling \$2,930,000 will be immediately

transferred to CRA/LA. Once received, CRA/LA will deposit \$2,783,500 into the accounts of the respective contributing project areas and release the covenants on the property (see Attachment B, Release of Covenants). Upon repayment, the CRA/LA will reconvey the deed of trust and cancel the promissory note. The remaining balance, a deposit of \$146,500 (5% of the Fair Market Value), will be held in an escrow account as a condition of CRA/LA's release of covenants to be used by Celerity for the future development of the Sites.

Celerity can draw on the \$146,500 escrow fund for predevelopment activities (see Attachment C, Eligible Predevelopment Activities for Celerity Charter School) for their permanent school facility on the Central Avenue Sites. Although the \$146,500 is not part of the agreed upon payment to the CRA/LA to release covenants, CRA/LA staff felt it was important to control these funds in order to incentivize Celerity to begin work on the permanent structures for their charter school. Celerity's financier, Broadway Federal Bank, will require interest only payments for a period of 12 months after closing, and full principal and interest payments thereafter, and will be holding the first deed of trust on the Sites, further encouraging Celerity to move quickly in developing its charter school and ensuring that the other Sites become income-producing.

Celerity has an immediate need to open new classrooms by September 2009. CRA/LA staff has agreed to allow portable buildings to be placed on 4601-4617 S. Central Avenue, with the condition that Celerity commits to complete construction of a permanent school on 4624 and 4700-4716 S. Central Avenue within three (3) years of the initial property purchase. Celerity has executed an Acceptance of Agency Conditions (see Attachment D, Acceptance of Agency Conditions) which will be recorded against the Site requiring the portable buildings to be removed and a new school to begin construction by September 2012, and that no portable buildings shall be allowed on the Sites after September 2012.

Per Section 504.3 of the CD9 Project Area Redevelopment Plan the CRA/LA is authorized to permit the establishment of public or semi-public uses on any parcel in the project area so long as the developments conform to the overall design and development of the surrounding area. The CRA/LA is authorized to impose reasonable restrictions upon such uses to ensure that the project itself contributes to the overall development of the area. This portion of Central Avenue is home to the local public library, a large community clinic, pocket park and a soon-to-be constructed LAUSD elementary school. Given the other public uses in the area, the development of a charter school is consistent with and will benefit the surrounding uses and future development of this portion of Central Avenue.

Once the permanent school is constructed, Celerity plans to either develop complimentary uses or sell the 5265-5269 and 4700-4716 S. Central Avenue properties. The CRA/LA retains the right to review any newly proposed projects on these sites for consistency with the CD9 Project Area Redevelopment Plan and to ensure proper design review is done on all construction plans.

RE

February 16, 2006 – Various actions related to the design of the Central Avenue Townhomes located at 4601-4617, 4624, 4700-4716, and 5265-5269 South Central Avenue, approval of residential uses, and amendment of the acquisition and predevelopment loan agreement with Concerned Citizens of South Central Los Angeles, to increase the amount by \$953,599 for a total loan of \$1,825,111.

April 5, 2006 – City Council approval of the above action

August 21, 2003 – Construction Loan and Grants to Concerned Citizens of South Central Los Angeles for the Development of 20 Townhomes Totaling \$1,593,000, and “Soft Second” Trust Deed Loans Totaling \$453,000 to Low Income First Time Homebuyers and forgiveness of sunk costs in the amount of \$468,600.

October 15, 2003 – City Council approval of the above action

SOURCE OF FUNDS

No CRA/LA funds requested

PROGRAM AND BUDGET IMPACT

Receipt of loan repayment in the amount of \$2,783,500 will amend the FY2010 budget. The repayment of the loan will be recognized in each project area proportionally to the amount invested in the project. The Bunker Hill Redevelopment Project Area would be repaid 95%, or \$2,635,231 and the CD9 Project Area would be repaid 5%, or \$148,269. The proceeds of the loan repayment will increase the Bunker Hill and CD9 Project Area’s budgeted Work Program by these respective amounts.

ENVIRONMENTAL REVIEW

The proposed temporary use of 4601-4617 S. Central Avenue for a charter school is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15332 of the CRA/LA CEQA Guidelines.

BACKGROUND

CCSCLA received a funding commitment for the Central Avenue Townhomes project in 1995, under a NOFA offered by the CRA/LA. In June 1996 the CRA/LA provided a \$1,340,112 Acquisition and Predevelopment Loan to acquire the Sites and to pay for predevelopment expenses. The loan was made at 3% for a 3-year term. The Developer had originally proposed to develop 30-35 townhomes targeted to low income (60% of median income) first-time homebuyers. The Sites were acquired for \$835,732.

After securing site control, CCSCLA worked with CRA/LA staff on several iterations of feasibility review, and each time the project proved infeasible. On August 21, 2003 the CRA/LA Board and City Council approved a Project proposal that included a partnership with the California Community Foundation’s Community Foundation Land Trust (CFLT) and McCormack Baron Salazar. These actions wrote off \$468,600 of previous “sunk” predevelopment costs and increased the construction loan by \$721,600, for a new total loan of \$1,593,000. As CCSCLA and CFLT worked on the details for the Land Trust model, construction costs began to increase at unprecedented levels, and eventually the Land Trust model proved infeasible.

In April 2005, CRA/LA staff began to work with CCSCLA on a new project concept. The revised project proforma and a revised predevelopment loan of \$1,825,111 was approved by the CRA/LA Board in February 2006. The revised project included 29 for-sale units affordable to moderate-income (120% AMI) families and relied on the Developer securing funds from the State of California’s BEGIN program, as well as a forward commitment of LAHD’s soft seconds. The Developer was able to secure the BEGIN funds; however, after protracted negotiations with LAHD, the Developer was unable to secure a commitment of LAHD’s soft seconds. CCSCLA and CRA/LA staff tried to identify other funds that would make the project feasible, but at the

same time the overall housing market began its downward spiral and all parties agreed that the Central Avenue Townhomes project was infeasible.

Celerity Educational Group

Celerity Educational Group is a leading provider of educational services to underserved families and communities throughout southern California in the K – 8 market. Since 2005, Celerity has addressed the needs of disadvantaged and underprivileged families where an epidemic of low API scores and overcrowded classrooms plagued neighborhood public schools.

Known for its rigorous academic program, Celerity currently provides educational services through three separate K – 8 facilities; Celerity Dyad Charter School (255 enrolled in grades Kinder through 6th) and Celerity Troika Charter School (98 enrolled in grades Kinder through 6th) each opened in September 2007. The principal location of the Company is Celerity Nascent Charter School (578 enrolled in grades Kinder through 8th), 3417 West Jefferson Boulevard, Los Angeles 90018.

Celerity is uniquely positioned to immediately expand its operations and increase enrollment at its two newest schools, Celerity Dyad and Celerity Troika. Neighboring overcrowded public schools coupled with unrealized market potential from graduating 5th grade students are two key factors in developing the expansion model for Celerity.

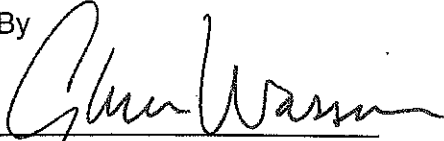
Celerity's long term plans are to develop the 4700-4716 S. Central Avenue property as a permanent school location, to use 4624 S. Central Avenue for parking, and to develop the remaining two properties with community serving uses that could include housing, a health clinic, or office spaces. Prior to completing the new school construction, Celerity will utilize portable buildings at 4601-4617 S. Central Avenue to establish their school and run it until the permanent location is ready. CCSCCLA has retained a 5-year right of first refusal to buy back the Sites.

CCSCCLA

Concerned Citizens of South Central Los Angeles is a non-profit 501(c)(3) public benefit community based organization whose mission is to work for social justice and economic and environmental change within the South Los Angeles community. CCSCCLA was formed in 1985 to help organize against the development of a mass waste incinerator (LANCER), which was planned for construction in the South Central neighborhood. After defeating the LANCER project, CCSCCLA stayed together to work on other issues impacting the community such as affordable housing, banking, planning and land use. CCSCCLA efforts are primarily focused in the area bounded by the Santa Monica Freeway to the North, the Harbor Freeway to the West, Slauson Avenue to the South and Alameda to the East. This area includes both the Vernon-Central neighborhood and the Central Avenue Corridor.

Cecilia V. Estolano
Chief Executive Officer

By



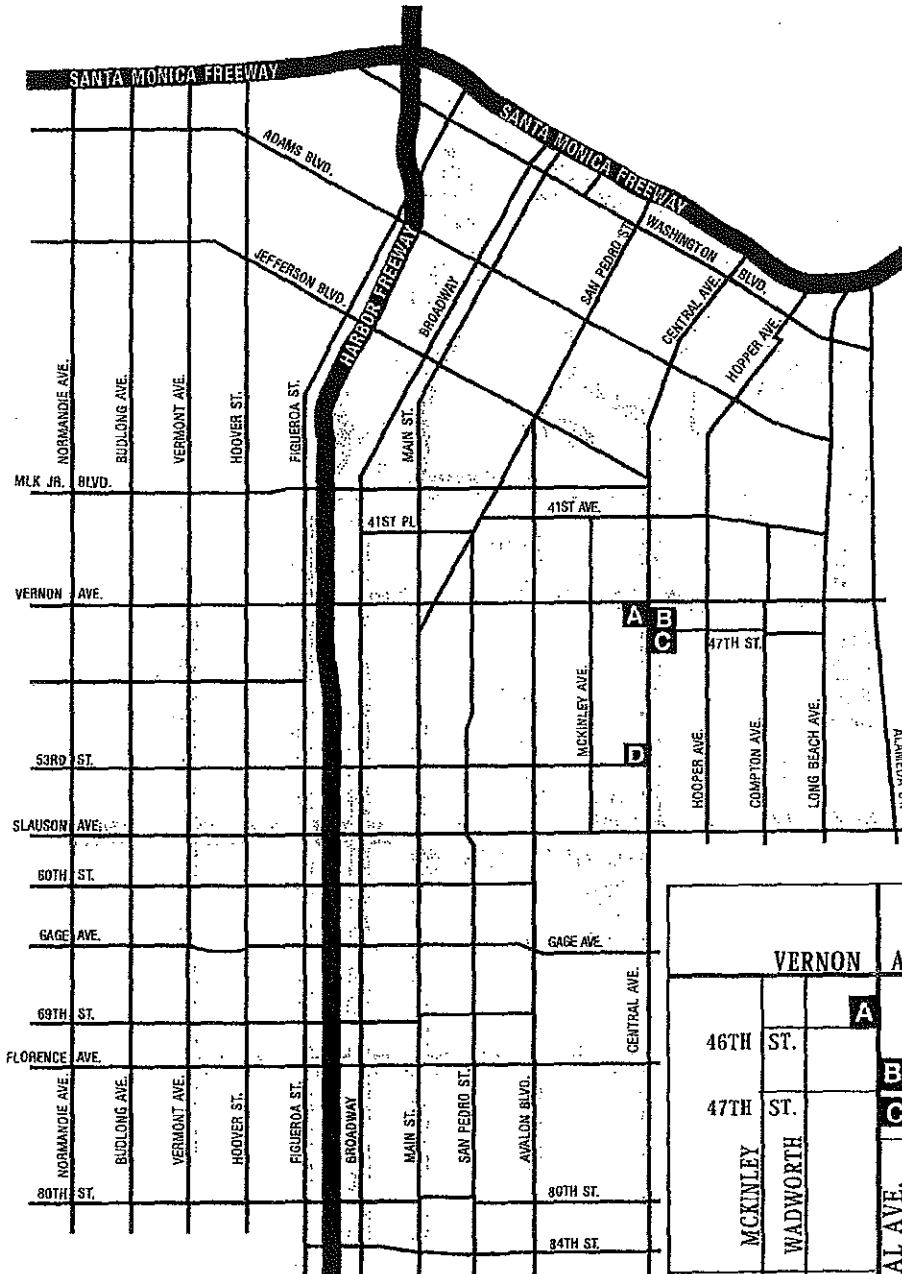
Glenn F. Wasserman
Chief Operating Officer

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

- Attachment A – Site Map
- Attachment B – Removal of Covenants
- Attachment C – Eligible Predevelopment Expenses
- Attachment D – Acceptance of Agency Conditions

Council District 9 Recovery Redevelopment Project Area **CRA/LA**

Site Map



		VERNON AVE.			
	46TH ST.		A		47TH ST.
	47TH ST.		B		
			C		47TH PL.
	52PL. ST.		D		
	53TH ST.				
SLAUSON AVE.		CENTRAL AVE.		HOOPER AVE.	

- A 4601 – 4617 S. Cental Ave.
- B 4624 AS. Cental Ave.
- C 4700 – 4716 S. Central Ave.
- D 5265 – 5269 S. Cental Ave.



RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

THIS SPACE ABOVE FOR RECORDER'S USE

ACQUISITION AND PREDEVELOPMENT LOAN

RELEASE OF COVENANT

This RELEASE OF COVENANT (this "Release") is made and entered into as of August __, 2009, by and between THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, a public body, corporate and politic (the "CRA/LA") and CONCERNED CITIZENS OF SOUTH CENTRAL LOS ANGELES, a California nonprofit corporation (the "Developer"). CRA/LA and Developer have previously made and entered into that certain AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY dated as of September 10, 1996 ("COVENANT"). The COVENANT was recorded as Instrument No. 96-1487987 in the Official Records of the County of Los Angeles, State of California.

1. CRA/LA and Developer hereby irrevocably and unconditionally release, of record, the COVENANT as described in Appendix A attached herein (and agree that the COVENANT shall not constitute a lien or other charge upon the property described in the COVENANT).
2. Nothing contained herein shall be deemed a waiver or release by CRA/LA or Developer of any rights, powers, privileges or remedies either, or both of them, may have under the "Acquisition and Predevelopment Loan Agreement" referred to in the COVENANT.
3. This Release may be executed in counterparts.

IN WITNESS WHEREOF, the undersigned have executed this Release as of the date first written above.

“CRA/LA”:

THE COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF LOS ANGELES

By: _____
Cecilia V. Estolano
Chief Executive Officer

APPROVED AS TO FORM:

CARMEN A. TRUTANICH,
Agency General Counsel

By: _____
Deputy City Attorney

“DEVELOPER”
CONCERNED CITIZENS OF SOUTH CENTRAL
LOS ANGELES, a California nonprofit corporation

By: _____
Noreen McClendon
Executive Director, CCSCLA

ATTACHMENT B

STATE OF §
 §
COUNTY OF §

On _____, 2009, before me, _____, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

(Seal)

STATE OF §
 §
COUNTY OF §

On _____, 2009, before me, _____, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

(Seal)

Eligible Predevelopment Expenses for Celerity Educational Group

Eligible pre-development expenses shall mean all expenses incurred by Celerity payable to third parties in order to develop, finance, and construct the permanent charter school, including, but not limited to (1) feasibility studies; (2) Project planning and design, including, without limitation, architectural, electrical and engineering services; (3) legal fees incurred in connection with the acquisition of the Property and in obtaining all requisite governmental approvals for the Project; (4) fees and expenses incurred in obtaining required permits and approvals from governmental authorities, including but not limited to the Los Angeles Unified School District, the Los Angeles Department of Building and Safety, and CRA/LA (including, without limitation, permit fees and architectural and engineering plans); (5) lender fees and expenses; (6) environmental and soil studies, reports and testing; (7) appraisal fees; (8) required insurance; (9) survey; (10) marketing; (11) real estate broker commissions; and (12) other preliminary expenses authorized CRA/LA in its reasonable discretion.

ACCEPTANCE OF AGENCY CONDITIONS

Celerity Charter School
4501 South Wadsworth Avenue
Los Angeles, CA 90011

SUBJECT: OWNER OF PROPERTY LOCATED AT 4601-4617 AND 4624 SOUTH CENTRAL AVENUE ACCEPTANCE OF THE COMMUNITY REDEVELOPMENT AGENCY CONDITIONS, CONCERNING THE USE OF PROPERTY FOR A SCHOOL COMPOSED OF TEMPORARY CLASSROOM TRAILERS, COUNCIL DISTRICT NINE CORRIDORS SOUTH OF THE SANTA MONICA FREEWAY RECOVERY REDEVELOPMENT PROJECT AREA (CD 9)

This Acceptance of Agency Conditions Letter ("Letter") is executed this 10th day of August 2009 by Vielka McFarlane, (Owner") for the benefit of the Community Redevelopment Agency of the City of Los Angeles ("Agency"). This Letter and Covenant is to facilitate the use of properties for a temporary and permanent charter school location and associated parking ("Project") in the Council District Nine Corridors South of the Santa Monica Freeway Recovery Redevelopment Project Area ("Project Area"). The Project will be located at 4601-4617 and 4624 South Central Avenue ("Site") and is generally bounded by 46th Street on the North, S. Central Avenue on the East, adjacent property on the South and West. The property at 4624 S. Central Avenue is planned for use as a parking lot. A location map of the Site is attached hereto as Attachment "A".

RECITALS

- A. The Site is situated on a rectangular shaped lot on the southwest corner of South Central Avenue and East 46th Street. Planned parking would be located in a rectangular shaped lot on the northeast corner of South Central Avenue and East 47th Street. At present, both sites are currently vacant. The property is zoned C2-1.
- B. The Celerity School is proposing use of the site as a charter school, with classrooms to be located in temporary trailers while a permanent facility is constructed off-site. The proposed project consists of seven (7) temporary, LAUSD standard issue classroom trailers of which one will be used for physical activity and one (1) trailer containing restroom facilities. The proposed parking lot across the street will be improved to provide parking for the school.

NOW THEREFORE, IN CONSIDERATION and as a condition of the Agency's approval of the Project, the Owner hereby covenants and agrees for themselves, their successors and assigns, to comply with the following terms and conditions:

- 1. Owner shall execute and deliver to the Agency this Acceptance of Agency Conditions Letter. This Letter is intended to assure that Owner and any successors in intent to the Sites will use the subject Sites in accordance with Agency approved Uses and Final Construction Drawings. A list of some, but not all, of the design and use requests are listed below:

ATTACHMENT D

- i. Temporary structures shall not occupy the Site for more than three (3) years beginning on the date Celerity Charter School takes ownership of the properties or executes this Acceptance of Agency Conditions, whichever is the later.
 - ii. All trailers shall be freshly painted in a uniform fashion with no more than two (2) complementary earth-tone colors. Any graffiti shall be removed or painted over within 24 hours.
 - iii. A landscape buffer area shall be provided along the street and alley frontage of 4601-4617 S. Central, with the exception of the parking entrance on the alley. Landscaping shall consist of a minimum of ten (15) planters planted with shade trees. Planters should be at least two (2) feet by two (2) feet in width and two (2) feet in depth. Shade trees should be used to cool the open areas of the school and to provide the maximum greenery.
 - iv. Fencing surrounding both the school Site and the parking lot at 47th Street and Central Avenue shall be screened with decorative draping on the outside of the fence. Fencing shall be no higher than six (6) feet tall. No razor wire or barbed wire shall be used on any portion of the site or parking lot. Fencing and screen shall be maintained in good condition.
 - v. An outdoor physical education area shall be provided and maintained in good condition to allow open air physical activity for the students.
 - vi. Pavement on the site should be painted white or a light color in order to reflect light and reduce heat absorption, thereby cooling the site.
 - vii. Lighting shall be provided to illuminate both the temporary school site and the parking lot. Lighting shall remain illuminated during nighttime hours and be oriented downward only and should not be oriented toward any adjacent single family homes.
2. The allowance of temporary structures for three years is intended solely for the purpose of allowing Owner the time to design, entitle and construct a permanent school at 4617 S. Central Avenue. After three years the Charter School must remove all temporary structures at 4601-4617 S. Central. 4624 S. Central can remain a parking lot for the associated school uses.
3. If the Owner chooses to sell the Site to another entity, all terms and conditions of this Letter shall be binding on the successor(s).
4. Owner shall defend, indemnify and hold harmless the Agency and City, their agents, officers, and employees from any claim, action, or proceeding against the Agency or City or their agents, officers, or employee to attack, set aside, void or annul this variation approval, which action is brought within the applicable time period of the State Government Code. The Agency or City shall promptly notify the Owner of any claim, action, or proceeding and Agency and/or City shall cooperate fully in the defense. If the Agency or City fails to promptly notify the Owner of any claim, action or proceeding, or if the Agency or City fails to cooperate fully in the defense, the Owner shall no thereafter be responsible to defend, indemnify, or hold harmless the Agency or City. The Owner shall reimburse the Agency and/or City for any court and attorney's fees which the Agency and/or City may be required to pay as a result of any claim or action brought against the Agency or City because of this approval. Although the Owner is the real party in interest in an action, the Agency or City may, at its sole discretion, participate at its own expense in the defense of the action, but such participation shall not relieve the Owner of any obligation under this condition.

ATTACHMENT D

5. The Site shall be maintained and operated in full compliance with the conditions of this approval and any law, statute, ordinance or other regulation applicable to any development or activity on the subject property. Failure of the Owner to cease any development or activity not in full compliance shall be a violation of these conditions and the Agency or City may enforce these conditions through any legal or equitable means, including but not limited to specific performance.
6. The Owner hereby consents to the recording of this document in the Official Records of the Recorder of the County of Los Angeles.

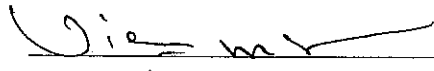
(Signature page to follow)

ATTACHMENT D

IN WITNESS WHEREOF, the Owner hereby agrees and covenants to the foregoing by executing this Covenant as of the date first above written.

"Owner"

Celerity Charter School



VIREKA MCFARLANE

Dated: 8/10/09

ACCEPTED BY AGENCY:

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

By: _____
Cecilia V. Estolano, Chief Executive Officer

Dated: _____

APPROVED AS TO FORM:

CARMEN A. TRUTANICH, CITY ATTORNEY

By: _____
Agency General Counsel and
Deputy City Attorney

Dated: _____

ATTACHMENT A

LEGAL DESCRIPTION

ASSESSOR NOS. 5108-025-025, 5108-025-026, 5108-025-027,
and 5107-009-008

