

**PURCHASE AND SALE AGREEMENT, COVENANTS
AND JOINT ESCROW INSTRUCTIONS**

(94TH AND BROADWAY SUPERMARKET PROJECT)

BY AND BETWEEN

THE CITY OF LOS ANGELES

AND

94TH AND BROADWAY, LLC

RELATING TO

9402-9422 SOUTH BROADWAY STREET, LOS ANGELES CA 90003

PURCHASE AND SALE AGREEMENT,
COVENANTS AND JOINT ESCROW INSTRUCTIONS
(94TH AND BROADWAY SUPERMARKET PROJECT)

This Purchase and Sale Agreement, Covenants and Joint Escrow Instructions (the "Agreement") is dated as of this ____ day of _____, 2015, for identification purposes and is entered into by and between The City of Los Angeles, a municipal corporation ("City"), and 94th and Broadway, LLC, a California limited liability company ("Buyer").

WHEREAS, the City is the fee owner of that certain unimproved parcel of real property measuring approximately Eighty Nine Thousand Eight Hundred Twenty Four (89,824) square feet and located at 9402-9422 South Broadway Street, Los Angeles California 90003 ("Property"), as more particularly described in **Exhibit "1"**;

WHEREAS, the Property was transferred to the City by the City's former Community Redevelopment Agency ("CRA/LA") as an affordable housing asset for the development of a mixed use affordable housing/supermarket store project ("Housing Project");

WHEREAS, the Property constitutes a portion of an approximately 4.2 acre affordable housing site which has already been developed with three affordable housing projects, including the housing portion of the Housing Project (49-unit Broadway Villas Senior Project);

WHEREAS, the Housing Project is fully entitled and has been reviewed and approved under CEQA (ENV-2011-1451 MND) for the development of the Supermarket;

WHEREAS, the surrounding community is devoid of full service grocery stores and the City Council has determined that the Supermarket is not only a vital and integral part of the Housing Project but is also vital to other affordable housing projects and will serve low income households within the community;

WHEREAS, on June 24, 2015, the Los Angeles City Council, under Council File 11-0054-S2, held a noticed public hearing as required by Health and Safety Code Section 33433 and Government Code 53083 regarding the proposed below market sale of the Property to Buyer;

WHEREAS, subsequent to the public hearing the City Council adopted a resolution finding that the sale of the Property at its Fair Ruse Value serves one or more

public purposes and authorizing the sale of the Property to the Buyer in accordance with Los Angeles Administrative Code Section 7.27.2 and California Health and Safety Code Section 33433 to Buyer for development of the Property as full service Supermarket (the "Project");

WHEREAS, the City has determined that the direct sale of the Property to Buyer for the development of the Project in accordance with the terms and conditions set forth herein will serve one or more vital governmental public purposes and is in the vital and best interests of the City and serves the health, safety, morals and welfare of the residents of the City in that it would; i) eliminate current or potential future physical blight by developing a vacant underutilized parcel and replacing it with the Project; ii) would help alleviate economic blight in the community by creating temporary construction jobs and approximately seventy (70) permanent Living Wage Jobs once the Project is completed; iii); would create a new full service grocery store offering a wide variety of fresh food at a more affordable price to an underserved portion of the City and thereby encourage further private and public economic development in an around the community; and iv) will help generate new tax and private revenue within the community, for residents, businesses as well as state and local government.

ARTICLE 1 SUBJECT OF AGREEMENT.

1.1 Purpose of Agreement.

(a) The purpose of this Agreement is to promote economic development in the City of Los Angeles by providing for the disposition and development of the Property for the construction and operation of the Project as a Supermarket subject to the terms and conditions set forth in this Agreement.

(b) This Agreement is entered into solely for the purpose of developing the Project as part of the Broadway Villas Senior Housing project as well as in support of other adjoining affordable housing developments through the development and operation of the Supermarket so as to serve the residents of the community for the full term of this Agreement, and not for speculation in landholding by Buyer. The City would not have otherwise conveyed the Property to Buyer other than to promote develop the Supermarket and Buyer's failure to develop and operate the Supermarket in accordance with the terms of this Agreement is a material breach of this Agreement and shall trigger the City's right to repurchase the Property as set forth herein

ARTICLE 2. Definitions.

Agreement Containing Covenants

"Agreement Containing Covenants" shall mean an agreement containing covenants substantially in the form attached to this Agreement as **Exhibit 2** which will

be recorded against the Property and which will require Buyer to develop, operate and maintain a full service Supermarket and offer other services to the Broadway Villas Senior Housing project. Such Agreement Containing Covenants shall provide notice of the restrictions imposed upon the Property and shall have a superior position on title relative to all lenders' liens.

Buyer

"Buyer" shall mean 94th and Broadway, LLC, a California limited liability company.

Certificate of Completion

"Certificate of Completion" shall have the meaning set forth in Section 5.4 of this Agreement.

Certification of Occupancy

"Certificate of Occupancy" shall mean a certificate to be issued by the City in accordance with the Los Angeles Municipal Code Section authorizing occupancy of not less than Twenty Five Thousand (25,000) square feet of gross leasable space at the Property devoted to the Supermarket.

City Ordinance

"City Ordinance" shall mean a duly adopted ordinance of the City of Los Angeles authorizing the Sale of the Property to Buyer in accordance with Los Angeles Administrative Code Sections 7.27, et seq and 22.1008(c).

City Representatives

"City Representatives" shall mean and include all of the respective predecessors, successors, assigns, agents, officials, employees, members, independent contractors, affiliates, principals, officers, directors, attorneys, accountants, representatives, staff, and City Council members of City and of each of them.

City Repurchase Option Agreement

"City Repurchase Option Agreement" shall mean the City's exclusive right to repurchase the Property at the Fair Reuse Value subject to repayment of holders of security financing interests as further set forth in Section 3.16 of this Agreement and the City Repurchase Option Agreement attached hereto as **Exhibit 3**.

Closing Documents

"Closing Documents" means, collectively, the Agreement Containing Covenants, Fair Reuse Analysis Report, the Supermarket Lease; a Memorandum of the Supermarket Lease (in recordable form), the City Repurchase Option Agreement, the Grant Deed and all other documents required to be executed by the Parties in connection with the closing of escrow as contemplated by this Agreement.

Effective Date

"Effective Date" shall mean the date on which this Agreement, as executed and delivered by Buyer, is executed by the City and date stamped by the City Clerk after approval by the City Council.

Fair Reuse Analysis Report

"Fair Reuse Analysis Report" shall mean Fair Reuse Value of the Property calculated in accordance with Section 7.27.2 of the Los Angeles Administrative Code and Section 33433 of the California Health and Safety Code setting forth the fair reuse value of the Property as set forth in attached hereto as **Exhibit 4**.

Fair Reuse Value

"Fair Reuse Value" shall mean the fair reuse value of the Property with the City Conditions as calculated in the Fair Reuse Analysis.

Financing Plan

"Financing Plan" shall mean a plan evidencing the availability of the funds necessary to develop the Project.

Governmental Approvals

Shall mean any land use, license, permit or other governmental approvals necessary for construction of the Project, including all necessary approvals required under the California Environmental Quality Act.

Government Code Disclosure Requirements

"Government Code Disclosure Requirements" shall mean those disclosure, notice and public hearing requirements set forth in California Government Code Section 53083 for recipients of financial incentives.

Grant Deed

"Grant Deed" shall mean a grant deed substantially in the form attached hereto as **Exhibit "5"**.

Hazardous Materials

"Hazardous Materials" shall have the meaning set forth under California and federal law.

Housing Project

"Housing Project" shall mean the Supermarket and adjacent 49-unit Broadway Villas Senior Housing project.

Improvements

"Improvements" shall mean and include all grading to be done on the Property, as well as all buildings, structures, fixtures, excavation, parking, landscaping, and other work, construction, rehabilitation, alterations and improvements of whatsoever character to be done by Buyer on, in, around, under or over the Property in order to develop the Project pursuant to this Agreement.

Job Certification Form

"Job Certification Form" shall mean a form certifying the amount and types of jobs maintained on the Property substantially in the form attached hereto as **Exhibit 6** which shall be submitted by the Buyer and/or Supermarket Operator to the City on a not less than yearly basis.

Living Wage

"Living Wage" or "Living Wage Jobs" shall mean full time jobs to be defined and calculated in accordance with Los Angeles Administrative Code Section 10.37, et seq.

Project

"Project" shall mean Buyer's development on the Property of the Project in accordance with Scope of Development.

Purchase Price

"Purchase Price" shall mean the Fair Reuse Value to be paid by Buyer to the City for the Property as further defined in Section 3.9.

Scope of Development

“Scope of Development” shall mean that scope of development setting forth the attached hereto as **Exhibit 7**, the terms of which are incorporated herein.

Schedule of Performance

“Schedule of Performance” shall mean that schedule of performance attached hereto as **Exhibit 8**, the terms of which are incorporated herein.

Supermarket

“Supermarket” shall mean a full service grocery store of not less than twenty five thousand (25,000) square feet which shall include a wide variety of fresh and healthy foods and produce in accordance with the guidelines established by the California Fresh Works Fund with 108 surface parking stalls and associated on-site and off-site improvements.

Supermarket lease

“Supermarket Lease” shall mean a lease by and between Buyer and the Supermarket Operator which shall require the Supermarket Operator to utilize and maintain the Property as a Supermarket in accordance with the terms of this Agreement. The lease shall additionally require the Supermarket Operator to maintaining the required full time Living Wage Jobs at the Property and pay each employee, whether full or part time, to pay not less than the City’s prevailing minimum wage. The Supermarket is subject to the City’s reasonable approval for purposes of ensuring that the Property is utilized in accordance with the terms of this Agreement.

Supermarket Operator

“Supermarket Operator” shall mean the entity that operates the Supermarket.

Term

“Term” of this Agreement shall commence on the Effective Date and shall remain in full force until a Certificate of Completion is issued. Any provisions which provide for survival beyond the term of this Agreement, shall survive any termination of this Agreement.

Transfer/Transferee.

"Transfer" shall mean and include any voluntary or involuntary transfer, sale, assignment, lease, sublease, license, franchise, concession, operating agreement, gift, hypothecation, mortgage, pledge or encumbrance, or the like, or all or any portion of the

Property, any rights or obligation of Buyer (Transferor) hereunder, or any interest in Buyer to any person or entity ("Transferee").

ARTICLE 3. PARTIES TO THE AGREEMENT.

3.1 City.

City is the City of Los Angeles. The principal office of City is located at 200 North Main Street, Los Angeles, California 90012, or such other address as City may provide to Buyer in writing. The term "City" includes any assignee or successor to City's rights, powers and responsibilities under this Agreement.

3.2 Buyer.

Buyer is 94th and Broadway, LLC, a California limited liability company. The mailing address of Buyer for purposes of this Agreement is 6701 Wilson Avenue, Los Angeles, CA 90001, Attn: _____. The term "Buyer" as used herein includes any authorized and approved Transferee of Buyer as permitted in accordance with Article 8 of this Agreement. All of the terms, covenants, and conditions of this Agreement shall be binding on such Transferees, successors and assigns of Buyer.

3.3 No Joint Venture.

The City nor Buyer are not and shall not be deemed to be partners, co-venturers, joint ventures or in any other way related to one another, nor shall the City have any fiduciary, confidential or agency relationship with Buyer.

ARTICLE 4. DISPOSITION OF SITE.

4.1 Opening of Escrow.

Buyer and City shall open Escrow with the Escrow Agent, by the delivery to Escrow Agent of a duplicate original of this Agreement which shall constitute the "Opening of Escrow" and the date of the Opening of Escrow shall constitute the "Opening Date". This Agreement constitutes the joint basic escrow instructions of City and Buyer with respect to conveyance of the Property pursuant to the Grant Deed. City and Buyer shall provide such additional escrow instructions as shall be consistent with this Agreement and necessary for the accomplishment of its purpose. Escrow Agent is hereby empowered to act under this Agreement upon indicating within five (5) days after the Opening of Escrow its acceptance of the provisions of this Agreement and shall thereafter carry out its duties as Escrow Agent hereunder.

4.2 Escrow Agent:

4.3 Duty of Escrow Agent.

The Escrow Agent is authorized to:

(a) Pay and charge the Parties for its fees, charges and costs payable. Before such payments or charges are made, Escrow Agent shall notify City and Buyer of the respective fees, charges and costs necessary to close the Escrow.

(b) Record the Closing Documents delivered through Escrow for recordation, including without limitation the Agreement Containing Covenants, the City Repurchase Option Agreement, the Grant Deed, the Memorandum of Supermarket Lease, and all other documents to be recorded pursuant to this Agreement or which are necessary for the Close of Escrow if necessary or proper, to vest title in the Site, or the applicable portion thereof, in Buyer in accordance with the restrictions, terms and provisions of this Agreement.

(c) Deliver copies of all escrow documents to the parties entitled thereto when the conditions of this Escrow have been fulfilled by City and Buyer ("Closing Date").

(d) If this Escrow is not in condition to close on or before the "Closing Date", any Party who then shall have fully performed the acts to be performed before the conveyance of title may, in writing, demand from Escrow Agent and the Title Insurer, if appropriate, the return of its money, papers or documents deposited with Escrow Agent and the Title Insurer. No demand for return shall be recognized until ten (10) days after Escrow Agent shall have mailed copies of such demand to the other Party or parties at the address or addresses of its or their principal place or places of business and such other Party shall have failed to have taken the action required by that Party to effectuate the Close of Escrow with such ten (10) day period. Objections, if any, shall be raised by written notice to the Escrow Agent and to the other Party within the ten (10) day period described above, in which event Escrow Agent and the Title Insurer are authorized to hold all money, papers and documents with respect to the Property, or the affected portion thereof, until instructed by mutual agreement of the Parties or by a court of competent jurisdiction. If no such demands are made, the Escrow shall be closed as soon as possible.

(e) Neither Escrow Agent nor the Title Insurer shall be obligated to return any such money, papers or documents, except upon the written instructions of City and

Buyer or until the Party entitled thereto has been determined by a final decision of a court of competent jurisdiction.

(f) All communications from Escrow Agent to City or Buyer shall be directed to the addresses and in the manner established this Agreement for notices, demands and communications among City and Buyer.

4.4 Escrow period.

The initial escrow period shall be sixty (60) days from the Effective Date during which time the Buyer shall secure all Governmental Approvals and satisfy all conditions of this Agreement. In the event that escrow fails to close within the initial escrow period either Party may terminate this Agreement by providing written notice to escrow.

4.5 Amendment to Escrow Instructions.

Any amendment to these Escrow instructions shall be in writing and signed by both City and Buyer. At the time of any amendment, Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

Title Insurance.

The Title Company shall be as follows:

Name: _____ Title
Address:
Telephone: (____)

In conjunction with the Close of Escrow, the Title Insurer shall provide, at the Buyer's cost and expense, a California Land Title Association Standard Coverage Policy ("CLTA") of title insurance (if Buyer desires an extended coverage American Land Title Association Owner's Policy ("ALTA") of title insurance in lieu of the ALTA policy, Buyer shall pay the incremental difference in cost) ("Buyer's Policy"), such Buyer's Policy insuring marketable title to the Site is, pursuant to the Grant Deed vested in Buyer in accordance with this Agreement. Buyer's Policy may include such endorsements as may be required and paid for by Buyer including, without limitation, a zoning endorsement. Escrow Agent shall provide or cause to be provided a copy of any such Policy to City.

4.6 Conditions Precedent to City Disposition.

The following conditions shall be conditions precedent to the Close of Escrow, and shall be satisfied by Buyer. Only the City, through the City Representatives, has the right to waive any of the conditions in this Section 4.6.

4.6.1 Buyer Documents.

At least (10) days prior to the close of escrow Buyer shall have provided to the City the following documents in a form reasonably acceptable to the City:

1. Copy of proposed Supermarket Lease, to be executed by the Supermarket Operator and Buyer;
2. Memorandum of Supermarket Lease in recordable form, setting forth Buyer's requirements for development and operation of the Property, as a full service Supermarket;
3. Agreement Containing Covenants, in recordable form;
4. City Repurchase Option Agreement, executed by Buyer;
5. Copies of such preliminary Financing Plan(s), hiring plans, project drawing(s), schematics or other project development drawings which are in the possession of Buyer or which are reasonably obtainable by Buyer and which the City may request in its reasonable discretion and which are directly related to the development of the Project;
6. Copies of all projections, analysis or other documents which the City determines in its discretion are reasonably necessary to comply with the Government Code Disclosure Requirements.

4.6.2 Governmental Approvals.

Buyer shall apply for and obtain all land use, license, permit or other approvals from the City and any other governmental permits or approvals necessary for construction of the Project, including all necessary approvals required under the California Environmental Quality Act.

4.6.3 Security Deposit.

Not applicable.

4.6.4 Additional Closing Conditions.

The following conditions shall be satisfied prior to the Close of Escrow:

- (a) Buyer shall have deposited into escrow funds to cover Estimated Closing Costs at least two (2) business days prior to the scheduled Close of Escrow;

(b) City shall have conducted a public hearing and issued all reports and met all other applicable preliminary Government Code Disclosure Requirements;

(c) The City Ordinance shall have become effective;

(d) The Parties shall have deposited or caused to be deposited into Escrow at least two (2) business days prior to the scheduled Close of Escrow, duly executed and acknowledged, and otherwise in recordable form (if required to be recorded), the Closing Documents, including without limitation:

- i) The Grant Deed, in recordable form;
- ii) The Agreement Containing Covenants, in recordable form;
- iii) The City Repurchase Option Agreement (or a memorandum of such), in recordable form;
- iv) A fully executed copy of the Supermarket Lease;
- v) The Memorandum of Supermarket Lease, in recordable form; and
- vi) Such other instruments and documents as are reasonably required for Close of Escrow;
- vii) Duly executed tax confidentiality waivers.

(e) Buyer and City shall have executed and delivered any additional mutually-agreed-upon irrevocable escrow instructions necessary to authorize escrow to deliver the Purchase Price to the City and to record and/or deliver the Closing Documents;

(f) The Parties shall have entered into a Community Development Block Grant Loan Agreement in an amount not to exceed Seven Hundred Fifty Thousand Dollars (\$750,000);

(g) As of Close of Escrow there are no defaults (after the giving of notice and a reasonable opportunity to cure) by the Parties under this Agreement; and

4.6.5 Purchase and Sale of Property.

Provided the conditions precedent in this Article 3 have been satisfied, upon the terms, covenants and conditions set forth in this Agreement, City agrees to sell and convey to Buyer, and Buyer agrees to purchase and accept from City, City's fee interest in the Property in accordance with this Agreement, the Grant Deed, the City Repurchase Option Agreement and the Agreement Containing Covenants.

4.6.6 Purchase Price.

4.6.6.1 In accordance with and subject to all terms, covenants and conditions of this Agreement, the City agrees to convey the Property to Buyer and Buyer agrees to purchase the Property at the Fair Reuse Value of One Dollar (\$1.00).

4.6.6.2 The Purchase Price shall be paid by Buyer to City on the Closing Date in cash or immediately available funds on or before the Close of Escrow, together with such additional amounts as is necessary to cover the City's share of costs and expenses hereunder.

4.7 Due Diligence Period.

The City hereby authorizes the Buyer, and the Buyer's agents, to enter the Property for a period not to exceed forty five (45) days from the Effective Date for the sole purpose of inspections and due diligence, including drillings, at the Buyer's cost. Buyer agrees to indemnify and defend the City for any claim resulting from Buyer's entry or inspection on or in relation to any activity which Buyer, or its agents conducts on the Property.

4.8 Due Diligence Period/Discovery of Hazardous Materials.

In the event that Buyer discovers the presence of Hazardous Materials on, under or about the Site prior to the close of escrow which Hazardous Materials were not the result of Buyer's activities on the Site, Buyer shall promptly notify the City of such discovery within seventy two (72) hours of such discovery. Due diligence period may be waived or reduced in length only at the request of the Buyer and may be extended up to sixty days (60) by mutual agreement of the Buyer and Seller for purposes of clearing title issues or addressing items that can effect value or cost that are discovered during the Due Diligence Period.

4.9 Remediation

Buyer shall be responsible for the costs of all remediation work.

4.10 Closing Costs.

Together with Buyer's deposit of the Purchase Price, Buyer shall pay to the Title Insurer all fees, charges and costs of the Escrow promptly after the Title Insurer has notified Buyer of the amount of such fees, charges and costs, prior to the Closing Date. Such fees, charges and costs shall include, but are not limited to, as follows:

- (a) The escrow fee;
- (b) Recording fees for the Closing Documents;
- (c) The premium for a standard CLTA title insurance policy; any additional title insurance premium for ALTA extended coverage and any endorsement thereto requested by Buyer; and
- (d) Any other costs, expenses or fees of the Escrow not otherwise provided for shall be paid by the party who customarily pays for such costs.

4.11 Close of Escrow.

Subject to any extensions of time mutually agreed upon between City Representative and Buyer, the conveyance of title to Buyer pursuant to the Grant Deed shall be completed: (i) after satisfaction of all conditions set forth in this Article 3; and (ii) the recordation of the Closing Documents but no later than 105 days from the Effective Date.

4.12 Condition of the Property and Site.

4.12.1 Buyer Inspections.

Buyer acknowledges that upon the Close of Escrow it has conducted, or has had the opportunity to conduct, all studies and investigations of the Property that it has deemed necessary to assure itself of the physical condition of the Property and the suitability of the Property for the development contemplated by this Agreement. Buyer shall release the City from any and all claims upon the Close of Escrow.

4.12.2 As Is Conveyance.

BUYER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT THE CITY IS SELLING TO BUYER AND BUYER IS BUYING FROM THE CITY THE PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT BUYER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS (EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT) OR IMPLIED, FROM THE CITY AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: (A) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, TOPOGRAPHY, CLIMATE, AIR, WATER RIGHTS, WATER, GAS, ELECTRICITY, UTILITY SERVICES, GRADING, DRAINAGE, SEWERS, ACCESS TO PUBLIC ROADS AND RELATED CONDITIONS); (B) THE QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF SOILS, GEOLOGY AND GROUNDWATER, (C) THE EXISTENCE, QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF UTILITIES SERVING THE PROPERTY, (D) THE DEVELOPMENT POTENTIAL OF THE PROPERTY, AND THE PROPERTY'S USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE, (E) THE ZONING OR OTHER LEGAL STATUS OF THE PROPERTY OR ANY OTHER PRIVATE OR GOVERNMENTAL RESTRICTIONS ON THE USE OF THE PROPERTY, (F) THE COMPLIANCE OF THE PROPERTY OR ITS OPERATION WITH ANY APPLICABLE CODES, LAWS, REGULATIONS, STATUTES, ORDINANCES, COVENANTS, CONDITIONS AND RESTRICTIONS OF ANY GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITY OR OF ANY OTHER PERSON OR ENTITY, AND

(G) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS ON, UNDER OR ABOUT THE PROPERTY OR EMANATING FROM THE ADJOINING OR NEIGHBORING PROPERTY. THE DEVELOPER AFFIRMS THAT THE DEVELOPER HAS NOT RELIED ON THE SKILL OR JUDGMENT OF THE CITY OR ANY OF ITS RESPECTIVE AGENTS, EMPLOYEES, CONSULTANTS OR CONTRACTORS TO SELECT OR FURNISH THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT THE CITY MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE. BUYER ACKNOWLEDGES THAT IT SHALL USE ITS INDEPENDENT JUDGMENT AND MAKE ITS OWN DETERMINATION AS TO THE SCOPE AND BREADTH OF ITS DUE DILIGENCE INVESTIGATION WHICH IT SHALL MAKE RELATIVE TO THE PROPERTY AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, WHETHER THE PROPERTY IS LOCATED IN ANY AREA WHICH IS DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL CITY). BUYER UNDERTAKES AND ASSUMES ALL RISKS ASSOCIATED WITH ALL MATTERS PERTAINING TO THE PROPERTY'S LOCATION IN ANY AREA DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY.

4.13 Buyer's Release of the City.

Except as set forth in the representations and warranties of City in this Agreement, a breach by the City of its obligations under this Agreement or the gross negligence or willful misconduct of the City, Buyer, on behalf of itself and anyone claiming by, through or under Buyer hereby waives its right to recover from and fully and irrevocably releases the City, the City Council, and each individual member of the City Council, employees, officers, directors, representatives, attorneys and agents (the "Released Parties") from any and all claims, responsibility and/or liability that Buyer may have or hereafter acquire against any of the Released Parties for any claims, fines, penalties, fees, costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the Property, or its suitability for any purpose whatsoever.

4.14 Scope of Release.

The release set forth herein includes claims (other than claims for the presence of Hazardous Materials on, under or about the Property prior to the

Close of Escrow) of which Buyer is presently unaware or which Buyer does not presently suspect to exist which, if known by Buyer, would materially affect Buyer's release of the Released Parties. Buyer specifically waives the provision of any statute or principle of law that provides otherwise. In this connection and to the extent permitted by law, Buyer agrees, represents and warrants that Buyer realizes and acknowledges that factual matters now unknown to Buyer may have given or may hereafter give rise to causes of action, claims, fines, penalties, fees, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Buyer further agrees and represents that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Buyer nevertheless hereby intends to release, discharge and acquit the City from any such unknown causes of action, claims, fines, penalties, fees, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, Buyer, on behalf of itself and anyone claiming by, through or under Buyer, hereby assumes the above-mentioned risks and hereby expressly waives any right Buyer and anyone claiming by, through or under Buyer, may have under Section 1542 of the California Civil Code, which reads as follows:

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

Buyer's Initials: _____

The provisions of this section shall survive the termination of this Agreement.

4.15 City Right to Repurchase

In the event that Buyer fails to commence construction and/or diligently pursue construction of the Project, as set forth in Scope of Development and in the time frame set forth in the Schedule of Performance, the City may exercise its right to repurchase the Property at the Fair Reuse Value upon the terms and conditions set forth in the City Repurchase Option Agreement, which shall serve as the preliminary escrow instructions.

ARTICLE 5. DEVELOPMENT AND OPERATIONAL REQUIREMENTS.

5.1. Use Restrictions.

Buyer shall design, construct and operate the Project in conformity with the Scope of Development and within the time frame set forth in the Schedule of Performance as well as the appropriate design and land use standards, such as the applicable Community Plan as a new first class supermarket/grocery store of not less than twenty five thousand (25,000) square feet. The completed Project will serve as a full service supermarket/grocery store and offer a wide variety of fresh and health food options in accordance with the standards and guidelines established by the California Fresh Works Fund for no less than ten (10) years. During Years ten (10) through twenty-five (25) the restricted use will be lifted, however, prohibitive uses such as but not limited to liquor stores, gas stations and "Sin Businesses" as defined in the New Market Tax Credit provisions of the Internal Revenue Code Section 45D.

Buyer shall additionally ensure that the Supermarket Operator shall create and maintain not less seventy (70) full time Living Wage jobs at the Property for a period of not less than (5) five years from issuance of a Certificate of Occupancy. Buyer shall have ten years from the issuance of a Certificate of Occupancy to fulfill this requirement. Buyer shall submit a yearly Job Certification Form to the City.

Buyer shall develop and implement a plan to offer services to the adjoining affordable housing developments, and more specifically to the Broadway Villas Senior Housing Project, such as providing door-to-door delivery services for groceries, shared parking outside store operating hours for guests and residents of Broadway Villas Senior Housing Project, twenty-four hour security of the Property and adjoining Broadway Villas Senior Housing Project, hosting of quarterly health fairs in collaboration with health providers, offering free medical services and information to seniors of the Broadway Villas Senior Housing Project; and acceptance of all forms of federal and state food assistance at the supermarket, including Cal Fresh.

In the event that the Buyer fails to maintain the required Living Wage Jobs for the required term, Buyer does hereby agree to pay damages to the City in an the amount up to Thirty-Five Thousand Dollars (\$35,000) for each job which the Buyer fails to maintain. Each year the jobs are certified, the damages are reduced by \$7,000 per job per year for each Living Wage job that fulfills the covenant requirements. Total damages shall not exceed Two Million Four Hundred Fifty Thousand (\$2,450,000).

Buyer further acknowledges that nothing contained herein is intended or shall be deemed to authorize the payment of less than the prevailing minimum wage which the City may establish by ordinance.

5.2. Additional Permits and Approvals.

Buyer shall obtain all permits and approvals necessary to construct the Project including demolition and building permits. All applications for such permits and approvals shall be consistent with this Agreement. Buyer acknowledges that execution

of this Agreement by the City does not constitute approval by the City of any required governmental approvals, including, without limitation any required permits, applications, findings or allocations, and in no way limits the discretion of the City (or any other governmental agency) in the permit, allocation and approval process.

5.3. City Review.

Buyer shall be solely responsible for all aspects of Buyer's conduct in connection with the Project, including, but not limited to, the quality and suitability of any design and development documents, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by the City with reference to the Project is solely for the purpose of determining whether Buyer is properly discharging its obligations to the City, and should not be relied upon by Buyer or by any third parties as a warranty or representation by the City as to the quality of the design or construction of the Project.

5.4 Tax Disclosure by Project Businesses

For purposes of determining the net new tax revenues generated by the Project, Buyer shall execute and shall obtain from each of its Tenants a written waiver substantially in the form attached hereto as **Exhibit 8**, to authorize the California State Franchise Board or the City of Los Angeles' Office of Finance, as applicable, to provide to the City of Los Angeles, full access to all tax records related to Net New Tax Revenues, including without limitation, sales and or use tax records, City taxes, and Property taxes for each business located at the Property.

ARTICLE 6. CONSTRUCTION AND OPERATION OF THE IMPROVEMENTS.

6.1. Construction.

Buyer shall commence construction within six (6) months from the close of escrow and shall complete construction of the Improvements within thirty-six months from the close of escrow and shall complete each task set forth in the Schedule of Performance in accordance within the times set forth in the Schedule of Performance and in the manner set forth in the Scope of Development.

6.2. Government Approvals.

Buyer shall construct the Improvements in conformity with the terms and conditions of all City and other governmental approvals.

6.3 Construction and Operations Certificate of Completion.

The City shall issue a Construction and Operations Certificate of Completion upon a showing by Buyer that it has satisfied all material conditions under this

Agreement. Buyer shall submit the form of Construction and Operations Certificate of Completion in a form recordable in the Official Records of the County of Los Angeles together with such written evidence as the City may reasonably require showing that the Buyer and/or the Supermarket Operator have complied with all material aspects of this Agreement for not less than twenty five (25) years from the date upon which the City issued the Certificate of Occupancy for the entire Project. The City shall retain the authority to request further evidence of compliance as well as the ultimate authority to determine whether the Buyer and/or the Supermarket Operator has materially complied with the terms of this Agreement. Such certification shall constitute evidence of compliance with the requirements of this Agreement. Such certification shall not be deemed a notice of completion under the California Civil Code, nor shall it constitute satisfaction of any obligation of Buyer to any holder of deed of trust securing money loaned to finance the Project or any portion thereof.

6.4 Jobs Certificate of Completion

The City shall issue a Jobs Certificate of Completion upon a showing by Buyer at or before ten years from the Effective Date that it has satisfied all Living Wage job requirements under this Agreement. Buyer shall submit the form of Jobs Certificate of Completion in a form recordable in the Official Records of the County of Los Angeles together with such written evidence as the City may reasonably require. The City shall issue a subsequent Certificate of Completion for the entire Project upon a showing that the Buyer and/or the Supermarket Operator have complied with all material aspects of this Agreement for not less than twenty five (25) years from the date upon which the City issued the Certificate of Occupancy for the entire Project. The City shall retain the authority to request further evidence of compliance as well as the ultimate authority to determine whether the Buyer and/or the Supermarket Operator has materially complied with the terms of this Agreement. Such certification shall constitute evidence of compliance with the requirements of this Agreement. Such certification shall not be deemed a notice of completion under the California Civil Code, nor shall it constitute satisfaction of any obligation of Buyer to any holder of deed of trust securing money loaned to finance the Project or any portion thereof.

6.5 Compliance with Applicable Law.

Buyer shall cause all work performed in connection with construction of the Improvements to be performed in compliance with (a) all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter, (including, without limitation, the prevailing wage provisions of Sections 1770 et seq. of the California Labor Code), (b) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction, (c) all applicable disabled access requirements, and (d) all applicable City policies. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by any governmental agency having

jurisdiction, and Buyer shall be responsible for the procurement and maintenance thereof, as may be required of Buyer and all entities engaged in work on the Site.

6.6. Construction Signs.

Buyer shall incorporate into the Project construction site signs in accordance with the City's standards for such signs. The construction signs shall be erected on portions of the Site that are visible to the public prior to the commencement of construction, and shall remain up and visible for the entire construction period.

6.7. Zoning of the Property.

It shall be the responsibility of Buyer at Buyer's sole cost and expense, to ensure that the zoning of the Property shall be such as to permit the development and use of the Property in accordance with the provisions of this Agreement.

6.8. Construction Progress Reports.

During the construction of the Improvements, Buyer shall provide to City such information and documentation as reasonably requested by City relating to Buyer's obligations under this Agreement.

6.9. Cost of Development.

Buyer shall bear all costs and expenses incurred in connection with the construction and maintenance of all Improvements, including, without limitation, all costs incurred in connection with the investigation, acquisition and preparation of the Property for development, all off-site improvements, building and developer fees, and all costs of investigation, acquisition and/or preparation of any project documents or other submissions made by Buyer pursuant to this Agreement.

6.10 Maintenance.

Buyer hereby agrees that, prior to completion of the construction of the Improvements, the Property shall be maintained in a neat and orderly condition to the extent practicable and in accordance with industry health and safety standards, and that, once the Project is completed, the Project shall be well maintained as to both external and internal appearance of the buildings, the common areas, and the parking areas. Buyer shall maintain or cause to be maintained the Project in good repair and working order, and in a neat, clean and orderly condition, including the walkways, driveways, parking areas and landscaping, and from time to time make all necessary and proper repairs, renewals, and replacements. In the event that there arises a condition in contravention of the above maintenance standard, then the City shall notify Buyer in writing of such condition, giving Buyer thirty (30) days from receipt of such notice to commence and thereafter diligently to proceed to cure said condition unless

such condition cannot reasonably be cured within such sixty (60) days period, in which event Buyer shall commence such cure within sixty (60) days and thereafter diligently prosecute such cure to completion. In the event Buyer fails to cure or commence to cure the condition within the time allowed, the City shall have the right to perform all acts necessary to cure such a condition, or to take other recourse at law or equity the City may then have. The City shall receive from Buyer the City's cost in taking such action and shall provide reasonable evidence of such costs to Buyer. The Parties hereto further mutually understand and agree that the rights conferred upon the City expressly include the right to enforce or establish a lien or other encumbrance against any of the parcels comprising the Property not complying with this Agreement by recordation of a notice of lien against the Property. The foregoing provisions shall be a covenant running with the land until expiration of the Term of this Agreement, enforceable by the City, its successors and assigns.

6.11 Hazardous Materials.

Following possession of the Property by Buyer, Buyer for its self and for its assigns covenant that it shall not knowingly permit Hazardous Materials upon the Property.

6.12 Non-Discrimination.

6.12.1 Obligation to Refrain from Discrimination

Buyer covenants and agrees for itself, its successors and its assigns in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person or persons in his or her employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status, or medical condition. Buyer shall include the foregoing language prohibiting discrimination in any contract, lease of subsequent deed which it enters into in regards to the Property and/or the Project, as applicable, for the term of this Agreement.

6.12.2 Barriers to the Disabled.

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

b. ADA Certification. Buyer hereby certifies as follows:

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

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

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

6.13 Taxes, Assessments, Encumbrances and Liens.

Buyer shall pay when due any and all real estate taxes and assessments (including any possessory interest tax) assessed and levied on the Property or any portion thereof and Buyer hereby agrees to indemnify, defend and hold City and all City Representatives free and harmless against any and all Losses and Liabilities arising from such taxes and assessments.

Prior to the issuance of a Certificate of Occupancy for the Project, Buyer shall not place or allow to be placed on the Site, or any portion thereof, any Encumbrance unless it first obtains the written consent of City (which consent shall not to be unreasonably withheld, conditioned or delayed). Notwithstanding the foregoing, the City hereby approves the recordation of a deed of trust in favor of a holder of a Security Financing Interest for the construction of the Project, or the refinancing thereof, as set forth in the Financing Plan. Buyer shall promptly notify the City of any Encumbrance that, without prior written approval from the City, has been created or attached to the Property, or a portion thereof, prior to issuance of a Certificate of Occupancy for the Project and shall promptly remove, or shall have removed, any such unauthorized Encumbrance and any levy or attachment made on the Property, or any portion thereof, or shall assure the satisfaction thereof, within a reasonable time. Nothing contained herein shall be deemed to prohibit Buyer from contesting the validity or amounts of any tax assessment or any mechanic's lien, or limit the remedies available to Buyer with respect thereto. With respect to mechanic's liens Buyer shall not be required to promptly remove a mechanic's lien provided that Buyer in good faith and diligently contests the amount and/or validity of same, and provided that Buyer posts a bond in the amount required by applicable law which bond is reasonably satisfactory to the City.

6.14 Agreement Containing Covenants to be Recorded Against the Property.

Prior to the Close of Escrow, Buyer and City shall enter into an Agreement Containing Covenants in the form and substance of **Exhibit 2** attached hereto, governing all and every portion of the Property, which Agreement Containing Covenants shall be recorded upon the Close of Escrow immediately following the recording of the Grant Deed. The Agreement Containing Covenants shall make the rights and obligations of the parties thereto covenants which will be appurtenant to and run with the Property and shall be enforceable by the City and/or the beneficiaries of the covenants. The Agreement Containing Covenants shall include a requirement that if be recorded against the Property and shall have superior position on title relative to the liens of all lenders who provide financing for the Project for the Term of this Agreement. The City, its successors and assigns, is deemed the beneficiary of the covenants contained in the Agreement Containing Covenants, both for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, without regard to technical classification and designation. The covenants shall run in favor of City, its successors and assigns, without regard to whether City has been, remains, or is an owner of any land or interest therein. The Agreement Containing Covenants may only be amended subsequent to the express authority of the City Council.

6.15 Government Code Disclosure Requirements/Confidentiality Waivers.

Buyer acknowledges that the sale of the Property as the Fair Reuse Value constitutes a financial incentive within the meaning of Government Code Section 53058 which will require a preliminary public hearing as well as one or more future public hearings. Buyer further acknowledges that the Government Code Disclosure Requirements will require the public disclosure and reporting of information relating to the jobs created and new tax revenues generated by the Project as well as other aspects of the financial impact of the City's financial assistance as set forth in Government Code Section 53058. As such, Buyer does hereby agree to ensure that the City has valid tax confidentiality waivers for each business located at the Property and does hereby agree to a limited waiver of any rights in may have had to withhold any required information and does further agree that until such time as the City issues a Certificate of Completion it will fully cooperate with the City and will maintain and make its books and records, as well as to require its tenants and subtenants operating on the Property, to maintain and make their books and records available to the City for inspection to ensure compliance with the Government Code Disclosure Requirements. Buyer shall provide written copies of such records to the City upon 30 days written notice. The provisions of this Section 6.15 are intended solely to ensure compliance with the Government Code Disclosure Requirements and are not intended to require the Buyer to make public any trade secrets or any aspect of its business operations which do not directly relate to compliance with the Government Code Disclosure Requirements.

ARTICLE 7: ASSIGNMENT AND TRANSFERS

7.1 Definitions.

As used in this Article 7, the term "Transfer" means any total or partial sale, assignment or conveyance, of any trust or power, or any transfer in any other mode or form, of or with respect to this Agreement, or of the Property or any part thereof or any interest therein or of the Project constructed thereon, including, without limitation, the Supermarket Operator Lease, or any contract or agreement to do any of the same; or

Notwithstanding the foregoing, the holder of a Security Financing Interest shall have the right to convey participation interests in any construction loan secured by Buyer's fee estate in the Property, provided that such loan was approved by the City.

7.2 Purpose of Restrictions on Transfer.

This Agreement is entered into solely for the purpose of development and operation of the Project on the Property and its subsequent use in accordance with the terms of this Agreement. It is the intent of the City and Buyer that the Property is not the subject of real estate speculation. The qualifications and identity of Buyer and the Supermarket Operator are of particular concern to the City, in view of:

- (a) The importance of the development of the Property as a Supermarket to the general welfare of the community; and
- (b) The importance of the maintenance of full time Living Wage Jobs at the Property.

It is because of the qualifications and identity of the Buyer and of the Supermarket Operator that the City is entering into this Agreement with Buyer and authorizing the lease of the Property by Buyer to the Supermarket Operator and that Transfers are permitted only as provided in this Agreement.

7.3 Prohibited Transfers. The limitations on Transfers set forth in this Section 7.3 shall apply from the Effective Date until the ten (10) years from the Close of Escrow or the date of issuance of the Certificate of Completion, whichever is later. Until such time as the Certificate of Completion is issued by the City, Buyer agrees that it has not made or created, and will not make or create or suffer to be made or created, and Transfer, either voluntarily or by operation of law, without the prior written approval of City, which approval may be given or withheld in the City's sole and absolute discretion. Any Transfer made in contravention of this Section 7.3 shall be void and shall be deemed to be a default under this Agreement, whether or not Buyer knew of or participated in such Transfer.

7.4 Permitted Transfers.

The following Transfers shall be permitted (subject to satisfaction of the conditions of Section 7.5):

(a) Any Transfer creating a Security Financing Interest for construction of the Improvements which is set forth in the Financing Plan.

(b) Any Transfer directly resulting from the foreclosure of a permitted Security Financing Interest or the granting of a deed in lieu of foreclosure on such a permitted Security Financing Interest.

(c) The leasing of retail space by Buyer to the Supermarket Operator for the operation of the Supermarket in furtherance of this Agreement. Any sublease to be entered into by the Supermarket Operator, or to an entity other than the Supermarket Operator, shall be limited to activities in furtherance of this Agreement and shall require the City's written approval.

(d) Any transfer by the holder of a permitted Security Financing Interest to a single asset subsidiary of such holder.

(e) Any transfer by the holder of a permitted Security Financing Interest of any interest in the Project it acquires as a result of foreclosure, deed in lieu of foreclosure or otherwise with the prior written consent of the City, not to be unreasonably withheld, conditioned or delayed.

(f) Any participation sold by the holder of a permitted Security Financing Interest of any interest in its loan.

(g) A Transfer otherwise approved by the City in writing.

7.5 Effectuation of Permitted Transfers.

7.5.1 No Transfer otherwise authorized or approved pursuant to Section 7.4, shall be permitted unless, at the time of the Transfer, the person or entity to which such Transfer is made, by an agreement reasonably satisfactory to the City and in form recordable among the land records (where the Transfer involves a conveyance of an interest in real property), expressly agrees to perform and observe, from and after the date of the Transfer, the obligations, terms and conditions of this Agreement; provided, however, that no such transferee shall be liable for the failure of its predecessor to perform any such obligation. Any proposed transferee for which the City's approval is required shall have the qualifications, development experience and financial capability necessary and adequate to operate and maintain the Supermarket and to otherwise fulfill Buyer's obligations under this Agreement. The City shall grant or deny approval of a proposed Transfer within ninety (90) days of receipt by the City of a written request for approval of a Transfer, which request shall include evidence of the

proposed transferee's business expertise and financial capacity. Failure by the City to approve or disapprove the proposed Transfer within ninety (90) days after receipt of a written request shall be deemed to be a disapproval of the proposed Transfer by the City.

7.5.2 Any assignment of rights and/or delegation of obligations under this Agreement in connection with a Transfer (whether or not City approval is required) shall be in writing executed by Buyer and the assignee or transferee, which written agreement shall name the City as a beneficiary with respect to such agreement (the "Assumption Agreement") with a copy thereof delivered to the City within ten (10) days after the effective date thereof. Upon assignment or transfer of this Agreement pursuant to an Assumption Agreement, the assignor may, at the City's reasonable discretion, be relieved of liability with respect to any such obligations relating to the Project assumed by the assignee. Notwithstanding the foregoing, unless such assignee specifically assumes pursuant to the Assumption Agreement the obligations under this Agreement to indemnify City with respect to the Project, the assignor will retain such obligations and remain jointly and severally liable for such indemnity obligations with such assignee.

7.5.3 Buyer shall reimburse the City for all actual third party consultant (legal and financial) costs associated with the City's review and consideration of any request for approval of a Transfer not otherwise approved pursuant to Section 8.4 above. Buyer shall deposit the sum of not less than Five Thousand Dollars (\$5,000.00) with its request for approval of any transfer, which shall be the presumed minimum cost to the City to review such request and shall be retained by the City. If the costs of City review exceed the deposit amount, the City shall send Buyer a bill for the costs and Buyer shall promptly pay the City the additional costs. This Section 7.5.3 does not apply to Permitted Transfers pursuant to Section 7.4 of this Agreement.

ARTICLE 8: DEFAULT AND REMEDIES

8.1 Application of Remedies.

This Article 8 shall govern the Parties' remedies for breach or failure of condition under this Agreement.

8.2 Fault of City.

8.2.1 Each of the following events, if uncured after expiration of the applicable cure period, shall constitute a "City Event of Default":

(1) The City without good cause fails to convey the Site within the time and in the manner specified in Article 3, and Buyer is otherwise entitled to such conveyance.

(2) The City breaches any other material provision of this Agreement.

8.2.2 Upon the occurrence of any of the above-described events, Buyer shall first notify the City in writing of its purported breach or failure, giving the City thirty (30) days from receipt of such notice to cure such breach or failure. In the event the City does not then cure the default within such thirty-day period (or, if the default is not susceptible of cure within such thirty-day period, the City fails to commence the cure within such period and thereafter to prosecute the cure diligently to completion), then Buyer shall be entitled to the following remedies: (1) seeking specific performance of this Agreement; or (2) seeking any other remedy available at law or in equity.

8.3 Fault of Buyer

8.3.1 Each of the following events, if uncured after written notice to Buyer and after notice to the holder of any Security Financing Interest, if and where required by this Agreement, and the expiration of the applicable cure period as provided in Section 8.4.2 below, together with any additional time to cure expressly granted to the holder of any Security Financing Interest shall constitute a "Buyer Event of Default":

(1) Buyer does not attempt diligently and in good faith to cause satisfaction of all conditions in Article 3.

(2) Buyer refuses for any reason (including, but not limited to, lack of funds but excluding any reason to the extent arising from an event of default by the City under this Agreement) to accept conveyance from the City of the Site within the time and in the manner specified in Article 3.

(3) Buyer fails to construct the Project in the manner and by the deadline set forth in Article 5 of this Agreement.

(4) Buyer completes a Transfer except as permitted under Article 7.

(5) Buyer breaches any other material provision of this Agreement.

(6) Buyer is in breach of its obligations under the documents evidencing the loan for the construction of the Improvements and, by

reason of such breach, the holder of such loan has stopped funding the loan and construction of the Improvements has stopped for a period of sixty (60) days.

(7) Buyer and/or the Supermarket Operator fails to operate the Property as a Supermarket;

(8) Buyer and/or the Supermarket Operator fails to maintain not less than seventy (70) full time Living Wage Jobs on the Property for a period of not less than five years (5) years from the issuance of the Certificate of Occupancy for the Project.

(9) Buyer and/or the Supermarket Operator fails to pay the higher of the prevailing City minimum wage or the Living Wage to each employee on the Property, regardless of whether such employee is full or part time.

8.3.2 Upon the occurrence of an event described in Section 8.3.1, the City shall notify Buyer and holders of Security Financing Interests in writing of the purported breach or failure (the "Default Notice"). Buyer shall have thirty (30) days from receipt of such Default Notice to cure such breach or failure. If Buyer does not cure the default within such thirty-day period (or if the default is not susceptible of being cured within such thirty (30) day period and if Buyer fails to commence the cure within such period and thereafter to prosecute the cure diligently to completion), then the City shall provide further notice and time to cure to the holders of Security Financing Interests as set forth in Section 8.4.3 below. If the holders of Security Financing Interests fails to cure the default within the time period permitted herein, the City shall be afforded cumulatively all of the following rights and remedies:

The City may (A) prosecute an action for damages against Buyer; (B) seek specific performance of this Agreement against Buyer; (C) terminate this Agreement; (D) enforce the Option to Repurchase in the City Repurchase Option; and/or (E) exercise any other right or remedy available to City at law or in equity.

8.3.3 Right to Cure.

(i) Notices to Qualified Financial Institutions. If Buyer fails to cure a default within thirty (30) days after notice thereof, then the City shall send to any holder of Security Financing Interest a second copy of the Default Notice.

(ii) Right to Cure. Notwithstanding anything stated to the contrary in this Agreement, City shall not exercise any of City's remedies, including any right to reclaim fee title in the Site pursuant to the termination clause in the Grant

Deed because of a default or breach thereunder on the part of Buyer, until and unless

(A) the City has complied with the notice provisions above;

(B) with respect to a default or breach that is curable solely by the payment of money any holder of Security Financing Interest has not cured such default or breach within thirty (30) days following the expiration of any applicable notice and cure periods; and

(C) with respect to a default or breach that is not curable solely by the payment of money any holder of Security Financing Interest has not cured such default or breach within thirty (30) days following the expiration of any of Buyer's notice and cure periods or, if such default or breach is curable but cannot be cured within such time period, the holder of Security Financing Interest has not notified City within such time period that it intends to cure such default or breach, and has not within ninety (90) days after the date of issuance of the initial Default Notice pursuant to Section 8.2.2 above, diligently commenced to cure such default or breach which shall include, without limitation, commencement of foreclosure and/or receivership actions, and is not thereafter diligently prosecuting such cure to completion.

8.4 Rights and Remedies Cumulative.

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

8.5 Inaction Not a Waiver of Default.

Any failures or delays by any Party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

8.6 No Attorneys' Fees.

In the event that any Party hereto brings any action or files any proceeding to declare the rights granted herein or to enforce any of the terms of this Agreement or as a consequence of any breach by another Party of its obligations hereunder, the prevailing Party or Parties in such action or proceeding shall not be entitled to have its

attorneys' fees and out-of-pocket expenditures paid by the losing Party. Each Party shall bear its own attorney's fees and costs.

ARTICLE 9: GENERAL PROVISIONS.

9.1 Buyer Representations and Warranties.

Buyer represents and warrants to the City, as follows:

(a) Organization.

Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California, with full power and authority to conduct its business as presently conducted and to execute, deliver and perform its obligations under this Agreement and is duly authorized to do business in the State of California.

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

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

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

(e) Licenses, Permits, Consents and Approvals. Buyer and/or any person or entity owning or operating the Property has duly obtained and maintained, or will duly obtain and maintain, and will continue to obtain and maintain, all licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the business on the Site.

9.2 City Representations and Warranties.

The City represents and warrants to Buyer, as follows:

(a) Authorization. The City has taken all necessary action to authorize its execution, delivery and, subject to any conditions set forth in this Agreement, performance of the Agreement. Upon the date of this Agreement, this Agreement shall constitute a legal, valid and binding obligation of the City, enforceable against the City in accordance with its terms subject to the laws of the State of California which limit the types of remedies available against a municipality and/or its agencies, and subject to equitable principles limiting the rights of creditors generally.

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

9.3 Notices, Demands and Communications.

Formal notices, demands, and communications between the City and Buyer shall be sufficiently given if, and shall not be deemed given unless, delivered personally, or dispatched by certified mail, return receipt requested, or by facsimile transmission with the original to follow by reputable overnight delivery service with a receipt showing date of delivery, to the principal offices of the City and Buyer as follows:

City: EWDD
1200 W. 7th Street, 6th Floor
Los Angeles, CA 90017
Attn: General Manager, EWDD

With copies to: HCID
1200 W. 7th Street, 9th Floor
Los Angeles, CA 90017
Attn: General Manager, HCID

Office of the City Attorney
200 N. Main Street, Room 920
Los Angeles CA 90012
:
Attn: Economic and Workforce
Development Department General
Counsel

Buyer: 94th and Broadway, LLC
6701 Wilson Avenue
Los Angeles, CA 90001

with copies to:

Buyer Attorney:

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section 11.3. Delivery shall be deemed to have occurred at the time indicated on the receipt for delivery or refusal of delivery.

9.4 Non-Liability of Officials, Employees and Agents.

No member, official, employee or agent of the City or the City shall be personally liable to Buyer, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to Buyer or on any obligation under the terms of this Agreement.

9.5 Enforced Delay/Force Majeure.

In addition to specific provisions of this Agreement, the Schedule of Performance shall be extended and performance by either Party shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; quarantine restrictions; freight embargoes; acts of god; severe or unusual shortages of materials or labor; uncommon inclement weather of an extreme or exceptional nature, unavoidable casualty; or court order (but not the presence of any litigation for which no court order is issued); or any other similar causes (other than lack of funds of Buyer or Buyer's inability to finance the construction of the Project) beyond the control or without the fault of the Party claiming an extension of time to perform. An extension of time for any cause will be deemed granted if notice by the Party claiming such extension is sent to the other within fifteen (15) days from the commencement of the cause and such extension of time is not rejected in writing by the other Party within ten (10) days of receipt of the notice.

9.6 Inspection of Books and Records.

Until the issuance of a Certificate of Completion by the City to Buyer, the City has the right at all reasonable times and upon reasonable notice to inspect on a confidential basis the books, records and all other documentation of Buyer pertaining to its obligations under this Agreement. In addition, for the term of the Agreement Containing Covenants, the City shall have and retain the right at all reasonable times and upon reasonable notice to inspect the books, records and all other documentation of Buyer and the Supermarket Operator pertaining to their obligations under the Agreement Containing Covenants.

9.7 Indemnification.

Except for the gross negligence or willful misconduct of the City, Buyer undertakes and agrees to defend, indemnify, and hold harmless the City from and against all suits and causes of action, claims, writs, losses, demands and expenses, including, but not limited to, reasonable attorney's fees and costs of litigation, damage or liability of any nature whatsoever, arising in any manner by reason of or incident to Buyer's activities related to: (i) the approval of any aspect of the Project; and/or (ii) the performance of this Agreement on the part of Buyer, or any contractor or subcontractor of Buyer. Buyer shall pay immediately upon the Indemnity demand any amounts owing under this indemnity. The duty of Buyer to indemnify is intended to apply solely to the activities of Buyer and not to the activities of the City and includes the duty to defend the City or, at the City's choosing, to pay the City's, costs of its defense in any court action, administrative action, or other proceeding brought by any third party arising from the development or the Site. The City may make all reasonable decisions with respect to its representation in any legal proceeding, including, but not limited to, the selection of attorney(s). Buyer's duty to indemnify the City shall survive the term of this Agreement.

9.8 Use of Project Images.

Buyer hereby consents to and approves the use by City of images of the Project, its models, plans and other graphical representations of the Project and its various elements ("Project Images") in connection with marketing, public relations, and special events, websites, presentations, and other uses required by the City in connection with the Project. Such right to use the Project Images shall not be assignable by the City or City to any other party (including, without limitation, any private party) without the prior written consent of Buyer. Buyer shall obtain any rights and/or consents from any third parties necessary to provide these Project Image use rights to City and City.

9.9 Title of Parts and Sections.

Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of its provision.

9.10 Applicable Law.

This Agreement shall be interpreted under and pursuant to the laws of the State of California.

9.11 Severability.

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

9.12 Binding Upon Successors; Covenants to Run With Land.

This Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, and assigns of each of the Parties; provided, however, that there shall be no Transfer except as permitted in Article 7. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor, successor, or assign of such Party who has acquired an interest in compliance with the terms of this Agreement or under law.

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

9.13 City as a third-party Beneficiary.

The City shall be a third-party beneficiary retaining enforcement rights with respect to this Agreement, including without limitation the provisions relating to the payment of the Living Wage for the Term.

9.14 Parties Not Co-Venturers.

Nothing in this Agreement is intended to or does establish the Parties as partners, co-venturers, or principal and agent with one another.

9.15 Entire Understanding of the Parties.

This Agreement constitutes the entire understanding and agreement of the Parties with respect to the conveyance of the Site and the development of the Project.

9.16 City Approval.

Whenever this Agreement references City approval, consent, or waiver, the written approval, consent, or waiver of the City Representative shall constitute the approval, consent, or waiver of the City, without further authorization required from the City Board. The City hereby authorizes the City's Chief Administrative Officer, or designee to deliver such approvals or consents as are contemplated by this Agreement, or to waive requirements under this Agreement, on behalf of the City. However, any material (as determined by City) amendment or modification to this Agreement will require approval by the City Council.

9.17 Incorporation of Exhibits.

All Exhibits referred to in this Agreement are incorporated herein by such reference and made a part hereof.

9.18 Time of Essence; Context and Construction.

Time is of the essence of this Agreement. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural, and the masculine shall include the feminine and neuter and vice versa. The term person as used in this Agreement, includes a natural person, corporation, association, partnership, organization, business, trust, individual, or a governmental authority, agency. "Day" or "days" is used herein, such shall refer to calendar day or days, unless otherwise specifically provided herein. Whenever a reference is made herein to a particular Article of this Agreement, it shall mean and include all sections, subsections and subparts thereof, and, whenever a reference is made herein to a particular section or subsection, it shall include all subsections and subparts thereof.

9.19 Effectiveness of Agreement.

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

9.20 Counterparts.

This Agreement may be executed in counterparts and multiple originals.

9.21 Amendments.

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

9.22 Police Power.

Nothing contained herein shall be deemed to limit, restrict, amend or modify, nor to constitute a waiver or release of, any ordinances, notices, orders, rules, regulations or requirements (now or hereafter enacted or adopted and/or as amended from time to time) of the City, its departments, commissions, agencies and boards and the officers thereof and/or the City, including, without limitation, any redevelopment or general plan or any zoning ordinances, or any of City's or City's duties, obligations, rights or remedies thereunder or pursuant thereto or the general police powers, rights, privileges and discretion of City or City in the furtherance of the public health, welfare and safety of the inhabitants thereof, including, without limitation, the right under law to make and implement independent judgments, decisions and/or acts with respect to planning, development and/or redevelopment matters (including, without limitation, approval or disapproval of plans and/or issuance or withholding of building permits) whether or not consistent with the provisions of this Agreement, any Exhibits attached hereto or any other documents contemplated hereby (collectively, "City and City Rules and Powers"). In the event of any conflict, inconsistency or contradiction between any terms, conditions or provisions of this Agreement, Exhibits or such other documents, on the one hand, and any such City and City Rules and Powers, on the other hand, the latter shall prevail and govern in each case. This Section shall be interpreted for the benefit of City and City.

9.23 No Obligation To Third Parties.

This Agreement shall not be deemed to confer any rights upon, nor obligate either of the Parties to this Agreement to, any person or entity not a Party to this Agreement other than the City and the Parties explicitly disclaim any intent to create a third party beneficiary relationship with any person or entity as a result of this Agreement.

9.24 Brokers.

City and Buyer each represents that it has not engaged any broker, agent or finder in connection with this transaction. Buyer agrees to defend, indemnify and hold City and all City Representatives harmless from and against any Losses and Liabilities with respect to such commissions based upon the alleged acts of Buyer.

9.25 Standard of Approval.

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

9.26 Submittals and Approvals.

Various submittals are required by Buyer pursuant to the Agreement. As expressly provided by this Agreement, City shall approve or disapprove certain submittals from Buyer within specified timeframes or else such submittal shall be deemed disapproved by the City.

(SIGNATURE PAGE TO FOLLOW)

IN WITNESS WHEREOF, the Parties have executed this Purchase and Sale Agreement.

Executed this _____ day of _____, 2015.

THE CITY OF LOS ANGELES, a municipal corporation

By: _____
Its: _____

APPROVED AS TO FORM:
MICHAEL N. FEUER, City ATTORNEY

By: _____
Assistant/Deputy City Attorney

94TH AND BROADWAY, LLC

By: _____
Its: _____

EXHIBIT 1

LAEGAL DESCRIPTION OF SITE

[Attached]

EXHIBIT 2

AGREEMENT CONTAINING COVENANTS

NO FEE DOCUMENT

RECORDING REQUESTED BY)
AND WHEN RECORDED RETURN TO:)
)
THE CITY OF LOS ANGELES)
)
Los Angeles, CA 90012)
Attn: _____)

Assessor's Parcel Numbers:

AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY

This AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY ("Covenant Agreement") is made this _____ day of _____, 2015 by and between The City of Los Angeles, California, a municipal corporation (the "City"), and 94TH and Broadway, LLC, a California Limited Liability Corporation ("Owner").

RECITALS

WHEREAS, the City as the fee owner of that certain unimproved parcel of real property located at 9402-9422 South Broadway, Los Angeles California 90003 ("Property"), as more particularly described in **Exhibit "1"** determined that it no longer required the Property for governmental use;

WHEREAS, on _____ 2015, the Los Angeles City Council in accordance with Los Angeles Administrative Code Section 7.27.2, and California Health and Safety Code Section 33433 under City Council File 11-0054-S2, determined that due to the lack of full service supermarkets in the adjoining community and in order to complete the final phase of a comprehensive mixed-use affordable housing development, the public interest and necessity required the private sale of the Property without bidding to 94th and Broadway, LLC ("Buyer") at the Fair Reuse Value of One Dollar (\$1);

WHEREAS, the surrounding community is devoid of full service grocery stores and the City Council has determined that the Supermarket is not only a vital and integral part of the Housing Project which shall mean for purposes of this Agreement Containing Covenants, the Supermarket and adjoining 49-unit affordable Broadway Villas Senior Housing Project, but is also vital to other affordable housing projects in the immediate area and will serve low income households within the community;

WHEREAS, Buyer has transferred its rights to any future density bonuses through entitlement actions (CPC-2011-1450-DB) tying the Property to adjacent parcels for the development of the 49-unit Broadway Villas Senior Housing Project and has assumed responsibility for compliance with certain on-site and off-site improvements required by the Mitigated Negative Declaration (ENC 2011-1451-MND) adopted by the City on September 22, 2011 for the Housing Project;

WHEREAS, subsequent to the public hearing, the City Council adopted a resolution finding that the sale of the Property at its Fair Ruse Value serves one or more public purposes and authorizing the sale of the Property to the Buyer in accordance with Los Angeles Administrative Code Section 7.27.2 and California Health and Safety Code Section 33433 to Buyer for development of the Property as full service supermarket (the "Project");

WHEREAS, the City has determined that the direct sale of the Property to Buyer for the development of the Project in accordance with the terms and conditions set forth herein will serve one or more vital governmental public purposes and is in the vital and best interests of the City and serves the health, safety, morals and welfare of the residents of the City in that it would; i) eliminate current or potential future physical blight by developing a vacant underutilized parcel and replacing it with the Project; ii) would help alleviate economic blight in the community by creating temporary construction jobs and approximately seventy (70) permanent Living Wage Jobs once the Project is completed; iii); would create a new full service grocery store offering a wide variety of fresh food at a more affordable price to an underserved portion of the City and thereby encourage further private and public economic development in an around the community; and iv) will help generate new tax and private revenue within the community, for residents, businesses as well as state and local government.

WHEREAS, as a condition of the City's conveying the Property to Owner, Owner shall execute, among other things, a Purchase and Sale Agreement (the "PSA") for the Project, and this Covenant Agreement, which shall be recorded against the Property. This instrument is intended to secure City's continuing interest in the development of the Project in accordance with the PSA, including:

1. Property will be developed in a single phase and shall be used solely as a full service Supermarket for a term of no less than ten (10) years after a Certificate of Occupancy is issued by the City;

2. Buyer shall enter into a Repurchase Option Agreement which provides for the City to repurchase the Property at the Fair Reuse Value if Buyer fails to develop the Supermarket;

3. Buyer shall develop and implement a plan to offer services to the adjoining affordable housing developments, and more specifically to the Broadway Villas Senior Housing Project, such as providing door-to-door delivery services for groceries, shared parking outside store operating hours for guests and residents of Broadway Villas Senior Housing Project, twenty-four hour security of the Property and adjoining Broadway Villas Senior Housing Project, hosting of quarterly health fairs in collaboration with health providers, offering free medical services and information to seniors of the Broadway Villas Senior Housing Project; and acceptance of all forms of federal and state food assistance at the supermarket, including Cal Fresh.

4. The employment of not less than 70 full time Living Wage Jobs for a period of not less than five (5) years from the completion of the Project.

5. The purpose of this Covenant Agreement is to regulate and restrict the development, construction, operation, ownership, and management of the Property. The covenants in this Covenant Agreement are intended to run with the land and be binding on Owner and Owner's successors for the full term of this Covenant Agreement.

NOW THEREFORE, IN CONSIDERATION of the aforesaid Recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Owner and City hereby agree as follows:

I. DEFINITIONS

1.1 “**CITY**” is the City of Los Angeles, a municipal corporation, and its officers, officials, directors, employees, agents and authorized representatives.

1.2 **CERTIFICATE OF COMPLETION – CONSTRUCTION AND OPERATIONS**” shall mean a certificate to be issued by the City in recordable form to Buyer, upon either’s written request, certifying that the Buyer has substantially completed construction of the Project complied with all other material aspects of this Agreement for the entire Term of this Agreement.

1.3 **CERTIFICATE OF COMPLETION - JOBS** shall mean a certificate to be issued by the City to Buyer, upon either’s written request, certifying that the Buyer has developed the Project, satisfied the Living Wage Jobs requirement and have complied with all other material aspects of this Agreement for the entire Term of this Agreement.

1.4 “**CERTIFICATE OF OCCUPANCY**” shall mean a certificate to be issued by the City in accordance with the Los Angeles Municipal Code Section authorizing

occupancy of not less than Twenty-Five Thousand (25,000) square feet in Phase 1 and not less than Fifty Thousand (50,000) square feet of space for the Project at the Site.

1.5 **JOBS REQUIREMENT** shall mean a requirement that Buyer employ not less than seventy (70) Living Wage full time jobs at the Site for a period of not less than five (5) years from the issuance of a Certificate of Occupancy.

1.6 **LIVING WAGE** or "Living Wage Jobs" shall mean full time jobs to be defined and calculated in accordance with Los Angeles Administrative Code Section 10.37, et seq.

1.7 **"IMPROVEMENTS"** shall mean a single story first class commercial structure intended to be utilized as a full service grocery store containing no less than twenty five thousand square feet of gross leasable area, 108 parking stalls, together with all related improvements and amenities, to be constructed by Owner on the Property in accordance with the PSA.

1.8 **"OWNER"** is 94th and Broadway LLC, a California limited liability company, and its authorized representatives, assigns, transferees, or successors-in-interest thereto.

1.9 **"PSA"** means that certain Purchase and Sale Agreement dated as of the _____ day of _____, 2015, by and between the Owner and the City which provides for, among other things, the development on the Project on the Property.

1.10 **"HOUSING PROJECT"** means Supermarket and the adjoining 49-unit affordable housing, commonly referred to as Broadway Villas Senior Housing Project.

1.11 **"PROPERTY"** means the real property described in the attached Exhibit "A" which is hereby incorporated into this Covenant Agreement by this reference, and any Improvements now or hereafter situated on said real property.

1.12 **"SUPEMARKET"** means shall mean a full service grocery store of not less than twenty five thousand square feet which shall include a wide variety of fresh and healthy foods and produce in accordance with the guidelines established by the California Fresh Works Fund.

1.13 **TRANSFER** means any total or partial sale, assignment or conveyance, of any trust or power, or any transfer in any other mode or form, of or with respect to this Deed, or of the Site or any part thereof or any interest therein or of the Project constructed thereon, including, without limitation, the CBTL Lease, or any contract or agreement to do any of the same.

II. OWNER'S OBLIGATIONS

2.0 COMPLIANCE WITH COVENANT AGREEMENT AND GRANT DEED.

Owner shall at all times comply with all of the terms, conditions, covenants and provisions of the Covenant Agreement with respect to the construction, development, redevelopment, leasing, operation and maintenance of the Project. Without limiting the generality of the foregoing but by way of explanation thereof, Owner shall: construct the Improvements in accordance with plans and specifications approved by the City; at all times maintain the Improvements and operating facility for a Supermarket; at all times during operation of the Project comply with the Living Wage jobs requirements and Service Worker Retention Policies.

2.1 TERM OF AGREEMENT. This Covenant Agreement shall commence upon execution and delivery hereof by both parties and shall remain in full force and effect until the date which is twenty five years (25) years after the date of issuance of a Certificate of Completion by City for the entire Project, unless terminated earlier by the City in writing or extended by the mutual consent of the parties. Failure to record this Covenant Agreement shall not relieve Owner of any of the obligations specified herein. The owner shall maintain the Supermarket use for the longest feasible but not less than ten (10) years from the issuance of a Certificate of Occupancy for the Supermarket.

2.2 USE RESTRICTIONS. For not less than twenty-five (25) years from the issuance of a Certificate of Occupancy for the Supermarket, the Property shall not be used to house any of the following types of business activities:

Liquors stores; Gas Stations; Massage Parlors or other "Sin Businesses" as defined in The New Market Tax Credit provisions of Section 45(D) of the Internal Revenue Code.

2.3 NONDISCRIMINATION. Owner covenants and agrees for itself, its successors and its assigns in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person or persons on any basis prohibited by law.

2.4 COMPLIANCE WITH LAW. Owner shall at all times comply with all applicable local, state and federal laws and regulations. Without limiting the generality of the foregoing, the Project shall be developed and the Improvements shall be maintained, for the duration of this Covenant Agreement, to comply with all applicable federal, state and local disabled and handicapped access requirements, including without limitation the Americans with Disabilities Act, 42 U.S.C. Section 12101, et seq., Government Code Section, 4450, et seq., Government Code Section, 11135, et seq., and the Unruh Civil Rights Act, Civil Code Section 51, et seq.

2.5 USE OF PROPERTY FOR COMMERCIAL ADVERTISING. Owner shall not, without prior written approval of the City, which approval City may grant, deny or condition in its sole and absolute discretion, allow or permit any billboards, supergraphics or other similar forms of commercial advertising to be placed on the Site.

III. CONSTRUCTION AND USE OF THE IMPROVEMENTS

3.1 **USE RESTRICTIONS.** Owner shall design, construct and operate the Project in conformity with appropriate design and land use standards, such as the applicable Community Plan as a twenty five thousand (25,000) square foot Supermarket or specialty food store. The completed Project will serve as a Supermarket for a minimum of ten years after the issuance of a Certificate of Occupancy. Owner shall additionally ensure that Supermarket shall create and maintain not less than seventy (70) full time Living Wage jobs at the Property for at least five years during the first ten years of occupancy

3.2 **SERVICES TO BROADWAY VILLAS SENIOR HOUSING PROJECT.** Buyer shall develop and implement a plan to offer services to the adjoining affordable housing developments, and more specifically to the Broadway Villas Senior Housing Project, such as providing door-to-door delivery services for groceries, shared parking outside store operating hours for guests and residents of Broadway Villas Senior Housing Project, twenty-four hour security of the Property and adjoining Broadway Villas Senior Housing Project, hosting of quarterly health fairs in collaboration with health providers, offering free medical services and information to seniors of the Broadway Villas Senior Housing Project; and acceptance of all forms of federal and state food assistance at the supermarket, including Cal Fresh.

3.3 **ADDITIONAL PERMITS AND APPROVALS.** Owner shall obtain all permits and approvals necessary to construct the Project including demolition and building permits. All applications for such permits and approvals shall be consistent with this Agreement. Owner acknowledges that execution of this Agreement by the City does not constitute approval by the City of any required governmental approvals, including, without limitation any required permits, applications, findings or allocations, and in no way limits the discretion of the City (or any other governmental agency) in the permit, allocation and approval process.

3.4 **CITY REVIEW.** Owner shall be solely responsible for all aspects of Owner's conduct in connection with the Project, including, but not limited to, the quality and suitability of any design and development documents, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and Site managers. Any review or inspection undertaken by the City with reference to the Project is solely for the purpose of determining whether Owner is properly discharging its obligations to the City, and should not be relied upon by Owner or by any third parties as a warranty or representation by the City as to the quality of the design or construction of the Project.

3.5 COMMENCEMENT OF CONSTRUCTION. Owner shall commence construction of the Improvements diligently upon the Close of Escrow and shall complete the Improvements within 36 months of the Close of Escrow. Should Owner fail to diligently pursue construction of the Improvements within 36 months, the City may, but is not obligated to, repurchase the Property upon the terms and conditions set forth in Section 3 of this Agreement and as set forth in the Purchase and Sale Agreement. For purposes of this Section 3.4, “diligently pursue construction” shall mean that Owner has:

1. Secured all Governmental Approvals required for the development of the entire Project, including, without limitations all entitlements, building permits and environmental approvals;
2. Obtained final architectural plans and schematics for the Project;
3. Completed all grading and foundational work;
4. Entered into a valid enforceable construction contract(s) with a general contractor and has commenced construction for not less than twenty five thousand (25,000) square feet of space on the Site.
5. Completion of remediation, if any, grading and foundation work;
6. Building construction at or greater than 80% complete; and
7. Proof of available financing required to complete construction of the approved plans, specifications and off-sites.

3.6 CONSTRUCTION. Owner shall construct the Improvements in conformity with the terms and conditions of all City and other governmental approvals.

3.7 CITY RIGHT TO REPURCHASE. In the event that Owner fails to diligently pursue construction of the Project, as set forth in Section 3.4, above, within thirty six (36) months of the closing of escrow, the City may exercise its right to repurchase the Site upon the terms and conditions set forth in the Repurchase Option Agreement. The sales price of the Property will be the Fair Reuse Value and requires the City to retire any outstanding liens recording against the Property, approved by the City and used to fund improvements on Property. Nothing contained therein shall be deemed a waiver by the City to bring any action against Owner for recovery of monetary damages to the City for amounts expended by the City to satisfy any liens.

III. PROPERTY MANAGEMENT AND OPERATIONS

3.1 MANAGEMENT RESPONSIBILITIES. Owner is specifically responsible, subject to its obligations herein, for all management functions with respect to the Property, including without limitation the selection of tenants, collection of rents, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. Management includes providing twenty-four hour security for the Property and adjoining Broadway Villas Senior Housing Project for the term of the Covenant Agreement. The City shall have no responsibility over management of the Property.

3.2 USE. Owner covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Buyer, that Owner shall develop the Project upon the Site and thereafter for a period of not less than ten (10) years shall devote the Site, and all portions thereof, primarily for use a full service supermarket and shall maintain not less than two hundred (70) full time Living Wage Jobs on the Site for the Term of this Covenant Agreement. For not less than twenty-five (25) years from the issuance of a Certificate of Occupancy for the Supermarket, the Property shall not be used to house any liquor stores; Gas Stations; Massage Parlors or other “Sin Businesses” as defined in The New Market Tax Credit provisions of Section 45(D) of the Internal Revenue Code.

3.3 Buyer further covenants and agrees for itself and its successors and assigns that it shall not engage in or permit any activity on the Site that would violate the applicable community plan, the Agreement Containing Covenants, any project documents approved for any portion of the Site, or any applicable Governmental Restrictions. Buyer shall not, without prior review and approval of the City, allow or permit any billboards or other similar forms of commercial advertising to be placed on the Site, other than signage rights granted to its tenant(s) in accordance with leases approved hereunder, provided that such signage complies with all laws.

3.4 Buyer shall develop and implement a plan to offer services to the adjoining affordable housing developments, and more specifically to the Broadway Villas Senior Housing Project, such as providing door-to-door delivery services for groceries, shared parking outside store operating hours for guests and residents of Broadway Villas Senior Housing Project, twenty-four hour security of the Property and adjoining Broadway Villas Senior Housing Project, hosting of quarterly health fairs in collaboration with health providers, offering free medical services and information to seniors of the Broadway Villas Senior Housing Project; and acceptance of all forms of federal and state food assistance at the supermarket, including Cal Fresh.

3.5 MANAGEMENT ENTITY. The Owner may employ a management entity. Any contracting of management services by Owner shall not relieve Owner of its primary responsibilities for proper performance of management duties.

3.6 MAINTENANCE AND SECURITY. Owner shall at its own expense maintain the Property in good condition, in good repair, and in decent, safe, sanitary and tenantable condition, as a full service Supermarket. Owner shall not commit or permit waste on or to the Property, and shall prevent and/or rectify any physical deterioration of the Property. Owner shall maintain the Property in conformance with all applicable state, federal, and local laws, ordinances, codes, and regulations and the Final Management Plan; but Owner's maintenance obligations shall not be limited only to the standards contained in these laws or the Final Management Plan.

In the event that Owner fails to maintain the Property in accordance with these standards and after at least ten (10) business days prior notice to Owner, the City or the City's contractor or agent may, but shall be under no obligation to, enter upon the Property, make such repairs or replacements as are deemed necessary in the City's discretion, and provide for payment thereof. Any amount advanced by the City to make such repairs, together with interest thereon from the date of such advance at the same rate of indebtedness as specified in the Note (unless payment of such an interest rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate then allowed by applicable law), shall become an additional obligation of Owner to the City.

3.7 INSPECTION AND RECORDS. Owner shall maintain records which clearly document Owner's performance of its obligations to operate the Property under the terms of this Covenant Agreement. Owner shall submit any records to the City within ten (10) business days of the City's request. Owner shall permit the City to enter and inspect the Property for compliance with obligations under this Covenant Agreement upon twenty-four (24) hours advance notice to Owner or Owner's management agent of such visit by the City. Owner's rental agreements with the tenants of the Project shall also provide for periodic inspection of the Project units for health and safety reasons.

3.8 FEES, TAXES, AND OTHER LEVIES. Owner shall be responsible for payment of all fees, assessments, taxes, charges and levies imposed by any public authority or utility company with respect to the Property, and shall pay such charges prior to delinquency.

3.9 INSURANCE COVERAGE. Owner shall cause to have in full force and effect during the term of this Covenant Agreement insurance coverage as required by the PSA, which insurance requirements are hereby incorporated by reference into this Covenant Agreement.

3.8 HAZARDOUS MATERIALS. Owner shall comply with all of the obligations contained in the PSA with respect to Hazardous Materials (as defined in the PSA).

3.9 OBLIGATION TO REFRAIN FROM DISCRIMINATION. Owner covenants and agrees for itself, its successors and its assigns in interest to the Site or any part thereof, that there shall be no discrimination against or segregation of any person or persons in his or her employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status, or medical condition. Buyer shall include the foregoing language prohibiting discrimination in any contract, lease of subsequent deed which it enters into in regards to the Site and/or the Project, as applicable, for the term of this Covenant Agreement.

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

3.11 ADA CERTIFICATION. Owner hereby certifies as follows:

- (i) Owner is in compliance with and will continue to comply with the Americans with Disabilities Act, 42 U.S.C. 12101 et seq. and its implementing regulations.
- (ii) Owner shall not discriminate against persons with disabilities nor against persons due to their relationship or association with a person with a disability.

3.12 FEES, TAXES, AND OTHER LEVIES. Owner shall be responsible for payment of all fees, assessments, taxes, charges and levies imposed by any public authority or utility company with respect to the Site, and shall pay such charges prior to delinquency.

3.13 LIVING WAGE JOB REQUIREMENT. This Covenant Agreement is subject to the provisions of the City's Living Wage Ordinance, which may be accessed via the City's website at http://bca.lacity.org/index.cfm?nxt=lco&nxt_body=content_lwo.cfm.

i. Notwithstanding the thresholds stated in the Ordinance, Owner shall comply with and pay or cause to be paid wages to all of its employees and contractors' employees working at the Site at the levels set forth in the Living Wage Ordinance.

ii. In addition, Owner covenants and agrees that it will comply with this Ordinance for a period of no less than ten years and will ensure that for a period of not less than ten years, seventy (70) full time employees or contracted employees working on the Site, shall be paid at a salary of no less than the levels set forth in the City's Living Wage Ordinance. This number of jobs shall be demonstrated by Owner through self-certification forms produced by any tenants or contractors. Owner's own employees or its contractors' employees working on the Site may be applied towards the required amount of Living Wage workers

3.14 LIVING WAGE AND USE ANNUAL REPORTING REQUIREMENT. On each anniversary of the issuance of the Certificate of Occupancy, the Owner will demonstrate compliance with the covenant's Living Wage employment requirements by providing an employment report to the City's Economic and Workforce Development Department in the form attached as Exhibit 6 to the PSA. Employment Report will be acknowledged as received in writing by the City of Los Angeles with a determination, after reasonable inspection of records, books and site whether the Living Wage Job Requirements have been met for that year. Additionally, Owner will demonstrate compliance with any use or operation restrictions incorporated in this Covenant Agreement.

IV. TRANSFER PROVISIONS

4.1 PROHIBITED TRANSFERS. The limitations on Transfers set forth in this Section 4 shall apply from the date of the recording of this Covenant until the date of ten years after the issuance of a Certificate of Occupancy. Until such time as the Certificate of Occupancy is issued by the City, Owner agrees that it has not made or created, and will not make or create or suffer to be made or created, and Transfer, either voluntarily or by operation of law, without the prior written approval of City, which approval may be given or withheld in the City's sole and absolute discretion. Any Transfer made in contravention of this Section 4 shall be void and shall be deemed to be a default under this Agreement, whether or not Buyer knew of or participated in such Transfer.

4.2 PERMITTED TRANSFERS

The following Transfers shall be permitted:

(a) Any Transfer creating a Security Financing Interest for construction of the Improvements which is set forth in the Financing Plan.

(b) Any Transfer directly resulting from the foreclosure of a permitted Security Financing Interest or the granting of a deed in lieu of foreclosure on such a permitted Security Financing Interest.

(c) The leasing of retail space by Buyer to the Supermarket Operator for the operation of the Supermarket in furtherance of this Agreement. Any sublease to be entered into by the Supermarket Operator, or to an entity other than the Supermarket Operator, shall be limited to activities in furtherance of this Agreement and shall require the City's written approval, and

(d) Any transfer by the holder of a permitted Security Financing Interest to a single asset subsidiary of such holder.

(h) Any transfer by the holder of a permitted Security Financing Interest of any interest in the Project it acquires as a result of foreclosure, deed in lieu of foreclosure or otherwise with the prior written consent of the City, not to be unreasonably withheld, conditioned or delayed.

(i) Any participation sold by the holder of a permitted Security Financing Interest of any interest in its loan.

(j) A Transfer otherwise approved by the City in writing.

4.3 EFFECTUATION OF PERMITTED TRANSFERS

(a) No Transfer otherwise authorized or approved pursuant to Section 4.2 shall be permitted unless, at the time of the Transfer, the person or entity to which such Transfer is made, by an agreement reasonably satisfactory to the City and in form recordable among the land records (where the Transfer involves a conveyance of an interest in real Site), expressly agrees to perform and observe, from and after the date of the Transfer, the obligations, terms and conditions of this Covenant provided, however, that no such transferee shall be liable for the failure of its predecessor to perform any such obligation. Any proposed transferee for which the City's approval is required shall have the qualifications, development experience and financial capability necessary and adequate to fulfill the obligations undertaken in this Covenant by Owner, as applicable. The City shall grant or deny approval of a proposed Transfer within ninety (90) days of receipt by the City of a written request for approval of a Transfer, which request shall include evidence of the proposed transferee's business expertise and financial capacity. Failure by the City to approve or disapprove the proposed Transfer within ninety (90) days after receipt of a written request shall be deemed to be a disapproval of the proposed Transfer by the City.

(b) Any assignment of rights and/or delegation of obligations under this Agreement in connection with a Transfer (whether or not City approval is required) shall be in writing executed by Owner and the assignee or transferee, which written agreement shall name the City as an express third party beneficiary with respect to such agreement (the "Assumption Agreement") with a copy

thereof delivered to the City within ten (10) days after the effective date thereof. Upon assignment or transfer of this Covenant pursuant to an Assumption Agreement, the assignor may, at the City's reasonable discretion, be relieved of liability with respect to any such obligations relating to the Project assumed by the assignee. Notwithstanding the foregoing, unless such assignee specifically assumes pursuant to the Assumption Agreement the obligations under this Agreement to indemnify City with respect to the Project, the assignor will retain such obligations and remain jointly and severally liable for such indemnity obligations with such assignee.

(c) Owner shall reimburse the City for all actual third party consultant (legal and financial) costs associated with the City's review and consideration of any request for approval of a Transfer not otherwise approved pursuant to Section 4.2 above. Owner shall deposit the sum of not less than Five Thousand Dollars (\$5,000.00) with its request for approval of any transfer, which shall be the presumed minimum cost to the City to review such request and shall be retained by the City. If the costs of City review exceed the deposit amount, the City shall send Owner a bill for the costs and Buyer shall promptly pay the City the additional costs. This Section does not apply to Permitted Transfers pursuant to Section 5.2 of this Covenant.

IV. GENERAL PROVISIONS

4.1 **TRANSFER AND ENCUMBRANCE OF PROPERTY.** Owner shall not for the Term of the PSA make or permit any sale, assignment, conveyance, lease (other than the rental of space in the Project in the ordinary course of business) or transfer of the Property or any other part thereof, without the prior written consent of the City, which consent shall be not be unreasonably withheld, conditioned or delayed, and any such transfer shall comply with the PSA.

4.2 **DEFAULT AND REMEDIES.** In the event of any breach or violation of any agreement or obligation under this Covenant Agreement, or of any Event of Default as defined by the PSA which in any way pertains to or affects the continuing operation of the Property which Event of Default is continuing after any required notice and time to cure, the City may proceed with any or all of the following remedies:

- A. Bring an action in equitable relief seeking specific performance by Owner of the terms and conditions of this Covenant Agreement, and/or enjoining, abating, or preventing any violation of said terms and conditions, and/or seeking declaratory relief;
- B. Enter upon, take possession of, and manage the Property, either in person, by agent, or by a receiver appointed by a court, and collect any rents, income, deposits, or reserves and apply them to operate the Property; or

- C. After notice provided for herein, make such repairs or replacements to the Property as are necessary and provide for payment thereof.
- D. Exercise the power of termination under the Grant Deed if such power is invoked prior to the date on which the Owner is entitled to the issuance of a Certificate of Completion under the PSA.

4.3 **NON-LIABILITY OF OFFICIALS, EMPLOYEES AND AGENTS.** The City's officers, officials, employees or agents shall not be personally liable to Owner for any matter arising from or relating to this Covenant Agreement.

4.4 **INDEMNITY.** Owner shall indemnify and hold the City and City ("Indemnitees") free and harmless against any losses, damages, liabilities, claims, demands, judgments, actions, court costs, and legal or other expenses (including attorney's fees) which the Indemnitees may incur as a direct or indirect consequence of (1) Owner's failure to perform any obligations as and when required by this Covenant Agreement; (2) any failure of any of Owner's representations or warranties to be true and complete; or (3) any act or omission by Owner or any contractor, subcontractor, management agent, or supplier with respect to the Property, except to the extent such losses are caused by the negligence or willful misconduct of the Indemnitees. Owner shall pay immediately upon the Indemnitees' demand any amounts owing under this indemnity. The duty of Owner to indemnify includes the duty to defend the Indemnitees in any court action, administrative action, or other proceeding brought by any third party arising from or relating to the Property. The Indemnitees may make all reasonable decisions with respect to its/their representation in any legal proceeding, including, but not limited to, the selection of attorney(s). Owner's duty to indemnify the Indemnitees shall survive the term of this Covenant Agreement.

4.5 **GOVERNING LAW.** This Covenant Agreement shall be interpreted under and be governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.

4.6 **TIME.** Time is of the essence in this Covenant Agreement.

4.7 **CONSENTS AND APPROVALS.** Any consent or approval of the City required under this Covenant Agreement shall not be unreasonably withheld or delayed. Any approval must be in writing and executed by an authorized representative of the City.

4.8 **NOTICES, DEMANDS AND COMMUNICATIONS.** Formal notices, demands and communications between Owner and City shall be sufficiently given and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by overnight courier service which

guarantees delivery on the next business day, or delivered personally, to the principal offices of Owner and the City as follows:

City: EWDD
1200 W. 7th Street, 6th Floor
Los Angeles, CA 90017
Attn: General Manager, EWDD

With copies to: HCID
1200 W. 7th Street, 9th Floor
Los Angeles, CA 90017
Attn: General Manager, HCID

: Office of the City Attorney
200 N. Main Street, Room 920
Los Angeles CA 90012
Attn: Economic and Workforce
Development Department General
Counsel

Buyer: 94th and Broadway, LLC
6701 Wilson Avenue
Los Angeles, CA 90001

with copies to:

Buyer Attorney:

4.9 **BINDING UPON SUCCESSORS.** All provisions of this Covenant Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of Owner and the City, and shall run with the land for the full term of this Covenant Agreement regardless of any prior termination or expiration of the PSA. Any successor-in-interest to Owner and any purchaser or transferee of the Property shall be subject to all of the duties and obligations imposed on Owner under this Covenant Agreement for the full term of this Covenant Agreement. The term "Owner" as used in this Covenant Agreement shall include all such assigns, successors-in-interest, and transferees.

4.10 **RELATIONSHIP OF PARTIES.** The relationship of Owner and the City shall not be construed as joint venture, equity venture, or partnership. The City neither undertakes nor assumes any responsibility or duty to Owner or any third party

with respect to the operation of the Property or the actions of the Owner. Except as the City may specify in writing, Owner shall have no authority to act as an agent of the City or to bind the City to any obligation.

4.11 **WAIVER.** Any waiver by the City of any obligation in this Covenant Agreement must be in writing. No waiver will be implied from any delay or failure by the City to take action on any breach or default of Owner or to pursue any remedy allowed under this Covenant Agreement or applicable law. Any extension of time granted to Owner to perform any obligation under this Covenant Agreement shall not operate as a waiver or release from any of its obligations under this Covenant Agreement. Consent by the City to any act or omissions by Owner shall not be construed to be a consent to any other subsequent act or omission or to waive the requirement for the City's written consent to future waivers.

4.12 **OTHER AGREEMENTS.** Owner represents that it has not entered into any agreements that would restrict or compromise its ability to comply with the terms of this Covenant Agreement. Owner shall not enter into any agreements that are inconsistent with the terms of this Covenant Agreement without an express waiver by the City in writing.

4.13 **AMENDMENTS AND MODIFICATIONS.** Any amendments or modifications to this Covenant Agreement must be in writing, and shall be made only if executed by both Owner and the City.

4.14 **SEVERABILITY.** Every provision of this Covenant Agreement is intended to be severable. If any provision of this Covenant Agreement shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

(signature page follows)

IN WITNESS WHEREOF, the City and the Owner have caused this Covenant Agreement to be executed by their duly authorized representatives

Executed this _____ day of _____, 20__

THE City OF LOS ANGELES

By: _____

Name: _____

Its: _____

APPROVED AS TO FORM:
MICHAEL N. FEUER, City Attorney

By: _____

Date:

Executed this _____ day of _____, 20__

By: _____

Name: _____

Its: _____

EXHIBIT 3

Form of City repurchase Option Agreement

**REPURCHASE OPTION AGREEMENT FOR REAL PROPERTY
9402-9422 S. BROADWAY, LOS ANGELES, CA 90003**

NO FEE DOCUMENT

RECORDING REQUESTED BY)
AND WHEN RECORDED RETURN TO:)
)
THE CITY OF LOS ANGELES)
EWDD)
1200 W. 7 th Street, 6 th Floor)
Los Angeles, CA 90012)
Attn: EDD Portfolio Management)

Assessor's Parcel Numbers:

CITY REPURCHASE OPTION AGREEMENT

This REPURCHASE OPTION AGREEMENT ("Repurchase Option Agreement") is made this _ day of _____, 2015 by and between The City of Los Angeles, California, a municipal corporation (the "City"), and 94th and Broadway, LLC a California limited liability Company ("Owner").

RECITALS

WHEREAS, the City as the fee owner of that certain unimproved parcel of real property located at 9402-9422 South Broadway Street, Los Angeles, California 90003 ("Property"), as more particularly described in **Exhibit "1"** determined that it no longer required the Property for a traditional governmental use and authorized the direct sale of the Property without public bidding, under City Council File 11-0054-S2, to Buyer at its Fair Reuse Value of \$1 in accordance with Los Angeles Administrative Code Sections 7.27.2 and may, subject to separate approval provide up to Seven Hundred and Fifty Thousand Dollars (\$750,000) in Community Development Block Grant Funds for the development of the Property as a full service Supermarket serving the surrounding low income housing projects as well as the community.

Whereas, the Fair Market Value of the Property has been appraised at Three Million Five Hundred Forty Thousand Dollars (\$3,540,000).

Whereas, the Fair Reuse Value was calculated based upon the use of the Property as a Supermarket and the City would not have conveyed any interest to the Buyer except for the Property to be developed and used as a Supermarket serving the adjacent and connected low income housing projects as well as the surrounding community.

Whereas, as a condition of the City's conveying the Site to Owner, Owner executed, among other things, a Purchase and Sale Agreement (the "PSA") for the Property, an Agreement Containing Covenants ("Covenant Agreement") and this City Repurchase Option Agreement, which Covenant Agreement and City Repurchase Option Agreement were required to be recorded against the Property. These instruments are intended to secure City's continuing interest in the development of the Project in accordance with the PSA, including:

1. Property will be developed in a single phase as a full service Supermarket.
2. Construction shall commence and be completed in accordance with the Schedule of Performance attached to the PSA
3. The employment of not less than 70 full time Living Wage Jobs for a period of not less than five (5) years from the completion of the Project.
4. The granting of a right to the City to repurchase the Property from the Buyer, if Buyer fails to develop the Supermarket in accordance with the Scope of Development attached to the PSA and within the time frame set forth in the Schedule of Performance.
5. The provision of certain services to the adjoin Broadway Villas Senior Housing Project.

NOW THEREFORE, IN CONSIDERATION of the aforesaid Recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Owner and City hereby agree as follows:

I DEFINITIONS

"**CITY**" is the City of Los Angeles, a municipal corporation, and its officers, officials, directors, employees, agents and authorized representatives.

“CLOSE OF ESCROW” shall mean the date upon which escrow closed for the conveyance of the Property from City to Owner pursuant to the PSA.

“OWNER” is 94th and Broadway, LLC a California limited liability company, and its authorized representatives, assigns, transferees, or successors-in-interest thereto.

“PSA” means that certain Purchase and Sale Agreement dated as of _____ day of _____, 2015, by and between Owner and the City which provides as a condition of the sale for, among other things, the development of the Property as a full service Supermarket and the maintenance of not less than seventy (70) Living Wage Jobs on the Property for a period of not less than five (5) years from project completion.

“PROJECT” means the acquisition, demolition, construction and operation of the Improvements on the Property as an approximately twenty five thousand (25,000) square foot Supermarket.

“PROPERTY” means the real property described in the attached Exhibit “A” which is hereby incorporated into this Repurchase Option Agreement by this reference, and any Improvements now or hereafter situated on said Property.

“PURCHASE PRICE” shall mean the Fair Reuse Value of One Dollar (\$1) paid by the Owner to the City for the Property as set forth and/or calculated in the PSA.

II

OWNER’S OBLIGATIONS

2.1 DEVELOPMENT OF PROJECT.

Owner shall diligently pursue development of the Project as set forth in the Scope of Development and shall have commenced and completed construction within the time set forth in the Schedule of Performance. The City may, in its reasonable discretion, approve amendments to the schedule of performance if Buyer has substantially completed the tasks set forth in the Schedule of Performance and is diligently pursuing construction of the Project will be completed within the thirty six months from the close of escrow. Substantial evidence shall include, but not be limited to proof of the following:

- A. Secured all Governmental Approvals required for the development of the entire Project as set forth in the Scope of Development within the time set forth in the Schedule of Performance;
- B. Secured sufficient financing for development of the entire Project;
- C. Obtained final architectural plans and schematics for the Project;

- D. Completed all grading and foundational work;
- E. Entered into a valid enforceable construction contract(s) with a general contractor and has commenced and is diligently pursuing construction of the Project.

The City reserves the right to require estoppel certificates from any project lender or the construction lender as proof of the financing or the status of the construction contract.

2.2 COMPLIANCE WITH LAW.

Owner shall at all times comply with all applicable local, state and federal laws and regulations shall at all times comply with all of the terms, conditions, covenants and provisions of the PSA in accordance with all applicable laws, rules and regulations.

III

REPURCHASE OPTION

3.1 GRANT OF OPTION.

For and in consideration of the City's direct sale of the Property to Owner at the reduced market value of the Fair Reuse Value without the use of public bidding and in accordance with the terms and conditions and other consideration as set forth in the PSA, the sufficiency of which is hereby expressly acknowledged by Owner, Owner, does hereby grant to City the exclusive right to repurchase the Property during the Term of this Repurchase Option Agreement as set forth herein.

3.2 EXERCISE OF OPTION.

Notice. City shall exercise its option to repurchase by delivering written notice to the Owner of a material breach of the PSA and its intent to repurchase the Property within the Term of this Agreement. Such Notice shall be deemed given if dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by overnight courier service which guarantees delivery on the next business day, or delivered personally, to the principal offices of Owner as follows:

Buyer: EWDD
1200 W. 7th Street, 6th Floor
Los Angeles, CA 90017
Attn: General Manager, EWDD

with copies to:
HCID
1200 W. 7th Street, 9th Floor
Los Angeles, CA 90017
Attn: General Manager, HCID

Office of the City Attorney
200 N. Main Street, Room 920
Los Angeles CA 90012
Attn: Economic and Workforce
Development Department General
Counsel

Seller: 94th and Broadway, LLC
6701 Wilson Avenue
Los Angeles, CA 90001

Seller Attorney:

3.3 TERM.

This Repurchase Agreement shall commence upon the close of escrow and shall remain in full and effect until a date that is the later of thirty-six (36) months after the Close of Escrow.

3.4 OTHER AGREEMENTS.

Owner represents that it has not enter into any agreements that would restrict or compromise its ability to comply with the terms of this Repurchase Option Agreement. Owner shall not enter into any agreements that are inconsistent with the terms of this Repurchase Option Agreement without an express waiver by the City in writing.

3.5 AMENDMENTS AND MODIFICATIONS.

Any amendments or modifications to this Covenant Agreement must be in writing, and shall be made only if executed by both Owner and the City.

3.6 SEVERABILITY.

Every provision of this Repurchase Option Agreement is intended to be severable. If any provision of this Covenant Agreement shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

3.7 REMEDIES.

In the event that the City is required to repay any outstanding liens against the Property in conjunction with its exercise of this Repurchase Option, the City may seek any right or remedy against Owner available to City at law or in equity to recover any payments to lien holders or costs incurred by the City to satisfy such liens. The provisions of this Section are intended to compensate the City for losses directly related to the Buyer's inability to perform. Nothing contained herein is intended to prohibit Owner from claiming for any liens the proceeds of which were used to improve the property and which have increased the fair market value of the Property at the time the City exercises its rights to repurchase pursuant to this Agreement.

IV.

REPURCHASE TERMS/ESCROW INSTRUCTIONS

4.1 OPENING ESCROW.

Owner and City shall open Escrow with the Escrow Agent, by the delivery to Escrow Agent of a duplicate original of this Repurchase Option Agreement which shall constitute the "Opening of Escrow" and the date of the Opening of Escrow shall constitute the "Opening Date". This Agreement constitutes the joint basic escrow instructions of City and Buyer with respect to conveyance of the Property pursuant to the Grant Deed. City and Buyer shall provide such additional escrow instructions as shall be consistent with this Agreement and necessary for the accomplishment of its purpose. Escrow Agent is hereby empowered to act under this Agreement upon indicating within five (5) days after the Opening of Escrow its acceptance of the provisions of this Agreement and shall thereafter carry out its duties as Escrow Agent hereunder.

4.2 ESCROW AGENT.

The City shall designate the escrow agent in accordance with its standard procedures.

4.3 DUTY OF ESCROW AGENT.

The Escrow Agent is authorized to:

(a) Pay and charge the Parties for its fees, charges and costs payable. Before such payments or charges are made, Escrow Agent shall notify City and Owner of the respective fees, charges and costs necessary to close the Escrow.

(b) Record the Closing Documents delivered through Escrow for recordation, including without limitation the Grant Deed and all other documents to be recorded pursuant to this Agreement or which are necessary for the Close of Escrow if necessary or proper, to vest title in the Site, or the applicable portion thereof, in City in accordance with the restrictions, terms and provisions of this Repurchase Option Agreement.

(c) Deliver copies of all escrow documents to the parties entitled thereto when the conditions of this Escrow have been fulfilled by City and Owner ("Closing Date").

(d) If this Escrow is not in condition to close on or before the "Closing Date", any Party who then shall have fully performed the acts to be performed before the conveyance of title may, in writing, demand from Escrow Agent and the Title Insurer, if appropriate, the return of its money, papers or documents deposited with Escrow Agent and the Title Insurer. No demand for return shall be recognized until ten (10) days after Escrow Agent shall have mailed copies of such demand to the other Party or parties at the address or addresses of its or their principal place or places of business and such other Party shall have failed to have taken the action required by that Party to effectuate the Close of Escrow with such ten (10) day period. Objections, if any, shall be raised by written notice to the Escrow Agent and to the other Party within the ten (10) day period described above, in which event Escrow Agent and the Title Insurer are authorized to hold all money, papers and documents with respect to the Property, or the affected portion thereof, until instructed by mutual agreement of the Parties or by a court of competent jurisdiction. If no such demands are made, the Escrow shall be closed as soon as possible.

(e) Neither Escrow Agent nor the Title Insurer shall be obligated to return any such money, papers or documents, except upon the written instructions of City and Buyer or until the Party entitled thereto has been determined by a final decision of a court of competent jurisdiction.

(f) All communications from Escrow Agent to City or Owner shall be directed to the addresses and in the manner established this Repurchase Option Agreement for notices, demands and communications among City and Buyer.

4.4 Escrow period.

The initial escrow period shall be (30) days from the Opening of Escrow during which time the City shall secure all approvals and satisfy all conditions of this

Agreement necessary to Close Escrow. In the event that escrow fails to close within the initial escrow period due to City's inability to secure the necessary approvals, City may extend the escrow period for up to an additional One Hundred Eighty days as reasonably necessary to secure such approvals.

4.5 AMENDMENT TO ESCROW INSTRUCTION.

Any amendment to these Escrow instructions shall be in writing and signed by both City and Buyer. At the time of any amendment, Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

4.6 TITLE INSURANCE

The City shall designate the Title Company in accordance with its standard procedures.

In conjunction with the Close of Escrow, the Title Insurer shall provide, at the Owner's cost and expense, a California Land Title Association Standard Coverage Policy ("CLTA") of title insurance (if City desires an extended coverage American Land Title Association Owner's Policy ("ALTA") of title insurance in lieu of the ALTA policy, City shall pay the incremental difference in cost) ("Buyer's Policy"), such Buyer's Policy insuring marketable title to the Site is, pursuant to the Grant Deed vested in City in accordance with this Agreement. Buyer's Policy may include such endorsements as may be required and paid for by City including, without limitation, a zoning endorsement. Escrow Agent shall provide or cause to be provided a copy of any such Policy to City and Owner.

4.7 CONDITIONS PRECEDENT TO DISPOSITION.

(a) Within fifteen (15) days from the opening of escrow, City shall have submitted to the Escrow Holder the Purchase Price of One Dollar (\$1.00)

(b) Buyer shall have deposited into escrow a standard grant deed at least two (2) business days prior to the scheduled Close of Escrow, duly executed and acknowledged, and otherwise in recordable form.

(c) Buyer shall have deposited into escrow, without cost or expense to City, any and all plans, drawings, studies, designs, reports, surveys, and data pertaining to the Property and its development (collectively, "Site Designs") which are in the possession of Buyer, together with a Bill of Sale therefor and an assignment and consent from the Project architect, which Site Designs shall thereupon be the sole property of City, free of all claims or interests of Buyer or any other person; and which City may use, grant, license or otherwise dispose of to any person for development of the Property or any other purpose.

4.8 PURCHASE AND SALE OF PROPERTY.

Provided the conditions precedent have been satisfied, upon the terms, covenants and conditions set forth in this Agreement, Buyer agrees to sell and convey to City, and City agrees to purchase and accept from Buyer, Buyer's fee interest in the Property in accordance with the Grant Deed and the City Repurchase Option Agreement.

4.9 PURCHASE PRICE.

In accordance with and subject to all terms, covenants and conditions of this Agreement, Owner agrees to convey the Property to City and City agrees to purchase the Property from Owner at the Fair Reuse Value of One Dollar (\$1.00) as paid by the Buyer to the City for the purchase of the Property under the PSA.

4.10 ASSUMPTION OF PROPERTY LIENS..

City shall repay or assume all existing liens recorded against the Property which were approved by the City and which funded improvements to the Property.

4.11 RIGHT TO ENTER PROPERTY.

Buyer hereby authorizes the City, and the City's agents, to enter the Property for the purpose of inspections and due diligence, including drillings, at the City's cost. City agrees to indemnify and defend the owner for any claim resulting from City's entry.

4.12 DUE DILLIGENCE PERIOD.

During Escrow Period, Buyer shall provide to the City copies of all reports in Owners possession regarding the Property.

4.13 CLOSING COSTS.

Together with City's deposit of the Purchase Price, escrow and title fees and costs shall be paid by the party who customarily pays for such costs.

4.14 CLOSE OF ESCROW.

Subject to any extensions of time mutually agreed upon between City Representative and Owner, the conveyance of title to Buyer pursuant to the Grant Deed shall be completed: (i) after satisfaction of all conditions set forth in this Article 3; and (ii) the recordation of the Closing Documents.

(signature page follows)

IN WITNESS WHEREOF, the City and the Owner have caused this Covenant Agreement to be executed by their duly authorized representatives

Executed this _____ day of _____, 20__

THE City OF LOS ANGELES

By: _____

Name: _____

Its: _____

APPROVED AS TO FORM:
MICHAEL N. FEUER, City Attorney

By: _____

Date:

Executed this _____ day of _____, 20__

By: _____

Name: _____

Its: _____

EXHIBIT 4
FAIR REUSE ANALYSIS REPORT

EXHIBIT 5

FORM OF GRANT DEED

OFFICIAL BUSINESS

Document entitled to free
recording per Government
Code Section 6103

Recording Requested by:

City of Los Angeles
Economic and Workforce Development Department
1200 West 7th Street, Suite 600
Los Angeles, California 90017

After recordation mail to and
Mail tax statements to:

94TH and Broadway, LLC
Wilson 6701 Wilson Avenue
Los Angeles, CA 90001

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

(TRANSFER OF FEE TITLE SUBJECT TO LIMITED REPURCHASE OPTION)

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

THE CITY OF LOS ANGELES, CALIFORNIA, a Charter City (herein called "Grantor") hereby grants to 94th and Broadway, LLC, a California limited liability company (herein called "Grantee"), subject to limited condition subsequent and power of termination, the real Site known as 9402-9422 S. Broadway, Los Angeles, CA (the "Site") legally described in the document attached hereto, labeled Exhibit A, and incorporated herein by this reference subject to the covenants and restrictions set forth in this Grant Deed and Agreement Containing Covenants excepting and reserving to the State of California all mineral deposits as defined in Section 6407 of the Public Resources Code below a depth of 500 feet, without surface rights of entry.

WHEREAS, Grantor has determined that the disposition of the Site to Grantee for development as a supermarket and mixed use component of a larger affordable

housing project meets the City's obligations as the successor of the former redevelopment agency's housing assets and the goals and objectives of the Broadway/Manchester Recovery Redevelopment Project Area;

WHEREAS, the City has authorized the direct sale of the Site without public bidding, under City Council File 11-0054-S2, to Grantee in accordance with Los Angeles Administrative Code Section 7.27 and Health and Safety Code Section 33433 for development and use as a reasonable and fundamental component of the Broadway Villas Senior Housing Project;

WHEREAS, as a condition of the City's conveying the Site to Grantee, Grantee executed, among other things, a Purchase and Sale Agreement (the "PSA") for the Site and an Agreement Containing Covenants ("Covenant Agreement") which Covenant Agreement was required to be recorded against the Site. Those, instruments, as well as this Grant Deed are intended to secure City's continuing interest in the development of the Project in accordance with the PSA, including:

1. Site will be developed with an approximate twenty five thousand (25,000) square foot supermarket, 108 parking stalls in a surface parking lot and other required on and off site improvements (the "Project");

2. Development of the Project shall be completed, as evidenced by the City's issuance of a Certificate of Occupancy (COO), within thirty six (36) months from the close of escrow;

3. The granting of a right to the City to repurchase the Site from the Grantee, if Grantee cannot show evidence of substantial progress on construction of the supermarket within thirty six (36) months from the close of escrow;

WHEREAS, the City has determined that the direct sale of the Site to Grantee for the development of the Project in accordance with the terms and conditions set forth herein will serve one or more vital governmental public purposes; is in the best interests of the City; and serves the health, safety, morals and welfare of the residents of the City in that it would; i) eliminate current physical blight by developing a vacant underutilized parcel; ii) alleviate economic blight in the community by creating both temporary construction jobs and creating or retaining not less than seventy (70) permanent living wage jobs; iii); encourage further private investment in and around the community; iv) generate new tax and private revenue within the community, for residents, businesses as well as state and local government; and v) provide fundamental benefits connected to and facilitating the completion of a long-standing mixed use affordable housing project;

WHEREAS, Grantor entered into the PSA solely for the public purposes set forth in the PSA and above and not for speculation in landholding by Grantee and Grantor would not have otherwise conveyed the Site to Grantee other than to promote these

public purposes;

WHEREAS, Grantee's failure to develop the Project in accordance with the terms of this Agreement would defeat the Public Purpose for which the PSA was approved; and

WHEREAS, Grantee has entered into the PSA with full knowledge that its failure to show evidence to the City of substantial progress for the development of the Project within 36 months of the close of escrow will subject the ownership of the Site to a forced sale to the City as set forth in this Grant Deed.

Grantor does hereby grant title to the Site to Grantee subject to the following:

Grantee Covenants. Grantor and Grantee agree that this use covenant on the part of the Grantee is necessary to carry out the purposes of the PSA with respect to the Site.

1. Grantee covenants and agrees for itself and its successors and assigns to use, operate and maintain the Site in accordance with the PSA, Agreement Containing Covenants and this Deed. The Site is also conveyed subject to all matters of record and other matters approved by the Grantee pursuant to the PSA.
2. Grantee hereby covenants and agrees, for itself and its successors and assigns, that during construction and thereafter, Grantee shall not use, operate and maintain the Site in violation of the Agreement Containing Covenants for a period of not less than ten (10) years after the issuance of a Certificate of Occupancy, shall use the Site only for a full service supermarket or specialty food store where it will employ no less than seventy (70) full time employees earning no less than the Living Wage, as defined and calculated in accordance with the Los Angeles Municipal Code for no less than five years. Grantee further covenants and agrees to comply with the Agreement Containing Covenants, including without limitation Grantee's obligation to develop the Site in accordance with the City's design standards and required schedule for building completion.
3. Grantee herein covenants by and for itself, its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, national origin, ancestry, disability (actual or perceived), medical condition, age, source of income, familial status, marital status, domestic partner status, sex, sexual preference/orientation, Acquired Immune Deficiency Syndrome (AIDS) – acquired or perceived, or any additional basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, as such provisions may be amended from time to time, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any

such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, vendees, or employees in the Site herein conveyed. The foregoing covenant shall run with the land.

1. All deeds, leases or contracts for the sale, lease, sublease, or other transfer of the Site entered into after the date of this Grant Deed shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

:

(a) In Deeds:

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

(b) In Leases:

"The lessee herein covenants by and for the lessee and lessee's heirs, personal representatives and assigns and all persons claiming under or through the lessee that his lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, religion, creed, national origin, ancestry, disability (actual or perceived),

medical condition, age, source of income, familial status, marital status, domestic partner status, sex, sexual preference/orientation, Acquired Immune Deficiency Syndrome (AIDS) – acquired or perceived, or any additional basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, as such provisions may be amended from time to time, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, vendees, or employees in the land herein leased."

(c) In Contracts:

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

4. Prior to issuance of the Certificate of Completion by Grantor as provided in the PSA, Grantee shall not place or suffer to be placed on the Site any lien or encumbrance other than mortgages, deeds of trust, sales and leases back or any other form of conveyance required for financing of the acquisition of the Site, the

construction of Improvements on the Site, and any other expenditures necessary and appropriate to develop the Site which meet the requirements set forth in the PSA, and which financing shall require the written approval of Grantor in accordance with the PSA.

5. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument permitted by paragraph 7; provided, however, that any successor of Grantee to the Site shall be bound by such covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

6. The covenants contained in paragraphs 1 through 4, inclusive, of this Grant Deed shall be binding for the benefit of Grantor, its successors, assigns and the City of Los Angeles against any successor in interest to the Site or any part thereof, and such covenants shall run in favor of the Grantor and such aforementioned parties of the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. Such covenants shall be in effect starting upon the date of recordation of this Grant Deed in the Official Records of the County of Los Angeles and shall expire and shall be null and void and of no further force and effect after the issuance of the Certificate of Completion. Notwithstanding the foregoing, the anti-discrimination covenants set forth in paragraph 3 above are perpetual in nature and shall survive the termination of any of the covenants in paragraphs 1, 2, and 4 above. Grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach. In addition to the foregoing, and not by way of limitation thereof, a breach (after the giving of any required notice and the expiration of any required cure period) of any of the aforesaid covenants, at Grantor's option, shall constitute a condition subsequent which may result in exercise by Grantor of its power of termination and forfeiture of title by any holder thereof; provided, however, that Grantor's power of termination must be exercised, if at all, prior to the issuance of a Certificate of Completion for the project developed on the Site in accordance with §5.4 of the PSA, or Grantor's power of termination shall expire and be null and void. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor, its successors, assigns, and the City of Los Angeles.

7. The covenants contained in this Grant Deed shall be construed as covenants running with the land and as conditions which might result in forfeiture of title prior to the issuance of the Certificate of Occupancy.

8. In the event of any conflict between this Grant Deed and the PSA or any other instrument or writing, the terms of this Grant Deed shall control. Unless

otherwise expressly provided, all defined terms used in this Grant Deed shall have the defined meaning provided for in the PSA.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized, this _____ day of _____, 2015.

"GRANTOR"

THE CITY OF LOS ANGELES
ECONOMIC AND WORKFORCE DEVELOPMENT
DEPARTMENT

By: _____
Title: General Manager

The provisions of this Grant Deed are hereby approved and accepted.

"GRANTEE"

94th AND BROADWAY, LLC

By: _____
Its: _____

EXHIBIT A

LEGAL DESCRIPTION

[to be inserted]

EXHIBIT 5
SCOPE OF DEVELOPMENT

EXHIBIT 6
SCHEDULE OF PERFORMANCE

EXHIBIT 7
JOB CREATION FORM

Exhibit 8
FORM OF TAX CONFIDENTIALITY WAIVER