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Antonio R. Villaraigosa

Mayor, City of Los Angeles

Board of Harbor
Commissioners

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Sung Won Sohn, Ph.D.

Geraldine Knatz, Ph.D.

Executive Director

August 29, 2011

Honorable Members of the
City Council of the
City of Los Angeles

CD No. 15

Attention: Mr. Brian Walters, City Clerk's Office

SUBJECT: AGREEMENT TO CONVERT LIBAW-HOROWITZ' PLEDGE TO DEDICATE A PORTION OF THE LANCER PROPERTY INTO A PLEDGE TO DONATE CASH

At its meeting of Thursday, August 4, 2011, the Los Angeles Board of Harbor Commissioners considered a request by the Ninth Council District to modify a Harbor Department agreement with Libaw-Horowitz Investment Company. The Pledge Agreement, which calls for Libaw-Horowitz to dedicate a portion of the former Lancer Property, was one element of a litigation settlement between Libaw-Horowitz and the Harbor Department made in 2003 and approved by the City Council (Council File 03--1642). The modification would have Libaw-Horowitz dedicate cash in lieu of property, which cash would be used to enhance recreational facilities and programming in the vicinity of the former Lancer Property.

Because the Harbor Department is not the beneficiary of the property identified in the Pledge Agreement and would not control the proposed funds to be received in lieu of the property, and because the interests affected by this matter are wholly outside of the Harbor Department's jurisdiction, and because amendment of the Council-approved settlement would require the eventual approval of Council and the passage of an ordinance governing use of the funds, the Harbor Commission declined to either approve or disapprove the proposed agreement. The Commissioners unanimously voted to defer the decision to the City Council.

SUBJECT: AGREEMENT TO CONVERT LIBAW-HOROWITZ' PLEDGE TO
DEDICATE A PORTION OF THE LANCER PROPERTY INTO A
PLEDGE TO DONATE CASH

Enclosed is the staff report to the Board of Harbor Commissioners which contains Council District Nine's letter request, the proposed Pledge Termination and Release agreement, and an Appraisal summary. The proposed ordinance which was Transmittal 4 on the staff report to the Board of Harbor Commissioners has been revised. The proposed ordinance is attached to City Attorney Report No. R11-0335, which is also enclosed.

Respectfully submitted,



KORLA G. TONDREAULT
Commission Secretary

cc: Mr. Brian Randol, CAO, encs.
Mr. Jon Kirk Mukri, General Mgr., Dept. of Recreation and Parks, encs.
Mr. Ken Simmons, Chief Operation Officer, Housing Authority, encs.
Pedro Echeverria, Chief Assistant City Attorney, encs.
Marie Rumsey, Council District 9, encs.
Robert Henry, encs.
Christine Yee Hollis, CLA, encs.
Alvin Newman, CAO, encs.

HARBOR DIVISION

425 S. PALOS VERDES ST.

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SAN PEDRO, CA 90733-0151

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CITY ATTORNEY

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ESTELLE M. BRAAF
JOHN T. DRISCOLL
TIMOTHY A. HOGAN
JUSTIN HOUTERMAN
SIMON M. KANN
PETER N. KING
JANET KARKANEN
KENNETH F. MATTFELD
HEATHER M. MCCLOSKEY
ESTHER S. OLSEN
STEVEN Y. OTERA

DATE: JULY 28, 2011

FROM: OFFICE OF THE CITY ATTORNEY – HARBOR DIVISION

**SUBJECT: RESOLUTION NO. _____ APPROVING AGREEMENTS TO
CONVERT LIBAW-HOROWITZ' PLEDGE TO DEDICATE A PORTION
OF THE LANCER PROPERTY INTO A PLEDGE TO DONATE CASH**

SUMMARY:

Council District 9 has asked that the City of Los Angeles Harbor Department (Harbor Department) amend its 2003 litigation settlement with Libaw-Horowitz Investment Company. In the settlement, Libaw-Horowitz promised to dedicate a portion of its Lancer property to the City Department of Recreation and Parks or alternatively, to a tax exempt non-profit community organization selected by the Councilperson for the 9th District that would use and maintain the property for recreation and park purposes. The City would now prefer cash in lieu of the property, which cash will be used to improve existing recreational facilities and add programming at parks in the vicinity of the Lancer property. The Harbor Department has no interest in the pledged property, but since the pledge arose out of a Harbor Department settlement, the proposed amendment will begin here and be forwarded to City Council for approval, following the path of the original settlement which required Council approval pursuant to Charter section 273.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve the Termination and Release of Pledge Agreement and associated Cash Pledge Agreement attached hereto as Transmittal 2;
2. Adopt Resolution No. _____;
3. Direct the Board Secretary to certify the adoption of this Resolution and to transmit same to City Council for approval and passage of the proposed ordinance governing use of the pledged funds which is attached as Transmittal 4; and

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4. Authorize and direct the Executive Director to execute and the Board Secretary to attest to the Agreement upon approval by the City Council.

DISCUSSION:

The Original Pledge Agreement - In 2003, Libaw Horowitz Investment Company executed a Pledge Agreement with the Harbor Department, promising to dedicate a 2.6-acre portion of its 12.6 acre Lancer Property to the City's Department of Recreation and Parks or alternatively, to a non-profit community organization selected by the Councilperson for the 9th District that would use and maintain the property for recreation and park purposes. The pledge, which anticipated the creation of an active use park, was one element of the settlement of *Libaw-Horowitz Investment Company v. City of Los Angeles et al.*, Superior Court Case No. BC272571. (The 2003 Pledge is attached as Exhibit A to Transmittal 2.)

Dedication of the 2.6 acre park property has yet to occur, primarily because of the legal challenges to the City's settlement with Libaw-Horowitz. A suit filed by South Central Farmers Feeding Families resulted in the issuance of a preliminary injunction in March 2004,¹ reversal of the preliminary injunction by the Court of Appeal in June 2005,² a December 2006 judgment in favor of the City and Libaw-Horowitz following trial on the Farmers' claim that the settlement was a waste of public funds, and affirmation of that judgment by the Court of Appeal in September 2008.³ The legal challenges concluded in 2009 when the California Supreme Court declined to review the case.⁴

After the litigation ended, Libaw-Horowitz attempted to obtain a new parcel map that would have identified the boundary of a 2.6 acre property for dedication, however, that attempt was met by objections from the South Central Farmers Feeding Families and the Natural Resources Defense Council. Today, the property sits vacant but a sale is pending. The buyer, who proposes to build a garment design and manufacturing center, requires the entire Lancer property including the pledged park acreage.

As set forth in Councilwoman Perry's July 12th letter, a copy of which is attached as Transmittal 1, the creation of jobs and tax base associated with the proposed development, coupled with the need to improve existing recreational facilities in the immediate neighborhood weighs against the creation of an active use park on the

¹ *South Central Farmers Feeding Families et al. v. City of Los Angeles et al.*, Superior Court Case BC311110

² Second District Court of Appeal Case No. B175065.

³ Second District Court of Appeal Case No. B195906.

⁴ California Supreme Court Case No. S168301.

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Lancer site. Council District 9 has thus requested that the Harbor Department, as the original party to the settlement and Pledge Agreement, execute an amendment to convert the pledge of property to a pledge of cash.

Proposed Agreement Converts the Pledge to Cash - The proposed agreement releases Libaw-Horowitz from its pledge to dedicate property in exchange for a pledge to dedicate \$3,573,365 in cash, which is made by the Horowitz Family Trust, The Libaw Family L.P., Timothy M. Ison and Shaghan Securities, LLC as successors of Libaw-Horowitz Investment Co. This sum represents a pro-rata share, based on acreage, of the pending sale price for the entire Lancer property. It will be paid in two installments. The first installment of \$2,680,024 will be paid on or before January 15, 2012. The second installment of \$893,341 will be paid by May 10, 2012. Neither execution of the proposed agreement nor the payments are in any way tied to, or contingent upon, closing the pending sale.

The Harbor Department engaged the appraisal firm of Curtis-Rosenthal Inc. which assigned a value, as of December 2010, of \$2,600,000 to the 2.6 acre portion of the Lancer Property. (A summary of the appraisal is attached as Transmittal 3.) The City is thus receiving more than fair value for releasing Libaw-Horowitz from its pledge to dedicate property.

Proposed Ordinance Governs Use of Pledged Funds - The pledged funds will be used to improve recreational facilities and to provide recreational programs in the vicinity of the Lancer site. A proposed Ordinance, attached as Transmittal 4, establishes a trust fund to assure that the funds are used to improve facilities at Pueblo Del Rio and to support programming at Fred Roberts Park and/or Ross Synder Park, among others.

History of the Lancer Property - The 12.6-acre parcel bounded by 41st Street, Alameda Boulevard, Long Beach Boulevard and Martin Luther King Boulevard was acquired by the City through condemnation in 1986 for the purpose of constructing a trash incinerator known as the Los Angeles City Energy Recovery or "LANCER" project. Alameda-Barbara Investment Company, the predecessor to Libaw-Horowitz Investment Company, owned 11 of the 12.6 acres, a parcel known as "2Z". Negotiations over the fair price to be paid for the 11 acre parcel continued into 1990, by which time the LANCER project had been abandoned.

In 1991, Alameda-Barbara Investment Co. and the City entered into a stipulated judgment in the condemnation proceeding which set the fair market value of parcel 2Z at \$4,786,372 and which provided that "should the City determine within ten(10) years from the date of this judgment that parcel 2Z is no longer needed for public use including housing and the City determines that parcel 2Z is surplus . . . the City will

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enter into negotiations with [Alameda-Barbara] to purchase Parcel 2Z for a period not to exceed one (1) year or the City may at its sole discretion allow [Alameda-Barbara] the right to make an offer to purchase which is equal to or greater than any other offer received by the City within said one (1) year period." By this time, much of the property was being used as a community garden.

In 1994, the City transferred the property to the Harbor Department, which reimbursed the City \$13.3 million, reflecting the City's costs to condemn and clear the property, plus pay relocation benefits and attorneys fees and costs. The Harbor Department then granted a Revocable Permit to the Los Angeles Regional Food Bank to operate the property as a community garden. The Food Bank, in turn, made license agreements with the four hundred or so gardeners who would later become the association known as South Central Farmers Feeding Families.

In late 1994, the Harbor Department informed Alameda-Barbara that the property was no longer needed for public use and that the Harbor Department was prepared to negotiate the sale of at least part of the property, pursuant to the terms of the 1991 condemnation judgment. In the course of negotiations, Alameda-Barbara expressed its desire to purchase the entire property, albeit in the name of the new entity, Libaw-Horowitz Investment Company. By October 1996, a purchase and sale agreement had been drafted and signed by Mr. Libaw and Mr. Horowitz with reassurances from staff that the agreement would be presented to the Board of Harbor Commissioners and the City Council for consideration. The Harbor Department staff did not process the agreement however, pending resolution of lawsuit brought by the State of California regarding use of Harbor Department trust funds. In 2001, the Harbor Department informed Mr. Horowitz that it had decided not to sell the property but would instead offer it publicly for development under a long term lease, and that Mr. Horowitz was free to submit a proposal.

In 2002, Libaw-Horowitz Investment Company filed suit against the City alleging breach of oral agreement, breach of the covenant of good faith and fair dealing, prevention of condition precedent, and declaratory relief. The trial court sustained three successive demurrers by the City but each time granted Libaw-Horowitz leave to amend its complaint. In July 2003, a settlement was reached that provided for: i) sale of the Lancer property to Libaw-Horowitz for the sum of \$5,050,000; ii) the dedication by Libaw-Horowitz of roughly 2.6 acres of the property for recreation and parks purposes; iii) a sanitary sewer easement in favor of the City; and iv) dismissal of the claims. The settlement was approved by the Board of Harbor Commissioners on June 23, 2003 and by the City Council on August 13, 2003 (Council File 03-1642).

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After the sale closed in December 2003, Libaw-Horowitz gave notice to the Regional Food Bank that its month-to-month lease for gardening would be terminated. In February 2004, the South Central Farmers Feeding Families, along with numerous individual plaintiffs, filed suit against Libaw-Horowitz and the City asserting causes of action for Waste, Violation of Due Process, Prescriptive Easement, Quiet Title and Violation of the Charter and Administrative Code's procedures for the disposition of real property. As noted above, these legal challenges were resolved in favor of the City and Libaw-Horowitz.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an agreement for pledge funds which will be used to improve existing recreational facilities and add programming at parks in the vicinity of the Lancer property. Any physical changes associated with the use of such funds at recreational sites would be subject to separate environmental review by the appropriate Lead Agency under the California Environmental Quality Act (CEQA). The Director of Environmental Management has determined that the establishment of a trust fund is considered an administrative activity and is exempt from CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

This Board action will facilitate development of the Lancer property which is expected to create as many as 600 jobs.

FINANCIAL IMPACT:

This Board action will have no financial impact on the Harbor Department. In lieu of the 2.6-acre property, the City will receive \$3,573,365 to be placed in a trust fund pursuant to the proposed ordinance.

CITY ATTORNEY:

The proposed Agreement has been approved as to form and legality by the City Attorney.

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TRANSMITTALS:

1. Council District 9 Letter to Board of Harbor Commissioners dated July 12, 2011
2. Pledge Termination and Release
3. Appraisal Summary
4. Proposed Ordinance

FIS Approval: WR (initials)

CA Approval: [Signature] (initials)

Very truly yours,



KENNETH F. MATTFELD
Deputy City Attorney

KFM/aw

CONCURRED:

By [Signature]
THOMAS A. RUSSELL
General Counsel

CITY OF OAKLAND
BOARD OF HARBOR
COMMISSIONERS

11 JUL 29 AM 8:29

RECEIVED
OFFICE OF
SECRETARY



JAN PERRY
COUNCILWOMAN
NINTH DISTRICT
PRESIDENT PRO TEMPORE

City Council
of the
City of Los Angeles
City Hall

ENERGY AND THE ENVIRONMENT
CHAIR

INFORMATION TECHNOLOGY &
GOVERNMENT AFFAIRS
VICE-CHAIR

HOUSING, COMMUNITY &
ECONOMIC DEVELOPMENT
MEMBER

PUBLIC SAFETY
MEMBER

July 12, 2011

Los Angeles Board of Harbor Commissioners
President Cindy Miscikowski
Vice President David Arian
Commissioner Robin Kramer
Commissioner Douglas P. Krause
Commissioner Kaylynn L. Kim.
425 S. Palos Verdes Street
San Pedro, CA 90731

Re: Amendment to Settlement of Libaw-Horowitz Investment Co. v. City of Los Angeles, Council File
03-1642

Dear Commissioners:

In 2003, the Harbor Department settled an action brought by Libaw-Horowitz Investment Company involving the Lancer Property, a roughly 14 acre parcel located at 41st and Alameda Streets in Council District Nine. The settlement was authorized by the City Council on August 13, 2003. Pursuant to the settlement agreement, the Harbor Department sold the Lancer property to Libaw-Horowitz subject to, and in conjunction with, Libaw-Horowitz' pledge to dedicate approximately 2.6 acres of the property back to the City of Los Angeles Department of Parks and Recreation (RAP), or alternatively, to a non-profit community organization that would use and maintain the property for recreation and park purposes. The Harbor Department's settlement and sale was challenged in a court action by community gardeners that were occupying the property at the time. That action finally concluded in January 2009 when the California Supreme Court declined to review the case.

Since the pledge agreement was authorized in 2003, there has been an emerging field of research regarding air pollutants and the harmful impacts they can have on sensitive receptors. Considering the health risk posed by diesel emissions, the propriety of establishing an active use park in the middle of this heavily industrialized corridor should be questioned and is the primary reason why I am requesting the Harbor Commission to consider amending the pledge agreement.

Currently, Libaw-Horowitz is in escrow with a buyer that proposes to build a design center on the Lancer property that will encompass garment design, manufacturing and warehousing and could potentially create up to 600 new jobs. The buyer's plans, however, require the entire Lancer property including the pledged 2.6 acres.

Considering the City's immediate need for jobs and tax revenues and the location of the site on the Alameda Corridor, I ask that the pledge agreement be amended, such that Libaw-Horowitz shall be relieved of its pledge to dedicate the 2.6 acres in exchange for a cash pledge.

The cash value of the release shall be equal to a pro-rata share based on acreage of the sale price that Libaw-Horowitz has agreed to with the current prospective buyer. The cash proceeds of the release shall be dedicated to a trust fund established by an ordinance and limited to use for recreation and parks purposes. The fund will be used to improve existing recreation facilities with capital improvements and programming and to create new recreation opportunities in the area adjacent to the Lancer site. Execution of the release and payment of the settlement funds shall not be contingent upon Libaw-Horowitz closing the pending sale or any future sale of the property.

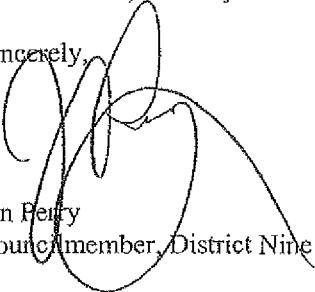
Specifically, the first installment of funds in the approximate amount of \$2.7 million will go towards recreation and parks capital improvements. There are multiple opportunities for investment in the local community parks where over 40% of area residents are under the age of 17 and live in high density conditions. There is public housing for more than 2,000 residents at Pueblo Del Rio in the immediate area of the Lancer site and the recreation and parks improvements could be implemented quickly there to improve access to much-needed recreational opportunities for families and children. Currently, I am working with RAP and the Housing Authority of the City of Los Angeles (HACLA) to develop a menu of recreation and park improvement options with associated costs to present to the Resident Advisory Committee (RAC). Pueblo Del Rio has an active RAC and that body will help the City ultimately decide what recreation and parks improvements will be made.

The second installment of funds in the approximate amount of \$900,000 will be used to support programming activities at existing recreation and parks facilities in the vicinity of the Lancer site. These recreation facilities include but are not limited to Fred Roberts Park and Ross Snyder Park. These funds may also be used to support organizations who manage recreation activities.

Additionally, it should be noted that in partnership with my office and the Department of Water and Power the Los Angeles Community Garden Council has successfully established a new seven-acre garden with 190 plots at 110th Street and Avalon Boulevard. In fact, many of the community gardeners who gardened at the Lancer site have been able to locate here.

The Lancer property has a long history yet it remains one of the few large assembled, undeveloped properties in the City of Los Angeles. Amending the pledge agreement will allow the property to be fully utilized for job creation and provide support to existing recreation facilities. I will continue conversations with HACLA, RAP and community-based organizations; I know these funds can be used to improve and create recreation opportunities for the community in the vicinity of the Lancer site. I appreciate your consideration; should you wish to discuss this matter further, please contact me directly.

Sincerely,



Jan Perry
Councilmember, District Nine

cc: Deputy Mayor Larry Frank, Office of Mayor Villaraigosa
Gerry Miller, Chief Legislative Analyst
Kenneth Mattfeld, Deputy City Attorney
Tim Ison, Libaw-Horowitz Investment Co.

TERMINATION AND RELEASE OF PLEDGE

This Termination and Release of Pledge is made and entered into by and between the City of Los Angeles, a municipal corporation, acting by and through its Board of Harbor Commissioners ("City"), and Libaw-Horowitz Investment Company, a California partnership, and its general partners ("LHIC").

RECITALS

Whereas, in August 2003, Libaw-Horowitz Investment Company, a California partnership by and through Ralph Horowitz and J.E. Libaw, general partners, executed a Pledge Agreement (the "Property Pledge Agreement") wherein Libaw-Horowitz Investment Company agreed to donate a certain parcel of land more particularly described therein to the City or alternatively to a tax exempt non-profit community organization selected by the Councilperson for the 9th District that would use and maintain the property for recreation and park purposes. A copy of the Property Pledge Agreement is attached hereto as Exhibit A.

Whereas, the City has concluded that the establishment of an active use park is no longer appropriate because of the parcel's location in an industrial corridor. Furthermore, the parcel is required for the development of a garment design, manufacturing and warehousing center that will employ up to 600 persons. Considering the City's immediate need for jobs and tax revenues, the City would prefer a cash donation in lieu of property with said donation to be used to improve existing public amenities in the surrounding community.

Whereas, Ralph Horowitz as trustee of the Horowitz Family Trust, The Libaw Family L.P., Timothy M. Ison and Shaghan Securities, LLC have agreed to donate cash to the City pursuant to a new Cash Pledge Agreement, the form of which is attached hereto as Exhibit B and incorporated herein by this reference (the "Cash Pledge Agreement").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein, and for other consideration the adequacy of which is hereby acknowledged, the parties agree as follows:

1. Libaw-Horowitz Investment Company, Ralph Horowitz and J.E. Libaw and their successors and assigns are hereby relieved of the obligation to donate that certain parcel of land to the City pursuant to the Property Pledge Agreement and the Property Pledge Agreement is hereby terminated and rendered null and void and with no further force or effect.
2. CITY and its officers, boards, commissioners, employees, agents, attorneys, and all other persons interested or acting on its behalf does hereby release and forever discharge and hold

harmless LHIC, and its agents, successors, assigns, and all other persons interested or acting on its behalf of and from any and all claims, debts, demands, or causes of action, and liabilities of any kind, whether presently known or unknown, arising from the Property Pledge Agreement.

3. LHIC, for itself, its agents, successors, assigns, and all other persons interested or acting on its behalf, does hereby release and forever discharge and hold harmless the City, and its agents, successors, assigns, and all other persons interested or acting on its behalf of and from any and all claims, debts, demands, or causes of action, and liabilities of any kind, whether presently known or unknown, arising from the Property Pledge Agreement.

4. This Termination and Release of Pledge shall become effective upon: (A) execution by the Executive Director of the Harbor Department following authorization by the Board of Harbor Commissioners and approval by the Los Angeles City Council; and (B) the execution of the Cash Pledge Agreement.

5. This agreement is the final expression of and contains the entire agreement between the parties with respect to the Property Pledge Agreement.

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The City of Los Angeles, by and through its
Board of Harbor Commissioners

Date: _____

By: _____
Executive Director

Attest: _____
Board Secretary

Approved as to form and legality

Date: _____
JARMEN A. TRUTANICH, City Attorney
Thomas A. Russell, General Counsel

By: _____
Kenneth F. Mattfeld, Deputy

Date: August 2, 2011

LIBAW-HOROWITZ INVESTMENT CO.,
a California general partnership
By: Ralph Horowitz
RALPH HOROWITZ, general partner

Date: August 2, 2011

Ralph Horowitz
RALPH HOROWITZ

Date: Aug 2, 2011

J.E. Libaw
J.E. LIBAW

PLEDGE AGREEMENT

by and among

**HOROWITZ
AND
CITY OF LOS ANGELES, HARBOR DEPARTMENT**

In consideration of the mutual promises and agreements set forth herein and in reliance upon said agreements, this Pledge Agreement (this "**Pledge**") is executed by and between LIBAW-HOROWITZ INVESTMENT COMPANY, a California partnership by and through Ralph Horowitz and J.E. Libaw, general partners ("LHIC"), a successor in interest to ALAMEDA-BARBARA INVESTMENT COMPANY ("Alameda"), a general partnership by and through Ralph Horowitz, as trustee of the Horowitz Family Trust, and J.E. Libaw, as trustee of the Libaw Family Trust, acting together as general partners of Alameda (collectively "**Horowitz**") and the CITY OF LOS ANGELES, a municipal corporation, acting by and through its Harbor Department (the "**Harbor Department**").

RECITALS:

A. Horowitz is in the process of acquiring that certain real property (the "**Property**") located in the City of Los Angeles and more particularly described in Exhibit "A" attached hereto from the City's Harbor Department.

B. As a part of the acquisition process, the City's Harbor Department will initiate and process an application for a new parcel map.

C. Horowitz believes that there is an important need for additional parks and community spaces in the City of Los Angeles, and Horowitz would like to donate a portion of the Property to the City of Los Angeles Recreation and Parks Department ("**Department**") or, if the Department does not wish to accept the property, to a tax-exempt, non-profit organization so that it may be used by children and other members of the Los Angeles community for recreation and parks purposes, including hopefully as a soccer field. That portion of the Property that Horowitz so desires to donate is depicted on Exhibit "A" as the "**Soccer Field Property**".

D. To that end, Horowitz has written to the General Manager of the Department of Recreation and Parks of the City of Los Angeles to express his desire and intention to offer the Soccer Field Property to the City for park purposes hopefully, including a soccer field.

E. The City acting by and through its Department of Recreation is normally willing to accept the donation of the Soccer Field Property and agrees that, if it accepts the Soccer Field Property, it will use the same for recreation and parks

purposes for the benefit of the community.

NOW THEREFORE, Horowitz hereby agrees and pledges as follows:

1. If the City processes the new parcel map for the Property and the City is willing to execute the customary documentation in connection with the donation, then during the 3 month period immediately following the acquisition of the Property by Horowitz, and the recordation of a parcel map that allows the Soccer Field Property to be transferred as a legal parcel separate and apart from the balance of the Property, Horowitz shall transfer and convey the Soccer Field Property to the City or, if the City is not willing to accept the property, Horowitz shall transfer and convey the Soccer Field Property to a tax-exempt, non-profit community organization selected by the Councilperson for the 9th District which organization will use and maintain the Soccer Field Property for Recreation and Park purposes.

2. The City hereby agrees that if it accepts the donation of the Soccer Field Property, the City commits to use and maintain the Soccer Field Property as a community soccer field or public park.

3. Horowitz recognizes and agrees that in the event that any of the terms of this Pledge are not performed by Horowitz in accordance with their specific terms or are otherwise breached by Horowitz, immediately irreparable injury would be caused to the City, for which there is no adequate remedy at law. It is accordingly agreed that in the event of Horowitz's failure to perform its obligation hereunder in accordance with this irrevocable pledge, the City will be entitled to specific performance through injunctive relief. At the time the City or other tax-exempt, non-profit organization, accepts the donation of the Soccer Field Property, it shall execute such customary documentation in connection therewith recognizing the same, including IRS Form 8283.

4. This Pledge shall be subject to the laws of the State of California, and shall be binding on the parties, and their respective successors, heirs, and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Pledge on the date to the left of their signatures.

Date: 8/18, 2003

**LIBAW-HOROWITZ INVESTMENT CO.,
a California General Partnership**

By: Ralph Horowitz
Name: RALPH HOROWITZ

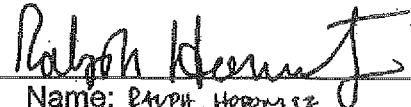
Title: GENERAL PARTNER

Attest: J. E. Libaw
Name: J. E. LIBAW

Title: GENERAL PARTNER

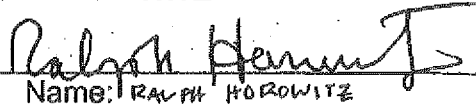
**ALAMEDA-BARBARA INVESTMENT
COMPANY, a California General Partnership**

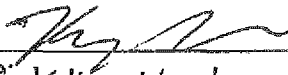
Date: 8/18, 2003

By: 
Name: RALPH HOROWITZ
Title: GENERAL PARTNER


RALPH HOROWITZ

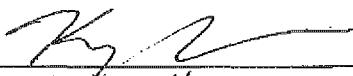
Date: 8/18, 2003

By: 
Name: RALPH HOROWITZ
Title:

Attest: 
Name: Kelly Hsieh

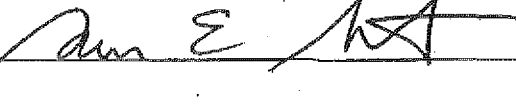
Date: _____, 2003

J.E. LIBAW
By: 
Name:
Title:

Attest: 
Name: Kelly Hsieh

Date: 9/4, 2003

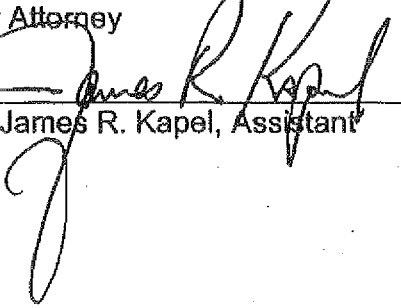
THE CITY OF LOS ANGELES, acting by and through its Harbor Department

By: 

Attest: Audrey H. Yamaki

APPROVED AS TO FORM THIS
9th DAY OF ~~JULY~~ September, 2003

ROCKARD J. DELGADILLO,
City Attorney

By: 
James R. Kapel, Assistant

RW&A

Architect
Planner
Engineer

1000
1000
1000
1000

ALAMEDA TRACT
HOROWITZ GROUP

SITE PLAN

Rev:

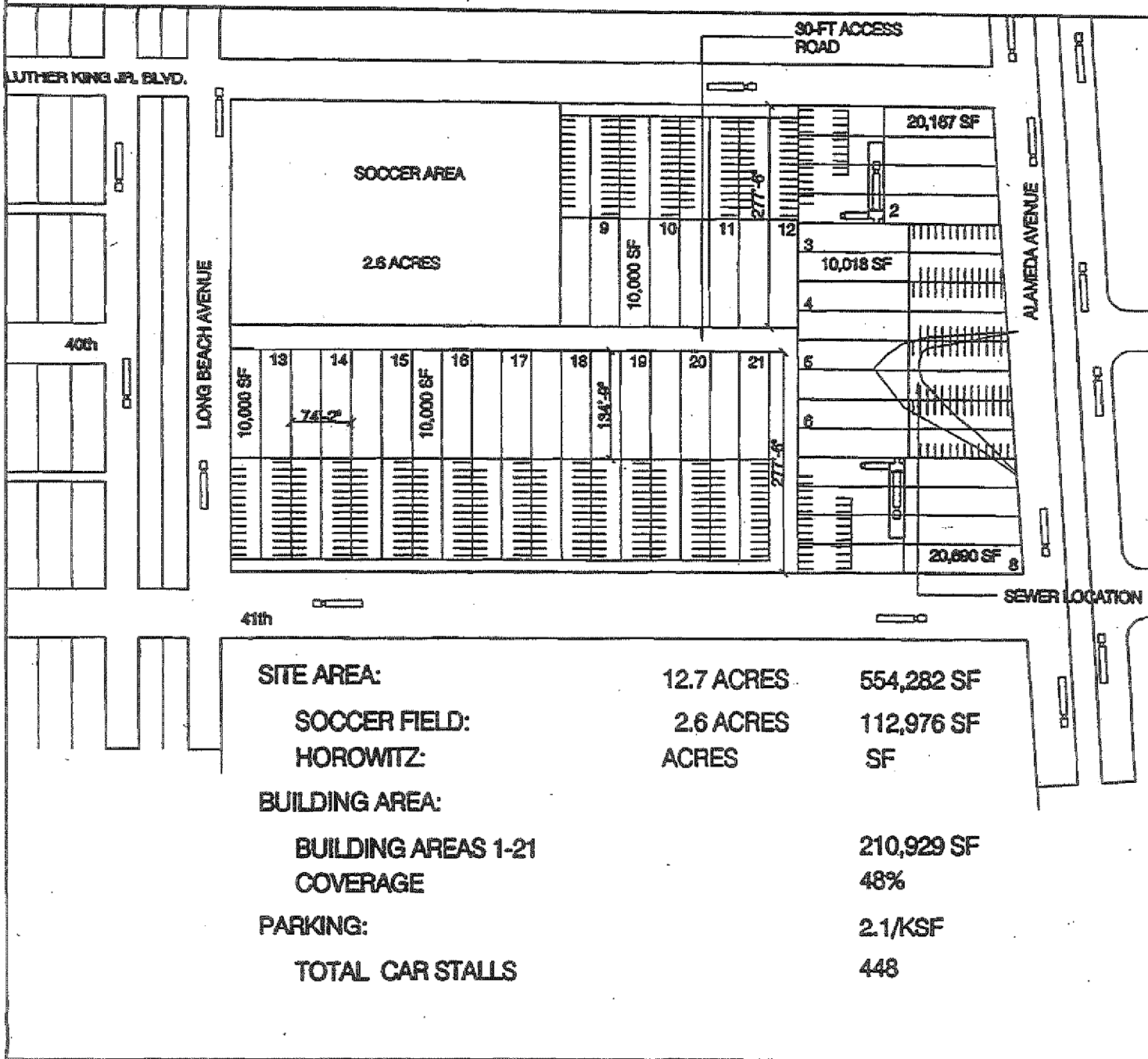
Proj. No.: 030321
Proj. Name: ALAMEDA
Date: 01 May 2003

SK-5.0

Scale: 1:2000



02015



SITE AREA:	12.7 ACRES	554,282 SF
SOCCER FIELD:	2.6 ACRES	112,976 SF
HOROWITZ:	ACRES	SF
BUILDING AREA:		
BUILDING AREAS 1-21		210,929 SF
COVERAGE		48%
PARKING:		2.1/KSF
TOTAL CAR STALLS		448

EXHIBIT A

CASH PLEDGE AGREEMENT

This Cash Pledge Agreement is executed by and among Ralph Horowitz as trustee of the Horowitz Family Trust, The Libaw Family L.P., Timothy M. Ison and Shaghan Securities, LLC (collectively, "Pledgor"), and the City of Los Angeles, a municipal corporation, acting by and through its Board of Harbor Commissioners ("City").

1. Pledgor, jointly and severally, hereby agrees to donate to the City the sum of \$3,573,365.00, which shall be paid in two installments as follows: The first installment in the aggregate amount of \$2,680,024.00 shall be delivered no later than January 15, 2012. The second installment in the aggregate amount of \$893,341.00 shall be delivered no later than May 10, 2012. Said installments shall be paid by wire transfer or check payable to the City of Los Angeles. At the time of each such installment, the City shall provide to each Pledgor a letter confirming the amount of each such contribution and the fact that no goods or services were provided in connection with the contribution.

2. This agreement shall become effective upon execution by the Executive Director of the Harbor Department following authorization by the Board of Harbor Commissioners and approval by the Los Angeles City Council.

3. This agreement is the final expression of and contains the entire agreement between the parties and supercedes all prior discussions and correspondence between the parties with respect to the charitable contribution set forth above and it may not be modified, changed, supplemented or terminated, nor may any obligations hereunder be waived, except by written instrument duly executed. This Pledge shall be subject to the laws of the State of California, and shall be binding on the parties, and their respective successors, heirs, and assigns

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The City of Los Angeles, by and through its
Board of Harbor Commissioners

Date: _____

By: _____
Executive Director

Attest: _____
Board Secretary

Approved as to form and legality

Date: _____
CARMEN A. TRUTANICH, City Attorney
Thomas A. Russell, General Counsel

By: _____
Kenneth F. Mattfeld, Deputy

Date: _____

By: _____
RALPH HOROWITZ, trustee of the
Horowitz Family Trust

Date: _____

THE LIBAW FAMILY L.P.,
A California limited partnership

By: _____
Evan Libaw,

Date: _____

TIMOTHY M. ISON
a single man

Date: _____

SHAGHAN SECURITIES, LLC
a California limited liability company

By: _____
Ralph Horowitz,
Manager

David M. Rosenthal, MAI, FRICS
William H. Curtis (1955 - 2003)

APPRAISAL REPORT

Vacant Industrial Land
SEC Alameda Street/Martin Luther King Jr. Blvd.
Los Angeles, California 90058

File Number: 7908-10





LOS ANGELES
SAN FRANCISCO
NEWPORT BEACH

David M Rosenthal, MAI, FRICS
William H. Curtis (1955 - 2003)

Thomas Curtis
Sangwoo Suk
Dawn Olson
Robert Hara
Michael Bergstrom
Thomas Meighen
Marian Peak
Jamie Anderson
Yemen Fowler
Roy Kim

January 14, 2011

Mr. Michael Galvin II
The Port of Los Angeles
425 S. Palos Verdes Street
San Pedro, California 90731

RE: Vacant Industrial Land
SEC Alameda Street/Martin Luther King Jr. Blvd.
Los Angeles, California 90058
File No. 7908-10

Dear Mr. Galvin:

Per your request, we have appraised the above referenced property. Our appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP) and the attached Supplemental Standards of the Harbor Department.

Our analyses and conclusions are contained in this **Self-Contained** appraisal report, which is intended to comply with the reporting requirements set forth under USPAP Standards Rule 2-2(a).

In conformance with the Scope of Work rule of USPAP, the sections below describe the Scope of Work for this assignment.

Client – The client for this assignment is City of Los Angeles Harbor Department.

Intended User - The intended user of this report is exclusively the Client stated above, as well as the Board of Harbor Commissioners, City Council of the City of Los Angeles, and related parties involved in valuation negotiations involving the subject property as stipulated by the City of Los Angeles Harbor Department. There are no other authorized users of this report.

Intended Use - The intended use of this assignment is as an asset management aid for the client in their determination of market value for valuation purposes.

Purpose of This Assignment - The purpose of this assignment is to develop an opinion of the **Market Value** of the **Fee Simple Estate** in the subject property (listed below) as of the effective date of value. (For information about the alleys and street please see Hypothetical Condition #1 and Extraordinary Assumption #1 in a following paragraph.)

Parcel	APN
1	5117-019-016
2	5117-019-017
3	5117-019-018
4	5117-019-019
5	5117-019-020
6	5117-020-029
7	5117-020-030
8	5117-020-031
9	5117-020-032
10	5117-020-033
11	5117-020-034
12	5117-020-035
13	5117-020-036
14	5117-020-037
15	5117-020-038
16	5117-020-039
17	5117-020-040
18	5117-021-020
19	5117-021-021
20	5117-021-022
21	5117-021-023
2 Alleys	
40th Place	

In addition the client has requested that we appraise the market value of the 113,256 square foot or 2.6 acre northwest corner of the subject property (southeast corner of Martin Luther King Jr. Blvd. and Long Beach Avenue) as if it was a separate legal parcel.

The definition of Market Value used in this assignment is taken from *The Dictionary of Real Estate Appraisal*, 5th Edition, published in 2010 by the Appraisal Institute.

Effective Date of Value - The effective date of value for this assignment is December 2, 2010, based on the last date that we inspected the property.

Relevant Characteristics of the Subject Property - The appraised property is located at the SEC Alameda Street/Martin Luther King Jr. Blvd. in the City of Los Angeles, in Los Angeles County, State of California.

The subject property consists of a vacant, M2 zoned, level land site totaling 548,713 \pm sf, or 12.60 \pm acres. It is a rectangular site fronting on four streets -- Alameda Street on the east, Martin Luther King Boulevard on the north, Long Beach Avenue on the west and East 41st Street on the south. It is located approximately one mile south of the 10 Freeway which is the south boundary of the downtown Los Angeles hub. Alameda Street forms the west boundary of the city of Vernon and the east boundary of the subject property.

In addition the client has requested that we appraise the market value of the northwest (southeast corner of Martin Luther King Jr. Blvd. and Long Beach Avenue) 113,256 \pm or 2.6 acres of the subject parcel as if it were a legal separate entity.

Conditions of the Assignment -- This assignment is subject to the following Extraordinary Assumptions, Hypothetical Conditions and Special Limiting Condition:

Hypothetical Condition #1: *Two alleys and a street (40th Place) are included within the boundaries of the subject property (see plat maps). Although the city had not abandoned them as of our date of valuation, this appraisal is subject to the hypothetical condition that the alleys and street had been abandoned by the city and are included as part of the subject property.*

Hypothetical Condition #2: *The client has requested that we appraise the 2.6 acre portion of the subject property that makes up the northwest corner of the overall site (the southeast corner of Martin Luther King Jr. Blvd. and Long Beach Avenue). In fact, no such legal parcel exists; therefore our appraisal is subject to the hypothetical condition that as of our date of valuation such a parcel does exist.*

Extraordinary Assumption #1: *We were provided with an estimated net square footage for the subject property by the owner of the property. The net square footage excludes projected street dedications and includes the two alleys and 40th Street. This appraisal is therefore subject to the Extraordinary Assumption that for the purpose of this appraisal the square footage estimates as provided are correct and we reserve the right to revise the appraisal and values if new information becomes available.*

Extraordinary Assumption #2: *As discussed within this appraisal report, during portions of the 1990's and 2000's the subject property was operated as a community farm for local residents. When the owner of the property ended that use there was significant community reaction and legal action instigated by the neighbors and community groups. It is our understanding that the legal cases are all completed and that (since the property has been fenced in by the owner) there has been no further*

community reaction. It is an Extraordinary Assumption of this appraisal that no stigma exists resulting from these previous activities that would have an impact on the Market Value of the subject property.

Special Limiting Condition #1: Substantial volatility in the capital markets has increased uncertainty in the real property marketplace. It is difficult to predict what may happen in the capital markets going forward. As a result, it is difficult to predict what may happen to real property values over time. Our valuation of the subject property considered the best information that was available at the time of our analysis. Due to on-going volatility in the marketplace, users of this appraisal should consider the current market uncertainty when determining the level of confidence they choose to place on these analyses and conclusions. Users are reminded that the appraisal conclusions in this report are effective as of the stated date of valuation.

There are no other Special Limiting Conditions, Extraordinary Assumptions, or Hypothetical Conditions.

Our analysis of the subject property included an on-site inspection of the subject property, research of general data relating to the subject locale, research of improved sales and recent rentals in the subject district, as well as research of other market-related influences affecting the subject property. In our analysis, we gave consideration to the applicability of each of the traditional approaches to value, including the Cost, Sales Comparison and Income approaches. The methodology and data utilized in our valuation of the subject property are detailed in the Valuation Section of this appraisal report.

Significant Valuation Issues

There are no significant valuation issues noted.

Mr. Michael Galvin II
The Port of Los Angeles
Page 5

As a result of our investigation and analysis, it is our opinion that the **Market Value** (as defined herein) of the **Fee Simple Estate** in the 548,713± sf or 12.60 acre subject property as of the date of valuation, December 2, 2010, is:

TWELVE MILLION SIX HUNDRED THOUSAND DOLLARS

\$12,600,000

As a result of our investigation and analysis, it is our opinion that the **Market Value** (as defined herein) of the **Fee Simple Estate** in the 113,256± sf or 2.6 acre portion of the subject property as of the date of valuation, December 2, 2010, is:

TWO MILLION SIX HUNDRED THOUSAND DOLLARS

\$2,600,000

Our analyses and conclusions are based on the Scope of Work described above and the General Assumptions and Limiting Conditions that are made a part of this appraisal report. Special attention should be given to the Extraordinary Assumptions, Hypothetical Conditions and the Special Limiting Condition.

Thank you for the opportunity to have been of service to your company. If you should require any further assistance or should you have any questions regarding the material discussed in this report, please do not hesitate to call.

Sincerely,

CURTIS-ROSENTHAL, INC.



Marian Peak, CGREA
CA #AG007980



David M. Rosenthal, MAI, FRICS
CA #AG001641

Revised

ORDINANCE NO. _____

An ordinance approving Resolution No. 11-_____ of the Board of Harbor Commissioners of the City of Los Angeles approving an agreement that will release Libaw Horowitz Investment Company from its promise to dedicate a portion of the former Lancer property in exchange for a promise to donate cash, and creating a trust fund for the receipt and disbursement of said funds.

WHEREAS, in 2003, Libaw-Horowitz Investment Company executed a Pledge Agreement wherein it agreed to dedicate a certain parcel of land more particularly described therein to the City or alternatively to a tax exempt non-profit community organization selected by the Councilperson for the 9th District that would use and maintain the property for recreation and park purposes.

WHEREAS, the City has concluded that the establishment of an active use park is no longer appropriate because of the parcel's location in an industrial corridor, and, considering the City's immediate need for jobs and tax revenues, the City would prefer a cash donation in lieu of property with said donation to be used to improve existing public amenities in the surrounding community.

NOW THEREFORE,

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Resolution No. 11-_____, adopted by the Board of Harbor Commissioners on _____, 2011 authorizing execution of a Termination and Release of Pledge and a Cash Pledge Agreement is hereby approved.

Sec. 2. Creation and Administration of the Trust Fund

- (a) There is hereby created and established within the Treasury of the City of Los Angeles a special trust fund to be known as the Lancer Site Recreational Improvements Trust Fund ("the Fund").
- (b) The purpose of the Fund shall be for the receipt, retention and disbursement of funds received pursuant to the Cash Pledge Agreement.
- (c) The Fund shall be administered by the Office of the Chief Legislative Analyst. The Office of the Chief Legislative Analyst is hereby authorized to accept funds totaling \$3,573,365.00 pursuant to the Cash Pledge Agreement.
- (d) Expenditures from the Fund shall be authorized by the Chief Legislative Analyst after consultation with the Housing Authority, the Department of Recreation and Parks, and the Councilperson for the 9th District.

Sec. 3. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles at its meeting of _____.

JUNE LAGMAY, City Clerk

By _____ Deputy

Approved _____

Mayor

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By _____
KENNETH F. MATTFELD, Deputy

Date: _____

File No. _____