

NEW HALL AGREEMENT

BY AND BETWEEN

CITY OF LOS ANGELES

AND

L.A. CONVENTION HALL, LLC

DATED AS OF MARCH __, 2013

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NEW HALL AGREEMENT

This **NEW HALL AGREEMENT** (this "**Agreement**") is made and entered this ____ day of March, 2013, by and between the **CITY OF LOS ANGELES** ("**Owner**") and **L.A. CONVENTION HALL, LLC**, a Delaware limited liability company (the "**Developer**").

(Capitalized terms used in this Agreement and not defined herein shall have the meanings set forth in the Implementation Agreement.)

BACKGROUND

- A. The Developer is an affiliate of Anschutz Entertainment Group, Inc. ("AEG").
- B. AEG has also formed a separate subsidiary, L.A. Event Center, LLC ("Event Center LLC"), to undertake the development, design and construction of a new multipurpose state-of-the-art entertainment and sports event center ("Event Center") which could be the home venue of a National Football League ("NFL") franchise and host other professional and amateur sports, entertainment, cultural and commercial events, including NCAA Final Four Basketball Championships and World Cup Soccer final matches and the design and construction of new parking facilities to support the Los Angeles Convention Center ("LACC") and the Event Center.
- C. The Owner has determined that the financing, construction and operation of the New Hall (as hereinafter defined) and the performance of this Agreement for the development, design and construction of the New Hall, are in the best interests of the Owner and will serve a paramount public purpose. Among other things, such construction will support the development of the Owner, its convention-related tourism, economic development and entertainment industries and the local economy, enable downtown Los Angeles to become the home of an NFL franchise, encourage the growth of cultural, tourism, economic development and entertainment opportunities, and be an integral part of the revitalization and resurgence of downtown Los Angeles.
- D. The Owner and AEG have entered into the Implementation Agreement, dated as of September __, 2012 (the "Implementation Agreement") which established certain conditions precedent to entering into this Agreement, and all such conditions precedent have either been satisfied or waived by the parties prior to entering into this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, undertakings and covenants hereinafter set forth, and intending to be legally bound hereby, the Owner and the Developer covenant and agree as follows:

1. DEFINITIONS

As used in this Agreement, the following terms shall have the meaning set forth:

Affiliate of a specified Person or entity shall mean any corporation, partnership, sole proprietorship or other Person or entity which directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with the Person or entity

specified. The term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person or entity.

Agreement shall mean this New Hall Agreement, as the same may be amended, supplemented, modified, extended, renewed or replaced from time to time.

Architect shall mean Populous, Inc., a Missouri corporation, or such other Person as may from time to time be designated by the Developer to act on its behalf, subject to the approval of the Owner.

Architect Agreement shall mean the agreement entered into by the Developer with the Architect, as the same may be amended, modified or supplemented from time to time, in accordance with the terms of this Agreement.

Bond Proceeds shall have the meaning set forth in Section 2.4 hereof.

Challenges shall have the meaning set forth in Section 11.5 hereof.

Change Orders shall have the meaning set forth in Section 5.1(c) hereof.

City shall mean the City of Los Angeles, California.

City Construction Coordinators shall mean the individuals designated by the Owner pursuant to Section 2.2(c).

City Contracting Procedures shall mean those City contracting procedures which the Developer has agreed to follow, which are more particularly set forth on *Exhibit 5* hereto.

Completion Dates shall mean the date on which both of the following have occurred: (i) the Inspector has issued to the Developer and the Owner a certificate of Final Completion certifying that the New Hall has been completed in accordance with the Construction Agreement; and (ii) a Certificate of Occupancy has been issued.

Construction Agreement shall mean the Construction Agreement entered into by and between the Developer with Construction Contractor, as the same may be amended, modified or supplemented from time to time with the prior written consent of the Owner in accordance with Section 2.2(b)(iii).

Construction Contractor shall mean _____, or such other Person as may from time to time be designated by the Developer to act on its behalf, subject to the approval of the Owner.

Construction Documents shall mean the construction drawings and specifications prepared by the Architect or other design professionals for construction of the New Hall.

Construction Start Date shall mean such date as is specified by the Developer pursuant to this Agreement as the date on which the Construction Contractor is prepared to start the construction phase. The currently contemplated Construction Start Date is April 1, 2013.

Contamination shall mean the presence or release or threat of release of Regulated Substances in, on, under or emanating to or from the Site, which pursuant to Environmental Laws requires notification or reporting to any Governmental Authority, or which pursuant to Environmental Laws requires the identification, investigation, cleanup, removal, remediation, containment, control, abatement, monitoring of or other response action to such Regulated Substances or which otherwise constitutes a violation of Environmental Laws.

Contract shall mean the Architect Agreement, the Construction Agreement and any other agreements or contracts for New Hall Work entered into by the Developer, not including the Project Manager Agreement.

Contract Documents shall mean collectively: (a) the Construction Agreement and all exhibits thereto; (b) the GMP Documents; (c) the Construction Documents; (d) the General Conditions to the Construction Agreement; (e) any executed Change Orders; (f) all addenda to the Construction Agreement; (g) all modifications to the Construction Agreement; and (g) the Master Project Schedule.

Contractor shall have the meaning set forth in Section 2.2(g)

Cost Overrun shall have the meaning set forth in Section 2.6(a) hereof.

Damages shall mean any loss, liability, claim, damage (excluding incidental and consequential damages), cost and expense (including costs of investigation and defense and reasonable attorneys' fees, whether the action is for money damages, or otherwise at Law, or for equitable or declaratory relief).

Default Rates shall mean the standard interest rate for civil cases as defined in CA Code of Civil Procedure 685.010 (a), which is currently equal to ten percent (10%) per annum.

Delay Proceeds shall have the meaning set forth in Section 8.2(b).

Design Documents shall mean, as applicable, the Schematic Design Documents and the Design Development Documents.

Design Development Documents shall mean drawings, specifications and narratives based upon and refining the Schematic Design Documents illustrating the scope, relationship, forms, size and appearance of the Project by means of plans, sections and elevations, typical construction details and equipment layouts.

Developer shall mean L.A. Convention Hall, LLC, a Delaware limited liability company, or any successor or Affiliate entity which is authorized to so act, or which is approved under Article 6 hereof.

Developer Indemnified Persons shall have the meaning set forth in Section 9.3 hereof.

Developer's Representative shall mean Ted Tanner or Ted Fikre, or such other Person as may from time to time be designated by the Developer to act on its behalf.

Environmental Complaint shall mean any written complaint by any Person or Governmental Authority setting forth a cause of action for personal injury or property damage, natural resource damage, contribution or indemnity for response costs, civil or administrative penalties, criminal fines or penalties, or declaratory or equitable relief arising under any Environmental Law or any order, notice of violation, citation, subpoena, request for information or other written notice or demand of any type issued by any Governmental Authority pursuant to any Environmental Law.

Environmental Law shall mean all Legal Requirements, including without limitation, any consent decrees, settlement agreements, judgments, or orders, issued by or entered into with a Governmental Authority pertaining or relating to: (i) pollution or pollution control; (ii) protection of human health or the environment; (iii) the presence, use, management, generation, processing, treatment, recycling, transport, storage, collection, disposal or release or threat of release of Regulated Substances; (iv) the presence of Contamination; and (v) the protection of endangered or threatened species.

Event of Default shall have the meaning set forth in Section 8.1 hereof.

Final Project Budget shall have the meaning set forth in Section 2.3(d)(i).

Force Majeure shall mean acts of God, accidents, fire or other casualty, earthquake, flood, war, riot, intervention by civil or military authorities of government, insurrection, or other civil commotion, material shortages, strikes, boycotts or labor disputes, including, but not limited to, labor stoppages, whether attributable to strikes or lockouts, acts or the failure to act of any third party or any other similar or like event or occurrence beyond the reasonable control of either party hereto, that causes such party to be delayed or hindered in, or prevented from, the performance of any covenant or obligation hereunder.

Governmental Authority shall mean any national, federal, state, local or other government or political subdivision or any agency, authority, board, bureau, commission, department or instrumentality thereof, or any court, tribunal, grand jury or arbitrator.

GMP shall mean a guaranteed maximum price for New Hall Work (or designated portions thereof) as set forth in the Construction Agreement, as further defined in Section 2.3(d).

GMP Documents shall mean those Construction Documents and other documents developed in accordance with the Construction Agreement to establish the GMP.

Guaranty shall have the meaning set forth in Section 2.6(b) hereof.

Hard Costs shall have the meaning set forth in Section 2.3(c)(ii) hereof.

Implementation Agreement shall have the meaning set forth in Recital D.

Inspector shall mean the Inspector of Public Works, (Director of the Bureau of Contract Administration), or an authorized representative designated by the Bureau of Contract Administration.

Legal Requirements shall mean all present and future applicable laws (including, but not limited to, Environmental Laws) applicable to the Owner and the Developer in connection with the design, development, construction, equipping, use, occupancy, possession, operation, maintenance and management of the New Hall, including without limitation all applicable laws relating to the issuance by the Owner of any bonds in connection with the financing of the Project.

LEED shall have the meaning set forth in Section 2.1(c).

LEED Checklist shall have the meaning set forth in Section 2.1(c).

Liquidated Damages shall have the meaning set forth in Section 8.4(b).

Master Project Schedule shall mean a master project schedule to be prepared by the Project Manager for the Project, as the same may be revised from time to time. A copy of the preliminary Master Project Schedule is attached as *Exhibit 2*.

Material Change shall have the meaning set forth in Section 5.1(b).

Minimum Design Requirements means those requirements to which the Project is to be designed and constructed as described on *Exhibit 4* attached hereto.

New Hall shall have the meaning set forth in Section 2.1(a) hereof.

New Hall Permits shall mean all licenses, permits and approvals required to be obtained by or on behalf of the Developer in connection with the design and planning of the New Hall prior to the Construction Start Date, the construction of the New Hall from and after the Construction Start Date and the use and occupancy of the New Hall on and as of the Commencement Date. A schedule of New Hall Permits shall be prepared by the Construction Contractor, and an initial list is attached hereto as part of *Exhibit 3*.

New Hall Work shall mean the design, engineering and furnishing of all materials, labor, detailing, layout, equipment, supplies, plants, tools, scaffolding, transportation, temporary construction, superintendence, demolition, inspections, and all other services, facilities and items, reasonably necessary for the full and proper performance and completion of the construction requirements set forth in the Contract Documents, and items reasonably inferable therefore, and consistent therewith for the proper execution and completion of the construction and other services required of Construction Contractor by the Contract Documents, whether provided or to be provided by Construction Contractor or a Contractor, or any other entity for whom Construction Contractor is responsible, and whether or not performed or located on or off of the Site.

Operator shall mean Los Angeles Convention Center, or such other entity as shall be designated by the Operator from time to time.

Owner shall mean the City of Los Angeles, California.

Owner Default shall have the meaning set forth in Section 8.5.

Owner Indemnified Persons shall have the meaning set forth in Section 9.1 hereof.

Owner Representative(s) shall mean the City Construction Coordinators, or such other Person(s) as may from time to time be designated by the Owner to act on its behalf.

Permits shall mean the New Hall Permits and the Required Environmental Permits.

Person shall mean any natural person, sole proprietorship, corporation, partnership, trust, limited liability company, limited liability association, unincorporated association, joint venture, joint-stock company, Governmental Authority, or any other entity.

Proceeding shall have the meaning set forth in Section 9.2(a).

Project Manager shall mean ICON Venue Group, LLC, or such other Person as may from time to time be designated by the Developer to act on its behalf, subject to the approval of the Owner.

Project Manager Agreement shall mean the agreement entered into by the Developer with the Project Manager, as the same may be amended, modified or supplemented from time to time, in accordance with the terms of this Agreement.

Project shall have the meaning set forth in Section 2.1(a).

Project Creditor shall have the meaning set forth in Section 2.6(b)(i).

Project Costs shall mean those costs and expenses incurred by the Developer in connection with the design, development and construction of the New Hall, as further described in Section 2.3(c), all of which are intended to be paid out of Project Funds.

Project Funds shall mean those funds available for construction of the New Hall, which will be identified in the Final Project Budget.

Project Labor Agreement shall have the meaning set forth in Section 5.1(f).

Project Manager shall mean ICON Venue Group, LLC, or such other Person as may from time to time be designated by the Developer to act on its behalf.

Project Manager Agreement shall mean the agreement entered into by the Developer with the Project Manager, as the same may be amended, modified or supplemented from time to time, in accordance with the terms of this Agreement.

Project Team shall mean the Developer, Project Manager, Architect, Construction Contractor and such other Persons as shall be identified by Developer from time to time.

Regulated Substances shall mean, without limitation, any substance, material or waste, regardless of its form or nature, defined under Environmental Laws as a "hazardous substance," "hazardous waste," "toxic substance," "extremely hazardous substance," "toxic chemical," "toxic waste," "solid waste," "industrial waste," "residual waste," "municipal waste," "special handling

waste," "mixed waste," "infectious waste," "chemotherapeutic waste," "medical waste," "regulated substance," "pollutant" or "contaminant" or any other substance, material or waste, regardless of its form or nature, which otherwise is regulated by Environmental Laws.

Representatives, with respect to each of the Owner and the Developer, shall have the meaning set forth in Section 11.20 hereof.

Retainage shall have the meaning set forth in Section 2.3(e).

Schematic Design Documents shall mean the drawings illustrating the scale and relationship of the various Project components, which also contain square footage and volume calculations for the building interior spaces, building exterior spaces, as well as major architectural and interior finishes.

Sites shall have the meaning set forth in Section 2.1(a) hereof.

Site Plans shall refer to *Exhibit 6* attached hereto.

Soft Costs shall have the meaning set forth in Section 2.3(c)(i) hereof.

Subcontracts shall be subcontracts entered into by the Construction Contractor pursuant to the Construction Agreement with subcontractors, suppliers and materialmen.

Target Completion Date shall have the meaning set forth in Section 2.1(a) hereof.

Target Project Budget shall mean the budget for the development and construction of the Project, as the same may be modified from time to time pending development of the Final Project Budget, as further referenced in Section 2.3, the total amount of which shall not exceed the sum of \$314.6 Million Dollars (\$314,600,000).

Value Engineering shall mean an analysis of the feasibility of alternative systems, equipment and materials to identify such alternative systems, equipment and materials of equivalent quality and having equivalent characteristics, to those specified in the Contract Documents that can be fully specified, obtained and installed at a lower price while maintaining at least the same operating characteristics and functionality.

2. OVERVIEW

2.1 THE PROJECT.

(a) Project Definition.

The parties hereby agree, subject to the conditions, covenants and other obligations of this Agreement, that the Project shall consist of (i) a new state-of-the-art convention center exhibit hall and meeting facility to provide a functional replacement of the existing West Hall of LACC that meets the Minimum Design Requirements (such facility to be referred to as the "New

Hall"), (ii) on property located proximate to the existing South Hall and Concourse of the LACC and having a common boundary with the Event Center, and shown on the Site Plan attached hereto as *Exhibit 6* (such property to be referred to as the "Site"), and (iii) with the intention of being ready for occupancy on or about October 31, 2014 (the "Target Completion Date"), as such date may be extended in accordance with the terms of this Agreement. The design, development and construction of the New Hall on the Site and related work is referred to in this Agreement as the "Project".

(b) Description of New Hall.

The New Hall shall be designed and constructed as a state-of-the-art first class multi-purpose facility that (i) complies with applicable Legal Requirements, and (ii) meets the Minimum Design Requirements so as to be comparable to spaces currently available in the West Hall and otherwise substantially similar to the design, construction and capabilities of the South Hall. The Minimum Design Standards provide that the New Hall shall be designed, constructed and equipped with state-of-the-art high quality materials throughout, including, but not limited to fixtures, flooring, wall coverings, ceilings, lighting, all necessary mechanical, plumbing, air-handling and conditioning, electrical and other systems and finishes, in each case substantially similar to the quality of materials in the South Hall and Concourse, or as otherwise agreed to by the Owner and the Developer. Notwithstanding anything herein to the contrary, the Owner hereby acknowledges and agrees that the Owner has approved the Schematic Design Documents with such modifications as set forth in the Minimum Design Requirements.

(c) Green Building Principles.

Developer shall manage the design, development and construction of the New Hall utilizing the U. S. Green Building Council's Leadership on Energy and Environmental Design ("LEED") Green Building Rating System as set forth in this Section 2.1(c). The Developer will commission the Architect, in consultation with the Developer and the Owner, to examine each LEED credit utilizing the appropriate Green Building Rating System Project Checklist (the "LEED Checklist") as a template for establishing green building goals, identifying potential LEED points, and examining strategies for implementation and determining the LEED points to be targeted in order to achieve a LEED Gold rating. The Minimum Design Standards include a LEED Checklist on which the Architect has identified a sufficient number of points to achieve a LEED Gold rating. The Developer agrees to direct the Architect and Construction Contractor to pursue all of the points so identified, and if any such points are determined to be unavailable based on advancement of the design by the Architect or the development of construction means and methods by the Construction Contractor, then the Developer shall direct the Architect and Construction Contractor to identify replacement points for the review and approval of the Owner, taking into consideration both (a) energy and resource conservation opportunities that are beneficial to the Operator in its future use of the facility, and (b) the parties' desire that the Final Project Budget should not exceed the Target Project Budget. The Architect will prepare, for approval by the Owner and by such Person as has been commissioned to evaluate LEED matters, a LEED Certification Plan, and during construction will perform LEED Certification services, pursuant to such standards as are set forth in AIA Document B214 -- 2004, and related documentation. The Developer shall direct the Architect to prepare the application for LEED

certification for execution by the appropriate responsible party, to submit the application to the U.S.G.B.C. and to provide the resulting certification material to the Owner.

(d) Ownership of Project.

The Owner shall own the New Hall, together with all fixtures, equipment, furniture and related improvements being constructed on the Site. Such construction is to be performed utilizing funds allocated under the Final Project Budget, as the same may be revised from time to time in accordance with the terms of this Agreement.

2.2 **DEVELOPER RIGHTS AND RESPONSIBILITIES.**

(a) Development Rights of Developer.

Subject to the terms and conditions of this Agreement, the Owner agrees that the Developer shall act as the developer of the Project. The Developer shall have the right to perform the day-to-day duties that a prudent and conscientious developer of a facility such as the New Hall would exercise in soliciting, negotiating with, contracting with, and enforcing its rights to manage the Architect, Project Manager, Construction Contractor and such other parties as are necessary or appropriate for the development of the Project in accordance with this Agreement. Such rights shall not limit or impair the Owner's right to enforce remedies under any agreement to which it is a beneficiary, nor shall it relieve any person from any obligation to the Owner. The Owner expressly agrees that the Developer itself is not undertaking, or purporting to have the capacity to undertake, the construction of the New Hall Work, and the Owner is in no way relying directly on the Developer to act as a construction contractor or builder of the Project.

(b) Development Responsibilities of Developer.

Subject to the approval and coordination rights of the Owner set forth in this Agreement, the Developer shall be responsible for all aspects of soliciting, entering into and managing the design, development and construction of the New Hall, and acknowledges its obligation and responsibility to the Owner for the proper performance of those obligations. In such capacity:

(i) The Developer has selected the Architect to prepare Design Documents and the Construction Documents relating to the New Hall, and to perform construction administration and other administrative services in accordance with the Architect Agreement. This selection is hereby approved by the Owner. The Architect Agreement provides that the Developer shall have ownership of all materials created by Architect for the Project including, but not limited to, all drawings, specifications, and other project documents solely in connection with the design, construction and maintenance of the Project, with the right to assign such ownership to the Owner. The Developer hereby assigns and agrees to assign such ownership to Owner, and further agrees to execute any documents necessary to perfect and/or record such ownership.

(ii) The Developer has selected the Project Manager to act as the Developer's independent representative to assist the Developer in managing the development, design and construction of the Project in accordance with the Project Manager Agreement. This selection is hereby approved by the Owner. The Project Manager has no authority or

responsibility to perform or supervise any construction work on the Project, or to enter into any contract or subcontract for the performance of such work for itself or on behalf of the Developer or Owner. Except as otherwise set forth herein, the Owner will have no responsibilities, liabilities or obligations with respect to the Project Manager Agreement. The Project Manager Agreement provides that the Developer shall have ownership of all materials created by Project Manager for the Project including, but not limited to, all drawings, specifications, schedules, agreements, and other project documents solely in connection with the design, construction and maintenance of the Project, with the right to assign such ownership to the Owner. The Developer hereby assigns and agrees to assign such ownership to Owner, and further agrees to execute any documents necessary to perfect and/or record such ownership.

(iii) The Developer has selected the Construction Contractor who will provide preconstruction services and act as construction contractor for the New Hall. This selection is hereby approved by the Owner. The Construction Agreement will provide and acknowledge that the Developer shall have ownership of all materials created by the Construction Contractor and its consultants for the Project, including, but not limited to, all drawings, specifications, and other Project documents, solely in connection with the design, construction and maintenance of the Project, with the right to assign such ownership to the Owner. The Developer hereby assigns and agrees to assign such ownership to Owner, and further agrees to execute any documents necessary to perfect and/or record such ownership.

(iv) The Owner has reviewed the terms and conditions of the Architect Agreement, Project Manager Agreement and the Construction Agreement. By entering into this Agreement, the Owner hereby approves and ratifies the Developer entering into the Architect Agreement, Project Manager Agreement and Construction Agreement. The Developer shall be responsible for the administration of the Architect Agreement, Project Manager Agreement and the Construction Agreement, subject to the rights of the Owner, as provided herein.

(v) Subject to such cost limitations as will be set forth on the Final Project Budget, Legal Requirements, and the approval of the Owner, the Developer may select and retain such other consultants and professionals as necessary or appropriate to develop the Project and to perform the New Hall Work so as to facilitate the timely design and construction of the Project.

(vi) The Developer shall be responsible for the solicitation, negotiation and award of the Contracts for the New Hall Work in accordance with the applicable Legal Requirements and the City Contracting Procedures. The Developer will prepare solicitation materials in form and content suitable for solicitation and negotiation, which materials will be made available to the City Construction Coordinators for review to confirm compliance with the City Contracting Procedures prior to distribution. The Developer will administer the selection processes, with the participation of the City Construction Coordinators, for the selection of contractors and suppliers to enter into the Contracts. The Developer will prepare and make any necessary public advertisements for Contracts, the cost of which shall be paid as part of the Final Project Budget. The Developer will further develop and administer, a "bid challenge" process, which process will be made available to the City Construction Coordinators for review to confirm compliance by the Developer with the City Contracting Procedures prior to implementation. Subject to the last sentence of this subsection (b)(vi), the costs related to a "bid

challenge" process shall be paid as part of the Final Project Budget, except that such costs will not be so paid if any "bid challenge" results in a final determination by any authority having jurisdiction that the bidding, negotiation or award of any Contract occurred in violation of any applicable Legal Requirements. If the Owner refuses to agree to the award of any Contract to a duly qualified contractor recommended by the Developer in accordance with such procedures (unless Legal Requirements require otherwise), the Owner shall reimburse the Developer for any additional costs incurred by the Developer or the Project as a result thereof, which reimbursement shall be made from funds other than Project Funds unless jointly agreed otherwise. Notwithstanding the foregoing, the approval by the Owner of the City Contracting Procedures shall not relieve the Developer of its obligation to comply, in accordance with the terms of this Agreement, with all applicable Legal Requirements in connection with the implementation of such procedures.

(vii) The Developer will oversee and supervise the Construction Contractor's construction of the Project on a day-to-day basis.

(viii) The Developer will oversee and coordinate submission of invoices in form suitable to the Owner for payment from the Architect, Construction Contractor, Project Manager, and any other contractors, suppliers and materialmen with which Developer has entered into a Contract, pursuant to the procedures set forth on *Exhibit 7* attached hereto.

(ix) If the Developer determines pursuant to the Construction Agreement that it is in the best interest of the Project that certain portions of the New Hall Work be self-performed by the Construction Contractor, the Construction Contractor shall be permitted to self-perform such work, either directly or through an Affiliate, but only in full compliance with the terms and conditions of the Construction Agreement.

(x) The Owner shall be an intended beneficiary of any agreement entered into by the Developer hereunder and each such agreement shall so provide. Further, no agreement entered into by the Developer under this Agreement shall provide for arbitration of claims thereunder without the approval of the Owner.

(xi) The Developer shall not have the right, without the Owner's prior written consent, to incur debt or other obligations for which the Developer will not be solely liable, or to delegate its rights or obligations hereunder, to any third party.

(c) City Construction Coordinators.

The Owner has appointed the General Managers of LACC, the Bureau of Engineering and the Bureau of Contract Administration, or their respective designees, as the City Construction Coordinators. They (and their respective successors as may be designated by the Owner) are authorized to act on behalf of the Owner with respect to the development and construction of the Project where so designated in this Agreement.

(d) Approval Rights re: Contract Documents and Design Documents.

(i) All Contract Documents, including any amendments or changes thereto, shall require Owner's prior written approval in accordance with this Section 2.2. The

Developer shall cooperate with the Owner to provide the Owner with any information reasonably required by the Owner in connection with its review of the Contract Documents. In furtherance thereof, the Developer shall provide to the Owner, together with any Contract Documents submitted for the Owner's approval, a list or another manner of identification of the changes made from the previously approved Contract Documents and, if requested by the Owner, shall cause the Developer's Representative or the Project Manager to meet with the City Construction Coordinators to review such Contract Documents within the time periods provided for such approval. Those Contract Documents consisting of Construction Documents shall be submitted to the City Construction Coordinators as completed and at the same time that they are delivered to the Developer, and may be submitted in various stages of completion as is agreed between the respective representatives of the parties. Notwithstanding the manner or timing of submission, each portion of all Contract Documents must be approved in writing by the City Construction Coordinators in accordance with this Section 2.2. No portion of the Contract Documents consisting of Construction Documents will be submitted for bidding and negotiation prior to being so approved by the City Construction Coordinators. The City Construction Coordinators will diligently review the Contract Documents as submitted and, provided that complete and accurate copies of all pertinent documents have been provided to the Owner, the Owner will approve or disapprove each respective submission (a) with respect to those Contract Documents consisting of Construction Documents, within the time provided for in subsection (d)(iii) below, and (b) with respect to all other Contract Documents, within the time provided to the Developer in the Contract Documents for review of each such submission, or within such other time period as may be agreed between Owner and Developer. If the City Construction Coordinators do not either approve the Contract Documents submitted or disapprove the Contract Documents submitted within such periods, the Developer shall provide written notice to the Owner in accordance with Section 10.8 that within five (5) business days the City Construction Coordinators must either approve, disapprove or request a reasonable extension otherwise the Contract Documents as submitted shall be deemed to have been approved.

(ii) All Design Documents, including any amendments or changes thereto, shall require Owner's prior written approval in accordance with this Section 2.2. The Developer shall cooperate with the Owner to provide the Owner with any information reasonably required by the Owner in connection with its review of the Design Documents. In furtherance thereof, the Developer shall cause the Project Manager and the Architect to meet with the City Construction Coordinators to review such Design Documents. Schematic Design Documents shall be submitted to the City Construction Coordinators upon completion and Design Development Documents shall be submitted to the City Construction Coordinators at both 50% and 100% completion for approval, which approval may, if applicable, be conditioned on the development of a cost estimate associated with such Design Documents that is reasonably consistent with the Target Project Budget. If, within such time as is set forth below, the City Construction Coordinators do not either approve or disapprove the Design Documents, either of which may include objections to any specific element of the Design Documents, then the Developer shall provide written notice to the Owner in accordance with Section 10.8 that within five (5) business days the City Construction Coordinators must either approve, disapprove or request a reasonable extension otherwise the City Construction Coordinators shall be deemed to have approved the applicable Design Documents. Similarly, if the City Construction Coordinators object only to certain specified elements in the applicable Design Documents, the elements to which they do not object shall be deemed to have been approved. The City

Construction Coordinators shall use reasonable efforts to provide to the Developer, within the periods set forth on the Master Project Schedule, but in any event within a period of thirty (30) calendar days after receipt of the Schematic Design Documents and within a period of thirty (30) calendar days after receipt of Design Development Documents, either approval or detailed comments setting forth the reasons that the City Construction Coordinators have determined that the applicable Design Documents should not be approved. If the City Construction Coordinators fail to respond within such periods, then the Developer shall provide written notice to the Owner in accordance with Section 10.8 that within five (5) business days the City Construction Coordinators must either approve, disapprove or request a reasonable extension otherwise their failure to respond shall result in a deemed approval. If the Developer disagrees with any of the City Construction Coordinators' comments, then the Developer shall meet with the City Construction Coordinators to resolve any items in dispute to their reasonable satisfaction and each shall use good faith efforts to resolve any disagreements in an expeditious manner so as not to delay production of the Design Documents. The Developer shall cause the Architect to either revise the applicable Design Documents or, with the approval of the City Construction Coordinators, incorporate appropriate revisions into the next draft of the pertinent Design Documents to address the comments raised. Design Documents shall be submitted to the City Construction Coordinators for their review and approval as provided above.

(iii) Upon Owner's approval of the Design Documents, the Developer shall cause the Architect to prepare Construction Documents based on the approved Design Documents. Construction Documents shall be submitted to the City Construction Coordinators in appropriate packages and at appropriate intervals so as to facilitate the timely design and construction of the Project for approval, which approval may, if applicable, be conditioned on the development of a cost estimate associated with such Construction Documents that is reasonably consistent with the Target Project Budget. The City Construction Coordinators shall receive, review and approve the Construction Documents as the same are prepared, simultaneously with submission thereof to Developer, provided that a full construction document review shall be conducted at the time that Construction Documents are 50% complete with the understanding that Construction Document development progress will continue in parallel with the review. The City Construction Coordinators shall exercise reasonable efforts to complete their review and approval within the periods set forth in the Master Project Schedule, but in any event within thirty (30) calendar days from the receipt of the Construction Documents, and any supplements or revisions. If the City Construction Coordinators fail to respond within such thirty-day period, then the Developer shall provide written notice to the Owner in accordance with Section 10.8 that within five (5) business days the City Construction Coordinators must either approve, disapprove or request a reasonable extension otherwise their failure to respond shall result in a deemed approval. When the Construction Documents are sufficiently complete so as to be provided to the Construction Contractor for preparation of the GMP in accordance with the Construction Agreement, those will be submitted to the City Construction Coordinators simultaneously with submission to the Developer and the Construction Contractor. The City Construction Coordinators shall review the Construction Documents for the purposes of confirming that they comply with the applicable Design Documents and any subsequent changes agreed to between the City Construction Coordinators and the Developer. The Developer shall cause the Architect or other design professional to coordinate with the Construction Contractor to organize the Construction Documents in such a manner as to prepare documents for bidding and negotiation.

(iv) The Developer shall cooperate with the Owner to provide the Owner with any information reasonably required by the Owner in connection with its determination as to whether to grant approvals. In furtherance thereof, in each case where the Owner's approval is required under this Agreement, the Developer shall provide written notice to the Owner of the time within which such approval is required and, if requested by the Owner, the Developer shall cause the Developer's Representative and Project Manager to meet with the City Construction Coordinators to review any such matters requiring the Owner's approval within the time period required of the Owner for such approval. In any circumstance where the Owner's approval is required or authorized hereunder, provided that all documents and materials reasonably necessary to determine whether such approval should be given have been delivered on a timely basis, if the Owner fails to grant or deny such approval within such period as may be required by any Construction Document, or if no such period is specified, within thirty (30) calendar days, then the Developer shall provide written notice to the Owner in accordance with Section 10.8 that within five (5) business days the Owner must either approve, disapprove or request a reasonable extension otherwise the Owner shall be deemed to have granted its approval, or in the event of an emergency, not more than ten (10) days. Whenever the Owner's or the City Construction Coordinators' approval is required hereunder, the Owner and City Construction Coordinators shall give reasonable and appropriate due consideration to the following factors: (A) the extent to which the applicable Construction Documents or Design Documents are consistent with the previously approved Construction Documents or Design Documents, as the case may be, and (B) to the extent that such approval is required for any new details set forth in any applicable Construction Documents or Design Documents, whether such new details are required to comply with any Legal Requirements, or the City Contracting Procedures, or are substantially similar to the design, construction and capabilities of the South Hall. Without limitation of the foregoing, the Owner hereby acknowledges that any approval hereunder by the Owner or City Construction Coordinators shall not be unreasonably denied or delayed, if the requested approval is necessary: (1) to cause the New Hall to comply with Legal Requirements; (2) for any applicable Construction Documents or Design Documents to describe a New Hall that meets the Minimum Design Standards in accordance with Section 2.1(b); or (3) so as to not materially impede or otherwise adversely affect the proper construction of the New Hall in accordance with the Master Project Schedule in such a manner that Completion would be delayed beyond October 31, 2014. If either the Owner or the City Construction Coordinators, as applicable, denies approval of any matter requiring its approval under this Agreement, the Owner shall state with specificity, in writing, its reason for such denial. If the Owner shall fail to give a timely approval or disapproval with respect to any matter for which its approval is required hereunder, then the Developer shall provide written notice to the Owner in accordance with Section 10.8 that within five (5) business days the Owner must either approve, disapprove or request a reasonable extension otherwise the Developer shall have the right to proceed without such approval. In such case, the Developer shall provide written notice to the Owner that it is proceeding without such approval, and the manner and direction in which the Developer is proceeding.

(e) Subcontracts.

The Owner and the Developer hereby agree that all Subcontracts shall be awarded by the Construction Contractor, all in accordance with applicable Legal Requirements, and the Construction Agreement. The Construction Agreement provides that the Construction

Contractor shall cause to be performed by the applicable subcontractor, in full all obligations under such subcontracts. The Owner will have no liabilities, responsibilities or obligations of any kind with respect to any subcontracts or supply contracts, and all subcontracts and supply, bid and contract documents will so provide, except as otherwise agreed by the parties.

(f) Bonding.

The Construction Agreement shall provide that the Construction Contractor furnish payment and performance bonds with the Developer and Owner as co-obligees in an amount equal to either (i) the GMP, as established under Section 2.3(d), or (ii) an amount agreed to by the Owner and the Developer prior to the establishment of the GMP, together with any other bonds required pursuant to applicable Legal Requirements. All bonds which may be required hereunder shall conform to Owner requirements established by Charter, ordinance or policy, and shall be filed with the Office of the City Administrative Officer, Risk Management for its review and acceptance in accordance with Sections 11.47 through 11.56 of the Los Angeles Administrative Code.

(g) Payment Procedures.

(i) Attached hereto as *Exhibit 7* is a description of the payment procedures that will be implemented in connection with payments to be made out of Project Funds.

(ii) After the execution of this Agreement, the Owner shall not be obligated to approve the disbursement of Project Funds for development of the Project until the Developer shall have fulfilled, to the Owner's reasonable satisfaction, such provisions of this Agreement as are reasonably capable of being satisfied at the time of the request for disbursement of the Project Funds, including, without limitation, the following:

(A) The Contract Documents shall have been approved to the extent required under the provisions hereof;

(B) Prior to the Developer allowing the Construction Contractor to perform any construction or other work on or about the Site for which a lien could be filed against the Site, the Developer shall require the Construction Contractor and each contractor who is to perform such work, or materialmen providing materials to deliver to the Developer and the Owner, as a condition to the receipt of any payment under their respective contracts, and to the extent permitted by applicable Legal Requirements, current unconditional lien waivers from such Contractor and all subcontractors, sub-subcontractors and materialmen (as appropriate) for any prior payment, and current conditional lien waivers from the Contractor and all subcontractors, sub-subcontractors and materialmen for the payments to be paid in connection with such current payment to the Contractor. In addition, each such Contractor shall, at the request of either the Developer or the Owner, verify in an affidavit in a form reasonably approved by the Owner that all labor and materials furnished by the Contractor, including all applicable taxes, have been paid by it up to the date of such requested affidavit. Notwithstanding the foregoing, if a mechanics' or other lien is filed against the Site purporting to be for labor or material furnished or to be furnished on behalf of the Developer, or for any other reason relating

to the acts or omissions of the Developer, then the Developer shall at its expense, cause such lien to be discharged of record by payment, bond or otherwise within twenty (20) days after the filing thereof. If the Developer shall fail to cause such lien to be discharged of record within the twenty (20) day period, the Owner may cause such lien to be discharged by payment, bond or otherwise without investigation as to the validity thereof or as to any offsets or defenses thereto, and the Developer shall, upon demand, reimburse the Owner for all amounts paid and costs incurred in connection therewith including, without limitation, attorney's fees and disbursements;

(C) All Permits required to begin construction shall be in full force and effect and no notices of violation or revocation with respect thereto shall have been received;

(D) No Event of Default shall have occurred and be continuing under this Agreement beyond any applicable notice or cure period;

(E) The Developer shall provide the Owner with a title bring down evidencing that no mechanic's liens or other encumbrances shall have been filed of record since the date of the last title bring down.

(iii) The Owner shall not be required to approve the release of the final disbursement of Project Funds, including Retainage, unless fulfillment of the following conditions occurs:

(A) All conditions of Section 7.2 shall continue to be met as of the date of the release of the final disbursement of Project Funds;

(B) The Owner shall have received a certificate of the Architect, which certificate shall have been accepted in writing by the Developer and the Construction Contractor, to the effect, interalia, that the Project has been fully completed in accordance with the Contract Documents and all Legal Requirements, and all matters in such certificate shall have been in a form and substance approved by the City Construction Coordinators in accordance with the Construction Agreement;

(C) A permanent certificate of occupancy for the New Hall and all other Permits required for the use and occupancy of all aspects of the Project shall have been duly issued and the Owner shall have received copies thereof;

(D) The Owner shall have received an as-built survey, showing the location of all improvements, easements, rights-of-way and other matters affecting the Site, performed in accordance with ALTA standards;

(E) A release of Liens in form reasonably acceptable to the Owner, signed by the Construction Contractor and all Contractors, subcontractors, suppliers and other Persons providing New Hall Work;

(F) Submission of such additional documentation as the Owner may reasonably request; and

(G) The Inspector has issued to the Developer and the Owner a certificate of Final Completion certifying that the New Hall has been completion in accordance with the Construction Agreement.

(h) Owner as Beneficiary.

It is specifically understood and agreed that the Owner shall be an intended beneficiary of the Architect Agreement, Project Manager Agreement and Construction Agreement. The duties and obligations of the Architect, Project Manager and the Construction Contractor pursuant to those agreements are to be stated therein, and expressly understood and agreed by the Developer, Architect, Project Manager and Construction Contractor to also be due and owing to the Owner. Such duties and obligations, as well as any duties or obligations imposed by law upon the Architect, Project Manager and Construction Contractor may only be enforced by the Owner at law or in equity after the Developer fails to enforce such duties or obligations and such failure continues for a period of fourteen (14) days after written notice thereof by the Owner. Upon the occurrence of a default by the Developer under the Architect Agreement, Project Manager Agreement or the Construction Agreement which remains uncured and which permits the other party to such contract to exercise remedies thereunder following the provision of any applicable notice and the passage of any applicable cure period thereunder, at the election of the Owner, upon thirty (30) days prior written notice to the Developer, the Developer shall assign any or all of the Architect Agreement, Project Manager Agreement and Construction Agreement to the Owner whereupon the Owner shall be the primary contracting party and the Developer shall be a third party beneficiary with respect to each such agreement so assigned. The Developer shall immediately notify the Owner in writing of the occurrence of any such default or the receipt by Developer of any notice of default pursuant to the Architect Agreement, Project Manager Agreement or Construction Agreement, or any other contract for which the Owner is a beneficiary.

(i) Warranties.

Promptly after the Completion Date, to the fullest extent assignable, the Developer shall assign and transfer to the Owner all warranties and guaranties with respect to the Project, including but not limited to, all contractor, subcontractor, supplier and manufacturer warranties and guaranties with respect to the Project that are required to be provided in accordance with the Contract Documents or were otherwise provided to Developer. The Developer shall not knowingly take any action negating, or through knowing omission cause the negation of, the Architects', Construction Contractor's, or any subcontractors', suppliers' or manufacturers' warranties or guaranties.

2.3 BUDGET MATTERS.

(a) Target Project Budget.

Attached hereto as *Exhibit 1* is the current Target Project Budget which includes reasonable contingencies, including a three percent (3%) overall Project contingency. The Target Project Budget may be revised from time to time by the Developer, subject to the approval of the Owner, as the design, development and construction process for the New Hall

progresses, provided that the total amount of the Target Project Budget shall not be decreased. Any savings realized in any one line item of the Target Project Budget may be applied by the Developer to excess costs in other line items, provided that the amounts attributable to Hard Costs shall not be decreased without the prior written approval of the Owner. The Developer and the Owner shall work together in good faith so that the development of the Final Project Budget within the Target Project Budget occurs.

(b) Cost Savings.

Subject to the shared savings incentive fee in the Construction Agreement, any savings realized against the Final Project Budget upon final disbursement of Project Funds by the Owner whether from Value Engineering, unused contingency funds or otherwise, shall be retained by the Owner. During construction of the New Hall, the parties, through their respective Representatives, the Project Manager, Construction Contractor, Architect and City Construction Coordinators, shall cooperate to add designated alternates in the Contract Documents submitted for bidding and negotiation so as to take advantage of interim, net cost savings so long as such additions can be made without materially increasing the risk to the Developer of Cost Overruns.

(c) Project Costs Defined.

The Developer shall use its good faith efforts to ensure that the Final Project Budget takes into account the costs associated with the design, development and construction of a New Hall meeting the criteria described in, and established pursuant to, this Agreement, and includes, without limitation, the following (all of which are called "**Project Costs**"):

(i) Soft Costs. All of the following soft costs (the "**Soft Costs**") incurred (whether prior or subsequent to the execution of this Agreement) in connection with the design and construction of the New Hall:

(A) Eligible pre-development expenses previously incurred by the Developer in connection with preparing the Environmental Impact Report and preparing and obtaining other required Permits, in the sum of One Million Dollars (\$1,000,000), with respect to the period prior to the execution of this Agreement, as such sum is initially set forth in the Target Project Budget and to be set forth in the Final Project Budget. These sums will not be paid to Developer until after (a) the GMP is established and the Owner reviews and approves itemized costs set forth in the GMP, and (b) the Final Project Budget is approved. After the foregoing occurrences, the Developer will be reimbursed from Project Funds.

(B) All costs and expenses under the Architect Agreement for architectural and design services associated with the design and construction of the New Hall, including, without limitation, all costs associated with the preparation of the Design Documents and Construction Documents by the Architect or other design professional, and for all services provided by specialty consultants as approved by the City Construction Coordinators;

(C) All costs and expenses for obtaining any Permits;

(D) All costs and expenses under the Project Manager Agreement for project management services associated with the development, design and construction of the New Hall;

(E) Oversight and other expenses incurred by the Owner with respect to the Project, currently estimated to be One Million Dollars (\$1,000,000), as set forth in the Target Project Budget; and

(F) All other costs and expenses which would be categorized as soft costs in accordance with industry standards in connection with the design and construction of a major construction project such as the New Hall as set forth on the Target Project Budget.

(ii) Hard Costs. All of the following hard costs (the "**Hard Costs**") incurred in connection with the design and construction of the New Hall:

(A) All costs and expenses incurred in completing the New Hall Work with respect to the New Hall, including, without limitation, all costs and expenses incurred in connection with the construction of any permanent improvements on the Site (exclusive of Site Work), the extension of any applicable utility lines or related equipment or improvements delivered to the Site and the New Hall and the interconnection of same to the New Hall, including, without limitation, any required utility vaults, switchgear, transformers, feeders, distribution equipment, telecommunication equipment, water and sewer connections and other related utility hookups such as chilled water connections, improvements or interconnection equipment, all costs and expenses paid to the Construction Contractor, with respect to the New Hall and all costs and expenses incurred in connection with constructing the New Hall, including without limitation all costs and expenses included in the GMP; and

(B) All costs and expenses, consistent with industry standards, incurred by the Developer in connection with the purchase and installation of all machinery, furnishings, fixtures and equipment required for the operation of the New Hall in conformity with the criteria contained in this Agreement, including without limitation, Section 2.1.

From time to time, but not more than once per month, the Developer will submit to the Owner for disbursement out of Project Funds an itemization of all Project Costs incurred by the Developer, together with evidence reasonably satisfactory to the Owner supporting each item of Project Costs incurred by the Developer, including without limitation allocation of contingency funds, and together with a request for reimbursement for any Project Costs incurred by the Developer, which request shall be in the form designated under *Exhibit 7*. Any costs that are within the scope of the Contract Documents or the Contracts, and all other costs included within the categories set forth in the Final Project Budget, are deemed to be approved Project Costs, unless such costs would increase the Final Project Budget.

(d) Final Project Budget.

(i) At the earliest appropriate time, taking into account the relationship between design certainty and achieving a cost-efficient GMP, the Developer shall cause the Construction Contractor to provide to the Developer and the Owner, and the Construction Agreement will so provide, a guaranteed maximum price ("**GMP**") for construction

of the New Hall and completion of the New Hall Work. The GMP will be determined based upon the GMP Documents. Within fourteen (14) days after the Developer and Owner receive the proposed GMP, the Construction Contractor, Developer, Developer's Representative, Project Manager, City Construction Coordinators, Owner Representative and the Architect shall meet to reconcile any questions, discrepancies or disagreements relating to the proposed GMP. Once the Developer and the Owner have both approved the GMP, the Developer and the Construction Contractor will enter into an addendum to the Construction Agreement. As soon as reasonably practicable after the GMP has been agreed upon, the Developer shall deliver to the Owner a proposed Final Project Budget, which includes the GMP. The proposed Final Project Budget shall be inclusive of all Project Costs as described in Section 2.3(c) above, and if the proposed Final Project Budget does not exceed the total amount of the Target Project Budget, then once reviewed and approved by the Owner it shall be the "**Final Project Budget**". If the actual Project Costs are less than the Final Project Budget, then the savings between the Final Project Budget and such actual costs will be retained by the Owner in accordance with Section 2.3(b).

(ii) After the Final Project Budget is established pursuant to Section 2.3(d)(i), then the Developer shall be responsible for any Cost Overruns as provided in Section 2.6 below, provided that if at any time following the establishment of the GMP and approval of a Final Project Budget, the Developer reasonably believes that the Final Project Budget might be exceeded, the Developer shall have the right, but not the obligation, following reasonable consultation with the Owner, to undertake such Value Engineering as may be reasonable and appropriate to cause the Final Project Budget not to be exceeded, provided that any such Value Engineering shall not cause the design, construction and capabilities of the Project to be less than the Minimum Design Standards.

(e) Retainage.

The Construction Agreement will provide for retainage ("**Retainage**") in such amounts as will be set forth therein. Owner shall be obligated to release Retainage subject to such conditions as are set forth in this Agreement and the Construction Agreement. The provisions of the Construction Agreement relating to Retainage will not be amended without the consent of the Owner.

2.4 FINANCING OF PROJECT.

The Owner and Developer agree that the Project Funds shall be available to pay for the construction and development of the Project as provided in this Agreement. The Owner intends to issue Lease Revenue Bonds, Mello-Roos Bonds, and Other Bonds in an amount sufficient to fund the Target Project Cost, costs of issuance, capitalized interest and all other costs agreed upon between the Parties (the "**Bond Proceeds**"). In any event, an amount not less than the Target Project Cost will be made available to the Developer from Bond Proceeds for the Developer to meet its obligations related to the development of the New Hall.

2.5 PROJECT FUNDS.

The Project Funds will be maintained in such accounts as may be established by the Owner, subject to such documents as govern the issuance, investment and expenditure of the

Bond Proceeds (the parties hereby acknowledging that such documents require the Project Funds and any interest thereon to be utilized solely in connection with the Project).

2.6 DEVELOPER GUARANTY OF COST OVERRUNS.

(a) Definition.

Any Project Costs incurred by, paid by, or billed to the Owner or the Developer in excess of the Final Project Budget, excluding (i) costs specifically attributed to the Owner pursuant to this Agreement and deemed not to be included in the Final Project Budget; (ii) costs resulting from changes to the Project requested or required by the Owner in writing, which changes are beyond the scope of the Project as expressed in the Contract Documents and the Design Documents; or (iii) costs otherwise arising out of actions or omissions of the Owner, but only to the extent attributable to such actions or omissions, shall be considered to be cost overruns for purposes of this Agreement (the "**Cost Overruns**"). So long as the Developer is diligently proceeding to complete the Project in accordance with the Contract Documents (including the Master Project Schedule) as approved by the Owner, the Owner shall not have the right to incur costs for which the Owner is not otherwise liable under this Agreement, or to obligate the Developer to incur costs in excess of the Final Project Budget without the prior written approval of the Developer, which approval shall not be unreasonably withheld, delayed or conditioned. Notwithstanding the foregoing, the Developer acknowledges that in the event of a Cost Overrun (including one resulting from a time delay, other than delays attributable to the Owner's breach of its obligations under this Agreement), the Developer is bound to its Cost Overrun obligations hereunder.

(b) Guaranty.

(i) Subject to the exclusions set forth in Section 2.7(a) above, the Developer hereby unconditionally and irrevocably agrees that it will guarantee the amount of any Cost Overrun, and agrees to pay any Cost Overrun on demand of the Owner at such time as any portion thereof is legally required to be paid with respect to the Project. The Developer hereby agrees to cause such full payment to be made whether or not any one or more of the following events has occurred: (i) any Person which is owed money in connection with its New Hall Work (a "**Project Creditor**") has made any demand on the Owner; (ii) a Project Creditor has taken any action of any nature against the Owner; (iii) a Project Creditor has pursued any rights which it has against any other Person who may be liable for the Cost Overrun; (iv) a Project Creditor holds or has resorted to any security for the Cost Overrun; or (v) a Project Creditor has invoked any other remedy or right it has available with respect to the Cost Overrun. The Developer further agrees to cause such full payment to be made to the Owner even if circumstances exist which otherwise constitute legal or equitable discharges of the Developer as surety or guarantor. The Developer acknowledges and agrees that: (a) no Project Creditor shall have any recourse against the Owner or any of its property for payment of any Cost Overrun; (b) the right of the Owner to enforce this Guaranty against the Developer shall in no manner be impaired or adversely affected thereby; and (z) that the sole source of repayment of Cost Overruns shall be from the assets and resources of the Developer.

(ii) If any Cost Overrun shall become due and payable, and is not paid in a timely manner by the Developer, the Owner shall, promptly after becoming aware of such failure to pay, provide the Developer with written notice of the same. Subject to the terms of Section 2.7(c) below, if the Developer does not pay such Cost Overrun in full within thirty (30) days after receipt of such notice from the Owner, then (A) the amounts so unpaid shall bear interest at the Default Rate from and after the date that such payment is due and payable, and (B) the Owner shall have the right, at any time thereafter and from time to time to the fullest extent permitted by Law, in addition to all other rights and remedies available to it, without prior notice to the Developer, to set-off against and to appropriate and apply to such due and payable amounts any debt owing to, and any other funds held in any manner for the account of the Developer by the Owner and any amounts which may be owed by the Owner to the Developer under the Implementation Agreement. Such right shall exist whether or not the Owner shall have given notice or made any demand hereunder (other than the 30-day notice set forth herein), whether or not such debt owing to the Developer is or are matured or unmatured, and regardless of the existence or adequacy of any collateral, guarantee or any other security, right or remedy available to the Owner. The Developer hereby consents to and confirms the foregoing arrangements, and confirms the Owner's rights of set-off against the Developer.

(iii) The Developer hereby agrees that, if at any time all or any part of any payment, from whomever received, theretofore applied by the Owner to any of the Cost Overruns is or must be rescinded or returned for any reason whatsoever including, without limitation, the insolvency, bankruptcy or reorganization of the Developer, such liability shall, for the purposes of this Guaranty, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Owner, and this Guaranty shall continue to be effective or be reinstated, as the case may be, as to such liabilities, all as though such application by the Owner had not been made.

(iv) The Developer hereby agrees that no failure or delay on the part of the Owner to exercise any of its rights, powers or privileges under this Guaranty shall be a waiver of such rights, powers or privileges or a waiver of any default, nor shall any single or partial exercise of any of the Owner's rights, powers or privileges preclude other or further exercise thereof or the exercise of any other right, power or privilege or be construed as a waiver of any default. The Developer further agrees that each written waiver shall extend only to the specific instance actually recited in such written waiver and shall not impair the rights of the Owner in any other respect.

(v) The Developer hereby unconditionally agrees to pay all Damages directly incurred by the Owner in enforcing this Guaranty against the Developer (provided, that Developer shall not be responsible for any incidental, special or consequential damages incurred by the Owner in connection with any Cost Overruns).

3. REPRESENTATIONS AND WARRANTIES OF THE OWNER

The Owner hereby represents and warrants to the Developer, that, as of the date of execution of this Agreement, and as of the Construction Start Date:

(a) Organization. The Owner is a charter city and a municipal corporation duly organized and validly existing under the laws of the State of California and the Charter of the City of Los Angeles. The Owner has full power and authority to conduct its business as presently conducted and to execute, deliver and perform its obligations under this Agreement.

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

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

4. REPRESENTATIONS AND WARRANTIES OF THE DEVELOPER

The Developer hereby represents and warrants to the Owner that, as of the date of execution of this Agreement, and as of the Construction Start Date:

(a) Organization. It is duly organized, validly existing and in good standing under the laws of the state in which it was formed, with full power and authority to conduct its business as presently conducted and to execute, deliver and perform its obligations under this Agreement.

(b) Authorization. It has taken all necessary action to authorize its execution, delivery and performance of this Agreement. Upon the Effective Date, this Agreement shall constitute a legal, valid and binding obligation of such Party, enforceable against it in accordance with its terms.

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

5. CONSTRUCTION MATTERS

5.1 CONSTRUCTION OF THE NEW HALL.

(a) Developer's Responsibilities.

The Developer shall be responsible for managing, directing, supervising and coordinating the Architect's planning and design, and the Construction Contractor's construction of the Project in accordance with their respective agreements, the Contract Documents, the Design Documents, the Master Project Schedule and the Final Project Budget, all of which must be approved by the Owner in accordance with this Agreement. The Developer shall be responsible for causing the continuous, orderly and uninterrupted performance of all aspects of the New

Hall Work required in connection with the construction of the New Hall in accordance with the Contract Documents and this Agreement, including, without limitation, those matters set forth above, and:

- (i) Retaining the services of specialty consultants.
- (ii) Preparing, or causing to be prepared, the Final Project Budget.
- (iii) Preparing, or causing to be prepared, the Master Project Schedule, and thereafter updating the Master Project Schedule on a monthly basis and delivering a copy of same to the Owner Representative and the City Construction Coordinators.
- (iv) Obtaining or causing to be obtained all New Hall Permits to the extent required by this Agreement.
- (v) Retaining and supervising any personnel reasonably required by the Developer in order to properly supervise the Construction Contractor's performance of the New Hall Work.
- (vi) Maintaining complete and accurate books and records, consistent with industry standards, regarding the design and construction of the New Hall including, without limitation, records relating to the Contract Documents, Design Documents, Change Orders, as built drawings, applications for payment, Permits, insurance policies, correspondence, bills, vouchers, receipts and lien waivers.
- (vii) Taking all action reasonably required to comply with all Legal Requirements and taking all reasonable action required to cause the Architect, Project Manager and Construction Contractor and all other agents and contractors engaged by, or acting on behalf of, the Developer to design and construct the New Hall in accordance with Legal Requirements.
- (viii) As further set forth in subsection (d) of this Section 5.1, furnishing promptly to the Owner Representative and the City Construction Coordinators all documents and information required to be provided pursuant to this Agreement and all other information that the Owner Representative and the City Construction Coordinators may reasonably request. The Developer shall promptly provide to the Owner Representative and the City Construction Coordinators copies of any and all legal notices received by the Developer affecting in any manner the Project.
- (ix) Notifying promptly the Owner Representative and the City Construction Coordinators of any claim, suit, proceeding or action that is initiated or threatened in connection with the Project.
- (x) Providing the Owner, upon completion of construction, with an original disk of as-built Construction Documents depicting the Project in a format that can be imported into AutoCAD as a functioning AutoCAD file.
- (xi) Supervising the Construction Contractor's warranty work after Completion of the New Hall Work. A post-completion warranty inspection shall occur under the

supervision of the Developer prior to the first anniversary of the date on which Completion occurred.

(xii) Establishing and updating, as necessary, the schedule of dates for delivery of various design documents for review and approval of the Owner.

(xiii) Scheduling Project meetings to which the Owner Representative and the City Construction Coordinators are invited not less than monthly, and preparing, or causing to have prepared, minutes for all Project meetings and providing a copy of same to the City Construction Coordinators and the Owner Representative.

(xiv) Providing the City Construction Coordinators with copies of all contracts and subcontracts and all amendments thereto, which shall be subject to approval by the Owner as provided in this Agreement.

(xv) Causing the completion of the Project in accordance with the Master Project Schedule and the Contract Documents, subject to Force Majeure; provided that the Owner shall have the right to approve any grant by the Developer of an extension of time pursuant to the Construction Agreement, which approval right shall be subject to the terms of this Agreement.

(xvi) Providing the Owner with monthly progress reports containing such financial information as the Owner may reasonably request relating to Project Costs, including all expenditures by the Developer during the preceding month and a proposed monthly budget for the upcoming month.

(xvii) Supervising and coordinating the Construction Contractor's construction of the New Hall so that the New Hall is constructed, equipped, furnished and completed in a good and workmanlike manner in accordance with the Contract Documents, lien free as provided in this Agreement, by the Completion Date (subject to Force Majeure) in accordance with all Legal Requirements and employing such consultants as may be reasonably required to insure that quality control appraisals of the New Hall are conducted throughout the construction period in a manner consistent with industry standards.

(xviii) Documenting the construction progress using digital photographs at intervals not exceeding one week and by providing a live feed digital video pan-tilt-zoom camera that can be controlled via internet access. Digital photograph and video footage should be recorded and provided to the City in an easily usable medium such as an external hard drive with USB support or on DVDs.

(b) Changes of Agreements with Architect, Project Manager and the Construction Contractor and the Construction Documents.

All amendments or changes to the terms of the Architect Agreement, Project Manager Agreement or the Construction Agreement and any changes to the Construction Documents shall require the Owner's written approval. The Developer shall submit to the Owner Representative for review and approval any such proposed change. The Owner Representative shall have ten (10) business days to approve or disapprove, with specific reasons for disapproval, any change to

the Architect Agreement, Project Management Agreement or the Construction Agreement, and twenty (20) calendar days to approve any change to the Construction Documents. If the Owner Representative shall fail to approve or disapprove any such change within such periods, the Developer shall provide written notice to the Owner in accordance with Section 10.8 that within five (5) business days the Owner Representative must either approve, disapprove or request a reasonable extension otherwise the change shall be deemed to have been approved.

(c) Change Orders.

The Developer shall promptly submit to the City Construction Coordinators for their review and approval, any change orders or construction change directives, or responses to Requests for Information that would affect materials or finishes, submitted to the Construction Contractor (collectively, "**Change Orders**"). Provided that all pertinent documents have been provided, the City Construction Coordinators shall have a period of twenty (20) calendar days after receipt of documentation in support of any Change Order to review and approve or disapprove, with specific reasons for disapproval, the requested Change Order. No payment in connection with work that is subject to a Change Order may be released to the Construction Contractor or to any subcontractor without a properly approved and documented Change Order in place. If the City Construction Coordinators fail to respond within such period, the Developer shall provide written notice to the Owner in accordance with Section 10.8 that within five (5) business days the City Construction Coordinators must either approve, disapprove or request a reasonable extension otherwise their failure to respond shall constitute a deemed approval. The City Construction Coordinators shall exercise good faith efforts to respond as diligently and expeditiously as possible to any requested Change Order.

(d) Right To Inspect And Receive Information: Reporting.

(i) The City Construction Coordinators shall receive from the Developer advance notice of all Project meetings and, on a monthly basis, information regarding the progress of the Project through each design phase and construction. During the term of this Agreement, the City Construction Coordinators shall have the right to attend all Project meetings and inspect the New Hall at all times. The Developer shall consult regularly with the City Construction Coordinators in order to keep the Owner reasonably informed throughout the duration of the planning, design and construction of the New Hall. Documentation to be furnished to the Owner under this Agreement includes, but is not limited to, (A) requests for qualifications, proposals and bidding documents, (B) all final and unexecuted Contracts, Change Orders and purchase orders, (C) all executed Contracts and purchase orders, (D) all notices and other significant correspondence relating to Contracts and purchase orders, and copies of all warranties and guaranties, and (E) all notices from any Governmental Authority relating in any manner to the Project. The Owner shall have the right to monitor and investigate compliance by the Developer with this Agreement, and compliance with Legal Requirements. The right of the Owner Representative and the City Construction Coordinators to investigate, monitor, inspect, copy, review, verify and check operations and records of the Developer relating to the Project shall include, but not be limited to, all of their employees, consultants, agents or authorized subcontractors, as well as to all administrative and operational facilities used by the Developer in connection with all matters arising under this Agreement. Records include, but are not limited to, construction, financial, correspondence, instructions, memoranda, bids and contract

documents, as well as all other records pertaining to the planning, development and construction of the Project pursuant to this Agreement. In addition, Developer shall, or shall cause the Project Manager to, deliver to the Owner Representative and City Construction Coordinators written reports not less than monthly for as long as this Agreement remains in effect relating to, but not necessarily limited to, the following: expenditures of Project Funds, compliance with the Master Project Schedule, geotechnical matters, LEED and commissioning reports, and invoices received. Any rights that the Owner has under this Section shall not be the basis for any liability to accrue to the Owner from the Developer, or third parties for such monitoring or investigation or for the failure to have conducted such monitoring or investigation. The right of the Owner to inspect records and the progress of construction under this Section shall be solely for the benefit of the Owner, and no rights or remedies in favor of the Developer, or any other member of the Project Team, shall accrue as the result of any such inspection.

(ii) The Owner shall have the right to require the New Hall Work to be stopped upon the occurrence of a breach of this Article 5, without penalty or charge against the Owner for any delay caused by such requirement, if and only if such work stoppage is necessary to prevent imminent material damage to the Project and, in all such cases, such stoppage request shall be in writing and shall be specific as to the conditions giving rise to such stoppage request, the location and precise areas of New Hall Work affected by such stoppage request, the length of the stoppage and the conditions to the resumption of New Hall Work.

(e) Master Project Schedule.

The Developer shall prepare, or cause to be prepared, the Master Project Schedule setting forth the Construction Start Date, and time parameters required so that the Project will be Completed on or before the Target Completion Date, subject to extensions as a result of Force Majeure. Modifications of the Master Project Schedule which will require an extension of the Target Completion Date, or which are otherwise material, must be approved by the Owner Representative, which approval will not be unreasonably withheld, conditioned or delayed. All New Hall Work shall be performed by the Construction Contractor in a good and workmanlike manner in conformity with the Contract Documents so that on the Completion Date the New Hall is in good working order and condition, in compliance with all Legal Requirements, suitable for occupancy, and ready for full and immediate use in accordance with the Contract Documents.

(f) Labor and Employment Issues.

The Developer shall cause the Construction Contractor to negotiate and administer a Project Labor Agreement (the "**Project Labor Agreement**"), a copy of which shall be attached hereto as *Exhibit 9* upon completion.

(g) Insurance.

The Developer will procure from Project Funds and maintain a comprehensive insurance program, a summary of which is attached hereto as *Exhibit 8*, identifying all insurance required to be maintained by or on behalf of Developer, Architect, Project Manager, Construction Contractor and any Contractor or subcontractor with respect to the Project at all times until Completion of the Project, and in appropriate instances, following Completion.

5.2 PERMITS AND LEGAL REQUIREMENTS.

Except to the extent that the Developer is unable to do so due to the Owner's failure to perform its obligations under this Agreement and the Implementation Agreement, the Developer shall comply with and keep in effect all Permits and other approvals obtained from any Governmental Authorities, regardless of the procurer of such Permits, that relate to the construction of the Project. The Developer shall comply with all existing and future Legal Requirements, orders and requirements of all Governmental Authorities, judicial and legal authorities having jurisdiction over the Project and with all restrictions and agreements affecting the Project.

5.3 LISTS OF SUBCONTRACTORS.

Pursuant to the Construction Agreement, the Developer shall cause the Construction Contractor to promptly furnish to the Owner correct lists of all of the Construction Contractor's subcontractors employed in connection with the construction of the Project, and true and correct copies of all executed subcontracts therefor. The Owner may contact the Construction Contractor or any subcontractor to verify any facts disclosed in the lists and no such subcontract shall prohibit the disclosure of its contents to the Owner. All such contracts and subcontracts will be considered public records under the California Public Records Act.

5.4 PURCHASE OF MATERIALS AND CONDITIONAL SALES CONTRACTS.

No materials, equipment, fixtures or articles of personal property placed in or on the New Hall or Site shall be purchased by or installed under any security agreement, financing lease or other agreement whereby the seller reserves or purports to reserve title, a lien, a security interest, the right of removal or repossession or the right to consider such items personal property after their incorporation into the Project, unless previously authorized by the Owner in writing.

5.5 PROTECTION AGAINST LIEN CLAIMS.

The Developer shall promptly pay and discharge, with Project Funds, all charges for labor done and materials and services furnished in connection with the construction of the Project and shall promptly notify the Owner in writing of any dispute with any contractor or subcontractor. All Contracts relating to any portion of the construction of the Project shall contain a provision regarding mechanics' liens, as set forth in Section 2.2(g)(ii)(B) above. Any lien claimed or filed against any part of the Project for labor done or materials or services furnished in connection with the construction of the Project shall be discharged or secured, by bond or otherwise, within sixty (60) days after the date of the filing thereof, and the Owner reserves the right to withhold further disbursement of Project Funds until such lien or claim shall have been so discharged or secured.

5.6 CITY CONTRACTING PROCEDURES

The Developer will comply with all Legal Requirements, and shall cause all the Architect, Project Manager, Construction and any other parties to Contracts with the Developer to comply with all Legal Requirements and with the terms and conditions of the City Contracting

Procedures, including but not limited those set forth on *Exhibit 5* as may be amended from time to time.

5.7 COOPERATION.

Each party will cooperate at all times with the other in bringing about the timely completion of the Project, and the parties will resolve all disputes arising during the New Hall Work in a manner which will allow the New Hall Work to proceed expeditiously in order to complete the Project on or before the Target Completion Date. Any disputes arising under this Agreement that cannot be resolved pursuant to the preceding sentence shall be resolved pursuant to the dispute resolution procedures set forth in the Implementation Agreement.

5.8 ACCOUNTING; APPLICATION OF PROJECT FUNDS.

The Developer shall keep true and correct financial books and records on a cash basis for the construction of the Project and shall maintain reserves for all contingencies in amounts set forth in the Final Project Budget. The Developer shall submit monthly to the Owner a cash flow statement and projection which accurately details the application of all Project Funds and other funds expended to date, as well as the Developer's best estimate of the funds needed to complete the Project (including all direct and indirect costs associated therewith) and the source of those funds. The Developer shall also submit a cash flow statement and projection as described hereinupon the occurrence of an Event of Default under this Agreement. The Developer shall promptly notify the Owner if the Developer reasonably believes that the amount of available Project Funds will not be adequate to Complete the Project, in which event Developer shall identify additional sources of funding as reasonably necessary to Complete the Project.

5.9 ENVIRONMENTAL MATTERS.

After the Construction Start Date and until the expiration of this Agreement, the Developer and its subtenants, licensees, concessionaires, agents, officers, director, independent contractors, servants and employees, and their respective successors and assigns (collectively, the "**Developer's Agents**") shall:

(a) cause all Required Environmental Permits to be maintained in full force and effect and the Developer shall comply with the terms and conditions thereof. The Developer shall submit to a Governmental Authority and/or maintain, as appropriate, all Required Environmental Reports, and shall make all such Environmental Reports available to Owner;

(b) not permit, and shall take reasonable precautions against, the presence of Contamination as a result of use and occupancy of the Site by the Developer and the Developer's Agents, except to the extent specifically authorized by any Governmental Authority, any Required Environmental Permit or pursuant to Environmental Laws;

(c) not permit, and shall take reasonable precautions against, the imposition of, any lien or other encumbrance authorized by Environmental Laws to be imposed against or attached to the Site to the extent that such lien is caused by the Developer or the Developer's Agents;

(d) comply with applicable Environmental Laws relating to the construction, completion, use, maintenance, operation or occupancy of the Site;

(e) perform in compliance with and to the extent required by applicable Environmental Laws, Required Environmental Permits or by Governmental Authorities all response action required to address the presence of Contamination at, in, on, under, or emanating from the Site caused as a direct result of the Developer's or the Developer's Agents' use and occupancy of the Site, and shall make proof of compliance available to Owner;

(f) take all reasonable precautions against and shall not permit the Site to be used to generate, manufacture, refine, treat, handle, label, distribute, store, dispose of, produce, process, recycle, transport or otherwise use or manage Regulated Substances in violation of Environmental Laws or Required Environmental Permits; and

(g) within twenty-four (24) hours, upon obtaining actual knowledge of any of the following, notify the Owner in writing of (i) the presence of Contamination; (ii) the receipt by the Developer of an actual or threatened Environmental Complaint, including by not limited to, any notice of violation, notice of non-compliance, or similar notice; (iii) the imposition or attachment against the Site of a lien or other encumbrance authorized under Environmental Laws; (iv) the inability to obtain or renew any Required Environmental Permit; (v) any violation of Environmental Laws or Required Environmental Permits affecting the Site; and within five (5) days of obtaining actual knowledge of the foregoing, provide the Owner with a detailed description event(s) prompting the notification herein.

6. PROHIBITION AGAINST ASSIGNMENT AND OTHER COVENANTS.

6.1 PROHIBITION AGAINST ASSIGNMENT.

Except as otherwise set forth herein, the Developer shall not assign or transfer this Agreement or any of the Developer's rights or obligations hereunder, without the Owner's prior written consent.

6.2 ADDITIONAL COVENANTS OF DEVELOPER.

(a) Maintenance of Existence. At all times during this Agreement, the Developer will maintain its existence as an entity organized under the laws of Delaware, and will not dissolve or liquidate, or change its form of existence, without the Owner's prior written consent.

(b) No Power to Bind. The Developer shall have no power to bind the Owner, except as specifically approved in writing in advance by the Owner.

6.3 GUARANTY BY EVENT CENTER LLC.

Event Center LLC has joined into, and has executed this Agreement, with the intent to be legally bound, and for itself and its successors and assigns, does hereby guarantee (a) the full and timely payment of all sums of money required to be paid by Developer pursuant to this Agreement, and (b) the full and timely performance by Developer of any and all covenants and

obligations set forth in this Agreement prior to the expiration of any applicable notice and cure periods set forth herein. Event Center LLC covenants and agrees that if Developer defaults in its obligations under this Agreement, that Event Center LLC will pay all sums of money to any Person entitled thereto, or to perform such covenants and obligations, as were to be paid or performed by Developer under this Agreement.

The undertaking of Event Center LLC under this Section 6.3 shall be a continuing guaranty of payment and performance, and the liability of Event Center LLC hereunder shall in no way be affected, modified or diminished by reason of any of the following (whether or not notice is given to Event Center LLC): (a) the failure of Owner to assert against Developer or against Developer's successors and assigns any of the rights or remedies reserved to Owner pursuant to this Agreement; (b) a petition for relief under Title 11 of the United States Code is filed by or against Developer; (c) Developer consents to, acquiesces in, or takes any action, or there is filed by or against Developer any petition or action, looking to or seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any other present or future statute, law or regulation, either of the United States or any state; (d) there is appointed, with or without the consent of Developer, any trustee, custodian, receiver or liquidator of all or a portion of Developer's property or assets; (e) Developer shall make an assignment for the benefit of creditors or shall be unable to pay its debts as they become due; (f) this Agreement is rejected in any case, action or proceeding referred to in this paragraph; or (g) any lack of validity or enforceability of the obligations of the Event Center LLC under this Section 6.3, this Agreement or any other circumstance which might otherwise constitute a defense available to Event Center LLC or to the Developer.

The obligations of Event Center LLC under this Section 6.3 shall in no way be affected, modified or diminished by reason of any assignment, amendment, renewal, supplement, modification or extension of this Agreement, or by reason of any dealings or transactions or matters or things occurring between Owner and Developer, whether or not notice thereof is given to Event Center LLC.

7. GENERAL CONDITIONS

7.1 OWNER'S CONDITIONS.

The obligations of the Owner to perform this Agreement are subject to the satisfaction of each of the following conditions (any of which may be expressly waived in writing by the Owner, in whole or in part):

(a) Accuracy of Representations.

All of the representations and warranties of the Developer in this Agreement must have been accurate in all material respects as of their respective dates of execution and delivery, and, unless made as of a specified date, as of the respective dates of the Owner's performance of the obligations under this Agreement.

(b) Performance.

All of the covenants and obligations that the Developer is required to perform or to comply with pursuant to this Agreement prior to the date of the Owner's performance, as applicable, including the delivery of all documents and notices provided for therein must have been performed and complied with in all material respects.

(c) No Injunction.

There must not be in effect any Legal Requirements or any injunction or other order that prohibits the consummation of this Agreement or the Implementation Agreement.

(d) Delivery of Other Documents.

The Owner and the Developer shall have delivered all documents and notices required by this Agreement and the Implementation Agreement including, without limitation, any opinions of counsel.

7.2 DEVELOPER'S CONDITIONS.

The obligations of the Developer to perform this Agreement are subject to the satisfaction of each of the following conditions (any of which may be waived by the Developer, in whole or in part):

(a) Accuracy of Representations.

All of the Owner's representations and warranties in this Agreement must have been accurate in all material respects as of the date hereof and, unless made as of a specified date, as of the respective dates of the Developer's performance of the obligations under this Agreement.

(b) Performance.

All of the covenants and obligations that the Owner is required to perform or to comply with pursuant to this Agreement and the Implementation Agreement prior to the date of the Developer's performance, as applicable, including the delivery of all documents and notices provided for therein, must have been performed and complied with in all material respects.

(c) No Injunction.

There must not be in effect any Legal Requirements or any injunction or other order that prohibits the consummation of this Agreement or the Implementation Agreement.

(d) Delivery of Other Documents.

The Owner and the Developer shall have delivered all documents and notices required by this Agreement or the Implementation Agreement including, without limitation, any opinions of counsel.

8. DEFAULT AND REMEDIES

8.1 DEVELOPER EVENTS OF DEFAULT.

Each of the following shall constitute an Event of Default ("Event of Default") under this Agreement:

(a) The Developer's violation or failure to perform or observe any material term, covenant or condition of this Agreement, which failure or violation shall continue for sixty (60) days after receipt of written notice to the Developer by the Owner identifying with particularity the failure or violation, provided that if such failure or violation is susceptible to cure but is not capable of being cured within such sixty (60) day period, there shall exist no Event of Default provided that the Developer promptly advises the Owner of the Developer's intention duly to institute all steps necessary to cure such default and the Developer promptly commences cure of such failure or violation, and diligently pursues such cure to completion within the time reasonably necessary to cure;

(b) (i) The Developer shall institute voluntary proceedings in Bankruptcy, (ii) involuntary proceedings in Bankruptcy shall be instituted against the Developer, which are not discharged within ninety (90) days thereafter, (iii) any proceedings shall be instituted by or against the Developer under any law relating to insolvency or reorganization, and in the case of an involuntary proceeding, which is not discharged within ninety (90) days after filing, (iv) a trustee or receiver shall be appointed for the Developer by any court of competent jurisdiction, (v) the Developer shall make a general assignment for the benefit of its creditors; or (vi) the Developer shall dissolve or liquidate, or shall otherwise cease to exist as a duly organized, validly existing legal entity;

(c) If at any time during which this Agreement is in effect, (i) Event Center LLC shall institute voluntary proceedings in Bankruptcy, (ii) involuntary proceedings in Bankruptcy shall be instituted against Event Center LLC, which are not discharged within ninety (90) days thereafter, (iii) any proceedings shall be instituted by or against Event Center LLC under any law relating to insolvency or reorganization, and in the case of an involuntary proceeding, which is not discharged within ninety (90) days after filing, (iv) a trustee or receiver shall be appointed for Event Center LLC by any court of competent jurisdiction, (v) Event Center LLC shall make a general assignment for the benefit of its creditors; or (vi) Event Center LLC shall dissolve or liquidate, or shall otherwise cease to exist as a Delaware limited liability company;

(d) Any representation or warranty made by the Developer herein shall prove to have been incorrect when made, in any material respect;

(e) Subject in all events to the Owner's performance under this Agreement, (i) the Construction Start Date does not occur by December 31, 2015, or (ii) the Completion Date does not occur by December 31, 2018, or (iii) construction of the New Hall is abandoned, or (iv) after the Construction Start Date occurs, construction of the New Hall is suspended by Developer for a period in excess of ninety (90) days. Notwithstanding the foregoing, if the Developer is then ready to otherwise commence the New Hall Work, all deadlines and time periods set forth

in this Section 8.1(e) shall be subject to extension due to (x) any delays at arriving at a Final Project Budget, or (y) Force Majeure as provided in Section 8.4(a).

8.2 INJUNCTIVE RELIEF AND OTHER REMEDIES OF OWNER.

If an Event of Default under Section 8.1 above occurs, the Owner may exercise one or more any of the following rights and remedies at its sole discretion:

(a) The Developer acknowledges that the rights given by this Agreement to the Owner are of a unique and special nature, and that any violation of this Agreement may result in immediate and irreparable harm to the Owner and any third party beneficiaries of this Agreement (including without limitation any Owner Indemnified Person), and that in the event of any actual or threatened breach or violation of any of the provisions of this Agreement, including without limitation the occurrence of an Event of Default, the Owner, and any third party beneficiaries of this Agreement, shall be entitled as a matter of right to an injunction or a decree of specific performance without bond from any equity court of competent jurisdiction. The Developer and Event Center LLC waives the right to assert the defense that such breach or violation can be compensated adequately in damages in an action at law.

(b) The Owner may terminate this Agreement, may direct the Developer to assign any or all of the Construction Agreement, the Project Manager Agreement, the Architect Agreement, Construction Documents, and any Contract, and to deliver any other documents or instruments pertinent to the ongoing development of the Project, to the Owner.

(c) Following its exercise of the remedies described in subsection (b) above, the Owner may enter onto the Site and take control of the Site and all material, supplies, equipment and inventory located thereon or located elsewhere and paid for with Project Funds, and may direct the Architect, the Project Manager, the Construction Contractor, any Contractor and such other members of the Project Team as the Owner determines to continue to perform New Hall Work under the direction of the Owner Representative or such other Person as the Owner may designate .

(d) The Owner may make a claim for actual monetary damages sustained by the Owner arising out of the occurrence of an Event of Default, which damages will be reimbursed by the Developer to the Owner upon demand.

(e) The Developer will, at the request of the Owner, execute and deliver all such documents, instruments and assurances to the Owner, or to such other Person as the Owner may direct, so that the Owner may exercise its rights and remedies under this Agreement.

(f) Without limitation of the remedies set forth in subsections (a) through (e) above of this Section 8.2, subject to Section 8.4(a), if the Completion Date does not occur within three (3) years after the Construction Start Date, the Owner shall have the right to terminate this Agreement and the Implementation Agreement at any time prior to the Completion Date by giving ninety (90) days prior written notice of cancellation to the Developer, in which event, the obligations of the Developer and the Owner under this Agreement and the Implementation Agreement shall terminate upon the expiration of the ninety (90) day period. The Developer and the Owner shall each be responsible for their respective obligations arising under this Agreement

and the Implementation Agreement prior to the date of termination, provided, however, that the Developer shall repay to the Owner the payments, if any, made to the Developer or the Construction Contractor pursuant to this Agreement.

(g) Notwithstanding anything to the contrary set forth in this Section 8.2, the right of the Owner to enforce a judgment against the Developer will be subject to such laws and procedures as may otherwise relate to the enforcement of a money judgment against an instrumentality of the State of California. Any sums payable by the Developer under this Section 8.2 shall bear interest at the Default Rate.

8.3 REMEDIES CUMULATIVE.

Except as otherwise provided herein, all rights and remedies set forth in this Agreement are cumulative and in addition to the parties' rights and remedies at law or in equity. A party's exercise of any such right or remedy shall not prevent the concurrent or subsequent exercise of any other right or remedy. A party's delay or failure to exercise or enforce any rights or remedies shall not constitute a waiver of any such rights, remedies or obligations. Neither party shall be deemed to have waived any default unless such waiver is expressly set forth in an instrument signed by such party. If a party waives in writing any default, then such waiver shall not be construed as a waiver of any covenant or condition set forth in this Agreement except as to the specific circumstances described in such written waiver. Neither payment of a lesser amount than the sum due hereunder nor endorsement or statement on any check or letter accompanying such payment shall be deemed an accord and satisfaction, and the other party may accept the same without prejudice to the right to recover the balance of such sum or to pursue any other remedy. Notwithstanding anything in this Agreement to the contrary, neither party hereto shall be liable to the other for any special, consequential or punitive damages arising out of or in connection with this Agreement.

8.4 RISK OF CERTAIN LOSSES.

(a) Force Majeure.

The nonoccurrence of any condition under this Agreement shall not give rise to any right otherwise provided in this Agreement when such failure or non-occurrence is due to the occurrence of a Force Majeure condition and without the fault of the party claiming an extension of time to perform, except with respect to the Owner's claims for Liquidated Damages pursuant to Section 8.4(b)(i) of this Agreement. An extension of time for any such cause, if any, shall be limited to the period of delay due to such cause, which period shall be deemed to commence from the time of the commencement of the cause. Times of performance under this Agreement also may be extended as mutually agreed upon in writing by the Owner and the Developer. However, failure to agree to a proposed extension of time for performance shall not be deemed grounds for delay or failure to timely cure an event of default under this Agreement.

(b) Risk of Delay in Completion Date or Failure to Complete.

Under various circumstances, the Developer may be entitled to payments as compensation for construction delays or payments to cover certain costs of acceleration

pursuant to the insurance program maintained by the Developer with respect to the Project or pursuant to other insurance policies that may be maintained by the Developer to cover the costs of delays in construction or construction acceleration costs ("Delay Proceeds"). Under certain circumstances, the Developer may also be entitled to damages for delay in the completion of the Project pursuant to the terms of the Construction Agreement (such delay damages, together with any amounts payable pursuant to the immediately preceding sentence being collectively referred to herein as "**Liquidated Damages**"). All such Delay Proceeds or Liquidated Damages actually received by the Developer shall be retained by the Developer and shall be expended by the Developer first to cover costs of completing the Project, and then to reimburse the Developer for actual out of pocket expenses incurred. Any Delay Proceeds or Liquidated Damages not required for such purpose shall be paid to Owner.

(c) Risks of Damage or Destruction Prior to Completion.

The Owner and the Developer acknowledge that the Developer has obtained a builder's risk policy of property insurance for the Project, which names the Owner as an "additional insured" entity, and which provides coverage for direct physical loss or damage resulting from an insured peril at the Project or to personal property that is at the Project, in storage or in transit up to the amount of the GMP, as further set forth on *Exhibit 8*. The policy is to be an "all risk" or "special form" policy. In the event of any damage to or destruction of the Project prior to the Completion Date that results in loss or damage in excess of the coverage provided by the builder's risk policy or that is otherwise excluded from coverage under the builder's risk policy, the Developer shall be responsible for such excess loss or damage as set forth and to the extent provided in Section 2.6 hereof (it being understood that the Developer shall not be liable or otherwise financially responsible for any loss or damage caused by actions or omissions of the Owner that is not covered by the builder's risk insurance).

(d) Certain Other Risks.

Each party assumes the risk that one or more terms or provisions of this Agreement or the Implementation Agreement may be deemed or found to be invalid, ultra vires, in violation of or contrary to Legal Requirements, or otherwise unenforceable. Accordingly, notwithstanding and prevailing over any contrary term, provision, acknowledgment, representation or warranty, or any implication contained in this Agreement or the Implementation Agreement, each party acknowledges and agrees that neither the Developer nor the Owner shall have any liability to the other (including any liability for any breach of any representation or warranty under this Agreement or the Implementation Agreement) in the event any term or provision of this Agreement or the Implementation Agreement is ever found or deemed to be invalid, illegal, in violation of or contrary to Legal Requirements, ultra vires, or otherwise unenforceable.

(e) Additional Developer Duties.

The Developer will apply the proceeds of any recovery under such builder's risk policy of property insurance toward restoration of the damage giving rise to such proceeds and to other costs arising out of such damage. The Developer will also apply the proceeds of any other

insurance policy maintained under this Agreement toward payment of the costs, expenses and liabilities arising out of the claim that gave rise to such insurance proceeds.

8.5 DEFAULT OF THE OWNER; REMEDIES OF DEVELOPER.

Each of the following shall constitute a default by the Owner (an "Owner Default") under this Agreement, following the occurrence of which the Developer shall be limited to the specific remedies available to the Developer under the terms of this Agreement (including, without limitation, indemnification as provided in Section 9.3 hereof):

(a) The Owner's failure to cause to be disbursed in a timely manner any Project Funds as required by the terms of this Agreement, and Owner fails to cure this default within thirty (30) days after written notice from Developer.

(b) If the Owner otherwise fails to perform any of its obligations under this Agreement, and fails to cure any such default within sixty (60) days after written notice of default is delivered by the Developer to the Owner (plus such additional period as may be reasonably necessary to cure, provided that the Owner is proceeding diligently and in good faith to do so).

(c) Following the occurrence of an Owner Default described in subsections (a) or (b) above, the Developer shall, in addition to any other remedy expressly set forth in this Agreement, (i) have the right to immediately commence expedited proceedings seeking specific performance of, or other equitable relief to enforce, the Owner's applicable obligations under this Agreement, (ii) to the extent that an Owner Default described in subsections (a) or (b) above results in a Cost Overrun or other expense for which the Developer is otherwise liable hereunder, to cause Owner to pay such expense directly to the Person to whom such expense is due or payable, and/or (iii) be entitled to indemnification against the Owner for any Damages arising out of such Owner Default in accordance with Section 9.3 hereof. The Owner and the Developer stipulate and agree that (A) any proceeding described in clause (i) above will be commenced only in the City, (B) they will jointly request and stipulate that such proceeding shall be assigned to and be heard by the Administrative Judge of the Civil Division of such court, (C) such proceeding shall be heard and determined by the court sitting without a jury, (D) it shall be heard on an expedited basis, with the hearing thereon commenced and concluded within thirty (30) days after the filing of the proceeding and (E) the court will render its judgment and decision, which shall be binding upon the parties, within thirty (30) days thereafter. In the event that the Owner does not, pursuant to a court order resulting from such proceeding requiring it to do so in accordance with the immediately preceding sentence, provide the required funding for the New Hall construction, within thirty (30) days of the entry of such order, or otherwise cure its Owner Default in such other time that is required pursuant to such order, whichever is longer, then the Developer shall only have the right to terminate this Agreement and its obligations hereunder to the extent such termination is permissible under the Implementation Agreement.

(d) Notwithstanding anything to the contrary set forth in this Section 8.5, the right of the Developer to enforce a judgment against the Owner will be subject to such laws and procedures as may otherwise relate to the enforcement of a money judgment against an

instrumentality of the State of California. Any sums payable by the Owner under this Section 8.5 shall bear interest at the Default Rate.

(e) Notwithstanding and prevailing over any contrary provision or implication of this Agreement or the Implementation Agreement, any and all duties, liabilities and obligations of the Owner under this Agreement relating to the construction of the Project shall be required to be paid or performed by the Owner only to the extent that Project Funds are available, and no duties, liabilities, or obligations of the Owner with respect to this Agreement relating to the construction of the Project shall be required to be satisfied from any other funds, revenues or reserves of the Owner. All covenants, stipulations, promises, agreements and obligations of the Owner contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Owner and not of any member, director, officer, employee or agent of the Owner in his or her individual capacity or any other Governmental Authority, and no recourse shall be had for any claim hereunder against any member, director, officer, employee or agent of the Owner or any other Governmental Authority.

9. INDEMNIFICATION.

9.1 INDEMNIFICATION AND PAYMENT OF DAMAGES BY DEVELOPER.

Developer will indemnify, defend and hold harmless the Owner and each of its elected officials, appointed officials, board members, officers, employees, agents and attorneys (collectively, the "**Owner-Indemnified Persons**") for, and will pay to the Owner-Indemnified Persons the amount of any Damages, whether or not involving a third-party claim arising, directly or indirectly, from or in connection with:

- (a) the negligent acts, errors, omissions or willful misconduct incident to the performance of this Agreement by the Developer or its contractors or subcontractors of any tier;
- (b) any material breach of any representation or warranty made by Developer in this Agreement or in any schedule or exhibit attached hereto or any other certificate or document delivered by the Developer to the Owner pursuant to this Agreement;
- (c) any material breach by the Developer of any covenant or obligation of Developer in this Agreement; or
- (d) any claim by any Person for Damages in connection with the violation by the Developer, any Affiliate, the Construction Contractor, the Project Manager or any employee or agent of the Developer, of any Legal Requirements.

If Developer fails to make any payment of any sums payable by Developer to Owner-Indemnified Persons when due, which failure shall continue for thirty (30) days, then such payment shall bear interest at the Default Rate.

9.2 DEFENSE OF INDEMNIFIED CLAIMS.

(a) Notice of Claims. Promptly after receipt by an Owner-Indemnified Person of the notice of the commencement of a claim against it for which the Owner-Indemnified

Person would be entitled to receive indemnification under Section 9.1 (a "**Proceeding**"), the Owner-Indemnified Person will promptly give notice to the Developer of the commencement of such claim, but the failure to notify the Developer will not relieve the Developer of any liability that it may have to the Owner-Indemnified Person, except to the extent that failure to give such notice materially prejudices the Developer or its rights under this Agreement. Developer shall promptly give written notice to Owner of any claim, including a claim for damages, against an Owner-Indemnified Person, of which the Developer receives written notice.

(b) Assumption of Defense by Developer. If any Proceeding referred to in Section 9.1(a) is brought against an Owner-Indemnified Person and it gives notice to the Developer of the commencement of such Proceeding, the Developer will, at its sole cost and expense, unless the claim involves a matter described in Section 9.3 hereof, be required to assume the defense of such Proceeding with counsel reasonably satisfactory to the Owner-Indemnified Person, and, after written notice from the Developer to the Owner and the Owner-Indemnified Person that it has undertaken to assume the defense of such Proceeding (the "**Assumption Notice**"). After the Developer delivers its Assumption Notice: (i) it will be conclusively established between the parties to this Agreement (but shall not constitute an admission of liability as to any third party claimant) that the claims made in that Proceeding are within the scope of and subject to indemnification; (ii) no compromise or settlement of such claims may be effected by the Developer without the Owner-Indemnified Person's consent unless (A) there is no finding or admission of any violation of Legal Requirements or any violation of the rights of any person and no effect on any other claims that may be made against an Owner-Indemnified Person, and (B) the sole relief provided is monetary damages that are paid in full by the Developer; (iii) the provisions of Section 273 of the Los Angeles City Charter shall apply to all settlements; (iv) Developer will not be responsible to pay additional counsel fees incurred by the Owner, and (v) the Owner-Indemnified Persons will have no liability with respect to any compromise or settlement of such claims effected without its consent. If notice is given to the Developer of the commencement of any Proceeding and the Developer does not, within twenty (20) days after the Owner Indemnified Person's notice is given, deliver the Assumption Notice, the Developer will be bound by any determination made in such Proceeding or any compromise or settlement effected by the Owner-Indemnified Person, including the payment of money damages.

(c) Owner-Indemnified Person's Defense of Claims. If the Owner-Indemnified Person determines in good faith that there is a reasonable probability that a Proceeding may adversely affect it or its Affiliates other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, the Owner-Indemnified Person may, by notice to the Developer, assume the exclusive right to defend, compromise, or settle such Proceeding, and the Developer will reimburse the Owner-Indemnified Person for all legal fees and costs incurred but the Developer will not be bound by any determination of a Proceeding so defended or any compromise or settlement effected without its consent (which will not be unreasonably withheld, conditioned or delayed).

(d) Proceedings Involving a Bid-Challenge. If a bid-challenge to the award of any Contract occurs, as contemplated in Section 2.2(b)(v) above, the costs of defense of the bid-challenge shall be a Project Cost. However, if a final non-appealable determination is made by any court or other authority having jurisdiction, that the procedures followed in connection with

the award of the Contract were in violation of Legal Requirements, the Developer will reimburse the Owner and any Owner-Indemnified Person entitled to reimbursement under this Article 9 for all fees, costs and other sums incurred in the defense of this proceeding. Reimbursement will be made within fifteen (15) days after the decision becomes final and non-appealable.

9.3 SURVIVAL.

The indemnification undertakings of this Article 9 shall survive the expiration or earlier termination of this Agreement to the extent they relate to matters arising or occurring prior to such expiration or termination.

9.4 JURISDICTION.

Subject to the following sentence and notwithstanding the provisions of Section 11.17, the Developer hereby consents to the nonexclusive jurisdiction of any court in which a Proceeding is brought against an Owner Indemnified Person for purposes of any claim that the Owner may have under this Agreement with respect to such Proceeding or the matters alleged therein, and agrees that process may be served on the Developer with respect to such a claim anywhere in the world. Provided, however, the Developer may, at its sole cost, contest the jurisdiction of any court in which a Proceeding is brought against an Owner-Indemnified Person if the Developer determines, in its reasonable discretion, that such jurisdiction is not be appropriate with respect to the claim out of which such Proceeding arises.

10. STANDARD CONTRACT PROVISIONS

10.1 LOS ANGELES CITY BUSINESS TAX REGISTRATION

The Developer represents that it has obtained and presently holds the Business Tax Registration Certificate(s) required by the City of Los Angeles Business Tax Ordinance, Section 21.00 *et seq.* of the Los Angeles Municipal Code. For the term covered by this Agreement, the Developer shall maintain, or obtain as necessary, all such Certificates required of it under the Business Tax Ordinance, and shall not allow any such Certificate to be revoked or suspended.

10.2 RETENTION OF RECORDS, AUDIT AND REPORTS

The Developer shall maintain all records, including records of financial transactions, pertaining to the performance of this Agreement, in their original form, in accordance with requirements prescribed by the Owner. These records shall be retained for a period of no less than three years following final payment made by the Owner hereunder or the expiration date of this Agreement, whichever occurs last. Said records shall be subject to examination and audit by authorized Owner personnel or by the Owner's representative at any time during the term of this Agreement or within the three years following final payment made by the Owner hereunder or the expiration date of this Agreement, whichever occurs last. The Developer shall provide any reports requested by the Owner regarding performance of this Agreement. Any subcontract entered into by the Developer, to the extent allowed hereunder, shall include a like provision for work to be performed under this Agreement.

10.3 FALSE CLAIMS ACT

The Developer acknowledges that it is aware of liabilities resulting from submitting a false claim for payment by the Owner under the False Claims Act (Cal. Gov. Code §§ 12650 *et seq.*), including treble damages, costs of legal actions to recover payments, and civil penalties of up to \$10,000 per false claim.

10.4 NON-DISCRIMINATION

The Developer shall comply with the non-discrimination provisions in Sections 10.8 through 10.8.2 of the Los Angeles Administrative Code, as amended from time to time, and the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the Owner. In performing this Agreement, the Developer shall not discriminate in its employment practices against any employee or applicant for employment because of such person's race, religion, national origin, ancestry, sex, sexual orientation, age, disability, domestic partner status, marital status or medical condition. Any subcontract entered into by the Developer, to the extent allowed hereunder, shall include a like provision for work to be performed under this Agreement.

10.5 EQUAL EMPLOYMENT PRACTICES

The Developer shall comply with the equal employment practices provisions in Section 10.8.3 of the Los Angeles Administrative Code, as amended from time to time.

10.6 AFFIRMATIVE ACTION PROGRAM

The Developer shall comply with the affirmative action program provisions in Section 10.8.4 of the Los Angeles Administrative Code, as amended from time to time.

10.7 CHILD SUPPORT ASSIGNMENT ORDERS

The Developer shall comply with the Child Support Assignment Orders Ordinance, Section 10.10 of the Los Angeles Administrative Code, as amended from time to time, and all applicable State and Federal employment reporting requirements for the Developer's employees. The Developer shall also comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with Section 5230, *et seq.* of the California Family Code.

10.8 LIVING WAGE ORDINANCE AND SERVICE CONTRACTOR WORKER RETENTION ORDINANCE

The Developer shall comply with the applicable provisions of the Living Wage Ordinance (LWO), Section 10.37 *et seq.* of the Los Angeles Administrative Code, as amended from time to time, and the Service Contractor Worker Retention Ordinance (SCWRO), Section 10.36 *et seq.*, of the Los Angeles Administrative Code, as amended from time to time.

10.9 AMERICANS WITH DISABILITIES ACT

The Developer shall comply with the Americans with Disabilities Act, 42 U.S.C. §§ 12101 *et seq.*, and its implementing regulations.

10.10 EQUAL BENEFITS ORDINANCE

The Developer shall comply with the Equal Benefits Ordinance (EBO), Section 10.8.2.1 of the Los Angeles Administrative Code, as amended from time to time.

10.11 SLAVERY DISCLOSURE ORDINANCE

The Developer shall comply with the Slavery Disclosure Ordinance, Section 10.41 of the Los Angeles Administrative Code, as amended from time to time.

11. MISCELLANEOUS

11.1 NO WAIVERS.

No action taken pursuant to or related to this Agreement or the Implementation Agreement, including, without limitation, any investigation by or on behalf of a party shall be deemed to constitute a waiver by the party taking such action of compliance with any representation, warranty, condition or agreement in this Agreement or the Implementation Agreement. Waiver by either party of any breach of any provision of this Agreement shall not be considered as or constitute a continuing waiver or a waiver of any other breach of the same or any other provision of this Agreement.

11.2 ADDITIONAL DOCUMENTS AND APPROVALS.

The Owner and the Developer, whenever and as often as each shall be reasonably requested to do so by the other party, shall execute or cause to be executed any further documents and take any further actions as may be reasonably necessary or expedient in order to consummate the transactions provided for in, and to carry out the purpose and intent, of this Agreement and the Implementation Agreement. If at any time the approval of either party is required under the terms of this Agreement, unless otherwise specifically provided, such approval will not be unreasonably withheld, conditioned or delayed.

11.3 GOOD FAITH.

In exercising its rights and fulfilling its obligations under this Agreement and the Implementation Agreement, each of the Owner and the Developer shall act in good faith.

11.4 CHALLENGE TO ENFORCEABILITY.

Neither the Owner nor the Developer shall terminate this Agreement on the ground of ultra vires act or for any illegality or on the basis of any challenge to the enforceability of this Agreement.

11.5 COOPERATION.

The Owner and the Developer shall individually contest any challenge to the validity, authorization and enforceability of this Agreement and the Implementation Agreement ("Challenge"), whether asserted by a taxpayer or any Person, except, either party, at its option, may elect not to contest such Challenge where to do so would be contrary to applicable Law. The Developer shall select counsel to defend any such Challenge, subject to the reasonable approval of the Owner. Any legal fees, costs and other expenses of the Developer in connection with any such Challenge shall be the responsibility of the Developer. Any legal fees, costs and other expenses of the Owner in connection with such Challenge shall be the responsibility of the Owner. Furthermore, the Owner and the Developer shall take all ministerial actions and proceedings reasonably necessary or appropriate to remedy any apparent invalidity, lack or defect in authorization, or illegality, or to cure any other defect, which has been asserted or threatened, except any such action which requires City Council approval or is contrary to applicable Law.

11.6 NOTICE OF MATTERS.

Should the Owner or the Developer receive knowledge about any matter which may constitute a breach of any of its warranties or covenants set forth in this Article which arises after the date of this Agreement, it shall promptly notify the other party of the same in writing, in the manner set forth below. Specifically, without limitation, the Developer and the Owner shall promptly inform the other of any claims, proceedings or suits brought against either of them, respectively, and any Challenge referred to in Section 11.5.

11.7 COMPLIANCE WITH LAWS.

During the term of this Agreement, each party, in connection with the exercise of its respective rights with respect to the development of the Site and construction of the New Hall, shall comply with all Legal Requirements relating to its development and construction, and each party shall be responsible at all times to ensure its own compliance with all Legal Requirements, all at such party's sole cost and expense. Except as otherwise specifically provided herein, each party shall obtain and maintain all necessary applicable Permits that are required to be obtained and maintained by such party in connection with its development of the Site or construction of the New Hall, as applicable.

11.8 FORM OF NOTICES; ADDRESSES.

All notices, demands or requests required under this Agreement shall be in writing. All such notices, demands and requests required under this Agreement shall be deemed to have been properly given if (i) served personally, or (ii) if sent by United States registered or certified mail, or (iii) if sent by overnight delivery service, (iv) or sent by telecopy if followed within twenty-four (24) hours by service under one of the other subparts above, to the parties as follows (or at such other address as a party may from time to time designate by notice given pursuant to this Article). Each notice shall be deemed given and received upon receipt:

To the Developer L.A. Convention Center, LLC
c/o Anschutz Entertainment Group
800 W. Olympic Boulevard, Suite 350
Los Angeles, CA90015
Attention: Ted Tanner

With copy to: Mr. Ted Fikre
Anschutz Entertainment Group
800 W. Olympic Boulevard, Suite 350
Los Angeles, CA90015

To the Owner: Department Public Works
Bureau of Engineering
1149 S. Broadway, Suite 700
Los Angeles, CA 90015-2213
Attn: Gary Lee Moore, City Engineer

Department Of Public Works
Bureau of Contract Administration
1149 South Broadway, Suite 300
Los Angeles, CA 90015-2213
Attn: John L. Reemer, Jr., Director

Los Angeles Convention Center
1201 S. Figueroa Street
Los Angeles, CA 90015
Attn: General Manager

With a copy to: City Administrative Officer
200 N. Main Street
Los Angeles, CA 90012-4190
Attn: Miguel Santana, City Administrative Officer

Chief Legislative Analyst
200 N. Spring Street, Suite 255
Los Angeles, CA 90012
Attn: Gerry F. Miller, Chief Legislative Analyst

11.9 ENTIRE AGREEMENT.

This Agreement and the Implementation Agreement contain the sole and entire agreement between the parties with respect to their subject matter and supersede any and all other prior written or oral agreements between them with respect to such subject matter.

11.10 AMENDMENT.

No amendment or modification of this Agreement shall be valid unless in writing and duly executed by duly authorized individuals having the authority to bind the parties.

11.11 BINDING EFFECT.

This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereof, including without limitation any Affiliate of Developer authorized under Section 6.1 hereof. As a condition precedent to any sale of all or substantially all of the assets of the Developer, or a merger or consolidation of the Developer in which the Developer is not the surviving entity, the Developer shall and hereby agrees to secure the agreement of the surviving or acquiring entity to be bound by the obligations of this Agreement.

11.12 REVIEW BY THE OWNER.

The right of the Owner to review and comment upon Design Documents, Construction Documents and other documents and records, and to inspect the progress of construction, under this Agreement, shall be solely for the benefit of the Owner, and no rights or remedies in favor of the Developer, or any other member of the Project Team, shall accrue as the result of any such inspection, comment or review..

11.13 HEADINGS.

The headings contained in this Agreement are for convenience of reference only, and shall not limit, extend or otherwise affect the meaning hereof.

11.14 CONSTRUCTION.

In the construction of this Agreement, whether or not so expressed, words used in the singular or in the plural, respectively, include both the plural and the singular and the masculine, feminine and neuter genders include all other genders.

11.15 SEVERABILITY.

If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it was held invalid or unenforceable, shall not be affected thereby, and each term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by Applicable Law.

11.16 THIRD PARTY BENEFICIARIES.

Nothing in this Agreement or the Implementation Agreement, express or implied, is intended to (a) confer upon any entity or person other than the parties and their permitted successor(s) and assigns any rights or remedies under or by reason of this Agreement or the Implementation Agreement as a third-party beneficiary or otherwise except as specifically provided in this Agreement or the Implementation Agreement; or (b) authorize anyone not a

party to this Agreement to maintain an action pursuant to or based upon this Agreement or the Implementation Agreement.

11.17 GOVERNING LAW AND VENUE.

This Agreement shall be governed by and shall be construed in accordance with the laws of the State of California, notwithstanding its conflicts of law or choice of law provisions. In any action arising out of this Agreement, the Developer consents to personal jurisdiction, and agrees to bring all such actions, exclusively in state or federal courts located in Los Angeles County, California. The Developer is not authorized to agree (on behalf of the Owner) to arbitration of any dispute relating to the Project without the express specific written authorization of the Owner.

11.18 COUNTERPARTS.

This Agreement may be executed and delivered in multiple counterparts, each of which shall be deemed to be an original and which, taken together, shall be deemed to be one Agreement.

11.19 RELATIONSHIP OF PARTIES.

It is agreed that nothing contained in this Agreement shall be deemed or construed as creating a partnership or joint venture between the Owner and the Developer, or between the Owner and any other party, or cause the Owner to be responsible in any way for the debts or obligations of the Developer or any other party.

11.20 DESIGNATION OF REPRESENTATIVES.

The following persons are hereby designated as the current representatives (the "**Representatives**") of the parties:

Owner: General Managers of LACC, BOE and BCA, or their respective designees
Developer: Ted Fikre and Ted Tanner

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the first date above written.

DEVELOPER:

L.A. CONVENTION HALL, LLC, a Delaware limited liability company

ATTEST:

By: _____
Name:
Title:

By: _____
Name:
Title:

OWNER:

CITY OF LOS ANGELES

ATTEST:

By _____
Name:
Title:

By: _____
Name:
Title:

JOINDER OF EVENT CENTER LLC:

Event Center LLC joins into this Agreement for the purpose of affirming its guaranty of Developer's obligations as set forth in Section 6.3 of this Agreement.

L.A.EVENTCENTER, LLC,
a Delaware limited liability company

By: _____
Name:
Title:

EXHIBIT 1
Target Project Budget

See Attached

**LACC New Hall
Preliminary Master Project Budget**

BUDGET ITEM	Amount
PREDEVELOPMENT EXPENSES	
EIR Preparation / CEQA and Zoning Approval	\$ 1,000,000
SUBTOTAL~ PREDEVELOPMENT EXPENSES	\$ 1,000,000
LAND ACQUISITION & SITE DEVELOPMENT	
Environmental Monitoring	300,000
Public Art	2,804,993
SUBTOTAL~ LAND ACQUISITION & SITE DEVELOPMENT	\$ 3,104,993
DESIGN/PROFESSIONAL SERVICES	
Basic Design & Engineering Services	\$ 11,165,600
Additional Services - Architecture	2,233,120
Reimbursables - Architecture	780,000
Site Surveying (Boundary & Topographic)	150,000
Traffic and Parking Studies	300,000
Landscape Design (Melendraz)	100,000
Geotechnical Report/Ground Water Analysis	350,000
Distinct Wide Signage	45,000
Other Design Related Consultants/Security Analysis	500,000
LEED Related Consultants	150,000
SUBTOTAL~ DESIGN/PROFESSIONAL SERVICES	\$ 15,773,720
LEGAL & GOVERNMENTAL SERVICES	
Legal Services (Construction Related)	\$ 250,000
City Cost Reimbursement	1,000,000
MBE/WBE Facilitator (diversity coordinator)	150,000
Legal (Misc.)	200,000
SUBTOTAL~ LEGAL & GOVERNMENTAL SERVICES	\$ 1,600,000
PROJECT ADMINISTRATION	
Program Manager Services	\$ 4,384,696
Program Manager Reimbursables	500,000
Project Office Expense	250,000
Office Build-out Expense	50,000
Furniture, Fixtures, & Equipment (Project Admin related)	25,000
Printing/Reproduction Expenses	250,000
SUBTOTAL~ PROJECT ADMINISTRATION	\$ 5,459,696
CONSTRUCTION	
Preconstruction Services Fees	\$ 500,000
Hard Construction Cost	\$ 253,907,052
SUBTOTAL~ CONSTRUCTION	\$ 254,407,052
SYSTEMS & EQUIPMENT	
Food Service Equipment	\$ 7,836,525
A-V Equipment	\$ 1,482,000
Miscellaneous Systems and Equipment	\$ 1,000,000
SUBTOTAL~ SYSTEMS & EQUIPMENT	\$ 10,318,525
PERMITS, TESTING, FEES, and SPECIAL TAXES	
Building Permit Fees/Approvals	\$ 3,474,779
Street Vacation Fees	106,000
Sewer Connection Fees and Facility Charge Fee	10,000
Fees for A Permits, B Permits and Revocable Permits	597,010
Highway Dedication	16,000
Excavation Permit	110,000
Health Department Fees	500,000
Street Closures and Traffic Mitigation Fees	500,000
Owners Testing Fees	2,600,000
Utility & Other Fees (Tap Fees) & Deposits	4,000,000
SUBTOTAL~ PERMITS, TESTING, FEES, and SPECIAL TAXES	\$ 11,813,789
INSURANCE, FINANCING & TRANSACTION COSTS	
Construction Insurance - Builders Risk	949,980
Project Specific Professional Liability Insurance	949,359
SUBTOTAL~ INSURANCE, FINANCING & TRANSACTION COSTS	\$ 1,899,339
TOTAL PROJECT COSTS~ Subtotal before Contingency	\$ 305,377,714
CONTINGENCY	
General Project Contingency	9,222,886
TOTAL PROJECT COSTS	\$ 314,600,600

EXHIBIT 2
Master Project Schedule

See Attached

EXHIBIT 3
New Hall Permits

Final Environmental Impact Report
[Additional Permits to follow]

EXHIBIT 4
Minimum Design Requirements

The Minimum Design Requirements shall consist of the Schematic Design Drawings and Specifications dated March 1, 2012 prepared by the Architect, with the following revisions:

[list of revisions to follow]

EXHIBIT 5
City Contracting Procedures

The following table contains a list of those City of Los Angeles Contracting Requirements for Personal Services Consultant Contracts and Construction Contracts that are required under the Agreement. With respect to each requirement, an "X" has been placed in the columns to the right to indicate whether the requirement applies to Personal Services Consultant Contracts, Construction Contracts, or both.

	Contract Requirement	Description	Compliance Method/ Issues/Comments	Pers. Syces.	Const.
	<p>City of L.A. Non-Discrimination, Equal Employment Practices, Affirmative Action Requirements</p> <p><i>ORIGIN: LAAC Section 10</i> <i>Thresholds:</i> <i>Non-Discrimination Clause – All</i> <i>EEP: Const. \$1,000 to \$5,000</i> <i>Non-Const. \$1,000 to \$100,000</i> <i>AAP: Const. >=\$5,000</i> <i>Non-Const. >= \$100,000</i></p>	<p>City requires and monitors consultants and their agreement that it shall not discriminate, will provide equal employment practices and that each will adhere to an affirmative action program to ensure that in their employment practices, persons are employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.</p>	<p>New streamlined procedure. Non-Discrimination/Equal Employment Practices Affidavit and AAP Affidavit uploaded to BAVN as applicable (see thresholds). BCA reviews completeness of affidavit(s) prior to award.</p>	X	X
	<p>Equal Benefits Ordinance</p> <p><i>ORIGIN: LAAC Section 10.8.2.1</i></p> <p><i>Threshold: >\$5,000</i></p>	<p>No Awarding Authority of the City shall execute or amend any contract that exceeds \$5,000 with any contractor that discriminates in the provision of benefits between spouses of employees and domestic partners of employees, and between dependents and family members of spouses and dependents and family members of domestic partners.</p>	<p>New streamlined procedure. Affidavit form uploaded to BAVN. BCA reviews completeness of affidavit prior to award but not full compliance audit. Random compliance audits performed on awarded contracts.</p>	X	X

	Contract Requirement	Description	Compliance Method/ Issues/Comments	Pers. Svcs.	Const.
	Slavery Disclosure Ordinance <i>ORIGIN: LAAC Section 10.41</i> <i>Threshold: All Agreements</i>	City administers policy that requires full disclosure of any participation in or profits derived through slavery by companies seeking to do business with the City.	New streamlined procedure. SDO Affidavit form uploaded to BAVN and is good for one year. BCA reviews completeness of affidavit prior to award.	X	X
	Contractor Responsibility Ordinance <i>ORIGIN: City Ordinance #173677</i> <u>Thresholds:</u> <i>Construction – All</i> <i>Non-Const.: >\$25,000 & 3 months</i>	Requires that each department make a determination as to whether prospective contractors are responsible and capable of fully performing the work before being awarded a City contract.	Contractor completes responsibility questionnaire. BCA reviews prior to award.	X	X
	Contract Bidder Certification of Compliance with Lobbying Laws <i>ORIGIN: LA Municipal Lobbying Ordinance</i> <u>Thresholds:</u> <i>Construction – All</i> <i>Non-Const.: >\$25,000 & 3 months</i>	Any bidder for a contract shall submit with its proposal a Bidder Certification, proscribed by the City Ethics Comm., that the bidder acknowledges and agrees to comply with the disclosure requirements and prohibitions established in the Ordinance if the bidder qualifies as a lobbying entity under the Ordinance.	Contractor submits signed Disclosure Certification Form (CEC Form 50).	X	X

	Contract Requirement	Description	Compliance Method/ Issues/Comments	Pers. Svcs.	Const.
	<p>Business Inclusion Program</p> <p><i>ORIGIN: Mayor's Executive Directive No. 14</i></p> <p><i>Threshold: Any contract that must be advertised.</i></p>	<p>The policy of the City is to provide Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Small Business Enterprise (SBE), Emerging Business Enterprise (EBE), Disabled Veteran Business Enterprise (DVBE), and all Other Business Enterprise (OBE) concerns an equal opportunity to participate in the performance of all City contracts.</p>	<p>Contractor performs BIP Outreach on the Business Assistance Virtual Network (www.labavn.org) and submits documents sufficient to pass an evaluation by BCA.</p>	X	X
	<p>Child Support Assignment Orders</p> <p><i>ORIGIN: Council Ordinance #1721401</i></p>	<p>Requires that all contractors and subcontractors, performing work for the City, comply with all reporting requirements and wage and earning assignments relative to legally mandated child support.</p>	<p>Contractor submits signed statement.</p>	X	X
	<p>Contractor Performance Evaluation Ordinance</p> <p><i>ORIGIN: City Ordinance #173018</i></p>	<p>Assures that contractors are routinely evaluated in accordance with approved criteria and that this evaluative data is catalogued and readily accessible to and considered by contract awarding authorities prior to entering into contracts.</p>	<p>City completes an evaluation form.</p>	X	X

	Contract Requirement	Description	Compliance Method/ Issues/Comments	Pers. Svcs.	Const.
	<p>Monitoring and Enforcement of City of Los Angeles Business Tax Registration Certificate (BTRC)</p> <p><i>ORIGIN: LAMC Chp II, Article 1, Section 21.08</i></p>	<p>Contractor must have a BTRC prior to the award of a contract.</p>	<p>Contractor submits BTRC prior to award. All subcontractors shall have a current, valid BTRC in order to receive approval to work on any project. Approval will be withheld until such time as the subcontractor obtains a current, valid BTRC.</p>	X	X
	<p>Bidder Contributions (CEC Form 55)</p> <p><i>ORIGIN: On March 8, 2011, voters passed Charter Amendment H.</i></p> <p><i>Threshold: >\$100,000</i></p>	<p>Applies to contracts and subcontracts over \$100,000 if the contract is approved by City Council or other elected officials. Generally this will not be the case for construction contracts, but currently does apply for Personal Services Contracts due to the Mayor's Office review as required by Executive Directive 3.</p>	<p>Contractor Submits CEC Form 55 and contract language is added. Completed form must be checked for compliance. Also applies to subcontracts over \$100,000, but they do not fill out individual forms – they are listed by the prime on their form.</p>	X	X
	<p>First Source Hiring Ordinance</p> <p><i>ORIGIN: City Ordinance #179281</i></p> <p><i>Threshold: >\$25,000 & 3 months</i></p>	<p>Amends Los Angeles Administrative Code to add a new Division 10, Chapter 1, Article 18 to establish a program that requires service contractors who hire new employees to perform work on a City contract to seek employee references through referrals from the City and other agencies interested in training and finding employment for the traditionally unemployed or under-employed.</p>	<p>Consultant submits Signed Declaration and Forms. BCA reviews selected proposer's compliance documents and issues a compliance determination prior to contract award.</p>	X	

	Contract Requirement	Description	Compliance Method/ Issues/Comments	Pers. Syces.	Const.
	<p>Living Wage Ordinance</p> <p><i>ORIGIN: LAAC Section 10.37</i></p> <p><i>Threshold: >\$25,000 & 3 months</i></p>	Requires service contractors, lessees and financial assistance recipients to provide a minimum level of compensation that will improve the level of services rendered to and for the City.	Consultant submits signed declaration form within 30 days of contract execution. Program is complaint driven. Failure to comply may result in contract cancellation, payment withholding or debarment.	X	
	<p>Service Contractor Worker Retention Ordinance</p> <p><i>ORIGIN: LAAC Section 10.36</i></p> <p><i>Threshold: >\$25,000 & 3 months</i></p>	Encourages the retention of existing service workers when a change in contactors occurs.	Only applicable when a contract is being let to replace similar service provided by a prior contractor. Requires awarding authority to identify such instances and inform BCA. No forms are required with proposal.	X	
	<p>Americans with Disabilities Act</p> <p><i>ORIGIN: U.S.C. Section 12101</i></p>	City requires and monitors that consultant provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the Americans with Disabilities Act.	Consultant submits signed certification form.	X	
	<p>Monitoring and Enforcement of Professional Licenses, Professional and Other Insurance</p> <p><i>ORIGIN: BPW Policy</i></p>	City monitors and requires consultants to provide and maintain professional licenses, professional and other insurance required by local, state, and federal laws.	Consultant submits proof of licenses and monitored by BCA.	X	

	Contract Requirement	Description	Compliance Method/ Issues/Comments	Pers. Svcs.	Const.
	<p>Project Labor Agreement (PLA) and Public Works Infrastructure Stabilization Policy (ISP)</p> <p><i>ORIGIN: Board of Public Works Policy with City Council approval on 12/17/2010 (Council File No. 09-0963)</i></p>	<p>Contractor's agreement to hire a specified percentage of workers who live within the boundaries of the City and County of Los Angeles. The core of the policy is to address unemployment and underemployment in concentrated poverty neighborhoods and to advance the skills of the local labor pool by utilizing the craft labor organizations signatory to the PLA as the primary source of all craft labor. The PLA is to be included on Public Works Capital Improvement Projects over \$2.8 Million.</p>	<p>Monitoring and enforcement by BCA.</p>		<p>X</p>
	<p>Board of Public Works Mandatory Subcontracting Minimum</p> <p><i>ORIGIN: Department of Public Works Policy</i></p> <p><i>Threshold: >\$100,000</i></p>	<p>To be eligible for award of a project by the Board of Public Works, contractor is required to subcontract a minimum percentage of its bid to any qualified available subcontractors, manufacturers, suppliers, brokers. Contractors must list, in their bid, all subcontractors, manufacturers, suppliers, and/or brokers, regardless of bid amount, that the bidder wishes to be credited toward achieving the required Mandatory Subcontracting Minimum (MSM) established for the project.</p>	<p>Listing of intended subcontractors to meet MSM in bid by contractor. Compliance is verified by BCA prior to contract award.</p>		<p>X</p>

	Contract Requirement	Description	Compliance Method/ Issues/Comments	Pers. Svcs.	Const.
	<p>First Time Bidder Evaluation</p> <p><i>ORIGIN: Department of Public Works Policy</i></p>	<p>BCA researches and evaluates the qualifications and work history of any Prime Contractor who has not previously been awarded a Public Works Project. BCA may also review a Prime Contractor if they have not been awarded a Public Works contract in the past 5 years.</p>	<p>Research, review and approval by BCA. BCA conducts a "First Time Bidder Investigation" to determine the fitness and capacity of the contractor to perform work on a Public Works Project. The results of this investigation are forwarded to the Board of Public Works prior to award of the project.</p>		X
	<p>Approval of all subcontractors before they are allowed to begin work</p> <p><i>ORIGIN: Department of Public Works Policy</i></p>	<p>The Bureau of Contract Administration reviews and approves all subcontractors at any level regardless of dollar amount, for compliance with applicable laws and licenses, prior to beginning work on City projects.</p>	<p>Research, review and approval by BCA. Failure to comply shall result in a penalty of up to 10% of the total subcontract amount and possible sanctions by the Board of Public Works.</p>		X
	<p>Board of Public Works "Zero Spills Policy"</p> <p><i>ORIGIN: Board of Public Works Policy Adopted June 6, 1998</i></p>	<p>City monitors and requires contractors to adhere to the Board of Public Works "Zero Spills Policy" and holds all contractors liable, responsible and accountable for all construction related sewage spills caused by the contractor's negligent actions, including the costs for containment, clean-up, and impacts.</p>	<p>Monitoring by BCA of contractor's compliance. The Inspector monitors the contractor's field activities to ensure that all legally mandated actions are taken to mitigate any sewage spill or discharge.</p>		X

	Contract Requirement	Description	Compliance Method/ Issues/Comments	Pers. Svcs.	Const.
	<p>Vendor and/or Supplier and Broker Participation Recognition</p> <p><i>ORIGIN: Department of Public Works Policy</i></p>	<p>Bidders must list, in their bids, the names of vendors and/or suppliers and brokers and the dollar amounts for which the bidder has obligated itself, in conjunction with the policies established by the Business Inclusion Program and Mandatory Subcontracting Minimum requirements.</p>	<p>Submittal of form with bid by Contractor.</p>	<p>X</p>	<p>X</p>
	<p>Executive Directive No. PE-6: Hiring of "At Risk" Personnel in City Projects</p> <p><i>ORIGIN: Mayor's Executive Directive No. PE-6</i></p>	<p>City requests that each contractor state his or her respective willingness to voluntarily provide training and employment opportunities to "at-risk" individuals in the community.</p>	<p>Contractor submits signed declaration form.</p>		<p>X</p>
	<p>Bid listing of all Subcontractors performing more than ½ of 1 percent of the work of the project, or \$10,000, whichever is greater.</p> <p><i>ORIGIN: Public Contract Code Section 4104 Master General Conditions Section 00311</i></p>	<p>All prime contractors must list in their original bid for work all subcontractors who will perform work in an amount in excess of ½ of 1 percent of the prime contractor's total bid, or \$10,000 whichever is greater.</p> <p>If the Prime Contractor fails to bid-list a subcontractor for any portion of the work of the project, the Prime Contractor agrees that they shall perform that portion of the work themselves.</p>	<p>Contractor submits list of subcontractors with bid. Subcontractors not listed at the time of bid may be approved for work after award of the contract, but not for a dollar amount more than ½ of 1 percent of the prime contractor's original total bid, or \$10,000, whichever is greater; unless the work is the result of a change in scope of the work or work added by change order.</p>		<p>X</p>

	Contract Requirement	Description	Compliance Method/ Issues/Comments	Pers. Svcs.	Const.
	<p>Monitoring and Enforcement of California Contractor's License Requirement(s)</p> <p><i>ORIGIN: Public Contract Code</i></p>	<p>The Bureau of Contract Administration monitors and enforces the requirements that all Prime Contractors and/or subcontractors working on a Public Works project have a current, valid California Contractor's License to perform the work designated to be performed by that Prime and/or Subcontractor.</p>	<p>Monitoring and approval by BCA.</p> <p>Any Prime Contractor and/or Subcontractor found to have an improper license to perform the work designated, or a license that has been suspended or terminated, shall be immediately removed from the project and not allowed to work on the project until such time as the proper license is in effect.</p>		X
	<p>Awarding Authority Approval of all subcontractor substitutions</p> <p><i>ORIGIN: Public Contract Code Section 4107</i></p>	<p>Based on the recommendation of the Bureau of Contract Administration acting on behalf of the Board of Public Works, all substitutions of a bid-listed or approved subcontractor shall be approved by the Board of Public Works in an open session of the Board. Acting on behalf of the Board of Public Works, the Bureau of Contract Administration may approve the substituting contractor perform work prior to formal approval by the Board.</p>	<p>Review and approval by BCA. Prime contractors may be penalized up to 10% of the subcontract amount if they fail to get approval for any substitution of a bid-listed subcontractor or a subcontractor approved to work on the project after award of the contract. "Substitution" is deemed to mean any person or entity other than those approved to perform the work, including the Prime Contractor. Failure to gain approval for any substitution may result in a suspension or rejection of the work in question. . Please review the form of Construction Contract and General Conditions to understand the extent to which the MSM will apply to this Project.</p>		X

	Contract Requirement	Description	Compliance Method/ Issues/Comments	Pers. Syces.	Const.
	<p>Progress Payments</p> <p><i>ORIGIN: Public Contract Code Section 20104.50</i></p> <p><i>METHOD OF COMPLIANCE: Contractor submits monthly payment request application for review and approval by BCA</i></p>	<p>The Bureau of Contract Administration administers the monthly progress payments to the general contractor for Public Works construction projects to ensure prompt payment as required by the Public Contract Code. The Prime Contractor must be paid within 30 days of receipt by the Bureau of Contract Administration of a properly executed and accepted payment request.</p>	<p>Contractor submits monthly payment request application for review and approval by BCA.</p> <p>Payment requests are not processed if the Prime Contractor fails to maintain insurance as required by the contract.</p>		X
	<p>Release of Retention</p> <p><i>ORIGIN: Public Contract Code Section 7107</i></p>	<p>The Bureau of Contract Administration is responsible for administering the holding and release of a certain percentage of the contractor's progress payment as retention until Final Field Acceptance (FFA) of the project in compliance with the Public Contract Code (PCC). Per the PCC retention must be released within 60 days of the FFA except that 150% of disputed funds may be withheld.</p>	<p>BCA administers holding and releasing retention.</p>		X

	Contract Requirement	Description	Compliance Method/ Issues/Comments	Pers. Sves.	Const.
	<p>Progress and Retention Payment to Subcontractors</p> <p><i>ORIGIN: Public Contract Code Section 7107; California Business And Professions Code Section 7108.5</i></p>	<p>In conjunction with the listed subcontractor work provided by the general contractor, with their bid, the Bureau of Contract Administration oversees contractor's compliance with payments made to subcontractors in compliance with the Public Contract Code. The Prime Contractor is required to pay all subcontractors for their portion of work paid for on monthly progress payments, or out of retention proceeds with 7 days of receiving said payment.</p>	<p>Contractor submits documentation for review by BCA.</p>		X
	<p>Local Business Preference Program</p> <p><i>ORIGIN: LAAC Section 10.21 Adopted by Council 10/14/11.</i></p> <p><i>Threshold: >\$150,000</i></p>	<p>Provides that bidders/proposers certified as "Local Businesses" would receive an 8% bid preference in the decision to award contracts. In the case of RFP's, local businesses would be entitled to an 8% bonus to their final evaluation score. There are also provisions for up to a 5% preference for non local businesses using certified local subcontractors. A bidder/proposer may be deemed a Provisionally Qualified Local Business on contracts exceeding \$1,000,000 and three years in duration.</p>	<p>Requires BCA Certifications as a "Local Businesses" on the Business Assistance Virtual Network.</p> <p>Requires calculation of the appropriate adjustment of scores or bids.</p> <p>Requires compliance monitoring for utilization of Local Businesses.</p>	X	X

EXHIBIT 6
Site Plan

See Attached

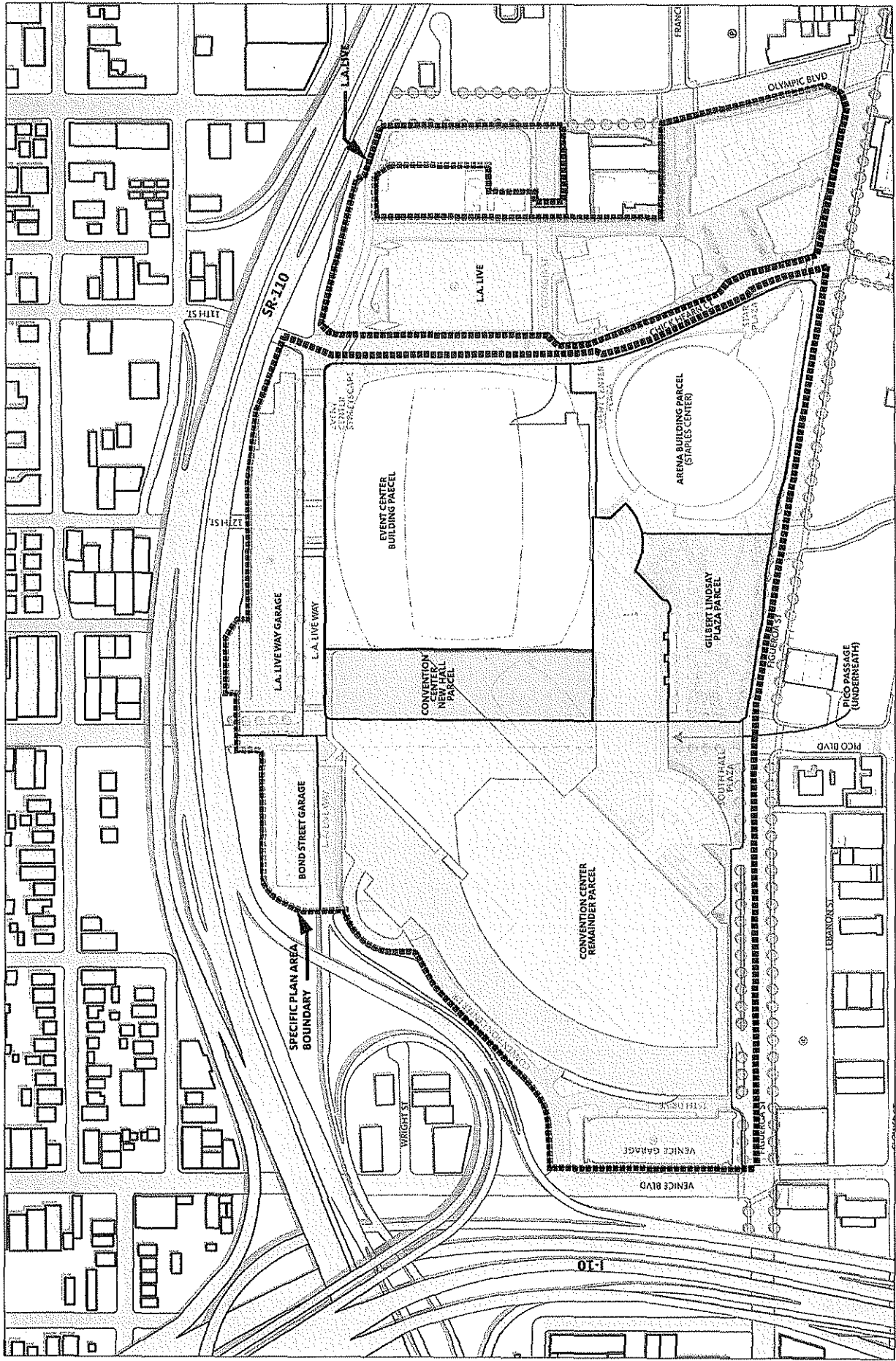


EXHIBIT 7
Payment Procedures

[Payment procedures to be developed based on City's requirements for review and approval of invoices so as to obtain disbursement of Bond Proceeds. Recommend that City and/or Bond Trustee engage a Disbursing Agent to make disbursements, and this Exhibit 7 will include the payment procedures to be agreed upon among the City, AEG and the Disbursing Agent.]

EXHIBIT 8
Insurance

The insurance requirements for each of the Architect, Project Manager and Construction Manager are included in their respective agreements. In addition, the Developer shall maintain the following insurance program.

[AEG and City risk managers to develop insurance program for New Hall.]

EXHIBIT 9
Project Labor Agreement

The Project Labor Agreement will be attached when completed by the Construction Manager.