

TRANSMITTAL

To:
Council

DATE
11-16-17

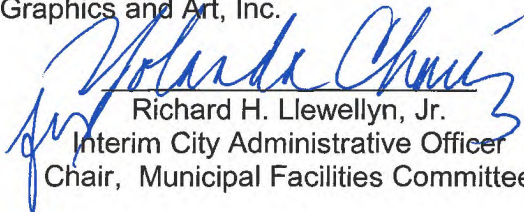
COUNCIL FILE NO.
14-0425-S1

From:
Municipal Facilities Committee

COUNCIL DISTRICT
14

At its special meeting on November 16, 2017, the Municipal Facilities Committee approved recommendations in the attached Economic and Workforce Development Department (EWDD) report, which is hereby transmitted to Council for consideration. Adoption of the report recommendations would approve the acquisition of the Ocean Queen Building (Property) from the former Community Redevelopment Agency of Los Angeles (CRA/LA) and subsequent sale of the Property to Self Help Graphics and Art, Inc for \$3,625,000.

Fiscal Impact Statement: Approval of the recommendations in this report will have no impact on the General Fund. The acquisition funds include \$825,000 in CRA/LA Excess Bond Proceeds and \$2,800,000 in funds provided by Self Help Graphics and Art, Inc.


Richard H. Llewellyn, Jr.
Interim City Administrative Officer
Chair, Municipal Facilities Committee

RHL:JVW:BLM:15180045

Attachment

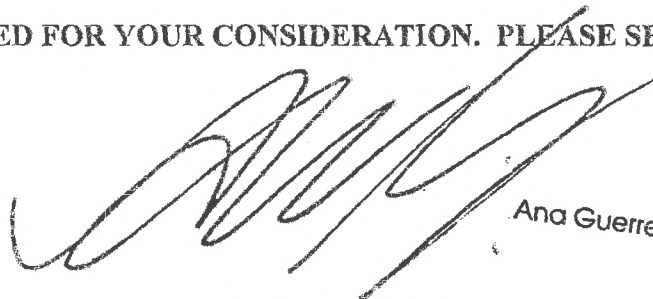
TRANSMITTAL

To:
THE MUNICIPAL FACILITIES COMMITTEE

Date: NOV 14 2017

From:
THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



Ana Guerrero

ERIC GARCETTI
Mayor

CITY OF LOS ANGELES
CALIFORNIA

JAN PERRY
GENERAL MANAGER

**ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT**



ERIC GARCETTI
MAYOR

1200 W. 7TH STREET
LOS ANGELES, CA 90017

November 14, 2017

Council File: 14-0425-S1
Council District No: 14
Contact Person: Samuel Hughes
Contact Phone: (213) 744-9723

The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall

Attention: Mandy Morales, Legislative Coordinator

**TRANSMITTAL: ACQUISITION FROM CRA/LA, A DESIGNATED LOCAL
AUTHORITY AND SUBSEQUENT DIRECT SALE OF THE PROPERTY LOCATED AT
1300 E. FIRST STREET, LOS ANGELES, CA 90033, ALSO KNOWN AS THE ASSET
ID NO. 325, OCEAN QUEEN BUILDING, TO SELF HELP GRAPHICS AND ART, INC.**

The General Manager of the Economic and Workforce Development Department (EWDD), or designee, respectfully requests that your office review and approve this transmittal and forward to the Municipal Facilities Committee and City Council for further consideration.

RECOMMENDATIONS

The General Manager of the EWDD or designee, respectfully requests that the City Council, subject to the approval of the Mayor as required:

1. REQUEST that the Mayor exercise the Option by and between the City of Los Angeles and the CRA/LA, A Designated Local Authority and successor in interest to the former City of Los Angeles Redevelopment Agency ("CRA/LA-DLA") to acquire the three parcels located at 1300 E. First Street, Los Angeles, CA 90033 (Assessor Parcel Numbers 5172-008-900, 5172-008-901, and 5172-008-902), a 20,564-square-foot property improved with a 10,400-square-foot industrial building and a surface parking lot, also known as Asset ID No. 325, the Ocean Queen Building ("Property") (Contract C-125172 dated January 8, 2015), upon approval of the CRA/LA-DLA Governing Board, Oversight Board, and the State Department of Finance;

2. APPROVE the acquisition of the Property from CRA/LA-DLA and the subsequent sale of the Property to Self Help Graphics and Art, Inc. ("Buyer" and/or "SHGA") for the fair market value of \$3,625,000 ("Purchase Price");
3. APPROVE the form and substance of the Purchase and Sale Agreement (PSA) and Grant Deed, substantially consistent with the attached documents, for the purchase of the Property from CRA/LA-DLA for the Purchase Price; and AUTHORIZE the General Manager of the EWDD to execute the said documents as approved as to form by the City Attorney;
4. APPROVE the form and substance of the PSA, Grant Deed, and Covenant Agreement, substantially consistent with the attached documents, for the sale of the Property to Buyer for the Purchase Price and subject to the provision of certain community benefits for ten (10) years and the future development of an economic development project as specified in the Covenant Agreement to be recorded against the Property; and AUTHORIZE the General Manager of the EWDD to execute the said documents as approved as to form by the City Attorney;
5. APPROVE the Ordinance providing for the sale of the Property to the Buyer as described in this report and the report from the City Attorney, without notice of sale or advertisement of bids, as justified by the economic benefits that development of the project will generate in the public interest;
6. AUTHORIZE the General Manager of the EWDD to proceed to effectuate all escrow and related required actions to complete the transaction if all contingencies are met, upon notice from the Mayor that the purchase of the Property from CRA/LA-DLA has received all required approvals, and deposit all acquisition proceeds into the appropriate escrow accounts, including the deposit of CRA/LA Excess Non-Housing Bond Proceeds ("CRA/LA EBP") in the amount of \$825,000 from Fund No. 57D as approved under a separate City Council action (Council File 14-1174-S30), all to Chicago Title Company to be applied towards the Buyer's purchase of the Property;
7. AUTHORIZE the EWDD to be the implementing department to determine and expend the amount necessary to pay for City's required closing costs and other related costs upon issuance of the good faith estimate from Chicago Title Company;
8. AUTHORIZE the Controller's Office to expend from Fund 100/22, Account No. 003040, Contractual Services, for closing costs and other related costs and transfer to Chicago Title Company upon receipt of appropriate transfer instructions from EWDD;
9. REQUEST that the City Attorney prepare an ordinance creating an Economic Development Trust Fund for the receipt and disbursements of funds for costs related to economic development transactions;
10. AUTHORIZE the Controller's Office upon adoption of the Economic Development Trust Fund Ordinance referenced above to:

- (a) Establish a new interest-bearing fund titled, "Economic Development Trust Fund No. XXX," to be administered by EWDD to meet obligations of any and all economic development-related transactions such as the CRA/LA Future Development Option Agreements, including but not limited to the deposit of good faith deposits from third parties, payment of consultant costs, and funding of closing costs;
- (b) Establish new accounts within the newly established Economic Development Trust Fund No. XXX and appropriate upon receipt of funds from third parties related to the newly established Economic Development Trust Fund No. XXX and upon presentation of proper documentation by EWDD;
- (c) Transfer funds previously deposited in the City General Fund No.100 and in the Miscellaneous Fund No. 45L related to the CRA/LA Option Agreements to the newly established Economic Development Trust Fund No. XXX; and

11. AUTHORIZE the General Manager of the EWDD, or designee, to prepare Controller instructions and/or make technical corrections or adjustments that may be required and are consistent with this City Council and Mayoral actions, subject to the approval of the City Administrative Officer (CAO); and REQUEST the Controller and/or other City departments to implement those instructions.

FISCAL IMPACT STATEMENT

The proposed transaction will not have any negative impact on the General Fund. The acquisition funds include \$825,000 CRA/LA EBP and Buyer funds.

As an Affected Taxing Entity under the Redevelopment Dissolution Statutes, the City will receive, in the future, the equivalent of approximately 26% of the CRA/LA-DLA sales proceeds from the County Auditor-Controller as property tax.

ENVIRONMENTAL REVIEW

The recommended action is categorically exempt from provisions of the California Environmental Quality Act (CEQA), pursuant to Section 15301 of the State CEQA Guidelines.

BACKGROUND

The City's former redevelopment agency ("CRA/LA") acquired the property in 2009 through a voluntary acquisition from Ocean Seafood, a seafood export/import wholesale processing plant. The acquisition was part of a strategy for a 10-acre district in Boyle Heights near the newly-opened Pico Aliso Gold Line Station to transition properties from low-density industrial uses to commercial, public, and residential uses that are more directly beneficial to and benefited by access to high quality transit service. This strategy was crafted in alignment with the City's Industrial Land Use Study as well as the Boyle Heights Community Plan update. However, the CRA/LA was unable to acquire the

adjacent parcels to effectuate transition in the larger area. In 2011, as the CRA/LA faced dissolution, the agency entered into a lease agreement allowing the Buyer to continue to occupy the Property, operate and provide public-serving programs, and complete some necessary remediation and improvements to the Property.

On December 8, 2014, the City Council requested that the Mayor execute an Option Agreement to purchase the Property from the CRA/LA's successor agency, CRA/LA-DLA. The Option Agreement was executed as of January 8, 2015 (Contract C-125172). Through the terms of the Option Agreement, the City has the right to acquire the Property for the appraised fair market value, as well as the right to solicit and sell the Property to a buyer that will use the Property to provide community benefits in alignment with the Redevelopment Plan, the Five Year Implementation Plan, and the Community Plan for the Adelante Eastside Project Area in Boyle Heights.

As the current tenant of the Property, SHGA formally proposed to acquire the Property in September, 2015. The EWDD and the CAO subsequently negotiated the terms of the proposed sale, memorialized in a Term Sheet. In August 25, 2016, the Municipal Facilities Committee (MFC) adopted the recommendations of the EWDD and CAO to acquire and subsequently sell the Property directly to SHGA. The City Council and Mayor approved the MFC actions on September 21, 2016.

Acquisition funds for the SHGA's purchase of the Property come from a variety of public and private financing as follows:

\$2,050,000	California Community Foundation PRI Loan
\$ 250,000	California Community Foundation Pass-Thru Grant
\$ 250,000	Weingart Foundation Grant
<u>\$ 250,000</u>	SHGA Board Member Zac Guevarra Grant
\$2,800,000	Buyer Funds
<u>\$ 825,000</u>	CRA/LA EBP Service Payback Loan
\$3,625,000	Total Purchase Price

The City shall enter into a service payback loan agreement with the Buyer for the service repayment of the \$825,000 CRA/LA EBP under a separate City Council action (Council File 14-1174-S30). The said funds will be transferred directly to Chicago Title Company by the Controller upon receipt of instructions from EWDD.

The Buyer

Self Help Graphics and Art, Inc., a California nonprofit public benefit corporation, was founded in 1970 in the heart of East Los Angeles. It is dedicated to the production, interpretation, and distribution of prints and other art media by Chicana/o and Latina/o artists. Its multi-disciplinary, inter-generational programs promote artistic excellence and empower its community by providing access to space, tools, training, and capital.

Self Help Graphics and Art, Inc. is one of the City's historical gems and is widely known in the arts community for its acclaimed printmaking studio and for providing memorable events such as the Dia de los Muertos Festival that draws approximately 10,000 attendees a year. Self Help Graphics and Art, Inc. was born in the fervent time of the

Chicano Art Movement and today still strives to be the pre-eminent center for Latino art in printmaking, exhibition and training, and to be a resource for young emerging artists and creatives. As the longest running arts organization in East Los Angeles, it serves a critical need for the arts, with a participation and attendance base of close to 30,000 people annually.

Community Benefits

The City has determined that the direct sale of the Property to the Buyer, the continued provision of the community benefits described below, and the future development of an economic development project in accordance with the terms and conditions of the attached PSA and Covenant Agreements between the City and the Buyer will assist the City in meeting its economic development goals by: (1) eliminating physical blight by developing an underutilized parcel; (2) alleviating economic blight by promoting the conservation, rehabilitation, renewal, and redevelopment of the Property; (3) encouraging further private investment in and around the community; (4) promoting the development of educational, cultural, entertainment, and recreational facilities that serve the needs of the residents and community; and (5) generating new tax revenues for the City and other local governments.

The following table describes the continued community benefits to be provided by the Buyer within the next 10 years following the execution of the PSA and Covenant Agreement:

Summary: Community Benefits
20 Programs and Events Serving 17,000 Attendees
Arts Engagement and Education Programs Serving 8,000 Youth and Families
Professional Printmaking Studio Serving 175 Artists
Art Exhibitions Serving 1,000 Visitors

Direct Sale

A prior City Council action (Council File 14-0425) directed the EWDD with the assistance of CAO, and Council District 14 to develop a Disposition Plan for the Property, including negotiating the terms and conditions of a sale of the Property to the Buyer. The proposed transaction requires a public subsidy of \$825,000 to accomplish significant public benefit as summarized in the Community Benefits section. Given the proposed economic benefits of the transaction, and the value of retaining and facilitating the growth of a Los Angeles non-profit corporation that otherwise will lose its lease and potentially leave Los Angeles, EWDD recommends that a determination of public interest be made and the direct sale of the property for economic development purposes be approved to achieve the valuable public purposes discussed above.

The sale is in conformance with the City Attorney's guidance and the following Administrative Code Provisions governing the direct conveyance of real property, including:

LAAC 7.27 Private Sale

"The Council...may determine that the public interest or necessity require the sale, conveyance, or exchange of real property owned by the City or any City department...of any interest in real property without notice of sale or advertisement of bids. In the event of such determination the City Council may, by ordinance adopted by the vote of at least two-thirds of all its members authorize the execution of such deed...or other instrument as may be necessary to effect such sale..."

LAAC 7.27.2 Private Sale Procedures for Economic Development Purposes

Notwithstanding any other provision of this Code, the EWDD is authorized to convey any interest owned or controlled by the City in any real property below its fair market value, subject to the City Council making a finding that the conveyance at the price with the terms and conditions imposed thereon serves a public purpose.

LAAC 22.1008(c) Conveyance of City Interests in Real Property

EWDD is authorized to convey any interest owned or controlled by the City in real property at its fair re-use value to carry out the public purposes and objectives of this Chapter in accordance with the procedures set forth in Section 7.27.2 of this Code. Any such conveyance shall be made pursuant to one or more agreements requiring the development, use and maintenance of such real property for economic development, and such agreement(s) shall additionally require as a condition precedent to the conveyance that one or more deed restrictions be recorded against the conveyed interest restricting the development and use and require the maintenance of such real property so as to insure that the economic development purpose for which the conveyance was made is fulfilled for such period of time as is determined to be appropriate. The conveyance of any such interest under the terms and conditions stated herein shall not render the real property as "surplus property" within the meaning of Chapter 1, of Article 4 of the LAAC (commencing with Section 7.21), nor shall it render the real property as "surplus land" within the meaning of Section 54221 of the California Government Code.

SUMMARY

On December 16, 2014, the City Council adopted the Option Agreements for ten (10) CRA/LA-DLA Future Development Properties (Council File 14-0425). This report recommends the acquisition of the Property from CRA/LA-DLA for the Purchase Price, subsequent sale to the Buyer for the fair market value of \$3,625,000, the continued provision of certain community benefits, and the development of an economic development future project subject to the approval of City Council.

The sale will contribute to the economic development of the City by: (1) eliminating physical blight by developing an underutilized parcel; (2) alleviating economic blight by promoting the conservation, rehabilitation, renewal, and redevelopment of the Property; (3) encouraging further private investment in and around the community; (4) promoting the development of educational, cultural, entertainment, and recreational facilities that serve the needs of the residents and community; and (5) generating new tax revenues for the City and other local governments.

Pursuant to LAAC Sections 7.27.2 and 22.1008(c) the Property will be sold for the public purpose of providing ongoing economic development benefits to the City, rather than as a surplus asset. Prior to conveyance, the City will encumber the Property with a Covenant Agreement requiring the Buyer to provide certain community benefits which include, but are not be limited to, workshops in professional printmaking, an artist-in-residence program, gallery exhibitions, artist marketplace events, youth programs, artist's development, arts education and engagement, and other cultural events held at the Property. The provision of community benefits is to serve approximately 26,000 community members, including 20 programs and cultural events serving approximately 17,000 attendees, arts engagement and education programs serving 8,000 youth and families, professional printmaking studio serving 175 artists, and art exhibitions serving 1,000 visitors. The covenant will require the future development of an economic development project to meet appropriate design and land use standards based on the Redevelopment Plan, the Five Year Implementation Plan, and the Community Plan for the Adelante Eastside Project Area in Boyle Heights. The Buyer shall submit a Property Redevelopment Plan to the City within two years from close of escrow for a proposed adaptive reuse or development of the Property as a mixed-use facility and thereafter construct the project as approved by the City. Additionally, the Property cannot be sold or otherwise transferred to a third party during the term of the covenant without the City's consent.

The current recommendations request that the Mayor exercise the Option; request that Council approves the purchase of the Property from CRA/LA-DLA and subsequent sale to the Buyer; adopt the Ordinance; and authorize the EWDD to execute all required documents, to open escrows, to collect and deposit the necessary funds to close escrows, to record the Grant Deeds and Covenant Agreement, and to make technical corrections or adjustments that may be required and are consistent with these actions.

These recommendations are consistent with the guidance and advice of the City Attorney regarding the sale of City-owned property to serve the public interest or necessity. Administrative Code Section 7.27 provides that the City may determine that the public interest is best served by the direct sale of property without notice of sale or advertisement for bids. These actions will serve the public interest through providing economic development benefits to the City including the continuous provision of certain community benefits.



JAN PERRY
General Manager

JP:SH:jp

Attachment A: Purchase and Sale Agreement – City and CRA/LA-DLA

Attachment B: PSA – City and Self Help Graphics and Art, Inc.

Attachment C: Ordinance

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

BY AND BETWEEN

**CRA/LA-1111111111
("Seller")**

AND

**CITY OF LOS ANGELES
("Purchaser")**

REGARDING

1300 E. FIRST STREET, LOS ANGELES, CALIFORNIA 90033

(APNs 5172-008-900, 5172-008-901, 5172-008-902)

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**PURCHASE AND SALE AGREEMENT
[1300 EAST FIRST STREET, LOS ANGELES, CA]**

THIS PURCHASE AND SALE AGREEMENT (this “**Agreement**”), dated as of November __, 2017 (the “**Effective Date**”) is entered into by and between **CRA/LA**, a Designated Local Authority (the “**Seller**” or “**CRA/LA-DLA**”), and successor to the former **COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES** (the “**Former Agency**” or “**CRA/LA**”), and the **CITY OF LOS ANGELES**, a municipal corporation (the “**Purchaser**” or “**City**”). The Seller and the Purchaser are hereinafter sometimes individually referred to as a “**Party**” and collectively referred to as the “**Parties**”.

RECITALS

A. Seller owns the fee interest of that certain approximately 20,564 square-foot parcel of real property located at 1300 East 1st Street, Los Angeles, California 90033 (the “**Real Property**”) as more particularly described in Exhibit “A” attached hereto and incorporated herein by this reference (such real property together with all improvements located thereon and the Appurtenances, as defined in Section 1.1.2, is referred to herein as the “**Property**”). Purchaser desires to acquire fee title to the Property from Seller.

B. Seller and Purchaser have entered into a certain Option Agreement, dated as of January 8, 2015, and pertaining to the Property (as hereafter defined) (the “**Option**”). All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Option.

C. Purchaser has exercised its right to purchase the Property as provided in the Option as described in this Agreement.

D. As contemplated by the Option, the Purchaser intends to transfer its interest in the Property to Self-Help Graphics and Art, Inc. (“**SHGA**” or the “**Developer**”) immediately upon its acquisition thereof from Seller. Such transfer from Purchaser to Developer shall occur pursuant and subject to the terms and provisions of that certain Purchase and Sale Agreement by and between Purchaser and Developer (the “**City-SHGA PSA**”).

NOW, THEREFORE, in reliance upon the foregoing Recitals, in consideration of the mutual covenants in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE 1
DEFINITIONS**

1.1 Definitions. The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

1.1.1 “**Agreement**” means this Purchase and Sale Agreement.

1.1.2 “**Appurtenances**” means all of Seller’s right, title and interest, if any, in and to the following: (a) all improvements on the Real Property as of the Close of Escrow,

including, but not limited to, the approximate 10,400 square-foot industrial building; (b) all rights, privileges, appurtenances, hereditaments, easements, reversions, and remainders, including, without limitation, all (i) development rights and credits, air rights, water rights, and water stock, (ii) strips and gores, streets, alleys, easements, rights-of-way, public ways, and (iii) mineral, oil, gas, and other subsurface rights; (c) all plats, maps, improvement plans, engineering plans, reports and data, surveys, third party reports and studies, designs, drawings and specifications; (d) all documents pertaining to the Real Property provided to Purchaser by or on behalf of the Seller prior to the Close of Escrow; (e) all architectural, site, landscaping or other permits, applications, approvals, authorizations, and other entitlements; (f) deposits, credits, fee credits (including without limitation water meter credits), pre-paid fees, refunds of impact or permit fees, reimbursements, rights to reimbursements and benefits of any cost sharing agreements, and school fee mitigation agreements, community facilities district and other assessment district rights, proceeds, deposits, advances, reimbursements, formation documents and benefits, and construction and design defect claim; (g) guarantees, warranties, and utility contracts; and (h) all leases pertaining to the Real Property.

1.1.3 **“City”** means the City of Los Angeles, acting in its capacity as other than Purchaser hereunder, exercising governmental functions and powers, and organized and existing under the laws of the State of California. The principal office of the City is located at 1200 West 7th Street, 6th Floor, Los Angeles, California 90017.

1.1.4 **“Close of Escrow”** and **“Closing”** are defined in Section 2.3.2.

1.1.5 **“Deemed Disapproved Exception”** is defined in Section 2.5.2.

1.1.6 **“Default”** is defined in Section 3.2.

1.1.7 **“Deposit”** is defined in Section 2.2.1.

1.1.8 **“Developer”** means Self Help Graphics and Arts, Inc., a California non-profit, public benefit corporation, which, pursuant to a lease agreement with CRA/LA, has occupied and used the Property since 2011 and continues to occupy and use the Property for its cultural and educational programs and events.

1.1.9 **“Disapproved Exceptions”** is defined in Section 2.5.2.

1.1.10 **“Disapproval Notice”** is defined in Section 2.5.2.

1.1.11 **“Due Diligence Period”** is defined in Section 2.7.

1.1.12 **“Effective Date”** means the date on which this Agreement is fully executed by the parties and date stamped by the City Clerk.

1.1.13 **“Escrow”** is defined in Section 2.3.1.

1.1.14 **“Escrow Agency”** means Chicago Title Company. The principal office of the Escrow Agent for purposes of this Agreement is 725 S. Figueroa Street, Los Angeles,

California 90017, Attention: Joan Hawkins, AVP/SR, telephone: (213) 612-4161, Fax: (213) 488-4384, Email: joan.hawkins@ctt.com.

1.1.15 “**Grant Deed**” is defined in Section 2.5.3.

1.1.16 “**Hazardous Materials**” means any chemical, material or substance now or hereafter defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” “toxic substances,” “pollutant or contaminant,” “imminently hazardous chemical substance or mixture,” “hazardous air pollutant,” “toxic pollutant,” or words of similar import under any local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto applicable to the Property, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, et seq. (“**CERCLA**”); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq.; and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, et seq. The term “**Hazardous Materials**” shall also include any of the following: any and all toxic or hazardous substances, materials or wastes listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and in any and all amendments thereto in effect as of the date of the close of any escrow; oil, petroleum, petroleum products (including, without limitation, crude oil or any fraction thereof), natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel, not otherwise designated as a hazardous substance under CERCLA; any substance which is toxic, explosive, corrosive, reactive, flammable, infectious or radioactive (including any source, special nuclear or by-product material as defined at 42 U.S.C. § 2012, et seq.), carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority; asbestos in any form; urea formaldehyde insulation; transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyl’s; radon gas; or any other chemical, material or substance (i) which poses a hazard to the Property, to adjacent properties, or to persons on or about the Property, (ii) which causes the Property to be in violation of any of the aforementioned laws or regulations, or (iii) the presence of which on or in the Property requires investigation, reporting or remediation under any such laws or regulations.

1.1.17 “**Option**” is defined in Recital B.

1.1.18 “**Property**” is defined in Recital A.

1.1.19 “**Purchase Price**” is defined in Section 2.1.

1.1.20 “**Purchaser**” means the City of Los Angeles.

1.1.21 “**Released Parties**” is defined in Section 2.8.

1.1.22 “**Review Period**” is defined in Section 2.5.2.

1.1.23 “**Seller**” means CRA/LA-DLA.

1.1.24 “**Survey**” is defined in Section 2.5.1.

1.1.25 **"Title Company"** is defined in Section 2.5.4.

1.1.26 **"Title Policy"** is defined in Section 2.5.4.

1.1.27 **"Title Report"** is defined in Section 2.5.1.

1.1.28 **"Transaction Costs"** means all costs incurred by either Party in entering into this transaction and closing Escrow, including but not limited to escrow fees and costs, attorney's fees, staff time, appraisal costs, and costs of financial advisors and other consultants.

ARTICLE 2 PURCHASE AND SALE OF THE PROPERTY

2.1 Purchase and Sale. Seller agrees to sell the Property to Purchaser, and Purchaser agrees to purchase the Property from Seller, for the sum of Three Million, Six Hundred Twenty Five Thousand Dollars (\$3,625,000.00) (the **"Purchase Price"**).

2.2 Payment of Purchase Price. The Purchase Price shall be payable by Purchaser as follows:

2.2.1 Deposit. Within five (5) business days following the opening of Escrow, Purchaser shall deposit with Escrow Holder the sum of One Thousand Dollars (\$1,000.00) (the **"Deposit"**). Except as otherwise provided hereunder, the Deposit shall be applicable in full towards the Purchase Price upon Closing.

2.2.2 Closing Funds. Prior to the Close of Escrow, Purchaser shall deposit or cause to be deposited with Escrow Holder the balance of the Purchase Price and an amount equal to all other costs, expense and proration payable by Purchaser hereunder.

2.3 Escrow.

2.3.1 Opening of Escrow. Upon exercise of the Option, Purchaser and Seller shall open an escrow (the **"Escrow"**) with the Escrow Agent for the transfer of the Property to Purchaser. The Parties shall deposit with the Escrow Agent a fully executed duplicate original of this Agreement, which shall serve as the escrow instructions (which may be supplemented in writing by mutual agreement of the Parties) for the Escrow. The Escrow Agent is authorized to act under this Agreement, and to carry out its duties as the Escrow Agent hereunder.

2.3.2 Close of Escrow. **"Close of Escrow"** or **"Closing"** means the date Escrow Agent causes the Grant Deed to be recorded in the Official Records of the County of Los Angeles and delivers the Purchase Price (less any costs, expenses and prorations payable by Seller) to Seller. The Close of Escrow shall occur sixty (60) days from the Effective Date, provided that the Parties may extend the Close of Escrow for such additional periods of time upon mutual written agreement. If the Close of Escrow does not occur due to a default by either Party, then the defaulting party shall pay all Escrow cancellation fees (and if the defaulting party is Purchaser, then Seller shall be entitled to the Deposit under Section 3.3.1). If the Closing does not occur due to a termination by Purchaser under Section 2.5.2, then the Deposit shall be returned to Purchaser, and Seller shall pay all Escrow cancellation fees (which may be deducted

from the Deposit). If the Closing does not occur for any other reason, then this Agreement shall automatically terminate, the Deposit shall be promptly returned to the Purchaser, and each party shall pay one half (½) of any Escrow cancellation charges.

2.3.3 Delivery of Closing Documents.

(a) Seller and Purchaser agree to deliver to Escrow Holder, at least two (2) days prior to the Close of Escrow, the following instruments and documents, the delivery of each of which shall be a condition precedent to the Close of Escrow:

(i) The Grant Deed, duly executed and acknowledged by the Seller, conveying a fee simple interest in the Property to Purchaser, subject only to such exceptions to title as Purchaser may have approved or have been deemed to approve pursuant to Section 2.5.2;

(ii) Two (2) duly executed original counterparts of the General Assignment;

(iii) Seller's affidavit as contemplated by California Revenue and Taxation Code Section 18662;

(iv) A Certification of Non-Foreign Status signed by Seller in accordance with Internal Revenue Code Section 1445; and

(v) Such proof as (a) Seller's and Purchaser's authority and authorization to enter into this transaction, and (b) the approval of this Agreement by Seller's Governing Board, Oversight Board, and the State of California Department of Finance, as the Title Company may reasonably require in order to issue the Title Policy.

Seller and Purchaser further agree to execute such reasonable and customary additional documents, and such additional escrow instructions, as may be reasonably required to close the transaction pursuant to the terms hereof.

2.4 Conditions to Close of Escrow. The obligations of Seller and Purchaser to close the transaction shall be subject to the satisfaction, or waiver in writing by the Party benefited thereby, of each of the following conditions:

2.4.1 For the benefit of Seller, Purchaser shall have deposited the balance of the Purchase Price, together with such funds as are necessary to pay for costs, expenses and prorations payable by Purchaser hereunder.

2.4.2 For the benefit of Seller, all actions and deliveries to be undertaken or made by Purchaser on or prior to the Close of Escrow as set forth herein shall have occurred, as reasonably determined by Seller.

2.4.3 For the benefit of Purchaser, all actions and deliveries to be undertaken or made by Seller on or prior to the Close of Escrow shall have occurred, as reasonably determined by Purchaser.

2.4.4 For the benefit of Seller and Purchaser, all approvals as required herein to be obtained prior to the Close of Escrow shall have been so obtained.

2.4.5 For the benefit of Seller, Purchaser shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder and Purchaser shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.6 For the benefit of Purchaser, Seller shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement and Seller shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.7 For the benefit of Seller, the representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.8 For the benefit of Purchaser, the representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.9 For the benefit of Purchaser, Title Company shall be irrevocably committed to issuing in favor of Purchaser the Title Policy, in form and substance, and with endorsements reasonably acceptable to Purchaser, as provided in Section 2.5.2.

2.4.10 For the benefit of Purchaser, the simultaneous "Close of Escrow" as defined in the City-SHGA PSA.

Notwithstanding anything to the contrary contained herein, the effectiveness and enforceability of this Agreement is subject to the approval of Seller's Governing Board, Oversight Board, and the State of California Department of Finance, all as provided in Section 13 of the Option.

If all the foregoing conditions have not been met to the benefitted Party's sole satisfaction or expressly waived in writing by the benefitted Party on or before the respective dates set forth therein, or if no date is set forth therein by the Close of Escrow, then this Agreement shall become null and void, in which event, except as expressly set forth in this Agreement, neither Party shall have any further rights, duties or obligations hereunder, and Purchaser shall be entitled to the immediate refund of the Deposit.

2.5 Condition of Title; Survey; Title Insurance.

2.5.1 Within ten (10) days after the Effective Date, the Seller shall deliver to Purchaser for Purchaser's review and approval, (i) a current preliminary title report covering the Property (the "**Title Report**") and legible copies of any instruments noted as exceptions thereon, and (ii) any survey of the Property in Seller's possession. Purchaser at its sole expense may obtain a current or updated ALTA survey of the Property in connection with the issuance of the Title Policy and Seller shall cooperate with the same. Any survey provided by Seller or obtained by Purchaser are each a "**Survey**" hereunder.

2.5.2 Purchaser shall have until the expiration of the Due Diligence Period (the "**Review Period**") to disapprove any exceptions to title shown on the Title Report or reflected on the Survey (collectively, "**Disapproved Exceptions**") and to provide Seller with notice thereof describing the defect with reasonable particularity (the "**Disapproval Notice**"). Any exceptions to title not disapproved within the Review Period shall be deemed approved. Within five (5) days after Seller's receipt of the Disapproval Notice, Seller shall notify Purchaser whether or not Seller intends to remove the Disapproved Exceptions. Seller shall be under no obligation to remove any Disapproved Exception, but Seller agrees to cooperate in good faith with Purchaser in Purchaser's efforts to eliminate any Disapproved Exception, provided Seller is not obligated to pay any sum or assume any liability in connection with the elimination of any such Disapproved Exception. If Seller notifies Purchaser that Seller intends to eliminate any Disapproved Exception, Seller shall do so concurrently with or prior to the Close of Escrow. If Seller notifies Purchaser that Seller does not intend to eliminate any Disapproved Exception(s), Purchaser, by notifying Seller within five (5) days after its receipt of such notice, may elect to terminate this Agreement and receive a refund of the Deposit or take the Property subject to the Disapproved Exception(s). If Purchaser desires to terminate this Agreement, it shall be a condition of such termination that Purchaser deliver to Seller copies of all non-privileged third-party due diligence reports and studies. Notwithstanding the foregoing, Seller covenants to pay in full all loans secured by deeds of trust, any mechanics' and materialmen's liens, and any other monetary liens (other than liens for charges, assessments, taxes, and impositions subject to proration as provided in Section 2.6.2) (collectively, the "**Deemed Disapproved Exceptions**") prior to, or concurrently with, the Close of Escrow, and Escrow Holder is hereby directed to cause the same to be paid from the Purchase Price. The Title Policy shall include such endorsements as the Purchaser shall reasonably request. Any endorsements to the Title Policy are to be paid for by Purchaser. Notwithstanding the foregoing, Purchaser may notify Seller of its disapproval of an exception to title (including exceptions reflected on the Survey) first raised by Title Company or the surveyor after the Review Period, or otherwise first disclosed to Purchaser after the Review Period (collectively, the "**Additional Exceptions**") within ten (10) days after the same was first raised or disclosed to Purchaser in writing. With respect to Additional Exceptions disapproved by Purchaser in such notice (which shall also be deemed Disapproved Exceptions), Seller shall have the same option to eliminate such exceptions that applies to Disapproved Exceptions, and Purchaser shall have the same option to accept title subject to such Additional Exceptions or to terminate this Agreement and receive a refund of the Deposit.

2.5.3 At the Close of Escrow, Purchaser shall receive title to the Property by grant deed substantially in the form attached hereto as Exhibit "B" and incorporated herein by this reference (the "**Grant Deed**").

2.5.4 At Closing, Purchaser shall receive a CLTA Owner's Coverage Policy of Title Insurance or a binder therefor acceptable in form and substance to Purchaser (the "**Title Policy**"), together with all endorsements requested by Purchaser, issued by Chicago Title Insurance Company ("**Title Company**") in the amount of the Purchase Price, insuring that title to the Property is free and clear of all Disapproved Exceptions, all Deemed Disapproved Exceptions and all liens, easements, covenants, conditions, restrictions, and other encumbrances of record except (a) current taxes and assessments of record, but not any overdue or delinquent taxes or assessments, (b) the matters set forth or referenced in the Grant Deed, and (c) such other encumbrances as Purchaser approves in writing including those reflected in the Title Report for the Property approved by Purchaser, or as are deemed approved by Purchaser as provided in Section 2.5.2. The Purchaser may obtain an extended coverage policy of title insurance at its own cost.

2.6 Escrow and Title Charges; Prorations.

2.6.1 Purchaser shall pay: (i) the coverage premiums on the Title Policy, and (ii) the costs of a Survey obtained by Purchaser and any endorsements to the Title Policy. Purchaser and Seller shall each pay one-half of any and all other usual and customary costs, expense and charges relating to the escrow and conveyance of title to the Property. Each Party shall be responsible for its own Transaction Costs.

2.6.2 All non-delinquent and current installments of real estate and personal property taxes and any other governmental charges, regular assessments, or impositions against the Property on the basis of the current fiscal year or calendar year shall be pro-rated as of the Close of Escrow based on the actual current tax bill. If the Close of Escrow shall occur before the tax rate is fixed, the apportionment of taxes as of the Close of Escrow shall be based on the tax rate for the next preceding year applied to the latest assessed valuation after the tax rate is fixed, which assessed valuation shall be based on the Property's assessed value prior to the Close of Escrow and Seller and Purchaser shall, when the tax rate is fixed, make any necessary adjustment. All prorations shall be determined on the basis of a 365 day year. All rental payments with respect to the Property shall be prorated as of the date of the Close of Escrow. The provisions of this Section 2.6 shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

2.6.3 Any Escrow cancellation charges shall be allocated and paid as described in Section 2.3.2 above.

2.6.4 Notwithstanding anything to the contrary contained herein, Seller and Purchaser agree: (i) that any amounts constituting "program income" pursuant to the 24 Code of Federal Regulations Section 570.500, et seq. that are derived from the sale of the Property shall be paid to the City directly from the escrow or in such other manner as agreed upon by the parties and (ii) that if other federal funds, if any, contributed by the City to the Former Agency with respect to the Property, including Brownfield Economic Development Initiative Grant moneys and Economic Development Initiative Grant moneys, if applicable, are subject to a concept identical or similar to the "program income" requirements of 24 Code of Federal Regulations Section 570.500, et seq., such "program income" funds related to those federal funds shall be reimbursed to the City from the proceeds of the sale of the Property in accordance with

applicable federal laws and/or regulations governing such federal funds, with such reimbursement to be paid directly from the escrow or in such other manner as agreed upon by the parties.

2.7 Due Diligence Period; Access. During the period (the “**Due Diligence Period**”) commencing on the Effective Date and ending at 5:00 p.m. on the date which is sixty (60) days after opening of Escrow, Purchaser may inspect the Property as necessary to (i) approve all zoning and land use matters relating to the Property, (ii) approve the physical condition of the Property, and (iii) satisfy any due diligence requirements of Purchaser’s lender, if any. Purchaser, its agents and invitees, including, but not limited to, SHGA, shall have the right to enter upon the Property during the Due Diligence Period to make inspections and other examinations of the Property and the improvements thereon, including without limitation, the right to perform surveys, soil and geological tests of the Property and the right to perform environmental site assessments and studies of the Property. Seller shall reasonably cooperate with Purchaser in its conduct of the due diligence review during the Due Diligence Period. Notwithstanding anything to the contrary contained herein, in the event Purchaser does not approve of the condition of the Property or otherwise and for whatever reason Purchaser wishes to terminate this Agreement during the Due Diligence Period, Purchaser may, by written notice to Seller, terminate this Agreement. In such case, prior to the expiration of the Due Diligence Period, the Deposit shall be returned to Purchaser and, except as otherwise expressly stated in this Agreement, neither Party shall have any further rights or obligations to the other party.

2.8 Condition of the Property. The Property shall be conveyed from Seller to Purchaser on an “AS IS” condition and basis without faults and Purchaser agrees that Seller has no obligation to make modifications, replacements or improvements thereto. Except as expressly and specifically provided in this Agreement, Purchaser and anyone claiming by, through or under Purchaser hereby waives all rights and claims against and fully and irrevocably releases Seller, Seller’s Oversight Board, and the respective officers, directors, employees, representatives, agents, advisors, servants, attorneys, successors and assigns, and all persons, firms, corporations and organizations acting on Seller’s or Oversight Board’s behalf (collectively, the “**Released Parties**”) from any and all claims, responsibility and/or liability that the Purchaser may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demands, action or cause of action arising from or related to the matters pertaining to the Property described in this Section 2.8. This release includes claims of which Purchaser is presently unaware or which Purchaser does not presently suspect to exist which, if known by Purchaser, would materially affect Purchaser’s release of the Released Parties. If Property is not in a condition suitable for the intended use or uses, then it is the sole responsibility and obligation of Purchaser to take such action as may be necessary to place the Property in a condition suitable for Purchaser’s intended use or uses. Except as otherwise expressly and specifically provided in this Agreement and without limiting the generality of the foregoing, Seller MAKES NO REPRESENTATION OR WARRANTY AS TO (i) THE VALUE OF THE PROPERTY; (ii) THE INCOME TO BE DERIVED FROM THE PROPERTY; (iii) THE HABITABILITY, MARKETABILITY, PROFITABILITY, MERCHANTABILITY OR FITNESS FOR PARTICULAR USE OF THE PROPERTY; (iv) THE MANNER, QUALITY, STATE OF REPAIR OR CONDITION OF THE PROPERTY; (v) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL

AUTHORITY OR BODY; (vi) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION OR POLLUTION LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS; (vii) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER OR ADJACENT TO THE PROPERTY; (viii) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE; AND (ix) WITH RESPECT TO ANY OTHER MATTER, PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND REVIEW INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY, PURCHASER IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND REVIEW OF SUCH INFORMATION AND DOCUMENTATION AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY THE AGENCY.

PURCHASER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH IS SET FORTH BELOW:

“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.

BY INITIALING BELOW, PURCHASER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Purchaser's Initials

The waivers and releases by Purchaser herein contained shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

Notwithstanding the foregoing, the waivers and releases contained in this Section 2.8 shall not apply to, nor shall the Released Parties be released from, any actual misrepresentation or act of fraud on their part.

2.9 Escrow Agent.

2.9.1 Escrow Agent is authorized and instructed to:

(a) Pay and charge Purchaser for any fees, charges and costs payable by Purchaser under this Article. Before such payments are made, the Escrow Agent shall notify Seller and Purchaser of the fees, charges, and costs necessary to close the Escrow;

(b) Pay and charge Seller for any fees, charges and costs payable by Seller under this Article. Before such payments are made, the Escrow Agent shall notify Seller and Purchaser of the fees, charges, and costs necessary to close the Escrow;

(c) Disburse funds and deliver the Grant Deed and other documents to the Parties entitled thereto when the conditions of the Escrow and this Agreement have been fulfilled by Seller and Purchaser; and

(d) Record the Grant Deed and any other instruments delivered through the Escrow, if necessary or proper, to vest title in Purchaser in accordance with the terms and provisions of this Agreement.

2.9.2 Any amendment of these escrow instructions shall be in writing and signed by both Seller and Purchaser.

2.9.3 All communications from the Escrow Holder to Seller or Purchaser shall be directed to the addresses and in the manner established in Section 4.1 of this Agreement for notices, demands and communications between Seller and Purchaser.

2.9.4 The responsibility of the Escrow Agent under this Agreement is limited to performance of the obligations imposed upon it under this Article, any amendments hereto, and any supplemental escrow instructions delivered to the Escrow Agent that do not materially amend or modify the express provisions of these escrow instructions.

ARTICLE 3

EVENTS OF DEFAULT, REMEDIES, AND TERMINATION

3.1 Purchaser Events of Default. Occurrence of any or all of the following, prior to the Close of Escrow, if uncured after the expiration of any applicable cure period, shall constitute a default ("Purchaser Event of Default") under this Agreement:

3.1.1 Filing of a petition in bankruptcy by or against Purchaser or appointment of a receiver or trustee of any property of Purchaser, or an assignment by Purchaser for the benefit of creditors, or adjudication that Purchaser is insolvent by a court, and the failure of Purchaser to cause such petition, appointment, or assignment to be removed or discharged within ninety (90) days; or

3.1.2 Purchaser's failure to perform any requirement or obligation of Purchaser set forth herein, on or prior to the date for such performance set forth herein, and, so long as such failure is not caused by any wrongful act of Seller or the City, Purchaser's failure to cure such breach within thirty (30) days after receipt of written notice from Seller of Purchaser's breach; or

3.1.3 Purchaser's failure to deposit with Escrow Holder the Deposit or the balance of the Purchase Price as required by Section 2.2.

3.2 Seller Events of Default. Occurrence of any or all of the following, prior to the Close of Escrow, if uncured after the expiration of the applicable cure period, shall constitute a

default (“**Seller Event of Default**”, and together with a Purchaser Event of Default, a “**Default**”) under this Agreement:

3.2.1 Seller, in violation of the applicable provision of this Agreement, fails to convey the Property to Purchaser at the Close of Escrow; or

3.2.2 Seller breaches any other material provision of this Agreement.

Upon the occurrence of any of the above-described events, Purchaser shall first notify Seller in writing of its purported breach or failure, giving Seller thirty (30) days from receipt of such notice to cure such breach or failure (other than a failure by Seller to convey the Property at the Close of Escrow, for which there shall be no cure period).

3.3 Remedies in the Event of Default.

3.3.1 Remedies General. In the event of a breach or a default under this Agreement by either Purchaser or Seller, the non-defaulting Party shall have the right to terminate this Agreement by providing ten (10) days written notice thereof to the defaulting party or, if Purchaser is the non-defaulting party, Purchaser as permitted by law may specifically enforce the provisions of this Agreement. If such breach or default is not cured within such ten (10) day period (other than a failure by Seller to convey the Property at the Close of Escrow, for which there shall be no cure period), this Agreement and the Escrow for the purchase and sale of the Property shall terminate, and if Purchaser is the non-defaulting party, Purchaser shall thereupon promptly receive a refund of the Deposit and all interest accrued thereon. Except as herein otherwise expressly provided, such termination of the Escrow by a non-defaulting party shall be without prejudice to the non-defaulting party's rights and remedies against the defaulting party at law or equity.

IF PURCHASER FAILS TO COMPLETE THE ACQUISITION OF THE PROPERTY AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF PURCHASER, IT IS AGREED THAT THE DEPOSIT SHALL BE NON-REFUNDABLE AND SELLER SHALL BE ENTITLED TO SUCH DEPOSIT, WHICH AMOUNT SHALL BE ACCEPTED BY SELLER AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS SELLER'S SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ. SELLER AND PURCHASER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES SELLER WOULD SUFFER UPON PURCHASER'S FAILURE TO COMPLETE ITS ACQUISITION OF THE PROPERTY. PURCHASER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND PURCHASER AND SELLER DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE THE SELLER'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH, PURCHASER AND SELLER AGREE TO EXECUTE

THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

Seller

Purchaser

3.4 No Personal Liability. Except as specifically provided herein to the contrary, no representative, employee, attorney, agent or consultant of the Seller or Oversight Board shall personally be liable to the Purchaser, or any successor in interest of the Purchaser, in the event of any Default or breach by the Seller, or for any amount which may become due to the Purchaser, or any successor in interest, on any obligation under the terms of this Agreement. No representative, employee, attorney, agent or consultant of the Purchaser shall personally be liable to the Seller or Oversight Board, or any successor in interest of the Seller or Oversight Board, in the event of any Default or breach by the Purchaser, or for any amount which may become due to the Seller or Oversight Board, or any successor in interest, on any obligation under the terms of this Agreement.

3.5 Legal Actions.

3.5.1 Institution of Legal Actions. Any legal actions brought pursuant to this Agreement must be instituted in either the Superior Court of the County of Los Angeles, State of California.

3.5.2 Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

3.5.3 Acceptance of Service of Process. If any legal action is commenced by Purchaser against Seller, service of process on Seller shall be made by personal service upon the Chief Executive officer of Seller, or in such other manner as may be provided by law. If any legal action is commenced by Seller against Purchaser, service of process on Purchaser shall be made by personal service upon the Deputy Mayor for Economic Development, or in such other manner as may be provided by law whether made within or without the State of California.

3.6 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same Default or any other Default by the other Party.

3.7 Inaction Not a Waiver of Default. Except as expressly provided in this Agreement to the contrary, any failure or delay by either 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 either such party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

ARTICLE 4 GENERAL PROVISIONS

4.1 Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, by nationally recognized overnight courier or by personal delivery, or by facsimile or email sent between 8:00 a.m. (Pacific time) and 5:00 p.m. (Pacific time) on a business day accompanied or preceded by a telephone call with the recipient alerting the recipient of the facsimile or email. Notices shall be considered given upon the earlier of (a) personal delivery, (b) three (3) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested, (c) the next business day after deposit with a nationally reorganized overnight courier, or (d) on the day of facsimile or email transmission, in each instance addressed to the recipient as set forth below. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

Seller:	CRA/LA, A Designated Local Authority 448 South Hill Street, Suite 120 Los Angeles, California 90013 Attention: Chief Executive Officer
with a copy to:	Goldfarb & Lipman LLP 523 West Sixth Street, Suite 610 Los Angeles, California 90014 Attention: Thomas Webber, Esq.
Purchaser:	Economic and Workforce Development Department 200 West 7th Street, 6th Floor Los Angeles, California 90017 Attention: General Manager
with a copy to:	Mayor's Office of Economic Development 200 North Spring Street, 13th Floor Los Angeles, California 90012 Attention: Deputy Mayor for Economic Development
with a copy to:	City of Los Angeles 200 North Main Street, 15th Floor Los Angeles, California 90012 Attention: City Administrative Officer
with a copy to:	City of Los Angeles 200 North Spring Street, Room 255 Los Angeles, California 90012 Attention: Chief Legislative Analyst

with a copy to: Office of the City Attorney
200 North Main Street, 9th Floor
Los Angeles, California 90013
Attention: Economic Development Division

4.2 Construction. The Parties agree that each Party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto.

4.3 Representation of Purchaser. Purchaser warrants and represents to Seller that Purchaser has full power and authority to execute and enter into this Agreement and to consummate the transaction contemplated hereunder. This Agreement constitutes the valid and binding agreement of Purchaser, enforceable in accordance with its terms subject to bankruptcy, insolvency of other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which Purchaser is a party.

4.4 Interpretation. In this Agreement the neuter gender includes the feminine and masculine, and singular number includes the plural, and the words "person" and "party" include corporation, partnership, firm, trust, or association where ever the context so requires.

4.5 Time of the Essence. Time is of the essence of this Agreement.

4.6 Indemnity. If Seller, or Purchaser, without fault, is made a party to any litigation instituted by or against the other party, such other party shall defend it against and save it harmless from all costs and expenses including reasonable attorney's fees incurred in connection with such litigation.

4.7 Approval by Seller and Purchaser. Unless otherwise specifically provided herein, wherever this Agreement requires Seller or Purchaser to approve any contract, document, plan, proposal, specification, drawing or other matter, such approval shall not unreasonably be withheld, conditioned or delayed.

4.8 Entire Agreement, Waivers, and Amendments. This Agreement is executed in duplicate originals, each of which is deemed to be an original. This Agreement, together with all attachments and exhibits hereto, constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to the subject matter hereof. No subsequent agreement, representation or promise made by either Party hereto, or by or to any employee, officer, agent or representative of either party, shall be of any effect unless it is in writing and executed by the Party to be bound thereby. No person is authorized to make, and by execution hereof Purchaser and Seller acknowledge that no person has made, any representation, warranty, guaranty or promise except as set forth herein; and no

agreement, statement, representation or promise made by any such person which is not contained herein shall be valid or binding on Purchaser or Seller.

4.9 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4.10 Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected hereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

4.11 Representations of Seller. Seller warrants and represents to Purchaser as follows:

(a) Seller has full power and authority to execute and enter into this Agreement and to consummate the transactions contemplated hereunder. This Agreement constitutes the valid and binding agreement of Seller, enforceable in accordance with its terms subject to bankruptcy, insolvency and other creditors' laws of general application. Neither the execution nor delivery of this Agreement nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Seller is a party.

(b) As of the Effective Date and the Close of Escrow, the Property is not presently the subject of any condemnation or similar proceeding, and to Seller's knowledge, no such condemnation or similar proceeding is currently threatened or pending.

(c) Seller has not authorized any broker or finder to act on its behalf in connection with the sale and purchase hereunder and Seller has not dealt with any broker or finder purporting to act on behalf of Seller or otherwise.

(d) Besides the approval of the Seller's Governing Board, the Oversight Board, and the State Department of Finance, no additional approvals are required for Seller to complete the sale of the Property to Purchaser.

4.12 Assignment of Agreement. Purchaser may assign its rights and obligations in whole, but not in part, under this Agreement upon giving at least ten (10) business days prior written notice to Seller, and delivering to Seller with such notice an executed assignment and assumption agreement under which the assignee accepts the assignment of this Agreement and agrees to be bound by all of the provisions hereof. Such assignment and assumption agreement shall also specify the address of the assignee to which notices shall be directed pursuant to Section 4.1. Seller hereby agrees to provide written acknowledgement of such executed assignment and assumption agreement within five (5) business days of Seller's receipt of such notice.

IN WITNESS WHEREOF, the parties hereto have entered into this agreement as of the day and year first above written.

SELLER:

CRA/LA, A DESIGNATED LOCAL AUTHORITY,
a public body formed under Health & Safety Code
Section 34173(d)(3), as successor to The Community
Redevelopment Agency of the City of Los Angeles,
California

Date: _____

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

GOLDFARB & LIPMAN LLP

By: _____
Thomas H. Webber
CRA/LA-DLA Counsel

Date: _____

PURCHASER:

CITY OF LOS ANGELES,
a municipal corporation

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

MICHAEL N. FEUER, CITY
ATTORNEY

Attest: Holly Wolcott, City Clerk

By _____
Deputy

By: _____
Assistant City Attorney

EXHIBIT A

LEGAL DESCRIPTION

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

PARCEL 1:

LOT 2 IN BLOCK "E" OF THE CLEMENT TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 17 PAGE 41 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT 9/20TH OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS BELOW 500 FEET FROM THE SURFACE OF SAID LAND, WITHOUT SURFACE RIGHTS OF ENTRY, AS RESERVED BY I. EDWARD KATZ, IN DEED RECORDED NOVEMBER 12, 1969 AS INSTRUMENT NO. 2994.

PARCEL 2:

LOT 3 IN BLOCK "E" OF THE CLEMENT TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 17 PAGE 41 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, OR RELATED HYDROCARBON SUBSTANCES THEREIN, AS RESERVED BY HYMAN BROWN AND CELIA BROWN, IN DEED RECORDED MARCH 15, 1956 AS INSTRUMENT NO. 540.

PARCEL 3:

LOTS 4 AND 5 OF BLOCK "E" OF THE CLEMENT TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 17 PAGE 41 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT 9/20TH OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS BELOW 500 FEET FROM THE SURFACE OF SAID LAND, WITHOUT SURFACE RIGHT OF ENTRY, AS RESERVED BY I. EDWARD KATZ, IN DEED RECORDED NOVEMBER 12, 1969 AS INSTRUMENT NO. 2993.

EXHIBIT B

Grant Deed

(To be added)

DRAFT

**PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS
(FIRST AND MISSION TOD SITE PROJECT)
BY AND BETWEEN
THE CITY OF LOS ANGELES
AND
SELF-HELP GRAPHICS AND ART, INC.
RELATING TO
1301 E. First Street, Los Angeles, California 90033**

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

(FIRST AND MISSION TOD SITE PROJECT)

This Purchase and Sale Agreement and Joint Escrow Instructions (the "Agreement") is dated as of this ____ day of _____, 2017, for identification purposes and is entered into by and between the City of Los Angeles, a municipal corporation ("City" or "Seller"), and Self-Help Graphics and Art, Inc., a California nonprofit public benefit corporation ("Buyer").

RECITALS

WHEREAS, the CRA/LA, a Designated Local Authority, a public body formed under California Health & Safety Code Section 34173(d)(3) ("CRA/LA-DLA") is the fee owner of that certain approximately 20,564 square foot parcel of real property improved with a 10,400 square foot industrial building and a surface parking lot located at 1300 E. 1st Street, Los Angeles, California 90033 ("Site"), as more particularly described in **Exhibit "1"** and illustrated on the Site Map in **Exhibit "2"** both of which are attached hereto and incorporated herein by reference;

WHEREAS, on January 8, 2015, the Los Angeles City Council, under Council File 14-0425, authorized the City to enter into an Option Agreement with CRA/LA-DLA (the "Option Agreement") to purchase the Site to promote economic development in accordance with the Adelante Eastside Redevelopment Plan, the Adelante Eastside 5-Year Implementation Plan, and the Boyle Heights Community Plan (defined in Section 1 of the Form of Agreement Containing Covenants) (collectively referred to as the "Development Requirements") and Los Angeles Municipal Code Sections 7.27.2 and 22.1008;

WHEREAS, Buyer is a leading nonprofit visual arts center for Latino artists and has been serving the local community for over forty years. **WHEREAS**, Buyer entered into a lease agreement with CRA/LA-DLA for the period of January 2011 to February 2020, and has been in possession and occupancy of and has used the Property to provide workshops in professional printmaking, an artist-in-residence program, gallery exhibitions, artist marketplace events, youth programs, artist's development, arts education and engagement, and other cultural events that serve over 26,000 community members on an annual basis;

WHEREAS, the City has determined that the direct sale of the Site to Buyer for the Purchase Price (defined below), the continued provision of certain community benefits, and the development of a project in accordance with the terms and conditions set forth herein will serve one or more vital public purposes; will be in the best interests of the City; will serve the health, safety, and welfare of the residents of the City; and will assist the City in meeting its economic development goals by (i) eliminating physical blight by developing an underutilized parcel, (ii) alleviating economic blight by promoting the conservation, rehabilitation, renewal, and redevelopment of the Site,

(iii) encouraging further private investment in and around the community, (iv) promoting the development of educational, cultural, entertainment, and recreational facilities that serve the needs of the residents and community, and (v) generating new tax revenues for the City and other local governments;

WHEREAS, a Phase II environmental investigation of the Site was conducted by SCS Engineers for CRA/LA in March of 2009 which concluded that no further investigation was needed based on the investigation and current use of the Site for commercial purposes;

WHEREAS, the City in order to exercise the Option Agreement for the purchase of the Site must present a copy of this executed Agreement, with the executed Covenant Agreement, to the CRA/LA-DLA;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

ARTICLE 1. SUBJECT OF AGREEMENT.

1.1 Purpose of Agreement.

The purpose of this Agreement is to promote economic development in the City of Los Angeles by providing for the disposition of the Site for the provision of certain community services and benefits identified in the Agreement Containing Covenants, and the development of a project, as defined in the Agreement Containing Covenants, in accordance with the Development Requirements and subject to the terms and conditions set forth herein.

The City would not otherwise convey the Site to Buyer other than to promote economic development in the community and Buyer's failure to provide certain community services and benefits and to develop a project in accordance with the requirements of this Agreement and the Agreement Containing Covenants shall trigger the imposition of liquidated damages and/or City's right to repurchase the Site in accordance with the terms of the Agreement Containing Covenants.

1.2 Definitions.

1.2.1 Agreement Containing Covenants

"Agreement Containing Covenants" shall mean an agreement containing covenants substantially in the form attached to this Agreement as **Exhibit "3"**, the terms of which are incorporated herein by reference, with an effective date as of the Closing Date, which will be recorded against the Site.

1.2.2 Buyer

"Buyer" shall mean Self-Help Graphics and Art, Inc., a California nonprofit public benefit corporation.

1.2.3 Certificate of Occupancy

"Certificate of Occupancy" shall mean a certificate of occupancy issued by the City in accordance with the Los Angeles Municipal Code for occupancy of all or any portion of the Site.

1.2.4 City Ordinance

"City Ordinance" shall mean a duly adopted ordinance of the City of Los Angeles authorizing the sale of the Site to Buyer in accordance with Los Angeles Administrative Code Sections 7.27.2 and 22.1008 and this Agreement.

1.2.5 City Representatives

"City Representatives" shall mean and include all of the respective predecessors, successors, assigns, agents, officials, employees, independent contractors, affiliates, principals, officers, directors, attorneys, accountants, Mayor, and City Council collectively and each member individually.

1.2.6 Close of Escrow and Closing Date

"Close of Escrow" means the closing of the sale of the Site to Buyer under this Agreement. "Closing Date" means the date on which the Grant Deed transferring title of the Site from Seller to Buyer is recorded in the official records of Los Angeles County.

1.2.7 Closing Documents

"Closing Documents" means, collectively, the Agreement Containing Covenants, 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.

1.2.8 Effective Date

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

1.2.9 Governmental Approvals

"Governmental Approvals" shall mean any land use, license, permit or other governmental approvals necessary for Buyer's use of the Site, including all necessary approvals required under the California Environmental Quality Act, but shall

exclude any subdivision or approval required under the Subdivision Map Act for sale of the Site to Buyer and construction of improvements on the Site.

1.2.10 Grant Deed

“Grant Deed” shall mean a grant deed substantially in the form attached hereto as **Exhibit 4**” and incorporated herein by reference.

1.2.11 Hazardous Materials

“Hazardous Materials” shall have the meaning given in Section 3.15 and Section 3.16 below.

1.2.12 Option Agreement

“Option Agreement” shall mean the Option Agreement between the City and CRA/LA-DLA dated January 8, 2015 regarding the Site and approved by Council under Council File C-14-0425.

1.2.13 Purchase Price

“Purchase Price” shall mean the amount to be paid by Buyer to the City for the Site as further defined in Section 3.1.

1.2.14 Site

“Site” shall mean the real property located at 1300 East 1st Street, Los Angeles, California (APNs 5172-008-900, 5172-008-901; 5172-008-902).

ARTICLE 2. PARTIES TO THE AGREEMENT.

2.1 City.

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.

2.2 Buyer.

“Buyer” means Self Help Graphics and Art, Inc., a California nonprofit public benefit corporation, its successors, and assigns. The mailing address of Buyer for purposes of this Agreement is set forth in Section 4.3, below. All of the terms, covenants, and conditions of this Agreement shall be binding on the successors and assigns of Buyer.

2.3 No Joint Venture.

The City and 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 3. DISPOSITION OF SITE.

3.1. Opening of Escrow and Security Deposit.

(a) Buyer and City shall open Escrow with the Escrow Agent, by the delivery to Escrow Agent of a duplicate original of this Agreement along with the Security Deposit as set forth in Section 3.1(b) below, which shall constitute the "Opening of Escrow". 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 Site 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. In addition, Buyer and City agree to execute, deliver, and be bound by any reasonable and customary supplemental escrow instructions of Escrow Agent or other instruments as may reasonably be required by Escrow Agent in order to consummate the transaction contemplated by this Agreement. Any such supplemental instructions shall not conflict with, amend, or supersede any portions of this Agreement. If there is any inconsistency between such supplemental instructions and this Agreement, this Agreement shall control. Escrow Agent is hereby empowered to act under this Agreement upon indicating within five 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.

(b) Within ten business days after the Effective Date, Buyer shall deposit with Escrow Agent as a good faith deposit, the sum of Ten Thousand Dollars (\$10,000.00) (the "Security Deposit"). The Security Deposit shall be nonrefundable, except as otherwise stated herein, but shall be applicable to the Purchase Price. Except as otherwise provided herein, the Security Deposit will be released only by written instructions by Buyer after all Buyer's Conditions Precedent as set forth in Section 3.8 below have been met or waived and applied to the Purchase Price. If this Agreement is terminated prior to the Close of Escrow for any reason other than a City Event of Default or a Buyer Event of Default, then the Security Deposit shall be returned to Buyer net of Buyer's share of outstanding escrow fees, if any. If this Agreement is terminated as the result of a Buyer Event of Default, then as the City's sole remedy for such Buyer Event of Default, the Security Deposit shall be paid to City and Buyer shall pay all escrow fees. If this Agreement is terminated as the result of a City Event of Default, then the entire Security Deposit shall be returned to Buyer and City shall pay all escrow fees. The term "Buyer Event of Default" means a default hereunder by Buyer which continues beyond any applicable notice and cure periods as set forth herein. The term "City Event of Default" means a default hereunder by City which continues beyond any applicable notice and cure periods as set forth herein.

3.2. Escrow Agent.

"Escrow Agent" means City's Choice of Escrow Agent.

Name: Joan Hawkins, AVP/SR

Company: Chicago Title Company

Address: 725 S. Figueroa Street, Suite 200, Los Angeles, CA 90017

Telephone: (213) 612-4161

Fax: (213) 488-4384

3.3. Duty of Escrow Agent.

(a) The Escrow Agent shall:

(i) Pay and then charge the parties to this Agreement (the "Parties") for its fees, charges, and costs payable in accordance with the signed Settlement Statements (defined in Section 3.3.(a)(iii)(below).

(ii) Pay and then charge Seller for any delinquent taxes, any penalties and interest thereon, and for any delinquent assessments or bonds against the Site. All real property taxes which are a lien and unpaid as of the Close of Escrow, if any, shall be prorated. The tax amount withheld will be paid to the County Auditor-Controller's Office following the Close of Escrow. Any taxes that have been pre-paid by Seller shall not be prorated, but Seller shall have the right, after Close of Escrow, to apply to the Los Angeles County Treasurer for refund of such taxes to the extent paid by Seller (without any credit from Buyer) and attributable to the period after Buyer's acquisition.

(iii) Prepare a settlement statement (the "Settlement Statement") for City and for Buyer showing prorations, receipts, and disbursements of Escrow Agent in accordance with this Agreement. Buyer and City shall each execute and deliver to Escrow Agent its respective Settlement Statement so long as it correctly calculates the prorations, receipts, and disbursements in accordance with this Agreement.

(iv) Cause the Grant Deed, the Agreement Containing Covenants, and any other documents which the parties hereto may mutually direct to be recorded in the Official Records of Los Angeles County, and deliver to the Parties conformed copies thereof and originals of all other documents executed by Seller and delivered to Escrow.

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

(vi) Return money, papers, and documents deposited with Escrow Agent as follows: If this Escrow is not in condition to close on or before the last day of the Escrow Period (defined below), 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 Company, if appropriate, the return of its money, papers, or documents deposited with Escrow Agent and the Title Company. 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 within such ten (10) day period at which time Escrow Agent shall comply with the demand for return. 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. If such an objection is timely made, Escrow Agent and the Title Company are authorized to hold all money, papers, and documents with respect to the Site, or the affected portion thereof, until instructed by mutual agreement of the Parties or by a court of competent jurisdiction.

(vii) Hold and disburse the Security Deposit in accordance with this Agreement.

(b) Neither Escrow Agent nor the Title Company shall be obligated to return any such money, papers, or documents, except upon the written instructions of City and Buyer or as otherwise prescribed in this Agreement.

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

3.4. Escrow period.

(a) Except as otherwise provided herein, Escrow must close by the end of the Escrow Period. The "Escrow Period" means the period commencing on the Effective Date and ending sixty (60) days from the Effective Date; provided that the Parties may extend the Escrow Period for up to two additional thirty (30) day periods by mutual written agreement. In no event shall escrow close prior to the City's notification that the City Ordinance has been adopted and has become effective.

(b) No extensions past one hundred twenty (120) days after the Effective Date can be considered without the approval of City Council. Any discretionary extension granted pursuant to this Section 3.4(b) shall be requested by Buyer in writing and be limited to such time as the City determines is reasonably necessary to secure the Governmental Approvals and address environmental conditions, if any.

3.5. 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.

3.6. Title Insurance.

The "Title Company" shall mean City's Choice of Title Insurance.

Name: Cheryl Yanez, Senior Vice President & National Account Executive

Company: Chicago Title Company

Address: 725 S. Figueroa Street, Suite 200, Los Angeles, CA 90017

Telephone: (213) 488-4315

In conjunction with the Close of Escrow, the Title Company shall provide a California Land Title Association Owner's Policy of title insurance ("Title Policy") insuring Buyer's fee simple ownership of the Site in the amount of the Purchase Price subject only to the Permitted Exceptions and including road access. Escrow Agent shall provide or cause to be provided a copy of any such Title Policy to City.

3.7 Condition of Title.

3.7.1 Permitted Exceptions.

Escrow Agent shall cause a current preliminary title report ("Report") concerning the Site issued by the Title Company, as well as legible copies of all documents referred to in the Report ("Underlying Documents") to be delivered to Buyer within two business days following the Effective Date (the Report and the Underlying Documents are collectively referred to herein as the "Title Documents"). Upon the Close of Escrow, Seller shall convey to Buyer by the Grant Deed, the Site, free and clear of all encumbrances except Permitted Exceptions. "Permitted Exceptions" shall mean all items and matters in the Report except for the Rejected Exceptions. "Rejected Exceptions" shall mean the exceptions to title in the Report which Buyer does not approve. Buyer shall have until the expiration of the Review Period (as defined in Section 3.13(b) below) to give Seller and Escrow Agent written notice ("Buyer's Title Notice") of the Rejected Exceptions, disapproval or conditional approval of the legal description, or any matters shown in or disclosed by the Title Documents. The failure of Buyer to give Buyer's Title Notice on or before the expiration of the Review Period shall be deemed to constitute Buyer's approval of the respective matters relating thereto. If Buyer disapproves or conditionally approves any of the foregoing matters, Seller shall give Buyer written notice ("Seller's Title Notice") within five business days after receipt of Buyer's Title Notice of those Rejected Exceptions, if any, which Seller agrees to either eliminate from the Title Policy as exceptions to title to the Site or to ameliorate to Buyer's satisfaction by the Closing Date. If Seller does not elect to eliminate or ameliorate any Rejected Exceptions, or any other disapproved title matters, then Buyer shall have the right within five business days after receipt of Seller's Title Notice, to: (1) waive its prior disapproval, in which event said disapproved matters shall be deemed approved; or (2) terminate this Agreement and the Escrow created pursuant hereto, in which case Buyer shall be entitled to a return of the Security Deposit. Notwithstanding the foregoing, prior to Close of Escrow, City shall: (a) remove (at its sole cost) all

monetary liens encumbering the Site, if any, and (b) provide to Title Company any title affidavit or indemnity customarily provided by sellers of California land to title companies and required by Title Company in order to remove any title exception objected to by Buyer.

3.8 Buyer's Conditions Precedent.

The following conditions ("Buyer's Conditions Precedent") shall be conditions precedent to Buyer's obligation to purchase the Site under this Agreement. Only the Buyer has the right to waive any of the conditions in this Section 3.8.

3.8.1 Title Policy.

The Title Company shall be unconditionally and irrevocably committed to issue the Title Policy to Buyer.

3.8.2 City's Documents.

City shall have delivered to the Escrow Agent the documents described in Section 3.10.1 below.

3.8.3 Legal Parcel.

The Site consists of three legal parcels. Description of the Site has been prepared in a manner necessary to convey title to Buyer and is more fully described in Exhibit 1.

3.8.4 City's Representations and Warranties.

City's representations and warranties set forth in Section 4.2 below are true in all material respects as of the Close of Escrow.

3.8.5 Governmental Approvals.

Buyer shall have received all Governmental Approvals, and there shall be no effective or pending moratorium, access restriction, withdrawal, or modification of approvals, or other governmental change outside of Buyer's control which would prevent or impede Buyer's use of the Site.

3.8.6 No Defaults.

As of Close of Escrow there is no default hereunder by City.

3.8.7 Financing.

Buyer shall have obtained the requisite financing to purchase the Site for the Purchase Price.

3.8.8 No Material Adverse Change.

From and after the end of the Review Period, there shall not have occurred any events or changes to the physical, legal, environmental, or economic condition of the Property which have a material adverse impact on Buyer's ability to use, develop, or operate the Site.

3.9 Conditions Precedent to City Disposition.

The following conditions shall be conditions precedent to City's obligation to sell the Site to Buyer under this Agreement. Only City, through the City Representatives, has the right to waive any of the conditions in this Section 3.9.

3.9.1 Buyer Documents and Funds.

Buyer shall have delivered to the Escrow Agent the documents described in Section 3.10.2 below.

3.9.2 Governmental Approvals.

Buyer shall have obtained all Governmental Approvals and proof of same shall have been deposited into escrow or provided to City.

3.9.3 Closing Amount.

Buyer shall have deposited the Closing Amount into escrow in accordance with Section 3.12.2 below.

3.9.4 No Buyer Default.

As of Close of Escrow there is no default hereunder by Buyer.

3.9.5 Acceptance of title to Site from CRA/LA-DLA.

City shall have obtained and perfected fee title to the Site from CRA/LA-DLA.

3.9.6 City Council Adoption of Sales Ordinance

The City Council has adopted an ordinance pursuant to City Charter Section 385 approving the sale of the Site.

3.9.7 Loan Agreement

Buyer shall have provided to City an executed loan agreement for \$825,000, along with the necessary documents to secure the loan.

3.10 Deposits to Escrow.

3.10.1 City Documents.

City shall deliver to the Escrow Agent at least two business days before the scheduled Closing Date one original of each of the following duly executed and acknowledged, if applicable, by City:

- (a) the Grant Deed;
- (b) the Agreement Containing Covenants in recordable form;
- (c) the City's Settlement Statement; and
- (d) such other instruments and documents as are reasonably required for issuance of the Title Policy and Close of Escrow.

3.10.2 Buyer Documents.

At least two business days prior to the scheduled Closing Date, Buyer shall execute (in recordable form if applicable) and provide to the City or to Escrow Agent the following documents:

- (a) Agreement Containing Covenants in recordable form; and
- (b) Buyer's Settlement Statement and such other instruments and documents as are reasonably required for Close of Escrow.

3.11 Purchase and Sale of Site.

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 Site in accordance with this Agreement.

3.12 Purchase Price.

3.12.1 In accordance with and subject to all terms, covenants, and conditions of this Agreement, the City agrees to convey the Site to Buyer and Buyer agrees to purchase the Site at the fair market value as defined in the Option Agreement ("Purchase Price"). The Parties acknowledge that the Site's market value was calculated in accordance with Section 12 of the Option Agreement, resulting in a fair market value of Three Million Six Hundred Twenty-five Thousand Dollars (\$3,625,000). Among other sources of funds to fund the Purchase Price, Buyer will receive a service payback loan from the City in the amount of \$825,000 which will provide that the City is to deposit said loan funds directly to Escrow ("City Loan Funds").

3.12.2 The Closing Amount.

Subject to satisfaction of all conditions to Close of Escrow, the "Closing Amount" (consisting of the Purchase Price, reduced by the Security Deposit (described in Section 3.1(b) above), the cost of remediation (if applicable pursuant to Section 3.18 below), the City Contribution and plus or minus Escrow Agent's estimate of Buyer's share of closing costs, prorations, and charges payable pursuant to this Agreement and required of Buyer hereunder) shall be deposited into Escrow by Buyer no later than 11:00 a.m. on the Closing Date. The Buyer shall deposit the Closing Amount via certified or bank cashier's check made payable to Escrow Agent or a confirmed wire transfer of funds to Escrow Agent in immediately collectable funds. The City shall deposit the City Loan Funds to Escrow via certified or bank cashier's check made payable to Escrow Agency or a confirmed wire transfer of funds to Escrow Agency in immediately collectable funds no later than 11:00 a.m. on the Closing Date.

3.13 Due Diligence and Review Period.

(a) Within five business days after the Effective Date, City shall provide the Buyer with all available reports and documents in the City's possession pertaining to the Site, including, without limitation, all reports related to Hazardous Materials on or under the Site, all soils and geological reports, all reports related to any planned private developments within 500 feet of the Site, and all reports related to any planned City public works projects within 1,000 feet of the Site.

(b) Buyer shall have from the Effective Date until 5:00 pm on the date that is sixty (60) days following the Closing Date (the "Review Period") to satisfy itself with regard to all aspects of the Site, including, without limitation, its economic feasibility, and its condition and suitability for Buyer's intended use. Before the expiration of the Review Period, Buyer shall have the right to terminate this Agreement, in Buyer's sole and absolute discretion, for any reason or for no reason. If studies conducted by Buyer determine the need for remediation and Buyer elects to request that the City assist in remediation, Buyer shall, at no cost to City, promptly provide City with copies of any Phase I Report and any other studies, reports, or other documents prepared in connection with Buyer's inspection or review of Hazardous Materials at the Site. If Buyer timely terminates this Agreement during the Review Period, the Security Deposit shall be disbursed as determined by Section 3.1(b) above and neither party shall have any further obligations under this Agreement except for those that expressly survive termination of this Agreement. If the Agreement is terminated for any reason, Buyer shall return to City all documents provided by City to Buyer within three business days of the termination of the Agreement.

(c) If Buyer does not timely terminate this Agreement under Section 3.13(b), it shall be deemed to have affirmatively approved and accepted the Site and all conditions, elements, and matters pertinent thereto, subject, however, to all other obligations of Seller under this Agreement or any documents executed pursuant hereto and subject to Buyer's Conditions Precedent. Notwithstanding the foregoing, should Buyer learn of any fact (through its own investigation or through disclosure by City) after

expiration of the Review Period that any of City's representations herein or reports provided to Buyer hereunder contain a material misstatement of a material fact, Buyer may terminate this Agreement and receive a refund of the Deposit. Buyer acknowledges that upon the Close of Escrow it has conducted, or has had the opportunity to conduct, all studies and investigations of the Site that it has deemed necessary to assure itself of the physical condition of the Site and the suitability of the Site for the development contemplated by this Agreement.

3.14 Hazardous Materials.

In the event that Buyer discovers the presence of Hazardous Materials on, under or about the Site in a material amount 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.

3.15 "Hazardous Materials" means any material or substance that is (a) a "hazardous substance" pursuant to Paragraph 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601(14), Paragraph 311 of the Federal Water Pollution Control Act, 33 U.S.C. §1321; (b) a "hazardous waste" pursuant to Paragraph 1004 or Paragraph 3001 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901-6921; (c) a toxic pollutant under the Federal Water Pollution Control Act, 33 U.S.C. §1317(a)(1); (d) a "hazardous air pollutant" under Paragraph 112 of the Clean Air Act, 42 U.S.C. §7412; (e) a "hazardous material" under the Hazardous Materials Transportation Uniform Safety Act of 1990, 49 U.S.C. App. §1802(4); (f) toxic or hazardous pursuant to regulations promulgated under the aforementioned laws; or (g) a risk to the environment under any other applicable federal, state or local laws, ordinances or regulations.

3.16 "Hazardous Materials" shall also mean: (i) any chemical, compound, material, mixture or substance that is now or may later be defined or listed in, or otherwise classified pursuant to, any Hazardous Materials Law as a "hazardous substance", "hazardous waste", "extremely hazardous waste", acutely hazardous waste", radioactive waste", infectious waste", biohazardous waste", "toxic substance", "pollutant", "toxic pollutant", "contaminant", as well as any formulation not mentioned herein intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, "EP" toxicity, or "TCLP toxicity"; (ii) petroleum, natural gas, natural gas liquids, liquefied natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas) and ash produced by a resource recovery facility utilizing a municipal solid waste stream, and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources; (iii) "hazardous substance" as defined in Section 25281 of the California Health and Safety Code; (iv) "waste" as defined in Section 13050(d) of the California Water Code; (v) asbestos in any form; (vi) urea formaldehyde foam insulation; (vii) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls (PCBs) in excess of fifty (50) parts per million; (viii) radon, asbestos and PCB; and (ix) any other chemical, material, or substance that, because of

its quantity, concentration, or physical or chemical characteristics, exposure to which is now or hereafter limited or regulated for health and safety reasons by any governmental authority, or which poses or is later determined to pose a significant present or potential hazard to human health and safety or to the environment if released into the workplace or the environment. The term "Hazardous Materials" shall not include: construction materials, gardening materials, household products, office supply products or janitorial supply products customarily used in the construction, maintenance, rehabilitation, or management of residential Site, or commonly used or sold by hardware, home improvement stores, or medical clinics and which are used and stored in accordance with all applicable Hazardous Materials Laws.

3.17 "Hazardous Materials Laws" means all present and future federal, state and local laws, ordinances, regulations, permits, guidance documents, policies, decrees, orders and any other requirements, whether statutory, regulatory or contractual, of governmental authorities relating to health, safety, the environment or the use, handling, disposal or transportation of any materials that are hazardous to the environment (including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation Recovery Act, the Clean Water Act, the Clean Air Act, and the applicable provisions of the California Health and Safety Code and the California Water Code, as each such statute may from time to time be amended, and the rules, regulations and guidance documents promulgated pursuant to any such statute).

3.18 Remediation.

If there exists any Hazardous Materials on the Site that materially interfere with the issuance of the Governmental Approvals or materially increase the cost of the Project or the time to complete the Project, then Buyer shall provide City with a written report prepared by an environmental consultant reasonably acceptable to City describing the required remediation and including an estimate of the cost to remediate such Hazardous Materials. All costs associated with such remediation of Hazardous Materials which were not the result of Buyer's activities on the Site shall be deducted from the Purchase Price subject to the City obtaining an equivalent deduction from CRA/LA-DLA from the purchase price. All costs associated with such remediation of Hazardous Materials which were the result of Buyer's activities on the Site shall be assumed by Buyer.

3.19 Costs and Expenses.

City shall pay that portion of the premium for the Title Policy representing the cost of a CLTA title policy excluding the costs of any endorsements; Buyer shall pay the remaining premium for the Title Policy including the cost of any endorsements. Buyer shall pay all documentary transfer taxes payable in connection with the recordation of the Grant Deed. Other than as set forth above, Buyer and Seller shall pay, respectively, the Escrow Agent's customary charges to buyers and sellers for document drafting, recording and miscellaneous charges. Buyer and Seller shall each pay their own legal, consultant, and other fees for services engaged by them for this transaction.

3.20 Prorations.

The following prorations shall be made between Seller and Buyer on the date of the Close of Escrow computed as of the Close of Escrow:

(a) Taxes, Assessments and Other Amounts. Real property taxes, special taxes, assessments, utility fees and/or deposits, and personal property taxes shall be prorated as of the Close of Escrow according to the formula adopted by the Los Angeles County Assessor's Office and deducted from Seller's proceeds. Prorations of taxes and assessments with respect to the Site shall be based upon the latest available tax information such that Seller shall be responsible for all such taxes and assessments levied against the Site to and including the day prior to the Close of Escrow, and Buyer shall be responsible for all taxes, special taxes and assessments levied against the Site from and after the day prior to the Close of Escrow that pertain to periods on or after the Close of Escrow.

(b) Adjustments. If any errors or omissions are made regarding adjustments and prorations as aforesaid, the parties shall make the appropriate corrections promptly upon the discovery thereof. If any estimates are made at the Close of Escrow regarding adjustments or prorations, the parties shall make the appropriate correction promptly when accurate information becomes available. Any corrected adjustment or proration shall be paid in cash to the party entitled thereto.

3.21 Close of Escrow.

3.21.1 Subject to any extensions of time mutually agreed upon between City Representative and Buyer, Close of Escrow shall occur on the earlier of (a) a date mutually agreed upon by Buyer and the City, and (b) the last day of the Escrow Period.

3.21.2 Upon Close of Escrow, Escrow Agent shall do the following in the following order:

(a) Record first the Grant Deed, and then the Covenant Agreement in the official records of Los Angeles County (which shall be deemed delivery to Buyer). Escrow Company shall obtain conformed copies thereof for distribution to Buyer and City.

(b) Disburse all funds deposited with Escrow Agent by Buyer in accordance with the signed Settlement Statements.

(c) Provide each Party with copies of all closing documents.

(d) Cause the Title Company to issue the Title Policy to Buyer.

(e) Possession of the Site shall be delivered to Buyer at the Closing.

3.22 As Is Conveyance.

BUYER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT THE CITY IS SELLING TO BUYER AND BUYER IS BUYING FROM THE CITY THE SITE 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 SITE, INCLUDING WITHOUT LIMITATION: (A) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE SITE (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 SITE, (D) THE DEVELOPMENT POTENTIAL OF THE SITE AND THE SITE'S USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE SITE FOR ANY PARTICULAR PURPOSE (E) THE ZONING OR OTHER LEGAL STATUS OF THE SITE OR ANY OTHER PRIVATE OR GOVERNMENTAL RESTRICTIONS ON THE USE OF THE SITE, (F) THE COMPLIANCE OF THE SITE 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 SITE OR EMANATING FROM THE ADJOINING OR NEIGHBORING SITE. THE BUYER AFFIRMS THAT THE BUYER 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 SITE FOR ANY PARTICULAR PURPOSE, AND THAT THE CITY MAKES NO WARRANTY THAT THE SITE 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 SITE AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE SITE (INCLUDING, WITHOUT LIMITATION, WHETHER THE SITE 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 SITE'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.

3.23 Buyer's Release of the City. Except as set forth in the representations and warranties of City in this Agreement (or in any document executed by City pursuant to this Agreement), a breach by the City of its obligations under this Agreement (or under any document executed by City pursuant to this Agreement) or the gross negligence, illegal act or willful misconduct of the City, effective on the Closing Date, 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 Site, or its suitability for any purpose whatsoever.

3.23.1 Scope of Release. The release set forth in Section 3.23 includes claims (other than claims for the presence of Hazardous Materials on, under or about the Site 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.

ARTICLE 4. GENERAL PROVISIONS.

4.1 Buyer Representations and Warranties.

Buyer represents and warrants to the City, as follows:

(a) Organization. Buyer is a corporation, 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 subject to applicable bankruptcy laws and equitable principles limiting the rights of creditors generally.

(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 Site that would, if adversely determined, materially and adversely affect Buyer, or the Site or Buyer's ability to perform its obligations under this Agreement or to develop and operate the Project.

(e) Licenses, Permits, Consents, and Approvals. Buyer has obtained, and will continue to maintain, all licenses, permits, consents, and appropriate approvals required by all applicable governmental authorities to own and operate the businesses and activities on the Site.

4.2 Seller Representations and Warranties.

The City represents and warrants to Buyer, as follows:

(a) Authorization. The Seller has taken (or will take prior to the Close of Escrow) all necessary action to authorize its execution, delivery and, subject to any conditions set forth in this Agreement, performance of the Agreement. Upon the Effective 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 applicable bankruptcy laws and 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.

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

(d) No Condemnation. City has no plans for a public works project that would require (after sale of the Site to Buyer) a condemnation of any portion of the Site.

(e) No Violation. To City's actual knowledge without investigation, except as set forth in any environmental reports provided by City to Buyer, there are no Hazardous Materials on or under the Site in violation of any Hazardous Materials Law and there is no pending governmental inquiry concerning a violation of Hazardous Materials Laws at the Site.

(f) No Obstacle to Governmental Approvals. To City's knowledge, no conditions exist at or on the Site that would preclude or make unfeasible Buyer's receipt of the Governmental Approvals within the Escrow Period.

4.3 Notice, Demands and Communications.

Formal notices, demands, and communications between the Seller 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 Seller and Buyer as follows:

Seller:	Economic and Workforce Development Department 1200 West 7th Street, 6th Floor Los Angeles, California 90017 Attn: Jan Perry, General Manager Fax Number: (213) 744-9061
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With copies to: Office of the City Attorney
200 N. Main Street, 9th Floor
Los Angeles, California 90012
Attn: Economic and Workforce Development Department
General Counsel

Buyer: Self-Help Graphics and Art, Inc.
1300 E. First Street
Los Angeles, California 90033
Attn: Executive Director
Tel Number: (323) 881-6444

With copies to: Sheppard Mullin Richter & Hampton, LLP
333 S. Hope Street, 43rd Floor
Los Angeles, California 90071
Attn: Rick Rodriguez
Tel Number: (213) 617-4203

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 4.3. Delivery shall be deemed to have occurred at the time indicated on the receipt for delivery or refusal of delivery.

4.4 Assignment.

Except as provided below, Buyer may not assign, transfer or convey its rights or obligations under this Agreement without the prior written consent of Seller, and then only if Buyer's assignee assumes in writing all of Buyer's obligations hereunder; provided, however, notwithstanding the foregoing, Buyer may, without the need for Seller's consent, assign its interest in this Agreement to an entity in which Buyer (or its affiliate) holds an ownership interest or with whom Buyer (or its affiliate) has entered into a development services agreement with respect to the Site. Buyer shall be released from its obligations hereunder by reason of such assignment provided that the assignee assumes such obligations in writing with a copy of such writing delivered to Seller.

4.5 Breach; Notice of Cure; Default.

4.5.1 Breach; Notice and Cure. If either party fails to perform any of its obligations hereunder, or if one of the representations and warranties made by a party is discovered to be or becomes inaccurate at a time prior to Close of Escrow, then the non-breaching party shall give written notice of such breach to the party in breach and the party in breach shall have until the earlier of (i) the Closing Date and (ii) five (5) business days after receipt of such notice to cure such breach. A non-breaching party may elect to waive any such breach with written notice to the party in breach.

4.5.2 City Default. If the City fails to cure a breach beyond the cure periods, then the City shall be in default hereunder and Buyer shall be entitled to exercise all of its remedies available under this Agreement and/or applicable laws, including without limitation a suit for specific performance. If the Close of Escrow does not occur by the Closing Date because of a Seller default, then, in addition to any remedies which may be available to Buyer under applicable laws, Buyer may cancel the Escrow and terminate this Agreement with written notice to the City and a copy of such notice to the Title Company (which copy may be sent via fax or email). Upon the issuance of such notice, (i) this Agreement and the Escrow established hereunder shall terminate, (ii) the Security Deposit and all other sums placed into Escrow by Buyer shall be immediately refunded to Buyer without the need for any further instructions, (iii) the parties shall have no further obligations to one another hereunder except those that, by their terms, expressly survive the termination hereof, and (iv) all costs of cancellation, if any, will be paid by City.

4.5.3 Buyer Default. If Buyer fails to cure a breach beyond the cure periods, then Buyer shall be in default hereunder and City shall be entitled to exercise all of its remedies available under this Agreement and/or applicable laws. If the Close of Escrow does not occur by the Closing Date because of a Buyer default, then, in addition to any remedies which may be available to City under applicable laws, City may cancel the Escrow and terminate this Agreement with written notice to the Buyer, and a copy of such notice to the Title Company (which copy may be sent via fax or email). Upon the issuance of such notice, (i) this Agreement and the Escrow established hereunder shall terminate, (ii) the parties shall have no further obligations to one another hereunder except those that, by their terms, expressly survive the termination hereof, (iii) all costs of cancellation, if any, will be paid by the Buyer, and (iv) the Security Deposit shall be disbursed to City for its use. IN CONNECTION THEREWITH, THE PARTIES AGREE THAT CITY'S ACTUAL DAMAGES AS A RESULT OF BUYER'S BREACH OF THIS AGREEMENT WOULD BE DIFFICULT OR IMPOSSIBLE TO DETERMINE, AND THE DEPOSIT IS THE BEST ESTIMATE OF THE AMOUNT OF DAMAGES CITY WOULD SUFFER AS A RESULT OF SUCH DEFAULT; PROVIDED, HOWEVER, THAT THIS PROVISION SHALL NOT LIMIT CITY'S RIGHT TO OBTAIN REIMBURSEMENT FOR ATTORNEYS' FEES AND COSTS, OR WAIVE OR AFFECT BUYER'S INDEMNITY OBLIGATIONS AND CITY'S RIGHTS TO THOSE INDEMNITY OBLIGATIONS UNDER THIS AGREEMENT. THE PAYMENT OF THE DEPOSIT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO CITY PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. THE PARTIES WITNESS THEIR AGREEMENT TO THIS LIQUIDATED DAMAGES PROVISION BY INITIALING THIS SECTION:

Seller's Initial: _____

Buyer's Initial: _____

4.6 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.

4.7 Severability.

Any provision or part of this Agreement which is invalid or unenforceable in any situation in any jurisdiction shall, as to such situation and such jurisdiction, be ineffective only to the extent of such invalidity and shall not affect the enforceability of the remaining provisions hereof or the validity or enforceability of any such provision in any other situation or in any other jurisdiction.

4.8 Time of Essence; Context and Construction; Incorporation of Exhibits.

Time is of the essence of this Agreement. When in 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 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. If a deadline under this Agreement falls on a day that is not a business day, the deadline shall be extended until the next business day. All Exhibits referred to in this Agreement are incorporated herein by such reference and made a part hereof.

4.9 Effectiveness of Agreement.

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

4.10 Counterparts.

This Agreement may be executed in counterparts and multiple originals.

4.11 Amendments.

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

4.12 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 duties, obligations, rights or remedies thereunder or pursuant thereto or the general police powers, rights, privileges and discretion of 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 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 Rules and Powers, on the other hand, the latter shall prevail and govern in each case; provided, however, in no event shall the Purchase Price or any economic terms of the transaction be modified as a result of this application of this Section 4.12 and in no event shall this Section 4.12 affect or impair the validity of the Grant Deed, the conveyance of the Site to Buyer thereunder or the Buyer's right to a return of its Security Deposit under the terms hereunder. For the avoidance of doubt, if the sale of the Site to Buyer fails to close solely because Buyer did not receive the Governmental Approvals, Buyer shall be entitled to return of the Security Deposit except for the sum of \$10,000 which shall be paid to City so long as no City Event of Default exists. Notwithstanding the above, the City agrees to extend its utmost cooperation in providing timely approvals and permits for the project.

4.13 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.

4.14 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, and City agrees to defend, indemnify and hold Buyer and its members and agents harmless from and against any losses and liabilities with respect to such commissions based upon the alleged acts of City.

4.15 Successors and Assigns.

This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto (as permitted pursuant to the provisions of this Agreement). Without limiting the foregoing, Seller's obligations under this Agreement that survive the Closing shall inure to the benefit of Buyer and all successor owners and tenants of the Site.

4.16 Survival.

All representations, warranties, indemnities and covenants contained in this Agreement shall survive the Closing and the recordation of the Grant Deed.

4.17 No Offer.

The parties agree that no offer and acceptance can occur until this document is mutually executed by the parties hereto, it being understood that the delivery of this document does not constitute an offer of any kind.

4.18 Governing Law.

This Agreement and the legal relations between the Parties hereto shall be governed by and construed and enforced in accordance with the laws of the State of California, without regard to its principles of conflicts of law. Any action to interpret or enforce the provisions of this Agreement shall be filed in the Superior Court of the County of Los Angeles.

4.19 Damage or Destruction.

If, prior to the Close of Escrow, any part of the Site is damaged or destroyed by earthquake, flood, landslide, fire or other casualty, Buyer will promptly inform City of such fact in writing and advise City as to the extent of the damage.

(a) If such damage or destruction is material, then Buyer may elect to terminate this Agreement by written notice given within ten (10) business days of Buyer's written notice of casualty to City, in which case this Agreement and Escrow shall terminate, the Escrow Agent shall immediately return the Deposit to Buyer, without the need for any further instructions from the parties, and neither party shall have any further obligation to or rights against the other party hereunder except for any rights or obligations which are expressly stated to survive termination of this Agreement.

(b) If the damage is not material, or if Buyer does not so elect to terminate this Agreement due to material damage, this transaction will close pursuant to the terms hereof, provided that upon the Close of Escrow Buyer shall receive a credit against the Purchase Price in the amount of any property insurance proceeds collected by Seller as a result of any such damage or destruction, and provided further that Seller shall assign to Buyer all of Seller's rights to such proceeds which may not have been

collected prior to the Close of Escrow unless the Buyer has received property insurance proceeds that are in a like or greater amount.

(c) A "material" casualty is deemed to be any damage or destruction to the Site where (i) the cost of repair or replacement is estimated to be more than twenty percent (20%) of the Purchase Price, (ii) such casualty was not fully insured against by any party including Buyer, or the proceeds expected to be received by any party will not be able to be transferred to Buyer, whether via credit against the Purchase Price or otherwise, (iii) the required repairs and restoration work cannot be completed within one hundred eighty (180) days after the date of the casualty, and (iv) such casualty was not caused by Buyer.

4.20 Waivers.

No waiver of any breach of any covenant or provision contained herein will be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or provision contained herein. No extension of time for performance of any obligation or act will be deemed an extension of the time for performance of any other obligation or act except those of the waiving party, which will be extended by a period of time equal to the period of the delay.

4.21 Standard Provisions for City Contracts

Buyer agrees to comply with the Standard Provisions for City Contracts as applicable by its terms, which is attached hereto as **Exhibit "5"** and incorporated herein by reference. The terms of the body of this Agreement shall prevail over any inconsistent terms contained in the Standard Provisions for City Contracts.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first set forth below.

"SELLER"

THE CITY OF LOS ANGELES,
a municipal corporation

By: _____
Jan Perry, General Manager

Date: _____

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

By: _____
Assistant/Deputy City Attorney

"BUYER"

Self Help Graphics & Arts, Inc.

By: _____
Its: _____

Date: _____

Attest: Holly Wolcott, City Clerk

By _____
Deputy

ACCEPTANCE BY ESCROW AGENT

_____ hereby acknowledges that it has received a fully executed counterpart of the foregoing Purchase and Sale Agreement and Joint Escrow Instructions ("Agreement") and agrees to act as Escrow Agent thereunder and to be bound by and perform the terms thereof as such terms apply to Escrow Agent.

Dated: _____

BY: _____

ITS: _____

DRAFT

EXHIBIT 1

LEGAL DESCRIPTION

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

PARCEL 1:

LOT 2 IN BLOCK "E" OF THE CLEMENT TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 17 PAGE 41 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT 9/20TH OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS BELOW 500 FEET FROM THE SURFACE OF SAID LAND, WITHOUT SURFACE RIGHTS OF ENTRY, AS RESERVED BY I. EDWARD KATZ, IN DEED RECORDED NOVEMBER 12, 1969 AS INSTRUMENT NO. 2994.

PARCEL 2:

LOT 3 IN BLOCK "E" OF THE CLEMENT TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 17 PAGE 41 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, OR RELATED HYDROCARBON SUBSTANCES THEREIN, AS RESERVED BY HYMAN BROWN AND CELIA BROWN, IN DEED RECORDED MARCH 15, 1956 AS INSTRUMENT NO. 540.

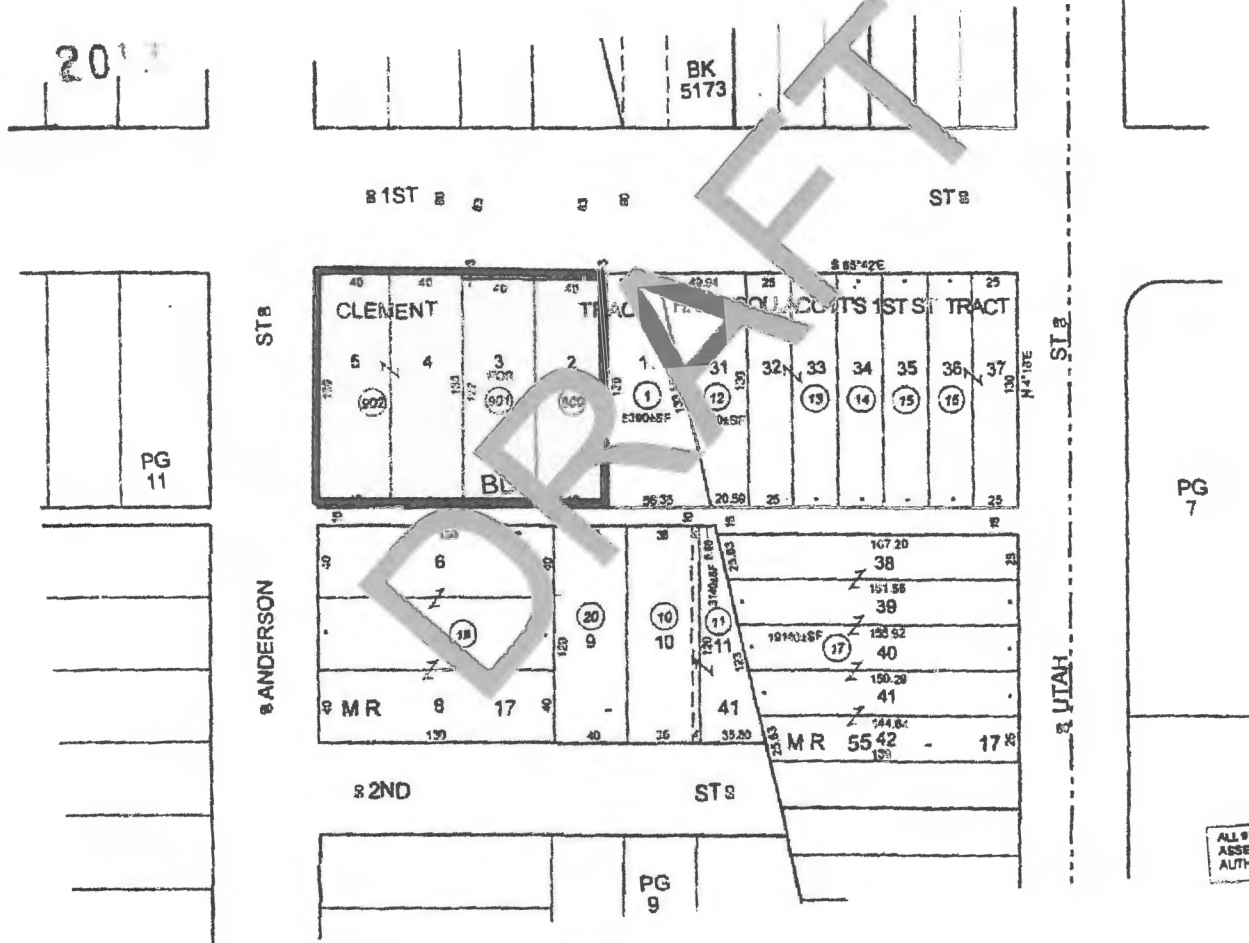
PARCEL 3:

LOTS 4 AND 5 OF BLOCK "E" OF THE CLEMENT TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 17 PAGE 41 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT 9/20TH OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS BELOW 500 FEET FROM THE SURFACE OF SAID LAND, WITHOUT SURFACE RIGHT OF ENTRY, AS RESERVED BY I. EDWARD KATZ, IN DEED RECORDED NOVEMBER 12, 1969 AS INSTRUMENT NO. 2993.

EXHIBIT 2

5172	8 SHEET	P.A. 13 - 28, 30	TRA 12703	REVISED 991228 2009121804003003-23	2012041710-23 2013030619-23	SECTION NO.	OFFICE OF THE ASSESSOR COUNTY OF LOS ANGELES COPYRIGHT © 2013
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ASSESSED TO GRALA, A DESIGNATED LOCAL
AUTHORITY UNLESS OTHERWISE NOTED

EXHIBIT 3

AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY

NO FEE DOCUMENT

RECORDING REQUESTED BY)
AND WHEN RECORDED RETURN TO:)
)
THE CITY OF LOS ANGELES)
C/O ECONOMIC AND WORKFORCE)
DEVELOPMENT DEPARTMENT)
1200 W. 7TH STREET, 6TH FLOOR)
Los Angeles, CA 90017)
Attn: GENERAL MANAGER)

Assessor's Parcel Numbers: 5172-008-900, 5172-008-901, and 5172-008-902

This AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY ("**Covenant Agreement**") is made this _____ day of _____, 2017 by and between The City of Los Angeles, California, a municipal corporation (the "**City**"), and Self-Help Graphics and Art, Inc., a California corporation ("**SHGA**").

RECITALS

WHEREAS, the CRA/LA, a Designated Local Authority formed under California Health & Safety Code Section 34173(d)(3) ("CRA/LA-DLA") owned that certain approximately 20,564 square foot parcel of real property improved with a 10,400 square foot industrial building and a surface parking lot located at 1300 E. First Street, Los Angeles California 90033 ("Property"), as more particularly described in **Exhibit "1"** attached hereto and incorporated herein by reference and as illustrated on the Site Map attached hereto as **Exhibit "2"** and incorporated herein by reference;

WHEREAS, on January 8, 2015, the Los Angeles City Council, under Council File C14-0425, authorized the City to enter into an Option Agreement with CRA/LA-DLA to purchase the Property and authorized the direct sale of the Property, without public bidding, for the continued provision of the specified community benefits and to promote economic development through the redevelopment or adaptive reuse of the Property in accordance with the Adelante Eastside Redevelopment Plan, the Adelante Eastside 5-Year Implementation Plan, and the Boyle Heights Community Plan (as defined below) and subject to Los Angeles Administrative Code Sections 7.27.2 and 22.1008 (collectively "Development Requirements");

WHEREAS, SHGA is a leading nonprofit visual arts center for Latino artists and has been serving the local community for over forty years.

WHEREAS, SHGA entered into a lease agreement with CRA/LA-DLA for the period of January 2011 to February 2020, and has been in possession and occupancy of and has used the Property to provide workshops in professional printmaking, an artist-in-residence program, gallery exhibitions, artist marketplace events, youth programs, artist's development, arts education and engagement, and other cultural events that serve over 26,000 community members on an annual basis;

WHEREAS, the City has determined that the direct sale of the Property to SHGA for the Purchase Price (defined below), the continued provision of certain community benefits, and the development of a project in accordance with the terms and conditions set forth herein will serve one or more vital public purposes: will be in the best interests of the City; will serve the health, safety, and welfare of the residents of the City; and will assist the City in meeting its economic development goals by (i) eliminating physical blight by developing an underutilized parcel, (ii) alleviating economic blight by promoting the conservation, rehabilitation, renewal, and redevelopment of the Site, (iii) encouraging further private investment in and around the community, (iv) promoting the development of educational, cultural, entertainment, and recreational facilities that serve the needs of the residents and community, and (v) generating new tax revenues for the City and other local governments;

WHEREAS, a Phase II environmental investigation of the Property was conducted by SCS Engineers for CRA/LA in March of 2009 which concluded that no further investigation was needed based on the investigation and current use of the Property for commercial purposes.

WHEREAS, the City and SHGA entered into a Purchase and Sale Agreement and Joint Escrow Instructions relating to the Property ("Purchase and Sale Agreement"), dated _____, 2017, pursuant to which the City is selling and conveying the Property to SHGA upon the terms and conditions set forth therein;

WHEREAS, as a condition of the City's sale of the Property to SHGA, SHGA is executing, among other things, this Covenant Agreement, which shall be recorded against the Property. This Covenant Agreement is intended to secure the City's interest in SHGA's continued use of the Property as an educational and cultural facility that serves over 26,000 community members annually on the Property, and SHGA's redevelopment and/or adaptive reuse of a mixed-use facility on the Property in accordance with this Covenant Agreement;

WHEREAS, within two years of close of escrow, SHGA shall submit a Property Redevelopment Plan to the City for a proposed adaptive reuse or redevelopment of the Property as a mixed-use facility and thereafter construct the project as approved by the City; and

WHEREAS, the purpose of this Covenant Agreement is to regulate and restrict the development, construction, operation, ownership, and maintenance of the Property. The covenants in this Covenant Agreement are intended to run with the land and to be binding upon SHGA and SHGA's successors-in-interest 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, SHGA and the City hereby agree as follows:

I. DEFINITIONS

1.1 "SHGA" shall mean Self-Help Graphics and Art, Inc., a California non-profit public benefit corporation, or any permitted successor-in-interest as approved by the City in accordance with this Covenant Agreement.

1.2 "Certificate of Completion" shall mean a certificate to be issued by the City in recordable form to SHGA certifying that SHGA has substantially completed the construction of the Improvements.

1.3 "Certificate of Occupancy" shall mean a certificate of occupancy issued by the City in accordance with the Los Angeles Municipal Code for occupancy of all or any portion of the Property.

1.4 "Community Benefits" include, but are not limited to, workshops in professional printmaking, an artist-in-residence program, gallery exhibitions, artist marketplace events, youth programs, artist's development, arts education and engagement, and other cultural events held at the Property. The provision of Community Benefits is to serve approximately 26,000 community members, including 20 programs and cultural events serving approximately 17,000 attendees, arts engagement and education programs serving 8,000 youth and families, professional printmaking studio serving 175 artists, and art exhibitions serving 1,000 visitors.

1.5 "Covenant Effective Date" shall mean the Closing Date as defined in the Purchase and Sale Agreement.

1.6 "Force Majeure" shall mean the performance of a covenant or obligation of this Covenant Agreement that is delayed or prevented by an act of God, any conditions or circumstances outside such party's reasonable control, and/or by the other party. Acts of God and circumstances beyond owner's control may include: strikes; lockouts; sit-downs; material or labor restrictions by any governmental authority; unusual transportation delays; riots; floods; washouts; explosions; earthquakes; fires; storms; weather (including wet grounds or inclement weather which prevents construction); acts of a public enemy; wars; insurrections; and any other cause not reasonably within SHGA's control. Force Majeure shall not include an economic downturn nor SHGA's inability to finance construction of the Project. Any event of Force

Majeure shall be subject to documentation of the commencement and duration of the event.

1.7 “Improvements” shall mean the adaptive reuse of the existing building into a mixed-use facility as described in the Property Redevelopment Plan, including all grading to be done on the Property, if any, as well as all buildings, structures, fixtures, excavation, parking, landscaping, art installations and murals, and other work, construction, rehabilitation, alterations, and improvements of whatsoever character to be done by SHGA on, in, around, under or over the Property in order to develop a Project pursuant to this Covenant Agreement.

1.8 “Project” shall mean SHGA’s construction of the Improvements on the Property. The commencing of the “Project” shall be evidenced by the preparation and submittal of the Property Redevelopment Plan by SHGA to the City.

1.9 “Project Lender” shall mean a lender providing a loan to SHGA secured by a deed of trust encumbering the Property or secured by other collateral acceptable to SHGA and the lender.

1.10 “Project Loan” shall mean a loan from a Project Lender to SHGA secured by a deed of trust encumbering the Property or secured by other collateral acceptable to SHGA and the lender.

1.11 “Property Redevelopment Plan” shall mean an adaptive reuse plan submitted by SHGA to City that sets forth a proposed scope of development and schedule of performance for the Project consistent with the Development Requirements, this Covenant Agreement, and other applicable City requirements. Such plan shall include architectural conceptual designs, plans, specifications, drawings, proforma, financing plans, studies, and analysis showing SHGA’s proposed Project and shall be subject for approval by the Los Angeles Departments of City Planning and Building and Safety, as applicable. The Property Redevelopment Plan will provide for the adaptive reuse of the existing building as a mixed-use facility that advances the mission and programmatic objectives of SHGA as well as the provisions of the Development Requirements. The Project may include the preservation of the existing structure and mural, and the repurposing of the building to accommodate a mix of uses. Potential uses may include artist studio space, creative office space, light assembly and production workshop space for artists, an art gallery open to the public, and retail space.

1.12 “Transfer” means any total or partial sale, assignment, conveyance or transfer in any other mode or form of the Property or any part thereof or any interest therein, or of the Project constructed thereon, including, without limitation, any lease, or any contract or agreement to do any of the same.

II. TERM AND DEVELOPMENT OF THE PROJECT

2.1 TERM OF COVENANT AGREEMENT. This Covenant Agreement shall commence upon the Covenant Effective Date and shall remain in full force and effect for

ten (10) years or until SHGA receives a Certificate of Completion pursuant to Section 2.7 below, whichever is later. Failure to record this Covenant Agreement shall not relieve SHGA of any of the obligations specified herein.

2.2 PROVISION OF COMMUNITY BENEFITS. For ten (10) years following the Covenant Effective Date, SHGA shall use, operate, and improve the Property for the provision of Community Benefits consistent with the Development Requirements and this Covenant Agreement. Commencing July 1 of each year following the Covenant Effective Date, SHGA shall certify to City the Community Benefits provided during the prior period of July 1 to June 30 ("Certification Period") and the number of community members receiving such benefits. Such certification shall be made by the submission of the Community Benefits Self-Certification Form 2017, which is attached hereto as **Exhibit "3"** and incorporated herein, within 45 days after July 1 of each year. The provision of Community Benefits during any partial Certification Period shall be pro-rated. The certification shall be subject to audit by the City at no cost to SHGA. Notwithstanding anything to the contrary contained herein, SHGA shall not be required to use or operate the Property for the provision of Community Benefits, shall not be required to submit annual reports to the City, and shall not be subject to audit by City during any period that SHGA is constructing the improvements on the Property (except for portions of the year when SHGA provides Community Benefits before construction has commenced or has been completed); provided, however, SHGA shall use commercially reasonable efforts to continue to provide such Community Benefits to the extent feasible. SHGA's failure to provide Community Benefits during such construction or other interruption in SHGA's operations beyond the control of SHGA shall not constitute a default under the Covenant Agreement.

2.3 SUBMITTAL OF PROPERTY REDEVELOPMENT PLAN. Within two years of the Covenant Effective Date, SHGA shall submit its Property Redevelopment Plan to the City for the development of a Project.

2.4 ADDITIONAL PERMITS AND APPROVALS. SHGA 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 Covenant Agreement. SHGA acknowledges that execution of this Covenant 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. The Parties agree that the Project applications will be processed as expeditiously as possible and without delay in accordance with the rules and procedures in place as of the Covenant Effective Date.

2.5 CITY REVIEW. SHGA shall be solely responsible for all aspects of its 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 Project managers.

Any review or inspection undertaken by the City with reference to the Project is solely for the purpose of determining whether SHGA is properly discharging its obligations to the City, and should not be relied upon by SHGA 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.

2.6 COMPLETION OF CONSTRUCTION. SHGA shall commence construction of the Improvements as soon as reasonably practicable following the City's approval of the Property Redevelopment Plan and other necessary permits and approvals and shall use commercially reasonable efforts to complete the Project in accordance with the approved schedule of performance, which schedule of performance shall be agreed upon by SHGA and the City.

2.7 CERTIFICATE OF COMPLETION. Within thirty (30) business days after written request by SHGA to the City after SHGA has obtained a Certificate of Occupancy for the Project, the City shall execute, acknowledge, and deliver the Certificate of Completion to SHGA in recordable form.

2.8 NONDISCRIMINATION. SHGA 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.

2.9 COMPLIANCE WITH LAWS. SHGA 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 designed, constructed, and 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 United Civil Rights Act, Civil Code Section 51, et seq.

III. CITY REPURCHASE OPTION

3.1 GRANT OF REPURCHASE OPTION. SHGA hereby grants to City the exclusive right to repurchase the Property at the Repurchase Price at the time of exercise of such right upon the occurrence of a Trigger Event. A "Trigger Event" means SHGA's failure to, after all applicable notice and cure periods, (i) submit its Property Redevelopment Plan to the City within two (2) years of the Covenant Effective Date, or (ii) complete construction of the Project as evidenced by the issuance of a Certificate of Completion. City's right to repurchase the Property shall terminate upon the issuance of a Certificate of Completion.

3.2 EXERCISE OF OPTION. City may exercise its Repurchase Option only after any applicable notice and cure periods have lapsed, by delivering written notice to SHGA of its intent to repurchase after the occurrence of a Trigger Event. 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 SHGA.

3.3 REPURCHASE AGREEMENT.

(a) Opening Of Escrow. Upon City's exercise of its Repurchase Option, City and SHGA shall open escrow, by the delivery to an escrow agent ("Escrow Agent") selected by City and reasonably acceptable to SHGA, of a copy of this repurchase agreement (the "Repurchase Agreement"), which will serve to open escrow ("Opening of the Repurchase Escrow"). The Repurchase Agreement shall constitute the joint basic escrow instructions of City and SHGA with respect to City's repurchase of the Property from SHGA. City and SHGA shall provide such additional escrow instructions as shall be consistent with this Repurchase Agreement and necessary for the accomplishment of its purpose. Escrow Agent is hereby empowered to act under this Repurchase Agreement upon indicating within three (3) days after the Opening of the Repurchase Escrow its acceptance of the provisions of this Repurchase Agreement and shall thereafter carry out its duties as Escrow Agent thereunder. The City shall designate the escrow agent in accordance with its standard procedures.

(b) Closing Date. Repurchase of the Property by City and the escrow shall close on or before the ninetieth (90th) day after determination of the Repurchase Price in accordance with Section 3.3(f) below and subject to any extensions of time mutually agreed upon by City and SHGA. Notwithstanding anything to the contrary contained herein, SHGA shall be permitted to cure any default causing the Trigger Event at any time prior to Closing, in which case the Repurchase Agreement and Escrow associated therewith shall automatically terminate and SHGA shall be responsible for payment of any and all costs incurred related to the City's exercise of the Repurchase Option, including but not limited to escrow fees, title-related fees, appraisal costs, and other transaction-related costs.

(c) Title Insurance. The City shall designate its title insurer ("Title Company") in accordance with its standard procedures. In conjunction with the close of escrow, the Title Company shall provide, at the SHGA's cost and expense, a California Land Title Association Standard Coverage Policy ("CLTA Policy") of title insurance (if City desires an extended coverage American Land Title Association SHGA's Policy of title insurance in lieu of the CLTA Policy, City shall pay the incremental difference in cost) ("Title Policy"), such Title Policy insuring (in an amount equal to the Repurchase Price) that marketable title to the Property is, pursuant to the grant deed, vested in City subject only to the Permitted Exceptions. The term "Permitted Exceptions" shall mean: a lien for real estate taxes not yet delinquent, all title exceptions in effect immediately before SHGA's acquisition of the Property from City, and all title exceptions created by City or with City's consent. The Title Policy may include such endorsements as may be required and paid for by City. Escrow Agent shall provide or cause to be provided a copy of the Title Policy to City and SHGA.

(d) Deposits to Escrow.

(i) SHGA shall deposit with Escrow Agent at least two (2) business days prior to the scheduled close of escrow a standard form of grant deed, acceptable to City and duly executed and acknowledged, and otherwise in recordable form.

(ii) City shall deposit with Escrow Agent: (A) within ten days of the Opening of the Repurchase Escrow, the sum of \$10,000 (the "Escrow Deposit"), and (B) no later than 11:00 a.m. on the scheduled closing date the Repurchase Price, reduced by the Escrow Deposit and adjusted for Escrow Agent's estimate of City's share of closing costs, proration, and charges payable pursuant to the Repurchase Agreement (the Repurchase Price as so adjusted, the "Repurchase Amount"). City shall deposit the Repurchase Amount via certified or bank cashier's check made payable to Escrow Agent or a confirmed wire transfer of funds to Escrow Agent in immediately collectable funds.

(e) Purchase and Sale of the Property. Upon the terms, covenants, and conditions set forth in this Repurchase Agreement, and subject to SHGA's right to cure any defaults at any time prior to Closing, SHGA agrees to sell and convey to City, and City agrees to purchase and accept from SHGA, SHGA's fee interest in the Property in return for payment of the Repurchase Price.

(f) Repurchase Price. The "Repurchase Price" shall mean lesser of the Fair Market Value ("FMV") of the fee simple interest of Property as of the date of the Opening of the Repurchase Escrow or the original Purchase Price paid by SHGA, unless development of the project has started in which case the Repurchase Price shall be the Fair Market Value of the fee simple interest of the Property, with marketable title, free and clear of this Covenant Agreement, and any restrictions contained in the grant deed from City to SHGA. SHGA and City shall utilize the following process to establish the Fair Market Value of the Property. The FMV shall be determined by a certified general appraiser mutually acceptable to the City and SHGA, conducted in accordance with the Uniform Standards of Appraisal Practice. The cost of the appraisal will be paid out of the Escrow Deposit. In the event the parties cannot mutually agree on an appraiser, each party may hire its own certified general appraiser who will determine the FMV of the fee simple interest of Property ("Appraised Value"). If the lower Appraised Value is within 10% of the higher Appraised Value, then the FMV of the Property shall be the average of the two Appraised Values. If the Appraised Values differ by more than 10%, a third certified general appraiser shall be selected by both SHGA appraiser and City appraiser. If the third Appraised Value is less than either of the first two, then the FMV of the Property shall be the average of the two lowest Appraised Values. If the third Appraised Value is greater than the first two, then the FMV of the Property shall be the average of the two highest Appraised Values. If the third appraisal falls between the first two, then the FMV of the Property shall be the FMV established by the third appraisal. Each Party shall pay for their own appraiser and share evenly in the cost of the third party appraiser.

(g) Closing Costs. City and SHGA shall each pay one half of the documentary transfer tax and one half of Escrow Agent's fees and all recording expenses, if any. Each party shall pay the fees and expenses of its own attorneys, advisors, and consultants.

IV. PROJECT SITE AND USE RESTRICTIONS

4.1 USE. SHGA covenants and agrees for itself, its successors, and its assigns, which covenants shall run with the land and bind every successor or assign in interest of SHGA, that SHGA: (a) shall provide the Community Benefits for ten (10) years following the Covenant Effective Date, except for during any period where SHGA is prohibited from using the Property or providing the Community benefits due to the construction for the Project or other unanticipated event or occurrence beyond SHGA's control which makes providing the Community Benefits impracticable under the circumstances; (b) shall submit within two years of the Covenant Effective Date a Property Redevelopment Plan to City; (c) shall construct and complete the Project consistent with the approved Property Redevelopment Plan; and (d) shall not engage in or permit any activity on the Property that would violate this Covenant Agreement or any applicable law or governmental restriction, including, without limitation, any governmental restrictions on billboards or other forms of commercial advertising.

4.2 FEES, TAXES, AND OTHER LEVIES. During its ownership of the Property, SHGA shall be responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public agency or utility company with respect to the Property Site, and shall pay such charges prior to delinquency.

TRANSFER PROVISIONS

5.1 PROHIBITED TRANSFERS. Except for a Transfer permitted under Section 5.2 below, SHGA shall not Transfer its interest in the Property or the Project, either voluntarily or by operation of law, without the prior written approval of City (which approval shall not be unreasonably withheld) commencing upon the Covenant Effective Date and continuing until the earlier of: (a) termination of this Covenant Agreement under Section 2.1 or Section 2.2 above, or (b) issuance of a Certificate of Compliance. Any Transfer made in contravention of this Section 5.1 shall be void and shall be deemed to be a default under this Covenant Agreement. "Transfer" shall mean and include any voluntary or involuntary transfer, sale, conveyance, assignment, lease, sublease, license, franchise, concession, operating agreement, gift, hypothecation, mortgage, pledge or encumbrance, or the like, of all or any portion of the Property, with respect to any rights or obligations of SHGA under this Covenant Agreement, or any interest in SHGA, to any person or entity.

5.2 PERMITTED TRANSFERS. The following Transfers shall be permitted ("Permitted Transfers"):

(a) Any Transfer creating a security interest (a "Permitted Security Interest") securing repayment of a Project Loan, including but not limited to any encumbrance of the Property.

(b) Any Transfer directly resulting from the foreclosure of a Permitted Security Interest or the granting of a deed in lieu of foreclosure with respect to a Permitted Security Interest.

(c) The creation or amendment of an easement, reciprocal easement agreement, or covenant relating to utilities, parking, or pedestrian or vehicular ingress or egress.

(d) A Transfer otherwise approved in advance by City in writing.

5.3 EFFECTUATION OF PERMITTED TRANSFERS

(a) No Transfer otherwise authorized or approved pursuant to Section 5.2 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 City and in form recordable among the land records (where the Transfer involves a conveyance of an interest in real estate), expressly agrees to perform and observe, from and after the date of the Transfer, the obligations, terms and conditions of this Covenant 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 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 Agreement by SHGA. City shall grant or deny approval of a proposed Transfer within thirty (30) business 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 this thirty (30)-business day period shall be deemed to be a disapproval of the proposed Transfer by City.

(b) SHGA shall reimburse City for all reasonable third-party consultant (outside legal and financial fees) costs associated with City's review and consideration of any request for approval of a Transfer under Section 5.2 above. SHGA shall deposit the sum of not less than Five Thousand Dollars (\$5,000.00) with its request for approval of any such transfer, which shall be the presumed minimum cost to City to review such request and which sum shall be retained by City. If the costs of City review exceeded the deposit amount, City shall send SHGA a bill for the additional costs, and SHGA shall promptly pay City such additional costs. This section does not apply to any Permitted Transfers other than those permitted pursuant to Section 5.2.

VI. BREACH, DEFAULT, AND REMEDIES

6.1 BREACH, DEFAULT, AND REMEDIES. In the event of a material breach or violation of any of the terms, conditions, or obligations under this Covenant

Agreement, City shall provide SHGA with written notice thereof and an opportunity to cure such material breach or violation within a period of thirty (30) days thereafter. If the cure of any such breach or violation cannot be completed within such thirty (30) day period, then SHGA will not be deemed in default hereunder if actions to effectuate the cure are commenced within the thirty (30) day period and diligently prosecuted to completion. Such corrective actions shall be agreed upon by the City and SGHA. For the purposes of this Covenant Agreement, a "material breach" with respect to SHGA's obligation to provide the Community Benefits shall mean that, for a period of two (2) consecutive years (not including periods during which construction is ongoing or during any event of Force Majeure), SHGA substantially failed to provide thirty percent (30%) of the required Community Benefits. If SHGA fails to cure the breach or violation within the cure period, then SHGA shall be in default of this Covenant Agreement and City may, following the provision of a notice of uncured default, proceed with any or all of the following remedies:

(a) Bring an action for equitable relief, seeking specific performance of the terms and conditions of this Covenant Agreement, and/or enjoining, abating, or preventing any breach or violation of said terms, conditions, obligations, and/or seeking declaratory relief;

(b) Impose liquidated damages in the amounts set forth in Section 6.2 below and require payment of such liquidated damages within thirty (30) days following notice from the City. Failure to pay any such liquidated damages shall constitute a default hereunder;

(c) Exercise the Repurchase Option in accordance with Article III above; and/or

(d) Pursue any other remedy allowed at law or in equity.

6.2 LIQUIDATED DAMAGES. The Parties agree that quantifying the losses resulting from SHGA's failure to provide the community benefits and other terms and conditions as required by Sections 3.1(i) and other related sections of this Agreement is inherently difficult to calculate and that the payment of the amounts set forth herein below do not constitute a penalty, but rather are a reasonable measure of damages, based on the Parties' experience and given the nature of the losses that may result from SHGA's failures as noted above.

SHGA shall pay the City the sum of Thirty-six Thousand Dollars (\$36,000) annually until cured for its failure to provide the required community benefits as stated on 6.1.

VII. GENERAL PROVISIONS

7.1 SHGA RIGHT TO CONTEST. If, at any time during the Term, City issues a notice of default or otherwise determines or alleges that SHGA has failed to (i) provide the Community Benefits, (ii) timely submit the Property Redevelopment Plan, or (iii)

diligently pursued construction of the Project, then, prior to City exercising any of its remedies hereunder, SHGA shall have the right to contest, challenge and appeal City's determination to the appeal board. To the extent SHGA challenges or contests any City determination pursuant to this paragraph, City shall be prohibited from exercising its Repurchase Option until such time that the appeal board renders a final decision.

7.2 STANDARD PROVISIONS FOR CITY CONTRACTS. SHGA agrees to comply with the Standard Provisions for City Contracts, which is attached hereto as **Exhibit "4"** and incorporated herein by reference, as applicable by its terms. The terms of the body of this Covenant Agreement shall prevail over any inconsistent terms contained in the Standard Provisions for City Contracts.

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

7.4 INDEMNITY. The Standard Provisions for City Contracts, PSC – 20, shall be replaced with the following:

(a) SHGA shall defend, indemnify, and hold City, its elected officials, officers, employees, agents, and contractors free and harmless against any Claims, other than Excluded Claims (as defined below), which the City may incur or be subject to as a direct or indirect consequence of SHGA's failure to perform any obligations as and when required by this Covenant Agreement or any act or omission by SHGA, its officers, employees, agents, and contractors in connection with the development, operation, use, maintenance and repair of the Property. SHGA shall pay immediately upon the City's demand any amount owing under this indemnity. Selection of legal counsel to represent City in matters subject to this indemnity provisions shall be subject to the City's reasonable approval. SHGA's duty to indemnify the City shall survive the term of this Covenant Agreement.

(b) The term "Claims" means any losses, damages, liabilities, claims, demands, judgments, awards, court costs, and legal or other expenses (including attorney's fees). The term "Excluded Claims" means any Claim that arises from the gross negligence, illegal act, or willful misconduct of the City. SHGA shall reasonably cooperate with the City in the City's defense of any Excluded Claim; provided, however, that such cooperation shall in no event require SHGA to make any material monetary expenditure or assume any material legal obligation.

7.5 GOVERNING LAW. This Covenant Agreement shall be construed in accordance with, interpreted under, and 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. Any action to interpret or enforce the provisions of the Covenant Agreement shall be filed in the courts located within the County of Los Angeles. This provision is intended to supplement, but not replace, the Standard Provisions for City Contracts, PSC – 3. The provisions herein shall prevail over any inconsistency with the Standard Provisions for City Contracts.

7.6 TIME. Time is of the essence with respect to this Covenant Agreement.

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

7.8 NOTICES, DEMANDS, AND COMMUNICATIONS. Formal notices, demands, and communications between SHGA and City shall be sufficiently given and shall not be deemed given unless dispatched by overnight courier service which guarantees delivery on the next business day, or delivered personally, to the principal offices of SHGA and the City as follows:

City: City of Los Angeles
Economic and Workforce Development Department
1200 W. 7th Street, 6th Floor
Los Angeles California 90017
Attention: General Manager

with copies to: Office of the City Attorney
Attention: Economic and Workforce Development
Department General Counsel
200 N. Main Street, 5th Floor
Los Angeles California 90012

SHGA: Self Help Graphics and Art, Inc.
1200 E. First Street
Los Angeles, California 90033
Attn: Executive Director
Tel. Number: (323) 881-6444

With copies to: Sheppard Mullin Richter & Hampton, LLP
333 S. Hope Street, 43rd Floor
Los Angeles, California 90071
Attention: Rick Rodriguez

7.9 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 SHGA and City, and shall run with the land for the full term of this Covenant Agreement. Any successor-in-interest to SHGA and any purchaser or transferee of the Property shall be subject to all of the duties and obligations imposed on SHGA under this Covenant Agreement for the full term of this Covenant Agreement. The terms "SHGA" as used in this Covenant Agreement shall include all such assigns, successors-in-interest, and transferees.

7.10 RELATIONSHIP OF PARTIES. The relationship of SHGA and City shall not be construed as a joint venture, equity venture, or partnership. City neither undertakes nor assumes any responsibility or duty to SHGA or to any third party with respect to the operation of the Site or the actions of SHGA. Except as City may specify in writing, SHGA shall have no authority to act as an agent of City or to bind City to any obligation.

7.11 WAIVER. Any waiver by City of any obligation in this Covenant Agreement must be in writing. No waiver will be implied from any delay or failure by City to take action on any breach or default of SHGA or to pursue any remedy allowed under this Covenant Agreement or applicable law. Any extension of time granted to SHGA 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 City to any act or omission by SHGA shall not be construed as consent to any other subsequent act or omission or to waive the requirement for City's written consent to any future waivers. This provision is intended to replace the Standard Provisions for City Contracts, PSC – 9.

7.12 OTHER AGREEMENTS. SHGA 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. SHGA shall not enter into any agreements that are inconsistent with the terms of this Covenant Agreement without an express waiver by City in writing.

(Signature page follows)

IN WITNESS WHEREOF, the City and the SHGA 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__

Penelope Graphics and Art, Inc.

By: _____
Name: _____
Its: _____

Attest: Holly Wolcott, City Clerk

By _____
Deputy

EXHIBIT 1

LEGAL DESCRIPTION

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

PARCEL 1:

LOT 2 IN BLOCK "E" OF THE CLEMENT TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 17 PAGE 41 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT 9/20TH OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS BELOW 500 FEET FROM THE SURFACE OF SAID LAND, WITHOUT SURFACE RIGHTS OF ENTRY, AS RESERVED BY I. EDWARD KATZ, IN DEED RECORDED NOVEMBER 12, 1969 AS INSTRUMENT NO. 2994.

PARCEL 2:

LOT 3 IN BLOCK "E" OF THE CLEMENT TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 17 PAGE 41 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, OR RELATED HYDROCARBON SUBSTANCES THEREIN, AS RESERVED BY HYMAN BROWN AND CELIA BROWN, IN DEED RECORDED MARCH 15, 1956 AS INSTRUMENT NO. 540.

PARCEL 3:

LOTS 4 AND 5 OF BLOCK "E" OF THE CLEMENT TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 17 PAGE 41 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT 9/20TH OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS BELOW 500 FEET FROM THE SURFACE OF SAID LAND, WITHOUT SURFACE RIGHT OF ENTRY, AS RESERVED BY I. EDWARD KATZ, IN DEED RECORDED NOVEMBER 12, 1969 AS INSTRUMENT NO. 2993.

EXHIBIT 2

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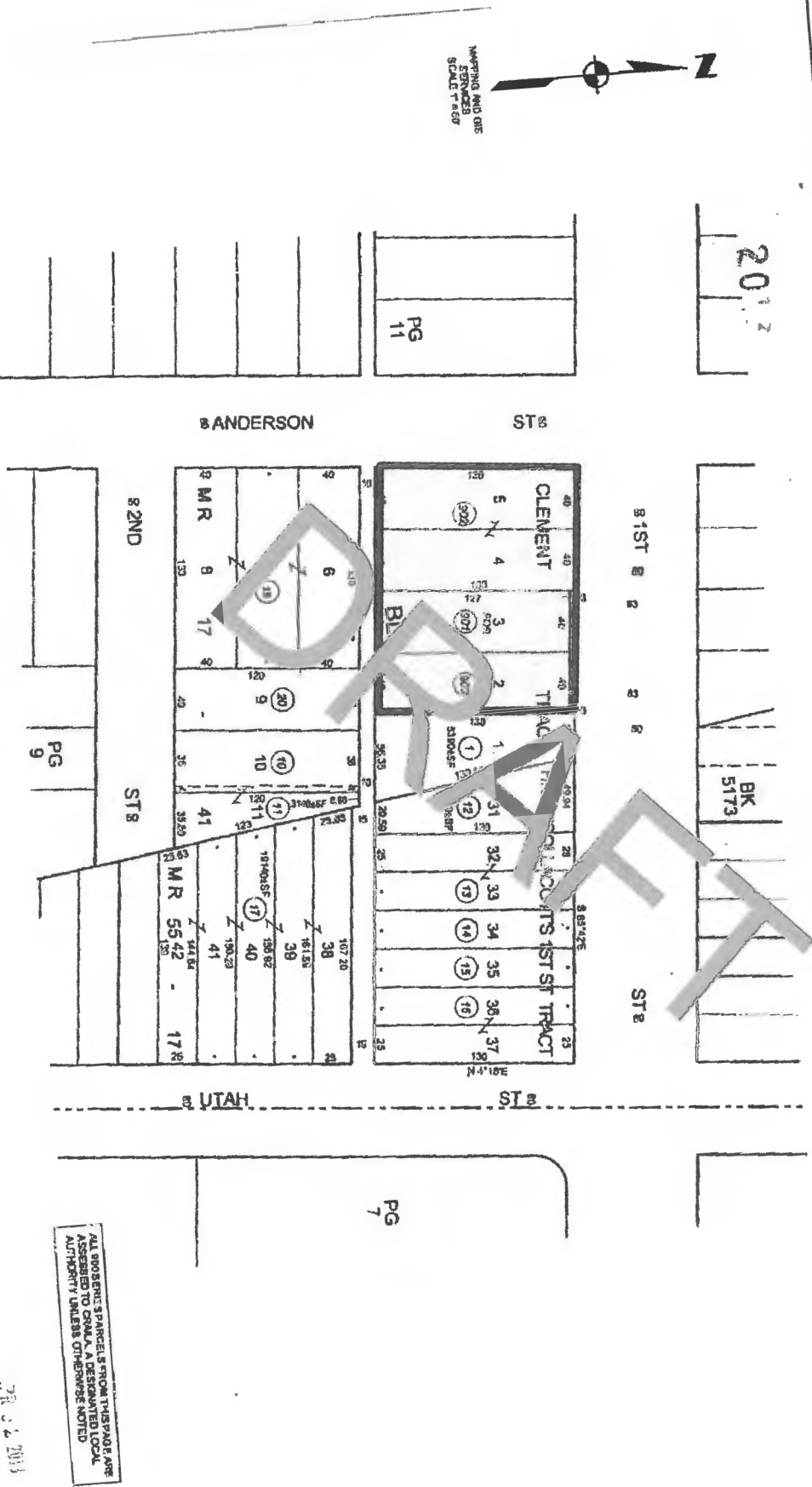


EXHIBIT 3
COMMUNITY BENEFITS SELF CERTIFICATION FORM 2017

Attachment B

This form is to be used for reporting the provision of community benefits under the Agreement Containing Covenants Affecting Real Property.

Type of Community Benefit:

Include, but are not be limited to, workshops in professional printmaking, an artist-in-residence program, gallery exhibitions, artist marketplace events, youth programs, artist's development, arts education and engagement, and other cultural events held at the Property. The provision of Community Benefits is to serve approximately 26,000 community members, including 20 programs and cultural events serving approximately 17,000 attendees, arts engagement and education programs serving 8,000 youth and families, professional printmaking studio serving 175 artists and art exhibitions serving 1,000 visitors.

AGENCY SECTION: To be completed by Self Help Graphics and Art, Inc.

Agency Name: _____

DUNS Number: _____ Reporting Fiscal Year _____

Community Benefits	Programs	Number of Attendees
Workshops in Professional Printmaking		
Artist-in-Residence Program		
Gallery/Art Exhibitions		
Artist Marketplace Events		
Youth Programs		
Artist's Development		
Arts Education and Engagement		
Cultural Events		
Other:		
Other:		
Other:		

I hereby certify that the above information is true and correct and can be authenticated by documents retained by Self Help Graphics and Art, Inc.

Signature of Agency Representative _____

Title of Agency Representation _____

Date Signed _____

STANDARD PROVISIONS FOR CITY CONTRACTS

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STANDARD PROVISIONS FOR CITY CONTRACTS

PSC-1. Construction of Provisions and Titles Herein

All titles, subtitles, or headings in this Contract have been inserted for convenience, and shall not be deemed to affect the meaning or construction of any of the terms or provisions of this Contract. The language of this Contract shall be construed according to its fair meaning and not strictly for or against **CITY** or **CONTRACTOR**. The word "**CONTRACTOR**" includes the party or parties identified in this Contract. The singular shall include the plural and if there is more than one **CONTRACTOR**, unless expressly stated otherwise, their obligations and liabilities shall be joint and several. Use of the feminine, masculine, or neuter genders shall be deemed to include the genders not used.

PSC-2. Applicable Law, Interpretation and Enforcement

Each party's performance shall comply with all applicable laws of the United States of America, the State of California, and **CITY**, including but not limited to, laws regarding health and safety, labor and employment, wage and hours and licensing. This Contract shall be enforced and interpreted under the laws of the State of California without regard to conflict of law principles. **CONTRACTOR** shall comply with new, amended, or revised laws, regulations, or procedures that apply to the performance of this Contract with no additional compensation paid to **CONTRACTOR**.

In any action arising out of this Contract, **CONTRACTOR** consents to personal jurisdiction, and agrees to bring such actions, exclusively in state or federal courts located in Los Angeles County, California.

If any part, term or provision of this Contract is held void, illegal, unenforceable, or in conflict with any federal, state or local law or regulation, the validity of the remaining parts, terms or provisions of this Contract shall not be affected.

PSC-3. Time of Effectiveness

Unless otherwise provided, this Contract shall take effect when all of the following events have occurred:

- A. This Contract has been signed on behalf of **CONTRACTOR** by the person or persons authorized to bind **CONTRACTOR**;
- B. This Contract has been approved by the City Council or by the board, officer or employee authorized to give such approval;
- C. The Office of the City Attorney has indicated in writing its approval of this Contract as to form; and

- D. This Contract has been signed on behalf of **CITY** by the person designated by the City Council, or by the board, officer or employee authorized to enter into this Contract.

PSC-4. Integrated Contract

This Contract sets forth all of the rights and duties of the parties with respect to the subject matter of this Contract, and replaces any and all previous Contracts or understandings, whether written or oral, relating thereto. This Contract may be amended only as provided for in the provisions of PSC-5 hereof.

PSC-5. Amendment

All amendments to this Contract shall be in writing and signed and approved pursuant to the provisions of PSC-3.

PSC-6. Excusable Delays

Neither party shall be liable for its delay or failure to perform any obligation under and in accordance with this Contract, if the delay or failure arises out of fires, floods, earthquakes, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by the party or any of the party's Subcontractors), freight embargoes, terrorist acts, insurrections or other civil disturbances, or other similar events to those described above, but in each case the delay or failure to perform must be beyond the control and without any fault or negligence of the party delayed or failing to perform (these events are referred to in this provision as "Force Majeure Events").

Notwithstanding the foregoing, a delay or failure to perform by a Subcontractor of **CONTRACTOR** shall not constitute a Force Majeure Event, unless the delay or failure arises out of causes beyond the control of both **CONTRACTOR** and Subcontractor, and without any fault or negligence of either of them. In such case, **CONTRACTOR** shall not be liable for the delay or failure to perform, unless the goods or services to be furnished by the Subcontractor were obtainable from other sources in sufficient time to permit **CONTRACTOR** to perform timely. As used in this Contract, the term "Subcontractor" means a subcontractor at any tier.

In the event **CONTRACTOR'S** delay or failure to perform arises out of a Force Majeure Event, **CONTRACTOR** agrees to use commercially reasonable best efforts to obtain the goods or services from other sources, and to otherwise mitigate the damages and reduce the delay caused by the Force Majeure Event.

PSC-7. Waiver

A waiver of a default of any part, term or provision of this Contract shall not be construed as a waiver of any succeeding default or as a waiver of the part, term or provision itself. A party's performance after the other party's default shall not be construed as a waiver of that default.

PSC-8. Suspension

At **CITY'S** sole discretion, **CITY** may suspend any or all services provided under this Contract by providing **CONTRACTOR** with written notice of suspension. Upon receipt of the notice of suspension, **CONTRACTOR** shall immediately cease the services suspended and shall not incur any additional obligations, costs or expenses to **CITY** until **CITY** gives written notice to recommence the services.

PSC-9. Termination**A. Termination for Convenience**

CITY may terminate this Contract for **CITY'S** convenience at any time by providing **CONTRACTOR** thirty days written notice. Upon receipt of the notice of termination, **CONTRACTOR** shall immediately take action not to incur any additional obligations, costs or expenses, except as may be necessary to terminate its activities. **CITY** shall pay **CONTRACTOR** its reasonable and allowable costs through the effective date of termination and those reasonable and necessary costs incurred by **CONTRACTOR** to effect the termination. Thereafter, **CONTRACTOR** shall have no further claims against **CITY** under this Contract. All finished and unfinished documents and materials procured for or produced under this Contract, including all intellectual property rights **CITY** is entitled to, shall become **CITY** property upon the date of the termination. **CONTRACTOR** agrees to execute any documents necessary to **CITY** to perfect, memorialize, or record **CITY'S** ownership of rights provided herein.

B. Termination for Breach of Contract

1. Except as provided in PSC-6, if **CONTRACTOR** fails to perform any of the provisions of this Contract or so fails to make progress as to endanger timely performance of this Contract, **CITY** may give **CONTRACTOR** written notice of the default. **CITY'S** default notice will indicate whether the default may be cured and the time period to cure the default to the sole satisfaction of **CITY**. Additionally, **CITY'S** default notice may offer **CONTRACTOR** an opportunity to provide **CITY** with a plan to cure the default, which shall be submitted to **CITY** within the time period allowed by **CITY**. At **CITY'S** sole discretion, **CITY** may accept or reject **CONTRACTOR'S** plan. If the default cannot be cured or if **CONTRACTOR** fails to cure within the period allowed by **CITY**, then **CITY** may terminate this Contract due to **CONTRACTOR'S** breach of this Contract.
2. If the default under this Contract is due to **CONTRACTOR'S** failure to maintain the insurance required under this Contract, **CONTRACTOR** shall immediately: (1) suspend performance of any services under this Contract for which insurance was required; and (2) notify its employees and Subcontractors of the loss of insurance

coverage and Contractor's obligation to suspend performance of services. **CONTRACTOR** shall not recommence performance until **CONTRACTOR** is fully insured and in compliance with **CITY'S** requirements.

3. If a federal or state proceeding for relief of debtors is undertaken by or against **CONTRACTOR**, or if **CONTRACTOR** makes an assignment for the benefit of creditors, then **CITY** may immediately terminate this Contract.
4. If **CONTRACTOR** engages in any dishonest conduct related to the performance or administration of this Contract or violates **CITY'S** laws, regulations or policies relating to lobbying, then **CITY** may immediately terminate this Contract.
5. Acts of Moral Turpitude
 - a. **CONTRACTOR** shall immediately notify **CITY** if **CONTRACTOR** or any Key Person, as defined below, is charged with, indicted for, convicted of, pleads nolo contendere to, or forfeits bail or fails to appear in court for a hearing related to, an act which constitutes an offense involving moral turpitude under federal, state, or local laws ("Act of Moral Turpitude").
 - b. If **CONTRACTOR** or a Key Person is convicted of, pleads nolo contendere to, or forfeits bail or fails to appear in court for a hearing related to, an Act of Moral Turpitude, **CITY** may immediately terminate this Contract.
 - c. If **CONTRACTOR** or a Key Person is charged with or indicted for an Act of Moral Turpitude, **CITY** may terminate this Contract after providing **CONTRACTOR** an opportunity to present evidence of **CONTRACTOR'S** ability to perform under the terms of this Contract.
 - d. Acts of Moral Turpitude include, but are not limited to: violent felonies as defined by Penal Code Section 667.5, crimes involving weapons, crimes resulting in serious bodily injury or death, serious felonies as defined by Penal Code Section 1192.7, and those crimes referenced in the Penal Code and articulated in California Public Resources Code Section 5164(a)(2); in addition to and including acts of murder, rape, sexual assault, robbery, kidnapping, human trafficking, pimping, voluntary manslaughter, aggravated assault, assault on a peace officer, mayhem, fraud, domestic abuse, elderly

abuse, and child abuse, regardless of whether such acts are punishable by felony or misdemeanor conviction.

- e. For the purposes of this provision, a Key Person is a principal, officer, or employee assigned to this Contract, or owner (directly or indirectly, through one or more intermediaries) of ten percent or more of the voting power or equity interests of **CONTRACTOR**.
- 6. In the event **CITY** terminates this Contract as provided in this section, **CITY** may procure, upon such terms and in the manner as **CITY** may deem appropriate, services similar in scope and level of effort to those so terminated, and **CONTRACTOR** shall be liable to **CITY** for all of its costs and damages, including, but not limited to, any excess costs for such services.
- 7. If, after notice of termination of this Contract under the provisions of this section, it is determined for any reason that **CONTRACTOR** was not in default under the provisions of this section, or that the default was excusable under the terms of this Contract, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to PSC-9(A) Termination for Convenience.
- 8. The rights and remedies of **CITY** provided in this section shall not be exclusive and shall be in addition to any other rights and remedies provided by law or under this Contract.
- C. In the event that this Contract is terminated, **CONTRACTOR** shall immediately notify all employees and Subcontractors, and shall notify in writing all other parties contracted with under the terms of this Contract within five working days of the termination.

PSC-10. Independent Contractor

CONTRACTOR is an independent contractor and not an agent or employee of **CITY**. **CONTRACTOR** shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees, or agents to be an agent or employee of **CITY**.

PSC-11. Contractor's Personnel

Unless otherwise approved by **CITY**, **CONTRACTOR** shall use its own employees to perform the services described in this Contract. **CITY** has the right to review and approve any personnel who are assigned to work under this Contract. **CONTRACTOR** shall remove personnel from performing work under this Contract if requested to do so by **CITY**.

CONTRACTOR shall not use Subcontractors to assist in performance of this Contract without the prior written approval of **CITY**. If **CITY** permits the use of Subcontractors,

CONTRACTOR shall remain responsible for performing all aspects of this Contract and paying all Subcontractors. **CITY** has the right to approve **CONTRACTOR'S** Subcontractors, and **CITY** reserves the right to request replacement of any Subcontractor. **CITY** does not have any obligation to pay **CONTRACTOR'S** Subcontractors, and nothing herein creates any privity of contract between **CITY** and any Subcontractor.

PSC-12. Assignment and Delegation

CONTRACTOR may not, unless it has first obtained the written permission of **CITY**:

- A. Assign or otherwise alienate any of its rights under this Contract, including the right to payment; or
- B. Delegate, subcontract, or otherwise transfer any of its duties under this Contract.

PSC-13. Permits

CONTRACTOR and its directors, officers, partners, agents, employees, and Subcontractors, shall obtain and maintain all licenses, permits, certifications and other documents necessary for **CONTRACTOR'S** performance of this Contract. **CONTRACTOR** shall immediately notify **CITY** of any suspension, termination, lapses, non-renewals, or restrictions of licenses, permits, certificates, or other documents that relate to **CONTRACTOR'S** performance of this Contract.

PSC-14. Claims for Labor and Materials

CONTRACTOR shall promptly pay when due all amounts owed for labor and materials furnished in the performance of this Contract so as to prevent any lien or other claim under any provision of law from arising against any **CITY** property (including reports, documents, and other tangible or intangible matter produced by **CONTRACTOR** hereunder), and shall pay all amounts due under the Unemployment Insurance Act or any other applicable law with respect to labor used to perform under this Contract.

PSC-15. Current Los Angeles City Business Tax Registration Certificate Required

For the duration of this Contract, **CONTRACTOR** shall maintain valid Business Tax Registration Certificate(s) as required by **CITY'S** Business Tax Ordinance, Section 21.00 *et seq.* of the Los Angeles Municipal Code ("LAMC"), and shall not allow the Certificate to lapse or be revoked or suspended.

PSC-16. Retention of Records, Audit and Reports

CONTRACTOR shall maintain all records, including records of financial transactions, pertaining to the performance of this Contract, in their original form or as otherwise approved by **CITY**. These records shall be retained for a period of no less than three years from the later of the following: (1) final payment made by **CITY**, (2) the expiration

of this Contract or (3) termination of this Contract. The records will be subject to examination and audit by authorized **CITY** personnel or **CITY'S** representatives at any time. **CONTRACTOR** shall provide any reports requested by **CITY** regarding performance of this Contract. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

In lieu of retaining the records for the term as prescribed in this provision, **CONTRACTOR** may, upon **CITY'S** written approval, submit the required information to **CITY** in an electronic format, e.g. USB flash drive, at the expiration or termination of this Contract.

PSC-17. Bonds

All bonds required by **CITY** shall be filed with the Office of the City Administrative Officer, Risk Management for its review and acceptance in accordance with Los Angeles Administrative Code ("LAAC") Sections 11.47 *et seq.*, as amended from time to time.

PSC-18. Indemnification

Except for the gross negligence or willful misconduct of **CITY**, or any of its boards, officers, agents, employees, assigns and successors in interest, **CONTRACTOR** shall defend, indemnify and hold harmless **CITY** and any of its boards, officers, agents, employees, assigns, and successors in interest from and against all lawsuits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by **CITY**, including but not limited to, costs of experts and consultants), damages or liability of any nature whatsoever, for death or injury to any person, including **CONTRACTOR'S** employees and agents, or damage or destruction of any property of either party hereto or of third parties, in any manner by reason of an act, error, or omission by **CONTRACTOR**, subcontractors, or their boards, officers, agents, employees, assigns, and successors in interest. The rights and remedies of **CITY** provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract. This provision will survive expiration or termination of this Contract.

PSC-19. Intellectual Property Indemnification

CONTRACTOR, at its own expense, shall defend, indemnify, and hold harmless the **CITY**, and any of its boards, officers, agents, employees, assigns, and successors in interest from and against all lawsuits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by **CITY**, including but not limited to, costs of experts and consultants), damages or liability of any nature arising out of the infringement, actual or alleged, direct or contributory, of any intellectual property rights, including, without limitation, patent, copyright, trademark, trade secret, right of publicity, and proprietary information: (1) on or in any design, medium, matter, article, process, method, application, equipment, device, instrumentation, software, hardware, or firmware used by **CONTRACTOR**, or its Subcontractors, in performing the work under

this Contract; or (2) as a result of **CITY'S** actual or intended use of any Work Product (as defined in PSC-21) furnished by **CONTRACTOR**, or its Subcontractors, under this Contract. The rights and remedies of **CITY** provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract. This provision will survive expiration or termination of this Contract.

PSC-20. Intellectual Property Warranty

CONTRACTOR represents and warrants that its performance of all obligations under this Contract does not infringe in any way, directly or contributorily, upon any third party's intellectual property rights, including, without limitation, patent, copyright, trademark, trade secret, right of publicity and proprietary information.

PSC-21. Ownership and License

Unless otherwise provided for herein, all finished and unfinished works, tangible or not, created under this Contract including, without limitation, documents, materials, data, reports, manuals, specifications, artwork, drawings, sketches, blueprints, studies, memoranda, computation sheets, computer programs and databases, schematics, photographs, video and audiovisual recordings, sound recordings, marks, logos, graphic designs, notes, websites, domain names, inventions, processes, formulas, matters and combinations thereof, and all forms of intellectual property originated and prepared by **CONTRACTOR** or its Subcontractors under this Contract (each a "Work Product"; collectively "Work Products") shall be and remain the exclusive property of **CITY** for its use in any manner **CITY** deems appropriate. **CONTRACTOR** hereby assigns to **CITY** all goodwill, copyright, trademark, patent, trade secret and all other intellectual property rights worldwide in any Work Products originated and prepared under this Contract. **CONTRACTOR** further agrees to execute any documents necessary for **CITY** to perfect, memorialize, or record **CITY'S** ownership of rights provided herein.

CONTRACTOR agrees that a monetary remedy for breach of this Contract may be inadequate, impracticable, or difficult to prove and that a breach may cause **CITY** irreparable harm. **CITY** may therefore enforce this requirement by seeking injunctive relief and specific performance, without any necessity of showing actual damage or irreparable harm. Seeking injunctive relief or specific performance does not preclude **CITY** from seeking or obtaining any other relief to which **CITY** may be entitled.

For all Work Products delivered to **CITY** that are not originated or prepared by **CONTRACTOR** or its Subcontractors under this Contract, **CONTRACTOR** shall secure a grant, at no cost to **CITY**, for a non-exclusive perpetual license to use such Work Products for any **CITY** purposes.

CONTRACTOR shall not provide or disclose any Work Product to any third party without prior written consent of **CITY**.

Any subcontract entered into by **CONTRACTOR** relating to this Contract shall include this provision to contractually bind its Subcontractors performing work under this Contract.

such that **CITY'S** ownership and license rights of all Work Products are preserved and protected as intended herein.

PSC-22. Data Protection

- A. **CONTRACTOR** shall protect, using the most secure means and technology that is commercially available, **CITY**-provided data or consumer-provided data acquired in the course and scope of this Contract, including but not limited to customer lists and customer credit card or consumer data, (collectively, the "City Data"). **CONTRACTOR** shall notify **CITY** in writing as soon as reasonably feasible, and in any event within twenty-four hours, of **CONTRACTOR'S** discovery or reasonable belief of any unauthorized access of City Data (a "Data Breach"), or of any incident affecting, or potentially affecting City Data related to cyber security (a "Security Incident"), including, but not limited to, denial of service attack, and system outage, instability or degradation due to computer malware or virus. **CONTRACTOR** shall begin remediation immediately. **CONTRACTOR** shall provide daily updates, or more frequently if required by **CITY**, regarding findings and actions performed by **CONTRACTOR** until the Data Breach or Security Incident has been effectively resolved to **CITY'S** satisfaction. **CONTRACTOR** shall conduct an investigation of the Data Breach or Security Incident and shall share the report of the investigation with **CITY**. At **CITY'S** sole discretion, **CITY** and its authorized agents shall have the right to lead or participate in the investigation. **CONTRACTOR** shall cooperate fully with **CITY'S** agents and law enforcement.
- B. If **CITY** is subject to liability for any Data Breach or Security Incident, then **CONTRACTOR** shall indemnify and hold harmless **CITY** and defend against any resulting actions.

PSC-23. Insurance

During the term of this Contract and without limiting **CONTRACTOR'S** obligation to indemnify, hold harmless and defend **CITY**, **CONTRACTOR** shall provide and maintain at its own expense a program of insurance having the coverages and limits not less than the required amounts and types as determined by the Office of the City Administrative Officer of Los Angeles, Risk Management (template Form General 146 in Exhibit 1 hereto). The insurance must: (1) conform to **CITY'S** requirements; (2) comply with the Insurance Contractual Requirements (Form General 133 in Exhibit 1 hereto); and (3) otherwise be in a form acceptable to the Office of the City Administrative Officer, Risk Management. **CONTRACTOR** shall comply with all Insurance Contractual Requirements shown on Exhibit 1 hereto. Exhibit 1 is hereby incorporated by reference and made a part of this Contract.

PSC-24. Best Terms

Throughout the term of this Contract, **CONTRACTOR**, shall offer **CITY** the best terms, prices, and discounts that are offered to any of **CONTRACTOR'S** customers for similar goods and services provided under this Contract.

PSC-25. Warranty and Responsibility of Contractor

CONTRACTOR warrants that the work performed hereunder shall be completed in a manner consistent with professional standards practiced among those firms within **CONTRACTOR'S** profession, doing the same or similar work under the same or similar circumstances.

PSC-26. Mandatory Provisions Pertaining to Non-Discrimination in Employment

Unless otherwise exempt, this Contract is subject to the applicable non-discrimination, equal benefits, equal employment practices, and affirmative action program provisions in LAAC Section 10.8 et seq., as amended from time to time.

- A. **CONTRACTOR** shall comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and **CITY**. In performing this Contract, **CONTRACTOR** shall not discriminate in any of its hiring or employment practices against any employee or applicant for employment because of such person's race, color, religion, national origin, ancestry, sex, sexual orientation, gender, gender identity, age, disability, domestic partner status, marital status or medical condition.
- B. The requirements of Section 10.8.2.1 of the LAAC, the Equal Benefits Ordinance, and the provisions of Section 10.8.2.1(f) are incorporated and made a part of this Contract by reference.
- C. The provisions of Section 10.8.3 of the LAAC are incorporated and made a part of this Contract by reference and will be known as the "Equal Employment Practices" provisions of this Contract.
- D. The provisions of Section 10.8.4 of the LAAC are incorporated and made a part of this Contract by reference and will be known as the "Affirmative Action Program" provisions of this Contract.

Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-27. Child Support Assignment Orders

CONTRACTOR shall comply with the Child Support Assignment Orders Ordinance, Section 10.10 of the LAAC, as amended from time to time. Pursuant to Section 10.10(b) of the LAAC, **CONTRACTOR** shall fully comply with all applicable State and Federal

employment reporting requirements. Failure of **CONTRACTOR** to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment or Notices of Assignment, or the failure of any principal owner(s) of **CONTRACTOR** to comply with any Wage and Earnings Assignment or Notices of Assignment applicable to them personally, shall constitute a default by the **CONTRACTOR** under this Contract. Failure of **CONTRACTOR** or principal owner to cure the default within 90 days of the notice of default will subject this Contract to termination for breach. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-28. Living Wage Ordinance

CONTRACTOR shall comply with the Living Wage Ordinance, LAAC Section 10.37 *et seq.*, as amended from time to time. **CONTRACTOR** further agrees that it shall comply with federal law proscribing retaliation for union organizing. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-29. Service Contractor Worker Retention Ordinance

CONTRACTOR shall comply with the Service Contractor Worker Retention Ordinance, LAAC Section 10.36 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-30. Americans with Disabilities Act

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

PSC-31. Contractor Responsibility Ordinance

CONTRACTOR shall comply with the Contractor Responsibility Ordinance, LAAC Section 10.40 *et seq.*, as amended from time to time.

PSC-32. Business Inclusion Program

Unless otherwise exempted prior to bid submission, **CONTRACTOR** shall comply with all aspects of the Business Inclusion Program as described in the Request for Proposal/Qualification process, throughout the duration of this Contract. **CONTRACTOR** shall utilize the Business Assistance Virtual Network ("BAVN") at <https://www.labavn.org/>, to perform and document outreach to Minority, Women, and Other Business Enterprises. **CONTRACTOR** shall perform subcontractor outreach activities through BAVN. **CONTRACTOR** shall not change any of its designated Subcontractors or pledged specific items of work to be performed by these Subcontractors, nor shall **CONTRACTOR** reduce their level of effort, without prior written approval of **CITY**.

PSC-33. Slavery Disclosure Ordinance

CONTRACTOR shall comply with the Slavery Disclosure Ordinance, LAAC Section 10.41 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-34. First Source Hiring Ordinance

CONTRACTOR shall comply with the First Source Hiring Ordinance, LAAC Section 10.44 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-35. Local Business Preference Ordinance

CONTRACTOR shall comply with the Local Business Preference Ordinance, LAAC Section 10.47 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-36. Iran Contracting Act

In accordance with California Public Contract Code Sections 2200-2208, all contractors entering into, or renewing contracts with **CITY** for goods and services estimated at \$1,000,000 or more are required to complete, sign, and submit the "Iran Contracting Act of 2010 Compliance Affidavit."

PSC-37. Restrictions on Campaign Contributions and Fundraising in City Elections

Unless otherwise exempt, if the Contract is valued at \$100,000 or more and requires approval by an elected **CITY** officer, **CONTRACTOR**, **CONTRACTOR'S** principals, and **CONTRACTOR'S** Subcontractors expected to receive at least \$100,000 for performance under the Contract, and the principals of those Subcontractors (the "Restricted Persons") shall comply with Charter Section 470(c)(12) and LAMC Section 49.7.35. Failure to comply entitles **CITY** to terminate this Contract and to pursue all available legal remedies. Charter Section 470(c)(12) and LAMC Section 49.7.35 limit the ability of the Restricted Persons to make campaign contributions to and engage in fundraising for certain elected **CITY** officials or candidates for elected **CITY** office for twelve months after this Contract is signed. Additionally, a **CONTRACTOR** subject to Charter Section 470(c)(12) is required to comply with disclosure requirements by submitting a completed and signed Ethics Commission Form 55 and to amend the information in that form as specified by law. Any **CONTRACTOR** subject to Charter Section 470(c)(12) shall include the following notice in any contract with any Subcontractor expected to receive at least \$100,000 for performance under this Contract:

"Notice Regarding Restrictions on Campaign Contributions and Fundraising
in City Elections

You are a subcontractor on City of Los Angeles Contract

#_____. Pursuant to the City of Los Angeles Charter Section 470(c)(12) and related ordinances, you and your principals are prohibited from making campaign contributions to and fundraising for certain elected City of Los Angeles ("**CITY**") officials and candidates for elected **CITY** office for twelve months after the **CITY** contract is signed. You are required to provide the names and contact information of your principals to the **CONTRACTOR** and to amend that information within ten business days if it changes during the twelve month time period. Failure to comply may result in termination of this Contract and any other available legal remedies. Information about the restrictions may be found online at ethics.lacity.org or by calling the Los Angeles City Ethics Commission at (213) 978-1960."

PSC-38. Contractors' Use of Criminal History for Consideration of Employment Applications

CONTRACTOR shall comply with the City Contractors' Use of Criminal History for Consideration of Employment Applications Ordinance, L.A.C. Section 10.48 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-39. Limitation of City's Obligation to Make Payment to Contractor

Notwithstanding any other provision of this Contract, including any exhibits or attachments incorporated therein, and in order for **CITY** to comply with its governing legal requirements, **CITY** shall have no obligation to make any payments to **CONTRACTOR** unless **CITY** shall have first made an appropriation of funds equal to or in excess of its obligation to make any payments as provided in this Contract. **CONTRACTOR** agrees that any services provided by **CONTRACTOR**, purchases made by **CONTRACTOR** or expenses incurred by **CONTRACTOR** in excess of the appropriation(s) shall be free and without charge to **CITY**, and **CITY** shall have no obligation to pay for the services, purchases or expenses. **CONTRACTOR** shall have no obligation to provide any services, provide any equipment or incur any expenses in excess of the appropriated amount(s) until **CITY** appropriates additional funds for this Contract.

PSC-40. Compliance with Identity Theft Laws and Payment Card Data Security Standards

CONTRACTOR shall comply with all identity theft laws including without limitation, laws related to: (1) payment devices; (2) credit and debit card fraud; and (3) the Fair and Accurate Credit Transactions Act ("FACTA"), including its requirement relating to the content of transaction receipts provided to Customers. **CONTRACTOR** also shall comply with all requirements related to maintaining compliance with Payment Card Industry Data Security Standards ("PCI DSS"). During the performance of any service to install, program or update payment devices equipped to conduct credit or debit card transactions, including PCI DSS services, **CONTRACTOR** shall verify proper truncation of receipts in compliance with FACTA.

PSC-41. Compliance with California Public Resources Code Section 5164

California Public Resources Code Section 5164 prohibits a public agency from hiring a person for employment or as a volunteer to perform services at any park, playground, or community center used for recreational purposes in a position that has supervisory or disciplinary authority over any minor, if the person has been convicted of certain crimes as referenced in the Penal Code, and articulated in California Public Resources Code Section 5164(a)(2).

If applicable, **CONTRACTOR** shall comply with California Public Resources Code Section 5164, and shall additionally adhere to all rules and regulations that have been adopted or that may be adopted by **CITY**. **CONTRACTOR** is required to have all employees, volunteers and Subcontractors (including all employees and volunteers of any Subcontractor) of **CONTRACTOR** working on premises to pass a fingerprint and background check through the California Department of Justice at **CONTRACTOR'S** sole expense, indicating that such individuals have never been convicted of certain crimes as referenced in the Penal Code and articulated in California Public Resources Code Section 5164(a)(2), if the individual will have supervisory or disciplinary authority over any minor.

PSC-42. Possessory Interests Tax

Rights granted to **CONTRACTOR** by **CITY** may create a possessory interest. **CONTRACTOR** agrees that any possessory interest created may be subject to California Revenue and Taxation Code Section 107.6 and a property tax may be levied on that possessory interest. If applicable, **CONTRACTOR** shall pay the property tax. **CONTRACTOR** acknowledges that the notice required under California Revenue and Taxation Code Section 107.6 has been provided.

PSC-43. Confidentiality

All documents, information and materials provided to **CONTRACTOR** by **CITY** or developed by **CONTRACTOR** pursuant to this Contract (collectively "Confidential Information") are confidential. **CONTRACTOR** shall not provide or disclose any Confidential Information or their contents or any information therein, either orally or in writing, to any person or entity, except as authorized by **CITY** or as required by law. **CONTRACTOR** shall immediately notify **CITY** of any attempt by a third party to obtain access to any Confidential Information. This provision will survive expiration or termination of this Contract.

EXHIBIT 1**INSTRUCTIONS AND INFORMATION
ON COMPLYING WITH CITY INSURANCE REQUIREMENTS**

(Share this information with your insurance agent or broker)

1. **Agreement/Reference** All evidence of insurance should identify the nature of your business with the **CITY**. Clearly show any assigned number of a bid, contract, lease, permit, etc. or give the project name and the job site or street address to ensure that your submission will be properly credited. Provide the **types of coverage and minimum dollar amounts** specified on the Required Insurance and Minimum Limits sheet (Form Gen. 146) as determined in writing by the CAO-RM.

2. **When to submit** Normally, no work may begin until a **CITY** insurance certificate approval number ("CA number") has been obtained, so insurance documents should be submitted as early as practicable. For **As-needed Contracts**, insurance need not be submitted until a specific job has been awarded. **Design Professionals** coverage for new construction work may be submitted simultaneously with final plans and drawings, but before construction commences.

Submitting your documents. **Track4LA®** is the **CITY'S** online insurance compliance system and is designed to make the experience of submitting and retrieving insurance information quick and easy. The system is designed to be used by insurance brokers and agents as they submit client insurance certificates directly to the **CITY**. It uses the standard insurance industry form known as the **ACORD 25 Certificate of Liability Insurance** in electronic format. **Track4LA®** advantages include standardized, universally accepted forms, paperless approval transactions (24 hours, 7 days per week), and security checks and balances. The easiest and quickest way to obtain approval of your insurance is to have your insurance broker or agent access **Track4LA®** at <http://track4la.lacity.org> and follow the instructions to register and submit the appropriate proof of insurance on your behalf.

Insurance industry certificates other than the **ACORD 25** may be accepted, however *submissions other than through **Track4LA®** will significantly delay the insurance approval process as documents will have to be manually processed.* **CONTRACTOR** must provide **CITY** a thirty day notice of cancellation (ten days for non-payment of premium) and an Additional Named Insured Endorsement naming the **CITY** an additional insured completed by your insurance company or its designee. If the policy includes an automatic or blanket additional insured endorsement, the Certificate must state the **CITY** is an automatic or blanket additional insured. An endorsement naming the **CITY** an Additional Named Insured and Loss Payee as Its Interests May Appear is required on property policies. All evidence of insurance must be authorized by a person with authority to bind coverage, whether that is the authorized agent/broker or insurance underwriter. Completed **Insurance Industry Certificates other than ACORD 25 Certificates** are sent electronically to CAO.insurance.bonds@lacity.org.

Additional Insured Endorsements DO NOT apply to the following:

- Indication of compliance with statute, such as Workers' Compensation Law.
- Professional Liability insurance.

Verification of approved insurance and bonds may be obtained by checking **Track4LA®**, the **CITY'S** online insurance compliance system, at <http://track4la.lacity.org>.

4. **Renewal** When an existing policy is renewed, have your insurance broker or agent submit a new Acord 25 Certificate or edit the existing Acord 25 Certificate through **Track4LA®** at <http://track4la.lacity.org>.

5. **Alternative Programs/Self-Insurance** Risk financing mechanisms such as Risk Retention Groups, Risk Purchasing Groups, off-shore carriers, captive insurance programs and self-insurance programs are subject to separate approval after the **CITY** has reviewed the relevant audited financial statements. To initiate a review of your program, you should complete the Applicant's Declaration of Self Insurance form (<http://cao.lacity.org/risk/InsuranceForms.htm>) to the CAO-RM for consideration.

6. **General Liability** insurance covering your operations (and products, where applicable) is required whenever the **CITY** is at risk of third-party claims which may arise out of your work or your presence or special event on City premises. **Sexual Misconduct** coverage is a required coverage when the work performed involves minors. **Fire Legal Liability** is required for persons occupying a portion of **CITY** premises. Information on two **CITY** insurance programs, the SPARTA program, an optional source of low-cost insurance which meets the most minimum requirements, and the Special Events Liability Insurance Program, which provides liability coverage for short-term special events on **CITY** premises or streets, is available at (www.2sparta.com), or by calling (800) 420-0555.

7. **Automobile Liability** insurance is required only when vehicles are used in performing the work of your Contract or when they are driven off-road on **CITY** premises; it is not required for simple commuting unless **CITY** is paying mileage. However, compliance with California law requiring auto liability insurance is a contractual requirement.

8. **Errors and Omissions** coverage will be specified on a project-by-project basis if you are working as a licensed or other professional. The length of the claims discovery period required will vary with the circumstances of the individual job.

9. **Workers' Compensation and Employer's Liability** insurance are not required for single-person contractors. However, under state law these coverages (or a copy of the state's Consent To Self Insure) must be provided if you have any employees at any time during the period of this contract. Contractors with no employees must complete a Request for Waiver of Workers' Compensation Insurance Requirement (<http://cao.lacity.org/risk/InsuranceForms.htm>). A **Waiver of Subrogation** on the coverage is required only for jobs where your employees are working on **CITY** premises under hazardous conditions, e.g., uneven terrain, scaffolding, caustic chemicals, toxic materials, power tools, etc. The Waiver of Subrogation waives the insurer's right to recover (from the **CITY**) any workers' compensation paid to an injured employee of the contractor.

10. **Property** insurance is required for persons having exclusive use of premises or equipment owned or controlled by the **CITY**. **Builder's Risk/Course of Construction** is required during construction projects and should include building materials in transit and stored at the project site.

11. **Surety** coverage may be required to guarantee performance of work and payment to vendors and suppliers. A **Crime Policy** may be required to handle **CITY** funds, securities, and under certain other conditions. **Specialty coverages** may be needed for certain operations. For assistance in obtaining the **CITY** required bid, performance and payment surety bonds, please use the City of Los Angeles Bond Assistance Program website address at <http://cao.lacity.org/risk/BondAssistanceProgram.pdf> or call (213) 258-3000 for more information.

12. **Cyber Liability & Privacy** coverage may be required to cover technology services or products for both liability and property losses that may result when a **CITY** contractor engages in various electronic activities, such as selling on the Internet or collecting data within its internal electronic network. **CONTRACTOR'S** policies shall cover liability for a data breach in which the **CITY** employees' and/or **CITY** customers' confidential or personal information, such as but not limited to, Social Security or credit card information are exposed or stolen by a hacker or other criminal who has gained access to the **CITY'S** or **CONTRACTOR'S** electronic network. The policies shall cover a variety of expenses associated with data breaches, including: notification costs, credit monitoring, costs to defend claims by state regulators, fines and penalties, and loss resulting from identity theft. The policies are required to cover liability arising from website media content, as well as property exposures from: (a) business interruption, (b) data loss/destruction, (c) computer fraud, (d) funds transfer loss, and (e) cyber extortion.

Exhibit 4 Required Insurance and Minimum Limits

Attachment B

Name: _____

Date: _____

Agreement/Reference: _____

Evidence of coverages checked below, with the specified minimum limits, must be submitted and approved prior to occupancy/start of operations. Amounts shown are Combined Single Limits ("CSLs"). For Automobile Liability, split limits may be substituted for a CSL if the total per occurrence equals or exceeds the CSL amount.

	Limits
Workers' Compensation (WC) and Employer's Liability (EL)	
<input type="checkbox"/> Waiver of Subrogation in favor of City	<div style="display: flex; justify-content: space-between;"> WC Statutory </div>
<input type="checkbox"/> Longshore & Harbor Workers <input type="checkbox"/> Jones Act	<div style="display: flex; justify-content: space-between;"> EL </div>
General Liability	
<input type="checkbox"/> Products/Completed Operations	
<input type="checkbox"/> Fire Legal Liability	
<input type="checkbox"/> _____	
<input type="checkbox"/> Sexual Misconduct	
Automobile Liability (for any and all vehicles used for this contract, other than commuting to/from work)	
Professional Liability (Errors and Omissions)	
Discovery Period _____	
Property Insurance (to cover replacement cost of building - as determined by insurance company)	
<input type="checkbox"/> All Risk Coverage	
<input type="checkbox"/> Flood	
<input type="checkbox"/> Earthquake	
<input type="checkbox"/> Boiler and Machinery	
<input type="checkbox"/> Builder's Risk	
<input type="checkbox"/> _____	
Pollution Liability	
<input type="checkbox"/> _____	
Surety Bonds - Performance and Payment (Labor and Materials) Bonds	
Crime Insurance	
Other: _____ _____ _____ _____	

EXHIBIT 4

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:

Self-Help Graphics and Art, Inc.
1300 East First Street
Los Angeles, California 90033

APNs: 5172-008-900, 5172-008-901, and 5172-008-902

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

(TRANSFER OF FEE TITLE)

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

THE CITY OF LOS ANGELES, CALIFORNIA, a municipal corporation (herein called "Grantor"), acting by and through its Economic and Workforce Development Department ("EWDD"), to promote economic development within the City of Los Angeles in accordance with Los Angeles Administrative Code Sections 7.27.2 and 22.1008(c), hereby grants to Self-Help Graphics and Art, Inc., a California nonprofit public benefit corporation (herein called "Grantee"), the real property known as 1300 East 1st Street, Los Angeles, California 90033 (the "Property") legally described in the document attached hereto, labeled Exhibit A and incorporated herein by this reference. Grantor hereby grants title to the Property to Grantee subject to the following:

Section 1. Development of Property.

The Property is conveyed through a private sale for economic development purposes pursuant to Los Angeles Administrative Code Sections 7.27.2 and 22.1008(c), and is to be used and developed in accordance with, and is subject to the conditions contained in, the Agreement Containing Covenants, executed by Grantor and Grantee and recorded herewith. Such Agreement Containing Covenants constitutes deed restrictions within the meaning of Los Angeles Administrative Code Section 22.1008(c). Grantee covenants and agrees for itself and its successors and assigns to develop, use, operate and maintain the Property in accordance with the Los Angeles Administrative Code, the Agreement Containing Covenants, this Grant Deed and all other relevant provisions of local, state and federal law.

Section 2. Mandatory Language in All Subsequent Deeds, Leases and Contracts.

(a) Grantee covenants and agrees, for itself and its successors and assigns, and all persons claiming under or through them, that 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) and (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, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Grantee or any person claiming under or through the Grantee, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessors, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

(b) Notwithstanding paragraph (a), with respect to familial status, paragraph (a) shall not be construed to apply to housing older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivision (n), (o) and (p) of Section 12955 of the Government Code shall apply to paragraph (a).

(c) All deeds, leases or contracts made or entered into by the Grantee, its successors or assigns, as to any portion of the Property shall contain therein the following language:

(1) In Deeds:

(A) "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) Notwithstanding paragraph (A), with respect to familial status, paragraph (A) shall not be construed to apply to housing older persons, as defined in Section 12955.2 of the Government Code. With respect to familial status, nothing in paragraph (A) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivision (n), (o) and (p) of Section 12955 of the Government Code shall apply to paragraph (A).

(2) **Lease**

(A) "Lesser herein covenants by and for itself, its heirs, personal representatives, successors and assigns, and all persons claiming under or through the lessee, that this lease is made subject to the condition 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) and (b) of Section 12955 of the Government Code, as those basis 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 provision 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."

(B) Notwithstanding paragraph (A), with respect to familial status, paragraph (A) shall not be construed to apply to housing older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (A) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivision (n), (o) and (p) of Section 12955 of the Government Code shall apply to paragraph (A).

(3) In Contracts with respect to the sale, lease, sublease, transfer, use occupancy, tenure or enjoyment of the Property:

(A) "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 and 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) and (b) of Section 12955 of the Government Code, as those basis 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, leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased 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, sublessees, subtenants, vendees, or employees in the land herein leased."

(B) Notwithstanding paragraph (A), with respect to familial status, paragraph (A) shall not be construed to apply to housing older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (A) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivision (n), (o) and (p) of Section 12955 of the Government Code shall apply to paragraph (A).

The anti-discrimination covenants set forth above are perpetual in nature and shall survive the termination of any of the documents and covenants referenced in this Grant Deed. 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. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor, its successors and assigns.

Section 3. Reservations.

The Property is subject to the following exceptions, reservations, covenants and conditions:

(a) Excepting and reserving unto the City of Los Angeles, all oil, gas, water and mineral rights now vested in the City of Los Angeles without, however, the right to use the surface of said land or any portion thereof to a depth of 500 feet below the surface, for the extraction of such oil, gas, water and minerals.

(b) Subject to covenants, conditions, restrictions, encroachments, reservations, easements, rights and rights-of-way of record or which are apparent from a visual inspection of the real property and excepting and reserving to the City of Los Angeles any interest in the fee to the adjacent streets which would otherwise pass with the conveyance of the above-described parcels of land.

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 _____, 2017.

(Signature Page follows)

"GRANTOR"

THE CITY OF LOS ANGELES, by and through its
ECONOMIC AND WORKFORCE DEVELOPMENT
DEPARTMENT

By: _____
Title: General Manager

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

"GRANTEE"

SELF-HELP GRAPHIC AND ART, INC.

By: _____
Its: _____

STANDARD PROVISIONS FOR CITY CONTRACTS

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STANDARD PROVISIONS FOR CITY CONTRACTS**PSC-1. Construction of Provisions and Titles Herein**

All titles, subtitles, or headings in this Contract have been inserted for convenience, and shall not be deemed to affect the meaning or construction of any of the terms or provisions of this Contract. The language of this Contract shall be construed according to its fair meaning and not strictly for or against **CITY** or **CONTRACTOR**. The word "**CONTRACTOR**" includes the party or parties identified in this Contract. The singular shall include the plural and if there is more than one **CONTRACTOR**, unless expressly stated otherwise, their obligations and liabilities shall be joint and several. Use of the feminine, masculine, or neuter genders shall be deemed to include the genders not used.

PSC-2. Applicable Law, Interpretation and Enforcement

Each party's performance shall comply with all applicable laws of the United States of America, the State of California, and **CITY**, including but not limited to, laws regarding health and safety, labor and employment, wage and hours and licensing. This Contract shall be enforced and interpreted under the laws of the State of California without regard to conflict of law principles. **CONTRACTOR** shall comply with new, amended, or revised laws, regulations, or procedures that apply to the performance of this Contract with no additional compensation paid to **CONTRACTOR**.

In any action arising out of this Contract, **CONTRACTOR** consents to personal jurisdiction, and agrees to bring such actions, exclusively in state or federal courts located in Los Angeles County, California.

If any part, term or provision of this Contract is held void, illegal, unenforceable, or in conflict with any federal, state or local law or regulation, the validity of the remaining parts, terms or provisions of this Contract shall not be affected.

PSC-3. Time of Effectiveness

Unless otherwise provided, this Contract shall take effect when all of the following events have occurred:

- A. This Contract has been signed on behalf of **CONTRACTOR** by the person or persons authorized to bind **CONTRACTOR**;
- B. This Contract has been approved by the City Council or by the board, officer or employee authorized to give such approval;
- C. The Office of the City Attorney has indicated in writing its approval of this Contract as to form; and

- D. This Contract has been signed on behalf of **CITY** by the person designated by the City Council, or by the board, officer or employee authorized to enter into this Contract.

PSC-4. Integrated Contract

This Contract sets forth all of the rights and duties of the parties with respect to the subject matter of this Contract, and replaces any and all previous Contracts or understandings, whether written or oral, relating thereto. This Contract may be amended only as provided for in the provisions of PSC-5 hereof.

PSC-5. Amendment

All amendments to this Contract shall be in writing and signed and approved pursuant to the provisions of PSC-3.

PSC-6. Excusable Delays

Neither party shall be liable for its delay or failure to perform any obligation under and in accordance with this Contract, if the delay or failure arises out of fires, floods, earthquakes, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by the party or any of the party's Subcontractors), freight embargoes, terrorist acts, insurrections or other civil disturbances, or other similar events to those described above, but in each case the delay or failure to perform must be beyond the control and without any fault or negligence of the party delayed or failing to perform (these events are referred to in this provision as "Force Majeure Events").

Notwithstanding the foregoing, a delay or failure to perform by a Subcontractor of **CONTRACTOR** shall not constitute a Force Majeure Event, unless the delay or failure arises out of causes beyond the control of both **CONTRACTOR** and Subcontractor, and without any fault or negligence of either of them. In such case, **CONTRACTOR** shall not be liable for the delay or failure to perform, unless the goods or services to be furnished by the Subcontractor were obtainable from other sources in sufficient time to permit **CONTRACTOR** to perform timely. As used in this Contract, the term "Subcontractor" means a subcontractor at any tier.

In the event **CONTRACTOR'S** delay or failure to perform arises out of a Force Majeure Event, **CONTRACTOR** agrees to use commercially reasonable best efforts to obtain the goods or services from other sources, and to otherwise mitigate the damages and reduce the delay caused by the Force Majeure Event.

PSC-7. Waiver

A waiver of a default of any part, term or provision of this Contract shall not be construed as a waiver of any succeeding default or as a waiver of the part, term or provision itself. A party's performance after the other party's default shall not be construed as a waiver of that default.

PSC-8. Suspension

At **CITY'S** sole discretion, **CITY** may suspend any or all services provided under this Contract by providing **CONTRACTOR** with written notice of suspension. Upon receipt of the notice of suspension, **CONTRACTOR** shall immediately cease the services suspended and shall not incur any additional obligations, costs or expenses to **CITY** until **CITY** gives written notice to recommence the services.

PSC-9. Termination**A. Termination for Convenience**

CITY may terminate this Contract for **CITY'S** convenience at any time by providing **CONTRACTOR** thirty days written notice. Upon receipt of the notice of termination, **CONTRACTOR** shall immediately take action not to incur any additional obligations, costs or expenses, except as may be necessary to terminate its activities. **CITY** shall pay **CONTRACTOR** its reasonable and allowable costs through the effective date of termination and those reasonable and necessary costs incurred by **CONTRACTOR** to effect the termination. Thereafter, **CONTRACTOR** shall have no further claims against **CITY** under this Contract. All finished and unfinished documents and materials procured for or produced under this Contract, including all intellectual property rights **CITY** is entitled to, shall become **CITY** property upon the date of the termination. **CONTRACTOR** agrees to execute any documents necessary for **CITY** to perfect, memorialize, or record **CITY'S** ownership of rights provided herein.

B. Termination for Breach of Contract

1. Except as provided in PSC-6, if **CONTRACTOR** fails to perform any of the provisions of this Contract or so fails to make progress as to endanger timely performance of this Contract, **CITY** may give **CONTRACTOR** written notice of the default. **CITY'S** default notice will indicate whether the default may be cured and the time period to cure the default to the sole satisfaction of **CITY**. Additionally, **CITY'S** default notice may offer **CONTRACTOR** an opportunity to provide **CITY** with a plan to cure the default, which shall be submitted to **CITY** within the time period allowed by **CITY**. At **CITY'S** sole discretion, **CITY** may accept or reject **CONTRACTOR'S** plan. If the default cannot be cured or if **CONTRACTOR** fails to cure within the period allowed by **CITY**, then **CITY** may terminate this Contract due to **CONTRACTOR'S** breach of this Contract.
2. If the default under this Contract is due to **CONTRACTOR'S** failure to maintain the insurance required under this Contract, **CONTRACTOR** shall immediately: (1) suspend performance of any services under this Contract for which insurance was required; and (2) notify its employees and Subcontractors of the loss of insurance

coverage and Contractor's obligation to suspend performance of services. **CONTRACTOR** shall not recommence performance until **CONTRACTOR** is fully insured and in compliance with **CITY'S** requirements.

3. If a federal or state proceeding for relief of debtors is undertaken by or against **CONTRACTOR**, or if **CONTRACTOR** makes an assignment for the benefit of creditors, then **CITY** may immediately terminate this Contract.
4. If **CONTRACTOR** engages in any dishonest conduct related to the performance or administration of this Contract or violates **CITY'S** laws, regulations or policies relating to lobbying, then **CITY** may immediately terminate this Contract.
5. Acts of Moral Turpitude
 - a. **CONTRACTOR** shall immediately notify **CITY** if **CONTRACTOR** or any Key Person, as defined below, is charged with, indicted for, convicted of, pleads nolo contendere to, or forfeits bail or fails to appear in court for a hearing related to, an act which constitutes an offense involving moral turpitude under federal, state, or local laws ("Act of Moral Turpitude").
 - b. If **CONTRACTOR** or a Key Person is convicted of, pleads nolo contendere to, or forfeits bail or fails to appear in court for a hearing related to, an Act of Moral Turpitude, **CITY** may immediately terminate this Contract.
 - c. If **CONTRACTOR** or a Key Person is charged with or indicted for an Act of Moral Turpitude, **CITY** may terminate this Contract after providing **CONTRACTOR** an opportunity to present evidence of **CONTRACTOR'S** ability to perform under the terms of this Contract.
 - d. Acts of Moral Turpitude include, but are not limited to: violent felonies as defined by Penal Code Section 667.5, crimes involving weapons, crimes resulting in serious bodily injury or death, serious felonies as defined by Penal Code Section 1192.7, and those crimes referenced in the Penal Code and articulated in California Public Resources Code Section 5164(a)(2); in addition to and including acts of murder, rape, sexual assault, robbery, kidnapping, human trafficking, pimping, voluntary manslaughter, aggravated assault, assault on a peace officer, mayhem, fraud, domestic abuse, elderly

abuse, and child abuse, regardless of whether such acts are punishable by felony or misdemeanor conviction.

- e. For the purposes of this provision, a Key Person is a principal, officer, or employee assigned to this Contract, or owner (directly or indirectly, through one or more intermediaries) of ten percent or more of the voting power or equity interests of **CONTRACTOR**.
6. In the event **CITY** terminates this Contract as provided in this section, **CITY** may procure, upon such terms and in the manner as **CITY** may deem appropriate, services similar in scope and level of effort to those so terminated, and **CONTRACTOR** shall be liable to **CITY** for all of its costs and damages, including, but not limited to, any excess costs for such services.
 7. If, after notice of termination of this Contract under the provisions of this section, it is determined for any reason that **CONTRACTOR** was not in default under the provisions of this section, or that the default was excusable under the terms of this Contract, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to PSC-9(A) Termination for Convenience.
 8. The rights and remedies of **CITY** provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.
- C. In the event that this Contract is terminated, **CONTRACTOR** shall immediately notify all employees and Subcontractors, and shall notify in writing all other parties contracted with under the terms of this Contract within five working days of the termination.

PSC-10. Independent Contractor

CONTRACTOR is an independent contractor and not an agent or employee of **CITY**. **CONTRACTOR** shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees, or agents to be an agent or employee of **CITY**.

PSC-11. Contractor's Personnel

Unless otherwise approved by **CITY**, **CONTRACTOR** shall use its own employees to perform the services described in this Contract. **CITY** has the right to review and approve any personnel who are assigned to work under this Contract. **CONTRACTOR** shall remove personnel from performing work under this Contract if requested to do so by **CITY**.

CONTRACTOR shall not use Subcontractors to assist in performance of this Contract without the prior written approval of **CITY**. If **CITY** permits the use of Subcontractors,

CONTRACTOR shall remain responsible for performing all aspects of this Contract and paying all Subcontractors. **CITY** has the right to approve **CONTRACTOR'S** Subcontractors, and **CITY** reserves the right to request replacement of any Subcontractor. **CITY** does not have any obligation to pay **CONTRACTOR'S** Subcontractors, and nothing herein creates any privity of contract between **CITY** and any Subcontractor.

PSC-12. Assignment and Delegation

CONTRACTOR may not, unless it has first obtained the written permission of **CITY**:

- A. Assign or otherwise alienate any of its rights under this Contract, including the right to payment; or
- B. Delegate, subcontract, or otherwise transfer any of its duties under this Contract.

PSC-13. Permits

CONTRACTOR and its directors, officers, partners, agents, employees, and Subcontractors, shall obtain and maintain all licenses, permits, certifications and other documents necessary for **CONTRACTOR'S** performance of this Contract. **CONTRACTOR** shall immediately notify **CITY** of any suspension, termination, lapses, non-renewals, or restrictions of licenses, permits, certificates, or other documents that relate to **CONTRACTOR'S** performance of this Contract.

PSC-14. Claims for Labor and Materials

CONTRACTOR shall promptly pay when due all amounts owed for labor and materials furnished in the performance of this Contract so as to prevent any lien or other claim under any provision of law from arising against any **CITY** property (including reports, documents, and other tangible or intangible matter produced by **CONTRACTOR** hereunder), and shall pay all amounts due under the Unemployment Insurance Act or any other applicable law with respect to labor used to perform under this Contract.

PSC-15. Current Los Angeles City Business Tax Registration Certificate Required

For the duration of this Contract, **CONTRACTOR** shall maintain valid Business Tax Registration Certificate(s) as required by **CITY'S** Business Tax Ordinance, Section 21.00 *et seq.* of the Los Angeles Municipal Code ("LAMC"), and shall not allow the Certificate to lapse or be revoked or suspended.

PSC-16. Retention of Records, Audit and Reports

CONTRACTOR shall maintain all records, including records of financial transactions, pertaining to the performance of this Contract, in their original form or as otherwise approved by **CITY**. These records shall be retained for a period of no less than three years from the later of the following: (1) final payment made by **CITY**, (2) the expiration

of this Contract or (3) termination of this Contract. The records will be subject to examination and audit by authorized **CITY** personnel or **CITY'S** representatives at any time. **CONTRACTOR** shall provide any reports requested by **CITY** regarding performance of this Contract. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

In lieu of retaining the records for the term as prescribed in this provision, **CONTRACTOR** may, upon **CITY'S** written approval, submit the required information to **CITY** in an electronic format, e.g. USB flash drive, at the expiration or termination of this Contract.

PSC-17. Bonds

All bonds required by **CITY** shall be filed with the Office of the City Administrative Officer, Risk Management for its review and acceptance in accordance with Los Angeles Administrative Code ("LAAC") Sections 11.47 *et seq.*, as amended from time to time.

PSC-18. Indemnification

Except for the gross negligence or willful misconduct of **CITY**, or any of its boards, officers, agents, employees, assigns and successors in interest, **CONTRACTOR** shall defend, indemnify and hold harmless **CITY** and any of its boards, officers, agents, employees, assigns, and successors in interest from and against all lawsuits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by **CITY**, including but not limited to, costs of experts and consultants), damages or liability of any nature whatsoever, for death or injury to any person, including **CONTRACTOR'S** employees and agents, or damage or destruction of any property of either party hereto or of third parties, in any manner by reason of an act, error, or omission by **CONTRACTOR**, subcontractors, or their boards, officers, agents, employees, assigns, and successors in interest. The rights and remedies of **CITY** provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract. This provision will survive expiration or termination of this Contract.

PSC-19. Intellectual Property Indemnification

CONTRACTOR, at its own expense, shall defend, indemnify, and hold harmless the **CITY**, and any of its boards, officers, agents, employees, assigns, and successors in interest from and against all lawsuits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by **CITY**, including but not limited to, costs of experts and consultants), damages or liability of any nature arising out of the infringement, actual or alleged, direct or contributory, of any intellectual property rights, including, without limitation, patent, copyright, trademark, trade secret, right of publicity, and proprietary information: (1) on or in any design, medium, matter, article, process, method, application, equipment, device, instrumentation, software, hardware, or firmware used by **CONTRACTOR**, or its Subcontractors, in performing the work under

this Contract; or (2) as a result of **CITY'S** actual or intended use of any Work Product (as defined in PSC-21) furnished by **CONTRACTOR**, or its Subcontractors, under this Contract. The rights and remedies of **CITY** provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract. This provision will survive expiration or termination of this Contract.

PSC-20. Intellectual Property Warranty

CONTRACTOR represents and warrants that its performance of all obligations under this Contract does not infringe in any way, directly or contributorily, upon any third party's intellectual property rights, including, without limitation, patent, copyright, trademark, trade secret, right of publicity and proprietary information.

PSC-21. Ownership and License

Unless otherwise provided for herein, all finished and unfinished works, tangible or not, created under this Contract including, without limitation, documents, materials, data, reports, manuals, specifications, artwork, drawings, sketches, blueprints, studies, memoranda, computation sheets, computer programs and databases, schematics, photographs, video and audiovisual recordings, sound recordings, marks, logos, graphic designs, notes, websites, domain names, inventions, processes, formulas, matters and combinations thereof, and all forms of intellectual property originated and prepared by **CONTRACTOR** or its Subcontractors under this Contract (each a "Work Product"; collectively "Work Products") shall be and remain the exclusive property of **CITY** for its use in any manner **CITY** deems appropriate. **CONTRACTOR** hereby assigns to **CITY** all goodwill, copyright, trademark, patent, trade secret and all other intellectual property rights worldwide in any Work Products originated and prepared under this Contract. **CONTRACTOR** further agrees to execute any documents necessary for **CITY** to perfect, memorialize, or record **CITY'S** ownership of rights provided herein.

CONTRACTOR agrees that a monetary remedy for breach of this Contract may be inadequate, impracticable, or difficult to prove and that a breach may cause **CITY** irreparable harm. **CITY** may therefore enforce this requirement by seeking injunctive relief and specific performance, without any necessity of showing actual damage or irreparable harm. Seeking injunctive relief or specific performance does not preclude **CITY** from seeking or obtaining any other relief to which **CITY** may be entitled.

For all Work Products delivered to **CITY** that are not originated or prepared by **CONTRACTOR** or its Subcontractors under this Contract, **CONTRACTOR** shall secure a grant, at no cost to **CITY**, for a non-exclusive perpetual license to use such Work Products for any **CITY** purposes.

CONTRACTOR shall not provide or disclose any Work Product to any third party without prior written consent of **CITY**.

Any subcontract entered into by **CONTRACTOR** relating to this Contract shall include this provision to contractually bind its Subcontractors performing work under this Contract

such that **CITY'S** ownership and license rights of all Work Products are preserved and protected as intended herein.

PSC-22. Data Protection

- A. **CONTRACTOR** shall protect, using the most secure means and technology that is commercially available, **CITY**-provided data or consumer-provided data acquired in the course and scope of this Contract, including but not limited to customer lists and customer credit card or consumer data, (collectively, the "City Data"). **CONTRACTOR** shall notify **CITY** in writing as soon as reasonably feasible, and in any event within twenty-four hours, of **CONTRACTOR'S** discovery or reasonable belief of any unauthorized access of City Data (a "Data Breach"), or of any incident affecting, or potentially affecting City Data related to cyber security (a "Security Incident"), including, but not limited to, denial of service attack, and system outage, instability or degradation due to computer malware or virus. **CONTRACTOR** shall begin remediation immediately. **CONTRACTOR** shall provide daily updates, or more frequently if required by **CITY**, regarding findings and actions performed by **CONTRACTOR** until the Data Breach or Security Incident has been effectively resolved to **CITY'S** satisfaction. **CONTRACTOR** shall conduct an investigation of the Data Breach or Security Incident and shall share the report of the investigation with **CITY**. At **CITY'S** sole discretion, **CITY** and its authorized agents shall have the right to lead or participate in the investigation. **CONTRACTOR** shall cooperate fully with **CITY'S** agents and law enforcement.
- B. If **CITY** is subject to liability for any Data Breach or Security Incident, then **CONTRACTOR** shall indemnify and hold harmless **CITY** and defend against any resulting actions.

PSC-23. Insurance

During the term of this Contract and without limiting **CONTRACTOR'S** obligation to indemnify, hold harmless and defend **CITY**, **CONTRACTOR** shall provide and maintain at its own expense a program of insurance having the coverages and limits not less than the required amounts and types as determined by the Office of the City Administrative Officer of Los Angeles, Risk Management (template Form General 146 in Exhibit 1 hereto). The insurance must: (1) conform to **CITY'S** requirements; (2) comply with the Insurance Contractual Requirements (Form General 133 in Exhibit 1 hereto); and (3) otherwise be in a form acceptable to the Office of the City Administrative Officer, Risk Management. **CONTRACTOR** shall comply with all Insurance Contractual Requirements shown on Exhibit 1 hereto. Exhibit 1 is hereby incorporated by reference and made a part of this Contract.

PSC-24. Best Terms

Throughout the term of this Contract, **CONTRACTOR**, shall offer **CITY** the best terms, prices, and discounts that are offered to any of **CONTRACTOR'S** customers for similar goods and services provided under this Contract.

PSC-25. Warranty and Responsibility of Contractor

CONTRACTOR warrants that the work performed hereunder shall be completed in a manner consistent with professional standards practiced among those firms within **CONTRACTOR'S** profession, doing the same or similar work under the same or similar circumstances.

PSC-26. Mandatory Provisions Pertaining to Non-Discrimination in Employment

Unless otherwise exempt, this Contract is subject to the applicable non-discrimination, equal benefits, equal employment practices, and affirmative action program provisions in LAAC Section 10.8 et seq., as amended from time to time.

- A. **CONTRACTOR** shall comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and **CITY**. In performing this Contract, **CONTRACTOR** shall not discriminate in any of its hiring or employment practices against any employee or applicant for employment because of such person's race, color, religion, national origin, ancestry, sex, sexual orientation, gender, gender identity, age, disability, domestic partner status, marital status or medical condition.
- B. The requirements of Section 10.8.2.1 of the LAAC, the Equal Benefits Ordinance, and the provisions of Section 10.8.2.1(f) are incorporated and made a part of this Contract by reference.
- C. The provisions of Section 10.8.3 of the LAAC are incorporated and made a part of this Contract by reference and will be known as the "Equal Employment Practices" provisions of this Contract.
- D. The provisions of Section 10.8.4 of the LAAC are incorporated and made a part of this Contract by reference and will be known as the "Affirmative Action Program" provisions of this Contract.

Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-27. Child Support Assignment Orders

CONTRACTOR shall comply with the Child Support Assignment Orders Ordinance, Section 10.10 of the LAAC, as amended from time to time. Pursuant to Section 10.10(b) of the LAAC, **CONTRACTOR** shall fully comply with all applicable State and Federal

employment reporting requirements. Failure of **CONTRACTOR** to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment or Notices of Assignment, or the failure of any principal owner(s) of **CONTRACTOR** to comply with any Wage and Earnings Assignment or Notices of Assignment applicable to them personally, shall constitute a default by the **CONTRACTOR** under this Contract. Failure of **CONTRACTOR** or principal owner to cure the default within 90 days of the notice of default will subject this Contract to termination for breach. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-28. Living Wage Ordinance

CONTRACTOR shall comply with the Living Wage Ordinance, LAAC Section 10.37 *et seq.*, as amended from time to time. **CONTRACTOR** further agrees that it shall comply with federal law proscribing retaliation for union organizing. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-29. Service Contractor Worker Retention Ordinance

CONTRACTOR shall comply with the Service Contractor Worker Retention Ordinance, LAAC Section 10.36 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-30. Americans with Disabilities Act

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

PSC-31. Contractor Responsibility Ordinance

CONTRACTOR shall comply with the Contractor Responsibility Ordinance, LAAC Section 10.40 *et seq.*, as amended from time to time.

PSC-32. Business Inclusion Program

Unless otherwise exempted prior to bid submission, **CONTRACTOR** shall comply with all aspects of the Business Inclusion Program as described in the Request for Proposal/Qualification process, throughout the duration of this Contract. **CONTRACTOR** shall utilize the Business Assistance Virtual Network ("BAVN") at <https://www.labavn.org/>, to perform and document outreach to Minority, Women, and Other Business Enterprises. **CONTRACTOR** shall perform subcontractor outreach activities through BAVN. **CONTRACTOR** shall not change any of its designated Subcontractors or pledged specific items of work to be performed by these Subcontractors, nor shall **CONTRACTOR** reduce their level of effort, without prior written approval of **CITY**.

PSC-33. Slavery Disclosure Ordinance

CONTRACTOR shall comply with the Slavery Disclosure Ordinance, LAAC Section 10.41 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-34. First Source Hiring Ordinance

CONTRACTOR shall comply with the First Source Hiring Ordinance, LAAC Section 10.44 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-35. Local Business Preference Ordinance

CONTRACTOR shall comply with the Local Business Preference Ordinance, LAAC Section 10.47 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-36. Iran Contracting Act

In accordance with California Public Contract Code Sections 2200-2208, all contractors entering into, or renewing contracts with **CITY** for goods and services estimated at \$1,000,000 or more are required to complete, sign, and submit the "Iran Contracting Act of 2010 Compliance Affidavit."

PSC-37. Restrictions on Campaign Contributions and Fundraising in City Elections

Unless otherwise exempt, if the Contract is valued at \$100,000 or more and requires approval by an elected **CITY** official, **CONTRACTOR**, **CONTRACTOR'S** principals, and **CONTRACTOR'S** Subcontractors expected to receive at least \$100,000 for performance under the Contract, and the principals of those Subcontractors (the "Restricted Persons") shall comply with Charter Section 470(c)(12) and LAMC Section 49.7.35. Failure to comply entitles **CITY** to terminate this Contract and to pursue all available legal remedies. Charter Section 470(c)(12) and LAMC Section 49.7.35 limit the ability of the Restricted Persons to make campaign contributions to and engage in fundraising for certain elected **CITY** officials or candidates for elected **CITY** office for twelve months after this Contract is signed. Additionally, a **CONTRACTOR** subject to Charter Section 470(c)(12) is required to comply with disclosure requirements by submitting a completed and signed Ethics Commission Form 55 and to amend the information in that form as specified by law. Any **CONTRACTOR** subject to Charter Section 470(c)(12) shall include the following notice in any contract with any Subcontractor expected to receive at least \$100,000 for performance under this Contract:

"Notice Regarding Restrictions on Campaign Contributions and Fundraising
in City Elections

You are a subcontractor on City of Los Angeles Contract

#_____. Pursuant to the City of Los Angeles Charter Section 470(c)(12) and related ordinances, you and your principals are prohibited from making campaign contributions to and fundraising for certain elected City of Los Angeles ("**CITY**") officials and candidates for elected **CITY** office for twelve months after the **CITY** contract is signed. You are required to provide the names and contact information of your principals to the **CONTRACTOR** and to amend that information within ten business days if it changes during the twelve month time period. Failure to comply may result in termination of this Contract and any other available legal remedies. Information about the restrictions may be found online at ethics.lacity.org or by calling the Los Angeles City Ethics Commission at (213) 978-1960."

PSC-38. Contractors' Use of Criminal History for Consideration of Employment Applications

CONTRACTOR shall comply with the City Contractors' Use of Criminal History for Consideration of Employment Applications Ordinance L.A.C. Section 10.48 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-39. Limitation of City's Obligation to Make Payment to Contractor

Notwithstanding any other provision in this Contract, including any exhibits or attachments incorporated therein, and in order for **CITY** to comply with its governing legal requirements, **CITY** shall have no obligation to make any payments to **CONTRACTOR** unless **CITY** shall have first made an appropriation of funds equal to or in excess of its obligation to make any payments as provided in this Contract. **CONTRACTOR** agrees that any services provided by **CONTRACTOR**, purchases made by **CONTRACTOR** or expenses incurred by **CONTRACTOR** in excess of the appropriation(s) shall be free and without charge to **CITY** and **CITY** shall have no obligation to pay for the services, purchases or expenses. **CONTRACTOR** shall have no obligation to provide any services, provide any equipment or incur any expenses in excess of the appropriated amount(s) until **CITY** appropriates additional funds for this Contract.

PSC-40. Compliance with Identity Theft Laws and Payment Card Data Security Standards

CONTRACTOR shall comply with all identity theft laws including without limitation, laws related to: (1) payment devices; (2) credit and debit card fraud; and (3) the Fair and Accurate Credit Transactions Act ("FACTA"), including its requirement relating to the content of transaction receipts provided to Customers. **CONTRACTOR** also shall comply with all requirements related to maintaining compliance with Payment Card Industry Data Security Standards ("PCI DSS"). During the performance of any service to install, program or update payment devices equipped to conduct credit or debit card transactions, including PCI DSS services, **CONTRACTOR** shall verify proper truncation of receipts in compliance with FACTA.

PSC-41. Compliance with California Public Resources Code Section 5164

California Public Resources Code Section 5164 prohibits a public agency from hiring a person for employment or as a volunteer to perform services at any park, playground, or community center used for recreational purposes in a position that has supervisory or disciplinary authority over any minor, if the person has been convicted of certain crimes as referenced in the Penal Code, and articulated in California Public Resources Code Section 5164(a)(2).

If applicable, **CONTRACTOR** shall comply with California Public Resources Code Section 5164, and shall additionally adhere to all rules and regulations that have been adopted or that may be adopted by **CITY**. **CONTRACTOR** is required to have all employees, volunteers and Subcontractors (including all employees and volunteers of any Subcontractor) of **CONTRACTOR** working on premises to pass a fingerprint and background check through the California Department of Justice at **CONTRACTOR'S** sole expense, indicating that such individuals have never been convicted of certain crimes as referenced in the Penal Code and articulated in California Public Resources Code Section 5164(a)(2), if the individual will have supervisory or disciplinary authority over any minor.

PSC-42. Possessory Interests Tax

Rights granted to **CONTRACTOR** by **CITY** may create a possessory interest. **CONTRACTOR** agrees that any possessory interest created may be subject to California Revenue and Taxation Code Section 107.6 and a property tax may be levied on that possessory interest. If applicable, **CONTRACTOR** shall pay the property tax. **CONTRACTOR** acknowledges that the notice required under California Revenue and Taxation Code Section 107.6 has been provided.

PSC-43. Confidentiality

All documents, information and materials provided to **CONTRACTOR** by **CITY** or developed by **CONTRACTOR** pursuant to this Contract (collectively "Confidential Information") are confidential. **CONTRACTOR** shall not provide or disclose any Confidential Information or their contents or any information therein, either orally or in writing, to any person or entity, except as authorized by **CITY** or as required by law. **CONTRACTOR** shall immediately notify **CITY** of any attempt by a third party to obtain access to any Confidential Information. This provision will survive expiration or termination of this Contract.

EXHIBIT 1**INSTRUCTIONS AND INFORMATION
ON COMPLYING WITH CITY INSURANCE REQUIREMENTS**

(Share this information with your insurance agent or broker)

1. **Agreement/Reference** All evidence of insurance should identify the nature of your business with the **CITY**. Clearly show any assigned number of a bid, contract, lease, permit, etc. or give the project name and the job site or street address to ensure that your submission will be properly credited. Provide the **types of coverage and minimum dollar amounts** specified on the Required Insurance and Minimum Limits sheet (Form Gen. 146) as determined in writing by the CAO-RM.

2. **When to submit** Normally, no work may begin until a **CITY** insurance certificate approval number ("CA number") has been obtained, so insurance documents should be submitted as early as practicable. For **As-needed Contracts**, insurance need not be submitted until a specific job has been awarded. **Design Professionals** coverage for new construction work may be submitted simultaneously with final plans and drawings, but before construction commences.

Submitting your documents. **Track4LA®** is the **CITY'S** online insurance compliance system and is designed to make the experience of submitting and retrieving insurance information quick and easy. The system is designed to be used by insurance brokers and agents as they submit client insurance certificates directly to the **CITY**. It uses the standard insurance industry form known as the **ACORD 25 Certificate of Liability Insurance** in electronic format. **Track4LA®** advantages include standardized, universally accepted forms, paperless approval transactions (24 hours, 7 days per week), and security checks and balances. The easiest and quickest way to obtain approval of your insurance is to have your insurance broker or agent access **Track4LA®** at <http://track4la.lacity.org> and follow the instructions to register and submit the appropriate proof of insurance on your behalf.

Insurance industry certificates other than the **ACORD 25** may be accepted, however *submissions other than through **Track4LA®** will significantly delay the insurance approval process as documents will have to be manually processed.* **CONTRACTOR must provide CITY** a thirty day notice of cancellation (ten days for non-payment of premium) and an Additional Insured Endorsement naming the **CITY** an additional insured completed by your insurance company or its designee. If the policy includes an automatic or blanket additional insured endorsement, the certificate must state the **CITY** is an automatic or blanket additional insured. An endorsement naming the **CITY** an Additional Named Insured and Loss Payee as Its Interests May Appear is required on property policies. All evidence of insurance must be authorized by a person with authority to bind coverage, whether that is the authorized agent/broker or insurance underwriter. Completed **Insurance Industry Certificates other than ACORD 25 Certificates** are sent electronically to CAO.insurance.bonds@lacity.org.

Additional Insured Endorsements DO NOT apply to the following:

- Indication of compliance with statute, such as Workers' Compensation Law.
- Professional Liability insurance.

Verification of approved insurance and bonds may be obtained by checking **Track4LA®**, the **CITY'S** online insurance compliance system, at <http://track4la.lacity.org>.

4. **Renewal** When an existing policy is renewed, have your insurance broker or agent submit a new Acord 25 Certificate or edit the existing Acord 25 Certificate through **Track4LA®** at <http://track4la.lacity.org>.

5. **Alternative Programs/Self-Insurance** Risk financing mechanisms such as Risk Retention Groups, Risk Purchasing Groups, off-shore carriers, captive insurance programs and self-insurance programs are subject to separate approval after the **CITY** has reviewed the relevant audited financial statements. To initiate a review of your program, you should complete the Applicant's Declaration of Self Insurance form (<http://cao.lacity.org/risk/InsuranceForms.htm>) to the CAO-RM for consideration.

6. **General Liability** insurance covering your operations (and products, where applicable) is required whenever the **CITY** is at risk of third-party claims which may arise out of your work or your presence or special event on City premises. **Sexual Misconduct** coverage is a required coverage when the work performed involves minors. **Fire Legal Liability** is required for persons occupying a portion of **CITY** premises. Information on two **CITY** insurance programs, the SPARTA program, an optional source of low-cost insurance which meets the most minimum requirements, and the Special Events Liability Insurance Program, which provides liability coverage for short-term special events on **CITY** premises or streets, is available at (www.2sparta.com), or by calling (800) 420-0555.

7. **Automobile Liability** insurance is required only when vehicles are used in performing the work of your Contract or when they are driven off-road on **CITY** premises; it is not required for simple commuting unless **CITY** is paying mileage. However, compliance with California law requiring auto liability insurance is a contractual requirement.

8. **Errors and Omissions** coverage will be specified on a project-by-project basis if you are working as a licensed or other professional. The length of the claims discovery period required will vary with the circumstances of the individual job.

9. **Workers' Compensation and Employer's Liability** insurance are not required for single-person contractors. However, under state law these coverages (or a copy of the state's Consent To Self Insure) must be provided if you have any employees at any time during the period of this contract. Contractors with no employees must complete a Request for Waiver of Workers' Compensation Insurance Requirement (<http://cao.lacity.org/risk/InsuranceForms.htm>). A Waiver of Subrogation on this coverage is required only for jobs where your employees are working on **CITY** premises under hazardous conditions, e.g., uneven terrain, scaffolding, caustic chemicals, toxic materials, power tools, etc. The Waiver of Subrogation waives the insurer's right to recover (from the **CITY**) any workers' compensation paid to an injured employee of the contractor.

10. **Property** insurance is required for persons having exclusive use of premises or equipment owned or controlled by the **CITY**. **Builder's Risk/Course of Construction** is required during construction projects and should include building materials in transit and stored at the project site.

11. **Surety** coverage may be required to guarantee performance of work and payment to vendors and suppliers. A **Crime Policy** may be required to handle **CITY** funds, securities, and under certain other conditions. **Specialty coverages** may be needed for certain operations. For assistance in obtaining the **CITY** required bid, performance and payment surety bonds, please use the City of Los Angeles Bond Assistance Program website address at <http://cao.lacity.org/risk/BondAssistanceProgram.pdf> or call (213) 258-3000 for more information.

12. **Cyber Liability & Privacy** coverage may be required to cover technology services or products for both liability and property losses that may result when a **CITY** contractor engages in various electronic activities, such as selling on the Internet or collecting data within its internal electronic network. **CONTRACTOR'S** policies shall cover liability for a data breach in which the **CITY** employees' and/or **CITY** customers' confidential or personal information, such as but not limited to, Social Security or credit card information are exposed or stolen by a hacker or other criminal who has gained access to the **CITY'S** or **CONTRACTOR'S** electronic network. The policies shall cover a variety of expenses associated with data breaches, including: notification costs, credit monitoring, costs to defend claims by state regulators, fines and penalties, and loss resulting from identity theft. The policies are required to cover liability arising from website media content, as well as property exposures from: (a) business interruption, (b) data loss/destruction, (c) computer fraud, (d) funds transfer loss, and (e) cyber extortion.

EXHIBIT 5 Required Insurance and Minimum Limits

Attachment B

Name: _____

Date: _____

Agreement/Reference: _____

Evidence of coverages checked below, with the specified minimum limits, must be submitted and approved prior to occupancy/start of operations. Amounts shown are Combined Single Limits ("CSLs"). For Automobile Liability, split limits may be substituted for a CSL if the total per occurrence equals or exceeds the CSL amount.

Limits

Workers' Compensation (WC) and Employer's Liability (EL)
WC Statutory

EL _____

☐ Waiver of Subrogation in favor of City☐ Longshore & Harbor Workers☐ Jones Act
General Liability
☐ Products/Completed Operations☐ Sexual Misconduct☐ Fire Legal Liability☐ _____
Automobile Liability (for any and all vehicles used for this contract, other than commuting to/from work)

Professional Liability (Errors and Omissions)

Discovery Period _____

Property Insurance (to cover replacement cost of building - as determined by insurance company)
☐ All Risk Coverage☐ Boiler and Machinery☐ Flood☐ Builder's Risk☐ Earthquake☐ _____
Pollution Liability
☐ _____
Surety Bonds - Performance and Payment (Labor and Materials) Bonds
Crime Insurance

Other: _____

ORDINANCE NO. _____

An ordinance authorizing the sale at its fair market value of an approximate 20,564-square-foot parcel of City-owned real property (City Property) to Self Help Graphics and Art, Inc., a California non-profit public benefit corporation (Buyer) with conditions assuring that City economic development purposes are carried out on the property.

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

Section 1. The Council of the City of Los Angeles, pursuant to Los Angeles Administrative Code Section 7.27, hereby determines that the public interest or necessity requires the sale of the City-owned real property without notice of sale or advertisement of bids on the basis that the use and future development of the property: (i) will eliminate physical blight by developing an underutilized parcel; (ii) will alleviate economic blight by promoting the conservation, rehabilitation, renewal and redevelopment of the property; (iii) will encourage further private investment in and around the community; (iv) will promote the development of educational, cultural, entertainment, and recreational facilities that serve the needs of the residents and the community; and (v) will generate new revenues for the City and other local governments.

Section 2. The Council of the City of Los Angeles, pursuant to Los Angeles Administrative Code at Sections 7.27(d) and 22.1008(c), hereby approves the sale of the City Property to a private party by the Economic and Workforce and Development Department (EWDD) for economic development purposes and finds that: (1) the fair market value of the City Property at its highest and best use is \$3,625,000; (2) the Buyer's purchase price for the City Property is \$3,625,000; (3) the City sales agreement for the City Property has conditions requiring economic and public benefit be provided which will be recorded as a covenant on the land; (4) the fair reuse value of the City Property with such conditions imposed has a value of \$3,625,000; and (5) the sale of the City Property will assist in the City's economic development goals.

Location and Legal Description of City Property

1300 East 1st Street, Los Angeles California 90033, as more fully described in Exhibit A, which is attached hereto and incorporated herein by this reference.

EXCEPTING AND RESERVING unto the City of Los Angeles all oil, gas, water and mineral rights in the City Property now vested in the City of Los Angeles without, however, the right to use the surface of said City Property or any portion thereof to a depth of 500 feet below the surface, for the extraction of such oil, gas, water and minerals.

SUBJECT TO all covenants, conditions, restrictions, reservations, easements, encroachments, rights and rights-of-way of record or which are apparent from a visual inspection of the City Property, and excepting and reserving to the City of Los Angeles any rights to the fee interest in the streets adjacent to said City Property.

AND ALSO SUBJECT TO an "As Is" condition set forth in the City sales agreement under which Buyer has expressly agreed to take the City Property in an "As Is" condition and without any warranty as to fitness for use (general or specific) or condition, and that City has no obligation to correct any condition on the City Property whether known or unknown before or after the date of the exchange.

AND ALSO SUBJECT TO the non-discrimination requirements in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the City Property as imposed by the CRA/LA, a Designated Local Authority, under the California Redevelopment Law (California Health & Safety Code Section 33000).

Section 3. The General Manager of the EWDD in the name of and on behalf of the City is hereby authorized and directed to execute a Grant Deed to the City Property described in Section 2 of this ordinance to Buyer (or its nominees or lawful successors in interest), and the City Clerk of the City is hereby authorized and directed to attest thereto and affix the City Seal.

Section 4. The General Manager of the EWDD in the name of and on behalf of the City is hereby authorized and directed to execute an Agreement Containing Covenants Affecting Real Property to be recorded against the City Property described in Section 2 of this ordinance that requires the use of said property for the provision of certain community benefits that annually serves over 26,000 community members and the eventual development or adaptive reuse of an existing structure on the property for economic development purposes.

Section 5. The EWDD is hereby authorized to open escrow, execute and deliver deeds and ancillary documents, pay the City's share of costs and expenses related to the sale transaction and complete all necessary processes to effect this sale of the City Property to Buyer. The City Fund and Activity Code for the payment of costs and expenses shall be General Fund 100/22, Account No. 003040.

Section 6. The City Clerk shall certify to the passage of this ordinance and pursuant to Charter Section 252(j), it shall be effective immediately upon publication, according to 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 this ordinance was passed by the Council of the City of Los Angeles, at its meeting on _____.

HOLLY L. WOLCOTT, City Clerk

By _____ Deputy

Approved _____

Mayor

Approved as to Form and Legality:

MICHAEL N. FEUER, City Attorney

By: _____
CURTIS S. KIDDER
Assistant City Attorney

Date: _____

File No. _____