

TRANSMITTAL

To:

THE COUNCIL

Date:

DEC 14 2012

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

Mercedes Marquez
for **ANTONIO R. VILLARAIGOSA**
Mayor

(Mercedes Marquez)



MAJOR PROJECTS DIVISION – PORTFOLIO MANAGEMENT UNIT

Los Angeles Housing Department
LAHD

1200 West 7th Street, 9th Floor, Los Angeles, CA 90017
tel 213.808.8801 | fax 213.808.8606
lahd.lacity.org



Antonio R. Villaraigosa, Mayor
Mercedes M. Márquez, General Manager

November 30, 2012

Council File: New
Council District: Nine
Contact Person: David Zaitz / 213-808-8632
Manuel Bernal / 213-808-8901

Honorable Antonio R. Villaraigosa
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

TRANSMITTAL: REQUEST FOR AUTHORIZATION FOR ACTIONS RELATIVE TO THE DISPOSITION OF THE CITY-OWNED PROPERTY LOCATED AT 960 WEST 62nd PLACE, LOS ANGELES

SUMMARY:

The General Manager of the Los Angeles Housing Department (LAHD) requests authorization to execute an Exclusive Negotiation Agreement (ENA) with Thomas Safran and Associates, Inc. (TSA) for the disposition of the City-owned residential property located at 960 West 62nd Place (Property). The ENA will lead to the development agreements for the disposition and rehabilitation of the Property. TSA was selected as the purchaser through an open and competitive Request for Proposal (RFP) process as a means to market and select a qualified buyer.

RECOMMENDATIONS:

The General Manager respectfully requests that:

1. Your Office schedule this transmittal at the next available meeting(s) of the appropriate City Council committee(s) and forward it to City Council for review and approval immediately thereafter;
2. The City Council, subject to the approval of the Mayor, take the following action:
 - A. Authorize the General Manager or designee to execute the attached Exclusive Negotiation Agreement with the RFP selected purchaser, TSA, for the Property.

BACKGROUND:

Plaza Vermont was originally intended to be a mixed-use project consisting of 79 family units and a 7,000 square foot commercial development. LAHD made a loan to the previous borrower totaling \$6.04 million for the development of affordable housing. The terms of the development loan required the borrower make principal reduction payments in 2001. The borrower neither made the required payments nor made progress on the development of the vacant lot. LAHD attempts to facilitate a loan work out were undermined by a lack of a good faith effort by the borrower. LAHD was left no other option than to record a Notice of Default.

At a foreclosure sale on February 4, 2011, the Property's ownership reverted to LAHD. This foreclosure action eliminated the existing Regulatory Agreement. To avoid a potential financial tax liability for the limited partnership, they negotiated an agreement with LAHD to pay \$375,000 to abide by the Regulatory Agreement for another year (C-118459). The agreement also stipulated that the monies be set aside to rehabilitate the property and maintain the affordability of the rents, consistent with LAHD's mission of providing affordable housing.

The vacant lot had been intended to be developed for commercial purposes to provide jobs, but was never started. LAHD is currently collaborating with the Department of Recreation and Parks to develop a community park. As a part of this process, the recordation of a parcel map is needed to separate the vacant lot and existing residential project. The RFP for the sale of Plaza Vermont requested that prospective buyers submit plans to continue and complete the process of developing the park.

LAHD received Mayor and City Council authority in December 2011 to seek proposals for the disposition of Plaza Vermont through a RFP (C.F. No. 10-1869). LAHD released the Plaza Vermont RFP on March 5, 2012 and posted it on the City of Los Angeles and Los Angeles Business Assistance Virtual Network (LABAVN) websites. Included in the RFP is a Physical Needs Assessment (PNA) performed by an Engineering firm to provide disclosure of the repairs needed to rehabilitate the Property. On March 20, 2012, a Bidder's Conference was held on-site at Plaza Vermont with 47 attendees from 36 different organizations. All attendees were provided with a copy of the RFP, the Physical Needs Assessment, and guided tours were made available. A Technical Assistance Question and Answer session was provided afterwards. All questions and responses heard at the Bidder's Conference and received afterwards were posted on the LABAVN website.

A total of eight proposals were received by LAHD at the submission deadline of May 4, 2012. The selection process consisted of three steps: (1) Threshold Review; (2) RFP Scoring; and (3) Interview. The Threshold Review was used to determine the completeness of applications and whether the applicants and co-applicants met the basic qualifications to conduct business with the City of Los Angeles. Of the eight applications submitted, four passed the threshold requirements and then scored. LAHD developed a RFP Scoring matrix as an objective measure for prioritizing which applications best met the goals of the City, as identified and quantified in the RFP's Scoring Criteria. The criteria evaluated factors such as: (1) qualifications and experience with acquisition and rehabilitation of rental housing; (2) financial reserves and net operating income; (3) tenant services; (4) financial capacity including debt to equity ratio; and (5) ability to complete the community park. The applicants were then interviewed by a separate Committee that consisted of LAHD senior managers. Written submissions were scored on a scale of 100 points as were the interviews for a total of 200 points. These scores were then consolidated to rank the four prospective bidders.

Based upon the scoring of the applicants, TSA was the winning bidder with a combined score of 175 points out of a scale of 200 points. The second highest scoring bidder had a combined score of 154

points. TSA is thus recommended to be the purchaser of the Plaza Vermont property and enter into an ENA with the City of Los Angeles. The ENA establishes the seller and purchaser's exclusive right to negotiate in good faith with respect to the terms and conditions stated in the RFP. Topics to be negotiated will include: the financing terms to acquire and rehabilitate the Property; site layout and conceptual architectural and design plans; requirements to ensure long-term affordability of rental units; developer's construction financing; and the project schedule. Upon execution, the ENA will be effective for a period of 180 days.

FISCAL IMPACT

There is no impact on the General Fund.

Prepared by:



THANH DOAN
Management Analyst II,
Portfolio Management

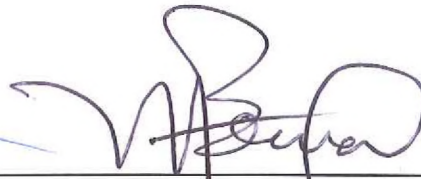


MARK GANDARA
Financial Development Officer II,
Portfolio Management

Reviewed by:



DAVID A. ZAITZ
Manager, Portfolio Management



MANUEL HORACIO BERNAL
Director of Multifamily Housing

Approved by:



HELMI ANN HISSERICH
Assistant General Manager



MERCEDES M. MÁRQUEZ
General Manager

Attachments:

- 1.) Exclusive Negotiation Agreement

Exclusive Negotiation Agreement

This Exclusive Negotiation Agreement ("ENA") is made as of the Effective Date (defined in Section 14 below) by and between Thomas Safran & Associates Development, Inc., a California corporation ("DEVELOPER") and the City of Los Angeles ("City") a municipal corporation acting by and through the Los Angeles Housing Department ("LAHD").

RECITALS

- A. LAHD currently owns a 79-unit multi-family apartment building, known as Plaza Vermont (the "Project") located on the real property commonly known as at 960 West 62nd Place, in the City of Los Angeles, County of Los Angeles, State of California as more particularly described on the legal description attached hereto as Exhibit "A" from the Trustee's Deed Upon Sale (hereinafter referred to as the "Site") (the "Project" and the "Site", are hereinafter sometimes collectively referred to as the "Property").
- B. In response to the 2012 Plaza Vermont Request For Proposal ("RFP") issued by LAHD, the DEVELOPER submitted an application to acquire the Property ("Proposal").
- C. DEVELOPER proposes to acquire and rehabilitate the Property with structural and cosmetic improvements including exterior repair and repainting, complete interior renovation, and upgrading the landscaping.
- D. On _____, 2013 the Los Angeles City Council approved the selection of the DEVELOPER for the purpose of negotiating an exclusive right to negotiate a disposition and development agreement as to the Property as evidenced by the City Council action taken in Council File _____ - _____.
- E. Together, LAHD and the DEVELOPER (the "Parties") desire to develop the Property.

The Parties agree to negotiate exclusively and in good faith to enter into various agreements as the Property (consisting of: a Purchase and Sale Agreement, Loan Agreement, Permit to Enter, etc.) (hereinafter, collectively referred to as the "Agreements") upon the following terms and conditions:

1. Agreement to Negotiate Exclusively: Good Faith Negotiations

LAHD agrees that, during the Negotiation Period (as defined in Section 2 below) and provided that DEVELOPER is not in default of its obligations under this ENA (subject to reasonable notice and opportunity to cure such default), LAHD shall negotiate exclusively and in good faith with DEVELOPER, with respect to the Agreements to be entered into between LAHD and DEVELOPER concerning the rights and obligations of the Parties respecting the development of the Site. During the negotiation period, LAHD shall not solicit or entertain offers or proposals from other parties concerning the Site. DEVELOPER acknowledges, however, that LAHD may, from time to time, be contacted by other developers respecting the Site and that such contact is expressly permitted so long as LAHD does not initiate or further the contact and indicates to such other developers that LAHD has executed this ENA with DEVELOPER and that LAHD is unable to: (1) discuss anything concerning the Project; (2) discuss anything concerning these negotiations with DEVELOPER; (3) entertain any offer or proposals

or (4) negotiate with any other developer until this ENA expires or is terminated, as provided in Section 2 below.

The Parties agree, in consideration of this ENA, to negotiate in good faith with each other with respect to the terms and conditions as set forth in the RFP and the proposed Project to be included in the Agreements and to cooperate in the preparation thereof. The Parties shall provide each other with any information regarding the Site or Project that may be reasonably requested by the other Party.

2. Period of Negotiation

The Parties agree to negotiate in good faith for a period of 180 days from the Effective Date, as defined in Section 14 hereof (the "Negotiation Period"). If the Parties have not executed the Agreements by such date, then this ENA shall automatically terminate provided however, that if prior to the expiration of the Negotiation Period, the Parties have not executed the Agreements satisfactory to the Parties, then the Parties may mutually agree to extend the term of the ENA for an additional period of up to six months. If the Parties cannot agree upon such an extension, the ENA shall automatically terminate.

The Negotiation Period may be extended only by written agreement between the Parties and no other act or failure to act by LAHD or any of its Representatives shall result in an extension of the Negotiation Period.

Upon termination of this ENA, any interest that DEVELOPER may have hereunder shall cease and LAHD shall have the right to thereafter develop or dispose of the Site as it shall determine appropriate in its sole and absolute discretion.

The ENA may also be terminated if the Parties agree in writing that a successful consummation of the negotiations is impossible.

3. Test and Surveys

During the Negotiation Period, DEVELOPER shall conduct such tests, surveys, and other analyses as the DEVELOPER deems necessary to determine the feasibility of designing, constructing, leasing, and financing the Project and shall complete such tests, surveys, and other analyses as promptly as possible within the Negotiation Period. For these purposes, LAHD shall provide to DEVELOPER, its agents, and representatives, the right to enter onto the Site and to conduct such tests, surveys, and other procedures ("Tests"). The Site is an active multi-family apartment complex. DEVELOPER shall indemnify and hold harmless the LAHD from any personal injury or property loss (Including, without limitation, reasonable attorneys' fees) arising out of any such entry on the Site by DEVELOPER, its agents or representatives, provided that such indemnity shall not relate to existing Site conditions that differ substantially from existing plans and drawings, and could not have been discovered by reasonable visual inspection or non-intrusive tests Prior to any intrusive testing, DEVELOPER shall present LAHD with evidence of a general liability insurance policy in an amount of at least \$1 million dollars, naming LAHD as additional insured. The insurance policy shall cover all liability and property damage arising from DEVELOPER's employees' presence on the Site during Tests. Any destruction or alteration of site features or

surfaces resulting from the tests shall be fully replaced at the full expense of the DEVELOPER within ten (10) business days.

4. Essential Terms

A. AGREEMENTS. DEVELOPER's rights and obligations shall be specifically set forth in the Agreements and shall include without limitation each of the following terms (collectively referred to as "Essential Terms"):

- 1) Project Description;
- 2) Scope of Development;
- 3) DEVELOPER Site Inspection rights;
- 4) Design and construction of the Project, including LAHD review, approval, and inspection rights, and DEVELOPER assurances;
- 5) Deposits and Costs Reimbursements;
- 6) Schedules of Performance, including effect of change;
- 7) Restrictions on Transfers;
- 8) Escrow provisions, including title, deliveries to escrow, conditions to close of escrow and delivery of Site, parts thereof;
- 9) Insurance and Indemnity;
- 10) Defaults, remedies and termination;
- 11) Encumbrances and rights of lenders;
- 12) Agreement on all other matters necessary to reach a full and comprehensive agreement; and
- 13) Restrictions on use of Site.
- 14) Park Development

5. Development Goals for Site

- a) Provide rental housing opportunities to families of varying incomes.
- b) Ensure that all uses on the Site are consistent with the local jurisdiction's adopted land use plans.
- c) Refinance and rehabilitate the Property to provide for substantial improvements to the units, common areas, and building

6. Topics for Negotiation

In addition, or as supplement, to the Essential Terms, as described in Section 4, the topics for negotiation (to the extent of, and as limited by the terms of the Proposal) shall include, among other things:

- a) Structure of the transaction [include, e.g. structure of the Agreements, sales, exchanges, easements, as applicable];
- b) The terms of the proposed Agreements as described in Section 4 above;
- c) Availability of the Site to the DEVELOPER;
- d) Proposed land uses and appropriate assurances regarding the continued use of the Project improvements for their original intent;
- e) Site layout and conceptual architectural and urban design plans;
- f) LAHD's requirements upon DEVELOPER to ensure long-term affordability of rental units;
- g) Mix and affordability of for-sale and rental residential units throughout development;
- h) Aesthetic considerations;
- i) Quality and type of construction;
- j) DEVELOPER's responsibility to obtain environmental clearances, entitlements, and project financing;
- k) Terms of DEVELOPER's construction financing and LAHD's right to approve same;
- l) Project schedule and any other considerations necessary to fully implement the proposed Project in a timely fashion.

7. Deposit

Prior to and as a condition precedent to the execution of this ENA by LAHD, DEVELOPER shall submit to LAHD a good faith deposit ("Deposit") in the amount of ONE HUNDRED THOUSAND DOLLARS (\$100,000) in the form of cash or certified check to ensure that DEVELOPER will proceed diligently and in good faith to negotiate and perform all of DEVELOPER's obligations under this ENA and the Agreements through the effective date of the sale of the Site. The Deposit, when received by LAHD, shall be deposited into a non-interest bearing account of the City of Los Angeles.

If this ENA is terminated without execution of the Agreements, LAHD shall promptly refund the entire Deposit so long as the DEVELOPER has demonstrated a good faith effort in attempting to fulfill the DEVELOPER's Responsibilities described in Section 13.

If, upon termination of the ENA, the Agreements are executed, LAHD will transmit the Deposit to Escrow as buyer's funds.

Should this ENA be terminated and the Agreements fail to be executed, DEVELOPER agrees to forfeit its Deposit if, in the judgment of LAHD, the DEVELOPER has failed to demonstrate a good faith effort in fulfilling its Responsibilities described in Section 13.

8. Broker's Fees

The Parties represent and warrant to each other that no broker or finder has been engaged, or is in anyway connected with the transactions contemplated by this ENA. In the event any claim for brokers' or finders' fees is made in connection with the transactions contemplated by this ENA, the Party upon whose statement, representation or agreement the claim is made shall indemnify, hold harmless and defend the other Parties from and against such claims.

9. Assignment

As a condition to any proposed assignment of this ENA, DEVELOPER shall be required to make full disclosure to LAHD of the principals, officers, stockholders, partners, etc., and all other reasonable pertinent information concerning the assignee of DEVELOPER and its associates.

Except as to an assignment to an entity wholly controlled or wholly owned by DEVELOPER or a limited partnership in which DEVELOPER is a general partner, for which LAHD's consent is not required, no assignment by DEVELOPER of its rights and obligations hereunder shall be made without the express written consent of LAHD, which consent shall be given or withheld at the sole discretion of LAHD. Upon any permitted assignment by the DEVELOPER of its rights and obligations hereunder, DEVELOPER and the permitted assignee shall execute a written assignment agreement and the succeeding entity shall be deemed DEVELOPER for all purposes under this ENA. Notwithstanding anything which may be or appear to be herein to the contrary, no assignment hereof by DEVELOPER shall relieve DEVELOPER of its obligations under this ENA unless specifically agreed to in writing by LAHD.

DEVELOPER shall, along with any request for approval of any assignments hereof, deliver to LAHD the most recent financial statement and/or the financial statements of the assignee. LAHD understands and acknowledges the proprietary nature of said information and, to the extent permitted by law, agree not to disclose said information to any person or entity other than representatives of LAHD or their consultants, having a need to know.

LAHD shall not assess a fee for their approval of any assignment, except to the extent that it incurs direct third party expenses, consultant or legal fees related to approval of the assignment in which event the fee shall not exceed the total of the direct costs incurred by LAHD related to approval of the assignment.

10. LAHD Obligations

During the Term of this ENA, LAHD shall deliver, within 30 days of receipt of written request thereof, any existing LAHD-owned information, studies, reports, site and construction plans or other documents which DEVELOPER may reasonably request to facilitate the Project design without cost or expense to DEVELOPER. The Parties shall cooperate to ensure timely review and revision of any DEVELOPER documents or plans.

This ENA is an agreement to enter into a period of exclusive negotiations according to the terms hereof. LAHD expressly reserves the right to decline to enter into Agreements in the event the Parties fail to negotiate to the satisfaction of LAHD. Except as expressly provided in this ENA, LAHD shall have no obligations or duties hereunder and no liability whatsoever in the event the Parties fail to timely execute the Agreements as long as they negotiate exclusively in good faith and cooperate in the preparation of the Agreements in accordance with Section 1 above.

DEVELOPER acknowledges and agrees that LAHD, has not agreed to fund, subsidize or otherwise financially contribute in any manner toward the development of the Project other than those representations contained in the LAHD RFP.

By its execution of this ENA, LAHD is not committing to or agreeing to undertake: (i) disposition of land to DEVELOPER; or (ii) any other acts or activities requiring the subsequent independent exercise of discretion by LAHD, other than their good faith obligation to negotiate exclusively with DEVELOPER as provided herein.

The Parties recognize that one or more of the conditions to DEVELOPER's Proposal set forth herein may fail to be met as a result of subsequent studies, reviews and proceedings invoking the exercise of discretion by LAHD or any public agency having regulatory jurisdiction.

DEVELOPER shall bear all costs incurred as a result of compliance with the California Environmental Quality Act and the National Environmental Policy Act relating to Developer's joint development of the Project: including, but not limited to, preparation of an environmental assessment report or any other required studies or documents. These costs may be reimbursed from a future Loan Agreement, if executed.

11. Non-Liability of LAHD Officials and Employees

Without limiting the provisions set forth herein, no member, official, representative, director; attorney, or employee of LAHD shall be personally liable to DEVELOPER or any successor in interest, in the event of any default or breach by LAHD of any obligations under the terms of this ENA, or of any amount which may become due to DEVELOPER or to its successor under the terms of this ENA.

12. Plans, Reports, Studies and Investigation

Upon written request by LAHD, DEVELOPER shall provide the requestor, without cost or expense, and without representation or warranty, copies of all plans, reports, studies, or investigations (collectively, "Plan") prepared by or on behalf of DEVELOPER

which the DEVELOPER owns or has the copyrights to with respect to the Site and the Project. All Plans shall be prepared at DEVELOPER's sole cost and expense, and DEVELOPER agrees to indemnify, defend and hold harmless LAHD and their representatives, employees, officials, directors, attorneys, successors and assigns (collectively, "Representatives") from any losses, liability, claims, causes of action, injury or expense, including without limitation, reasonable attorneys' fees and costs (collectively, "Loss and Liabilities") arising from or in any way related to the cost of preparation of such Plans.

13. Developer's Responsibilities

Without limiting any other provision of this ENA, during the period of negotiations hereunder, DEVELOPER, at its sole cost and expense, shall prepare and submit the following documents and perform the following acts all in furtherance of the negotiation process:

A. Submittals. LAHD and all agencies having regulatory jurisdiction will require planning and design approval for the Project. DEVELOPER shall meet with representatives of LAHD to review and come to a clear understanding of the planning and design criteria required by these agencies.

1. DEVELOPER, within 90 days after execution of this ENA (subject to receipt of all plans and studies requested of LAHD by DEVELOPER pursuant to Section 10), shall submit to LAHD the following:
 - a) Revised or updated Project design concept plan, including a site plan and sections as necessary to describe the proposed scope and schedule.
 - b) Project development schedule including milestones for site control, financing commitments, design, environment/entitlement, construction and completion.
 - c) Financing plan/economic projection for the Project. The financing plan shall include a detailed statement of the overall estimated costs of construction and, to the extent it is then available: a) the source and availability of equity capital; and b) construction and long-term development financing. The economic projection shall estimate income to be derived from the Project, and operating costs and debt service shall include a proforma statement of Project return adequate to enable LAHD to evaluate the economic feasibility of the proposed development of the Project. Prior to expiration of the Negotiation Period, DEVELOPER shall update the financing plan to include the source and availability of equity capital, construction and long-term financing if not previously included in the plan.

B. Design Review. LAHD and all agencies having regulatory jurisdiction will require planning and design approval for the Project. DEVELOPER shall meet with representatives of LAHD and City to review and come to a clear understanding of the planning and design criteria required by LAHD.

C. Cost Disclosure. To support the successful negotiation of the Agreements, the DEVELOPER agrees to disclose to LAHD all costs and revenue projections for the

proposed Project, including the terms under which the DEVELOPER has been able to obtain control of any other adjacent properties to be included in the Project.

D. Further Information LAHD reserves the right at any time to request from DEVELOPER additional or updated information including data, and commitments to ascertain the depth of the DEVELOPER's capability and desire to lease and develop the Site expeditiously. LAHD will provide a reasonable time for DEVELOPER to submit to the respective agency such additional information.

14. Effective Date

This ENA shall be deemed effective upon the date on which this ENA is executed by both Parties, as evidenced by the date of the last signature on the signature page hereto (the "Effective Date").

15. Entire Agreement

This ENA represents the entire agreement of the Parties with respect to the matter set forth herein. This ENA may not be amended except in writing signed by all of the Parties hereunder.

16. Covenant Against Discrimination

DEVELOPER shall not discriminate against nor segregate any person, or group of persons on account of sex, race, color, age, marital status, religion handicaps, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment, of the Site, nor shall the DEVELOPER establish or permit any such practice or practices of discrimination or segregation in the selection, location, number, use, or occupancy of tenants, lessees, subtenants, subleases or vendees of the Site.

17. Notices

All notices required or permitted hereunder shall be delivered in person, by overnight courier, or by registered or certified mail, postage prepaid, return receipt requested to such party at its address shown below, or to any other place designated in writing by such Party.

DEVELOPER: Thomas Safran & Associates Development, Inc.
11812 San Vicente Blvd.,
Los Angeles, California 90049
Attention: THOMAS L. SAFRAN, Chairman

LAHD: City of Los Angeles Housing Department
1200 W. 7th Street, 9th Floor
Los Angeles, California 90017
Attention: MERCEDES M. MÁRQUEZ, Interim General Manager

Any such notice shall be deemed received upon delivery, if delivered personally, (1) the next business day after delivery by a courier, if delivered by courier, and three (3) days after deposit into the United States Mail, if delivered by registered or certified mail.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, LAHD and DEVELOPER have caused this ENA to be executed by their duly authorized representatives.

LAHD
City of Los Angeles Housing Department

By: _____ / /2012
MERCEDES M. MÁRQUEZ
Interim General Manager

Approved as to form:
CARMEN A. TRUTANICH
City Attorney

By: _____ / /2012
Date

DEVELOPER
Thomas Safran & Associates Development, Inc.,
a California corporation

By: _____ 11 / 26 /2012
THOMAS L. SAFRAN
Chairman
Date

By: _____ 11 / 26 /2012
ANDREW GROSS
Principal and President
Date

ATTACHMENTS

Exhibit A. – Legal Description

EXHIBIT A

THE LAND IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES AND IS DESCRIBED AS FOLLOWS:

THAT PORTION OF THE SOUTH HALF OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 19, TOWNSHIP 2 SOUTH, RANGE 13 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF LOS ANGELES IN THE COUNTY OF LOS ANGELES STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE SOUTH LINE OF 62ND PLACE, 50 FEET WIDE, WITH THE EAST LINE OF VERMONT AVENUE, 80 FEET WIDE, AS BOTH ARE SHOWN ON THE MAP OF TRACT NO 4909 RECORDED IN BOOK 52 PAGE 56 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE NORTH 89 DEGREES 27' 15" EAST ALONG SAID SOUTH LINE A DISTANCE OF 301.63 FEET TO THE WEST LINE OF TRACT NO. 4909 THENCE SOUTH ALONG SAID WEST LINE 272 85 FEET TO THE NORTH LINE OF GAGE AVENUE, 50 FEET WIDE (FORMERLY 63RD PLACE, AS SHOWN ON SAID MAP); THENCE SOUTH 89 DEGREES 40' 25" WEST, ALONG SAID NORTH LINE, 301.63 FEET TO SAID EAST LINE OF VERMONT AVENUE; THENCE NORTH, ALONG SAID EAST LINE A DISTANCE OF 271.70 FEET TO THE POINT OF BEGINNING.

ALSO THE WESTERLY 20 FEET OF LOTS 1 AND 18 OF TRACT NO. 4909, AS SHOWN ON MAP RECORDED IN BOOR 52 PAGE 56 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDED OF SAID COUNTY.

EXCEPT THEREFROM ALL THAT PORTION OF THE WESTERLY 20 FEET OF LOT 18, TRACT NO. 4909, AS PER MAP RECORDED IN BOOK 52 PAGE 56 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND ALL THAT PORTION OF THE SOUTH ONE-HALF OF THE SOUTHWEST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER OF SECTION 19, TOWNSHIP 2 SOUTH, RANGE 13 WEST, SAN BERNARDINO MERIDIAN, AS SHOWN ON MAP OF SAID TRACT NO. 4909, AS BEING NOT A PART OF THIS SUBDIVISION AND LAYING WESTERLY OF SAID LOT 18, INCLUDED WITHIN A STRIP OF LAND 40 FEET WIDE, LYING NORTHEASTERLY OF THE CONTIGUOUS TO THE FOLLOWING DESCRIBED LINE, AND ALL THAT PORTION OF SAID PARCEL OF LAND LYING SOUTHWESTERLY OF SAID FOLLOWING DESCRIBED LINE:

COMMENCING AT THE INTERSECTION OF THE CENTERLINE OF VERMONT AVENUE, 80 FEET WIDE, WITH THE CENTERLINE OF GAGE AVENUE (FORMERLY 63RD PLACE), 50 FEET WIDE, BOTH AVENUES AS SHOWN ON SAID MAP OF SAID TRACT NO. 4909; THENCE EASTERLY ALONG SAID LAST MENTIONED CENTERLINE A DISTANCE OF 470.00 FEET; THENCE NORTHERLY AT RIGHT ANGLES, FROM SAID LAST MENTIONED CENTERLINE TO A POINT OF INTERSECTION WITH A LINE PARALLEL, WITH AND DISTANT 5 FEET NORTHERLY, MEASURED AT RIGHT ANGLES, FROM SAID LAST MENTIONED

CENTERLINE, SAID LAST MENTIONED POINT OF INTERSECTION TO BE THE TRUE POINT OF BEGINNING FOR THE PURPOSE OF THIS DESCRIPTION; THENCE WESTERLY ALONG SAID LAST MENTIONED PARALLEL LINE A DISTANCE OF 43 19 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 720 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE 21 DEGREES 26' 32" AND ARC DISTANCE OF 269.45 FEET TO A POINT OF TANGENCY IN A LINE, SAID TANGENT LINE PASSES THROUGH SAID CENTERLINE OF VERMONT AVE, AT A POINT DISTANT 118.83 FEET NORTHERLY, MEASURED ALONG SAID LAST MENTIONED CENTERLINE FROM THE POINT OF COMMENCEMENT, THENCE NORTHWESTERLY ALONG SAID TANGENT LINE A DISTANCE OF 186.00 FEET.