ATTACHMENT A: Option Agreements for CRA/LA Future Development Properties

The Long Range Property Management Plan adopted by CRA/LA and approved by State Department of Finance on Oct. 7, 2014 enables the City to enter into Option Agreements for 10 CRA/LA properties for Future Development. Option Agreements will substantially conform with the example provided as Attachment B. Unique terms for each property are summarized here:

<table>
<thead>
<tr>
<th>Project/Property</th>
<th>Area (s.f.)</th>
<th>CD</th>
<th>Term/Ext.</th>
<th>Property Conditions / Maintenance</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Westlake Theater</td>
<td>634 S. Alvarado Street</td>
<td>20,681</td>
<td>1</td>
<td>36 + 18 mos.</td>
<td>Vacant theater to remain secured</td>
</tr>
<tr>
<td>Reseda Theater</td>
<td>18447 W. Sherman Way 7215 - 7221 Canby Avenue</td>
<td>20,027</td>
<td>3</td>
<td>24 + 18 mos.</td>
<td>Vacant theater to remain secured</td>
</tr>
<tr>
<td>Reseda Town Center</td>
<td>18128 Sherman Way 18210 Sherman Way</td>
<td>92,790</td>
<td>3</td>
<td>24 + 12 mos.</td>
<td>Existing improvements to be demolished by CRA/LA; resulting vacant site to be fenced and secured</td>
</tr>
<tr>
<td>Bethune Library</td>
<td>3685 S. Vermont Avenue</td>
<td>33,399</td>
<td>8</td>
<td>24 + 18 mos.</td>
<td>Vacant, unimproved property</td>
</tr>
<tr>
<td>Marlton Square Properties</td>
<td>3700, 3742, 3750, 3760, and 3800 W. Martin Luther King Jr. Blvd. 4013 and 4021 Marlton Avenue</td>
<td>117,562</td>
<td>10</td>
<td>36 + 18 mos.</td>
<td>Existing improvements to be demolished by CRA/LA; resulting vacant site to be fenced and secured</td>
</tr>
<tr>
<td>Bunker Hill Parcel Y-1</td>
<td>361 S. Hill Street</td>
<td>104,947</td>
<td>14</td>
<td>36 + 18 mos.</td>
<td>Vacant property with secured open space improvements; Angel's Flight in airspace easement</td>
</tr>
<tr>
<td>First/Boyle TOD Site</td>
<td>110 S. Boyle Avenue</td>
<td>14,600</td>
<td>14</td>
<td>24 + 12 mos.</td>
<td>Vacant, unimproved property</td>
</tr>
<tr>
<td>First/Mission TOD Site</td>
<td>Ocean Queen Building 1300 E. First Street</td>
<td>20,564</td>
<td>14</td>
<td>24 + 12 mos.</td>
<td>Existing improvements to remain, with existing non-profit tenant</td>
</tr>
<tr>
<td>Watts Train Station TOD</td>
<td>Historic Watts Train Station, Plaza, 1663 E. 108th Street, Grandee Park and Ride, and property North of E. 108th St. and East of Grandee Ave.</td>
<td>131,667</td>
<td>15</td>
<td>36 + 12 mos.</td>
<td>Vacant unimproved land, improved parking lot, and historic train station with a public tenant to remain</td>
</tr>
<tr>
<td>Wilmington Block 27</td>
<td>514 - 530 N. McFarland Ave. 801 1-829 E. E St.</td>
<td>60,452</td>
<td>15</td>
<td>24 + 12 mos.</td>
<td>Unimproved property to be vacated, remediated by CRA/LA</td>
</tr>
</tbody>
</table>
ATTACHMENT B

OPTION AGREEMENT
(Property Retained for Future Development)
(634 S. Alvarado Street, Los Angeles, California, a.k.a. "Westlake Theater")
(A.P.N. 5141-001-904)

This Option Agreement (this "Agreement") is dated as of __________, 2014 for reference purposes, and entered into by and between CRA/LA, A Designated Local Authority, a public body formed under California Health & Safety Code Section 34173(d)(3) ("CRA/LA"), and the City of Los Angeles, a municipal corporation (the "City") with reference to the following facts:

RECITALS

A. These Recitals refer to and utilize certain capitalized terms that are defined in Section 1 of this Agreement. The Parties intend to refer to those definitions in connection with the use of capitalized terms in these Recitals.

B. On February 1, 2012, the Former Agency was dissolved pursuant to California Health & Safety Code Section 34172. In accordance with California Health & Safety Code Section 34173(d)(3), CRA/LA was formed to serve as the successor agency of the Former Agency. In accordance with California Health & Safety Code Section 34175(b), CRA/LA is the successor-in-interest to the Former Agency, and all property and assets of the Former Agency, including, but not limited to, the Property, were transferred to CRA/LA.

C. CRA/LA is the owner of the Property which is located 634 S. Alvarado Street, Los Angeles, California, which is improved with a vacant historic theater building.

D. The Property is subject to the Redevelopment Plan, the Five Year Implementation Plan and the Community Plan.

E. In accordance with California Health & Safety Code Section 34191.5, CRA/LA has prepared an LRPMP, which sets forth, among other things, CRA/LA's plan for the disposition of certain real property, including the Property. The LRPMP has been approved by CRA/LA Governing Board, CRA/LA Oversight Board and the DOF has approved the LRPMP, as modified, on October 7, 2014. The City Council authorized the City to enter into this Agreement on __________, 2014, and the Governing Board authorized CRA/LA to enter into this Agreement on __________, 2014.

F. In accordance with California Health & Safety Code Section 34191.5(c)(2), the Property is listed as Asset Number 243 in the approved LRPMP and has been categorized as Retained for Future Development. The Property may be transferred to the City for disposition in accordance with the Redevelopment Plan, Five Year Implementation Plan, and Community Plan.

G. As required by the Disposition Strategy contained in the LRPMP and in order to provide necessary time for the City to prepare a more detailed disposition plan, CRA/LA and the City desire to enter into this Agreement to provide the City the option to purchase the Property, as more particularly set forth below.
H. The City provided federal funds to the Former Agency related to the acquisition of the Property. As a result of dissolution of the Former Agency, the City has issued the Notice of Default to CRA/LA with regard to the Property. As partial consideration for this Option Agreement, the City shall rescind the Notice of Default as of the Effective Date (the “Rescission”).

I. During the Term and subject to the terms of this Agreement, the City will have the sole obligation to maintain the Property as well as the exclusive right to use the Property, so long as the manner of the City’s use does not materially diminish the value of the Property.

AGREEMENT

NOW THEREFORE, the City and CRA/LA hereby agree that the foregoing recitals are hereby incorporated by reference and are made part of this Agreement, and further agree as follows:

Section 1. Definitions. In addition to the terms defined elsewhere in this Agreement, the following definitions shall apply throughout this Agreement.

a. "Agreement" means this Option Agreement.

b. "Appraised Value" has the meaning ascribed to it in Section 12(b).

c. "City" means the City of Los Angeles, a municipal corporation.

d. "City Appraiser" means the appraiser selected by the City as set forth in Section 12.

e. "City Council" means the City Council of the City.

f. "Closing" has the meaning ascribed to it in Section 14.

g. "Closing Date" has the meaning ascribed to it in Section 14.

h. "Community Plan" means the community plan approved by the City and pertaining to the land use planning area in which the Property is located.

i. "CRA/LA" means CRA/LA, A Designated Local Authority, a public body formed under California Health & Safety Code Section 34173(d)(3).

j. "CRA/LA Appraiser" means the appraiser selected by CRA/LA as set forth in Section 12.

k. "Developer" means the third-party selected by the City to cause the development of the Property in accordance with the Disposition Plan.

l. "Disposition Plan" means the City’s plan for the proposed disposition and development of the Property as more particularly discussed in Section 6(b).
m. "DOF" means the State of California Department of Finance.

n. "Effective Date" means the later of the date on which this Agreement is approved and fully executed by CRA/LA and the City.

o. "Extended Term" means, absent the earlier termination of this Agreement, if authorized according to Section 7 of this Agreement, the period commencing on the first business day following the expiration of the Initial Term and terminating on the earlier of the Closing Date or 5:00 p.m. Pacific Time on the date that is five hundred and forty seven (547) days following the commencement date of the Extended Term, provided, however, the Extended Term may be further extended as provided herein. If the expiration of the Extended Term falls on a Saturday, Sunday or legal holiday in the State of California, then the expiration date shall be extended to the next following business day.

p. "Fair Market Value" means the fair market value of the Property determined in accordance with the provisions of Section 12(b).

q. "Five Year Implementation Plan" means the implementation plan most recently adopted by the Former Agency prior to the Effective Date in connection with the Redevelopment Plan.

r. "Former Agency" means The Community Redevelopment Agency of the City of Los Angeles, California.

s. "Grant Deed" means the grant deed conveying the Property from CRA/LA to the City.

t. "Governing Board" means the governing board of CRA/LA.

u. "Hazardous Materials" shall 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 properties posing serious endangerment to human health and the environment 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; 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, office supply products or janitorial supply products customarily used in the construction, maintenance, rehabilitation, or management of commercial buildings and all other substances of kinds and in amounts ordinarily used or stored in similar properties for cleaning, maintenance or operations, and which are used and stored in accordance with all applicable Hazardous Materials Laws.

v. "Hazardous Materials Laws" means all present and future applicable federal, state and local laws, ordinances, regulations, permits, decrees, orders and any other legal requirements, whether statutory, regulatory or contractual, of governmental authorities relating to health, safety, the environment or the use, handling, disposal or transportation of any Hazardous Materials (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).

w. "Initial Term" means the period commencing as of the Effective Date and terminating on the earlier of the Closing Date or 5:00 p.m. Pacific Time on the third (3rd) anniversary of the Effective Date, provided, however, the Initial Term may be extended as provided herein. If the expiration of the Initial Term falls on a Saturday, Sunday or legal holiday in the State of California, then the expiration date shall be extended to the next following business day.


y. "Notice of Default" means that certain Notice of Default dated as of January 12, 2012 and issued by the City to the Former Agency regarding the Property.

z. "Option" means the option in favor of the City to acquire the fee interest in the Property from CRA/LA as set forth in this Agreement.

aa. "Option Notice" means the notice delivered by the City to CRA/LA indicating that the City is exercising the Option in accordance with this Agreement.

bb. "Oversight Board" means the oversight board of CRA/LA formed under Health and Safety Code Section 34179.

c. "Parties" shall mean, collectively, the City and CRA/LA. "Party" shall mean either the City or CRA/LA.
dd. "Property" means the real property, as more particularly described in the attached Exhibit A, all improvements located thereon, and all rights and interests appurtenant thereto.

e. "Purchase Agreement" has the meaning ascribed to it in Section 13.

ff. "Purchase Price" means the purchase price for the Property, which shall be the fair market value of the Property, as determined in accordance with Section 12.

gg. "Redevelopment Plan" means the redevelopment plan for the Westlake Recovery Redevelopment Project Area as previously adopted by the City Council, as amended.

hh. "Rescission" has the meaning ascribed to it in Recital H.

ii. "Term" has the meaning ascribed to it in Section 3.

jj. "Title Company" has the meaning ascribed to it in Section 14.

Section 2. Grant of Option: Option Consideration. CRA/LA hereby grants to the City the Option to purchase the Property for the consideration and under the terms and conditions set forth in this Agreement. The Option is granted in consideration of the City's payment to CRA/LA of the sum of One Dollar ($1.00) which has been deemed to have been paid as of the Effective Date. The Parties acknowledge that such payment constitutes "independent consideration" for the rights set forth herein.

Section 3. Term. Absent the earlier termination of this Agreement, this Agreement and the Option granted herein shall expire upon the expiration of the Term without further action of the Parties. As used herein, Term shall mean collectively the Initial Term and Extended Term, unless the context indicates that Term means either the Initial Term or Extended Term. This Agreement and the Option granted herein shall expire upon the expiration of the Initial Term without further action of the Parties, unless extended through the Extended Term pursuant to Section 7, or as otherwise provided herein. Notwithstanding anything to the contrary contained herein, the City may terminate this Agreement, in its sole discretion, at any time upon sixty (60) days prior written notice to CRA/LA.

Section 4. Exclusive Right to the Property. During the Term, the CRA/LA shall not (i) negotiate with any entity, other than the City, regarding the proposed disposition of the Property, or solicit or entertain bids or proposals to do so from any other entity, (ii) encumber or permit the encumbrance of the Property with an encumbrance not in existence as of the Effective Date, or (iii) enter into, amend or modify any agreement pertaining to the Property which will survive the Closing and thereafter become an obligation of the City, except with the prior written consent of the City.

Section 5. Use of Property During Term. Subject to the terms of this Agreement, the City shall have the exclusive right to use the Property during the Term. The City's use shall be conditioned on the City properly maintaining the Property as provided in this Agreement and
ensuring that such use does not materially diminish the value of the Property. CRA/LA hereby grants the City, and its agents, consultants, employees and invitees a right to enter the Property for the purposes of (i) performing the City's duties and obligations set forth in this Agreement and (ii) undertaking tests, inspections and other due diligence activities, with CRA/LA's prior notice and written consent, which consent shall not be unreasonably withheld or delayed. Except as provided in (i) and (ii) of this Section 5, the historic theater building located on the Property may not be occupied or used by the City for any activity during the Term without the prior written consent of the CRA/LA. Subject to the absence of any default by the City hereunder, any income generated by the Property during the Term and received directly by the City, shall be retained by the City. In the event this Agreement is terminated prior to the Closing Date, then the City shall immediately vacate the Property without any further notice or action by CRA/LA.

Section 6. Disposition Plan.

a. City Submission. No later than the expiration of the Term, the City shall submit the City's proposed disposition plan for the Property to the CRA/LA staff. The proposed disposition plan shall include: (i) an anticipated schedule for the date of the City's proposed acquisition of the Property from CRA/LA; (ii) a detailed plan for the development of the Property, and (iii) evidence that the proposed use of the Property is consistent with the Redevelopment Plan, the Five Year Implementation Plan and the Community Plan.

b. Disposition Plan Review. CRA/LA staff shall make reasonable efforts to submit the proposed disposition plan to the Governing Board for its consideration no later than forty-five (45) days after staff’s receipt thereof. If the Governing Board approves the proposed disposition plan, then CRA/LA staff shall promptly submit the proposed disposition plan for consideration by the Oversight Board. Upon approval by the Governing Board, the Oversight Board, and, to the extent applicable pursuant to the terms of the LRPMP, DOF, the City's proposed disposition plan shall be referred to herein as the "Disposition Plan," and CRA/LA staff shall promptly provide written notice to the City of such approval. If the proposed disposition plan is disapproved by the Governing Board, the Oversight Board, or the DOF for failing to meet the requirements set forth herein, CRA/LA staff shall promptly provide written notice to the City of such disapproval (which notice shall contain a reasonable description of the basis for such denial) and if the Term of this Agreement has not expried, the City shall have thirty (30) days from the date of the City's receipt of such notice of disapproval from CRA/LA to submit written notice to CRA/LA stating its intent to resubmit a revised disposition plan. If no notice is received within the thirty-day period, this Agreement shall automatically terminate. The Term shall be automatically extended one day for each day beyond ninety (90) days following the date of the City’s submission of the proposed disposition plan to the CRA/LA staff until the City has been notified of its approval or disapproval by the Governing Board, the Oversight Board and, to the extent applicable, the DOF as herein provided. The provisions of this Section 6 relating to time periods for approval, disapproval and resubmission of a proposed disposition plan shall continue to apply until the City's proposed disposition plan has been approved or the Term expires. If approval of the proposed disposition plan has not been obtained prior to the expiration of the Term, as it may be extended as herein provided, then the Option granted herein shall automatically terminate and this Agreement shall terminate without further action by either Party.
c. **Semi-Annual Updates to CRA/LA.** During the Term, the City shall provide CRA/LA written reports, on a semi-annual basis, beginning six (6) months following the Effective Date, setting forth the City's progress regarding the preparation and submission of a proposed disposition plan, and following approval of the Disposition Plan, the City's progress regarding the exercise of the Option. The semi-annual report shall include the following: an update on the on-going maintenance of the Property, the City's approach to marketing the Property to one or more developers, and an anticipated schedule of and progress toward milestones to be accomplished during the Term of this Agreement.

Section 7. **Extension of Term.** Subject to the provisions of this Section 7, the Initial Term may be extended for the duration of the Extended Term to accomplish the preparation and submission of the disposition plan (as described in Section 6), or to exercise the Option (as described in Section 13).

The City may request to extend the Initial Term for the duration of the Extended Term by delivering a written notice of its intent to extend the Term no earlier than one hundred twenty (120) days and no less than forty-five (45) days prior to the expiration date of the Initial Term. Such notice shall contain a report on the City's progress with respect to the preparation and submission of a proposed disposition plan, accompanied by documentation or other evidence demonstrating the City's progress. If the City's proposed disposition plan has been approved, the City shall submit a report on its progress in taking the necessary steps to exercise the Option. If the Governing Board determines (which determination shall not be unreasonably withheld or delayed) that the City has made significant progress toward the preparation and submission of the disposition plan or the exercise of the Option, as applicable, then the Governing Board, without any required approval of the Oversight Board, shall authorize the Extended Term.

The Parties agree and acknowledge that evidence of significant progress toward the preparation and submission of the disposition plan may include: (i) a description of a conceptual scope of development; (ii) an anticipated schedule of performance with suggested benchmarks, or (iii) such other evidence of progress as may be reasonably acceptable to the Governing Board.

The Parties agree and acknowledge that evidence of significant progress toward the exercise of the Option may include: (i) the City's selection of a Developer for the Property; (ii) the execution by the City and Developer of an exclusive negotiating rights agreement, or similar agreement, for the Property, (iii) the execution by the City and Developer of a disposition and development agreement, or similar agreement, for the Property, (iv) documentation, reasonably acceptable to the Governing Board, that Developer has obtained financing commitments for the proposed development of the Property, or (v) such other evidence of progress as may be reasonably acceptable to the Governing Board.

Section 8. **Hazardous Materials** The City shall not knowingly permit the Property or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Property in violation of any Hazardous Materials Laws. Notwithstanding the foregoing, during the Term of this Agreement, the City shall not be
responsible for curing any violations of the Hazardous Materials Laws which existed prior to
the Effective Date, or removing or otherwise remediating Hazardous Materials existing on, in or
under the Property prior to the Effective Date. If such pre-existing violation of the Hazardous
Materials Laws or pre-existing Hazardous Materials are discovered by the City, the City shall
promptly notify CRA/LA.

Section 9. **Obligation to Maintain the Property.** During the Term, in consideration
for the rights granted to the City pursuant to this Agreement, the City agrees that it shall not
suffer or permit any dangerous condition to be created, exist, or continue on the Property and
that it shall perform, at its sole cost, all maintenance of the Property, including maintaining the
Property free and clear of all debris, weeds, graffiti, and litter; provided, however, the City shall
not be responsible for correcting any dangerous condition that existed on the Property as of the
Effective Date, but, as soon as reasonably practicable at its own cost following the City's
discovery of any such pre-existing dangerous condition (whether by receipt of written notice
from CRA/LA identifying such a condition, or otherwise), the City shall take all actions
reasonably necessary to protect the public from any such condition. As between CRA/LA and
the City, the City shall be solely responsible for all day-to-day property management of the
Property, including, but not limited to, providing adequate security, including fencing the
Property, if necessary, obtaining and maintaining property insurance, and ordinary and
extraordinary repairs to the Property. The City shall have the right to maintain any insurance
required of it by this Agreement through a program composed of any combination of self-
insurance, risk retention, commercial insurance, risk transfer, and/or risk pooling authorized by
California law, all at the City's sole option; provided, however, that the City shall provide CRA/
LA with evidence of such insurance that shall be reasonably acceptable to CRA/LA as a
condition precedent to CRA/LA's execution of this Agreement.

Section 10. **Inspection of Property.** The City shall permit the CRA/LA, through its
officers, agents, or employees, to enter the Property with reasonable notice at all reasonable
times to determine the City's compliance with the provision of this Agreement. If this
Agreement is terminated prior to the Closing Date, and upon the request of the CRA/LA, the
City, at its sole cost, shall repair any material damage to the Property caused by the City's entry
thereon and shall restore the Property substantially to the condition in which it existed prior to
such entry. Within sixty (60) days following the Effective Date, the City shall provide to CRA/
LA a written description of the observable surface condition of the Property as of the Effective
Date (accompanied by appropriate photographic material supporting such description).
Detailed information on the Property prepared by CRA/LA as of the Effective Date is included
in the attached Exhibit B.

Section 11. **Indemnification.** The City shall indemnify, defend, and hold CRA/LA,
its Governing Board and the Oversight Board, and their respective members, officers,
employees, agents, and their successors (each an "Indemnified Party") harmless from and
against all suits and causes of action, claims, losses, demands and expenses, including, but not
limited to, reasonable attorney's fees and costs of litigation, damage or liability of any nature
whatsoever, which arise out of or in connection with entry onto, occupancy in, or construction
on the Property by the City or its contractors, subcontractors, agents, employees or invitees.
This indemnity obligation related to each Indemnified Party shall not extend to any claim to the extent arising solely from such Indemnified Party's gross negligence or willful misconduct, and shall survive both the conveyance of the Property to the City by CRA/LA and termination of this Agreement.

Section 12. Appraisals of the Property: Determination of the Purchase Price.

a. Appraisal. The CRA/LA and City shall commence the process for the appraisal of the Property within thirty (30) days following the CRA/LA's receipt of a written notice from the City requesting that such process be commenced. The City's written notice shall be made no later than one hundred eighty (180) days prior to the expiration of the Term. Each Party shall cause a separate appraiser — the "CRA/LA Appraiser" and the "City Appraiser", respectively — to perform an appraisal of the Property. Each appraiser shall be instructed that the Property shall be valued at fair market value as supported by an analysis of its highest and best use consistent with the Redevelopment Plan, the Five-Year Implementation Plan, the Community Plan designation, the then current known physical condition of the Property, and all matters of public record pertaining to the Property. Each Party shall make a good faith effort to cause its respective appraisal to be completed within sixty (60) days following the date of the commencement of the appraisal. The CRA/LA Appraiser and the City Appraiser shall each be an MAI certified appraiser with at least ten (10) years of recent experience appraising commercial real estate within Los Angeles County. The appraisals shall each be a comprehensive appraisal that complies with the Uniform Standards of Professional Appraisal Practice. For purposes of determining the Fair Market Value, as defined in Section 12(b) below, the date of the appraisal on which the Fair Market Value is based must be dated within six months of the Closing Date. If the appraisal date is more than six months prior to the Closing Date, the Fair Market Value shall be either based on appraisal updates dated within six months of the Closing Date or new appraisals, as mutually agreed upon by the Parties. In either event, the process set forth in Section 12(b) shall be used to conduct the appraisal update or new appraisals.

b. Determination of Fair Market Value and Purchase Price. The Parties shall utilize the following process to establish the Fair Market Value for the Property based on the CRA/LA Appraiser's determination, and the City Appraiser's determination (each, an "Appraised Value"). If the lower Appraised Value is within ten percent (10%) of the higher Appraised Value, then the Fair Market Value of the Property shall be the average of the two Appraised Values. If the Appraised Values differ by more than ten (10) percent, a third appraiser (with the qualifications described above) shall be selected by mutual agreement of the CRA/LA Appraiser and the City Appraiser within ten (10) days after the submission of their Appraised Values. If the third appraisal is less than either of the first two, then the Fair Market Value of the Property shall be the average of the two lowest appraisals. If the third appraisal is greater than the first two, then Fair Market Value of the Property shall be the average of the two highest appraisals. If the third appraisal falls between the previous two appraisals, the Fair Market Value of the Property shall be the value established by the third appraisal. The Fair Market Value determined by this Section 12(b) shall constitute the Purchase Price.

c. Costs. The City shall pay the costs of the CRA/LA Appraiser, the City Appraiser, and any third appraiser required pursuant to this Section.
Section 13. **Exercise of Option.** Prior to the expiration of the Term and following the approval of the Disposition Plan as provided in Section 6(b) and the determination of Fair Market Value as provided in Section 12(b), the City may exercise the Option by delivering the Option Notice and by establishing an escrow with the Title Company specified in Section 14 below. The Option Notice shall set forth: (i) the Purchase Price, as determined by Section 12(b) above (ii) the Closing Date, and (iii) shall have attached thereto an agreement executed by the Developer and the City which requires the Developer to develop the Property in accordance with the Disposition Plan. Upon receiving the Option Notice, CRA/LA staff shall present to the Governing Board for its consideration a purchase agreement incorporating the relevant terms of this Agreement, and such other terms as mutually agreed upon by the Parties, pursuant to which CRA/LA shall convey the Property to the City for the Purchase Price (the “Purchase Agreement”). Approval of the Purchase Agreement by the Governing Board shall be subject to Oversight Board and DOF approval. The Term shall be automatically extended one day for each day following the City’s submittal of the Purchase Agreement to the CRA/LA staff until the City has been notified in writing by the CRA/LA staff of the approval or disapproval of the Purchase Agreement by the Governing Board, Oversight Board and DOF, which notice shall contain a reasonable description of the basis for disapproval if the Purchase Agreement is disapproved by the Governing Board, Oversight Board or DOF. If the Purchase Agreement is approved by the Governing Board, Oversight Board and DOF, the Term shall be automatically extended for a period of sixty (60) days from the date on which the City receives written notice of such approval from the CRA/LA staff to allow the Closing to occur. If the Purchase Agreement is disapproved, the Term shall automatically be extended one time for a period of sixty (60) days from the date the CIty receives written notice of such disapproval from the CRA/LA staff to allow the City an opportunity to address objections of the Governing Board, Oversight Board or DOF to the Purchase Agreement. If the City does not resubmit the Purchase Agreement within such sixty (60) day period, this Agreement shall automatically terminate. If the City resubmits the Purchase Agreement within such sixty (60) day period, the Term shall automatically be extended one day for each day following the City’s resubmittal until the City has been notified in writing by the CRA/LA staff of the approval or disapproval of the resubmitted Purchase Agreement by the Governing Board, Oversight Board and DOF. If the resubmitted Purchase Agreement is approved by the Governing Board, Oversight Board and DOF, the Term shall be automatically extended for a period of sixty (60) days from the date on which the City receives written notice of such approval from the CRA/LA staff to allow the Closing to occur. If the resubmitted Purchase Agreement is disapproved, this Agreement shall automatically terminate.

Section 14. **Escrow and Closing.** On, or before, the delivery of the Option Notice, the City shall open an escrow for the purchase and sale contemplated by this Agreement with a title company mutually acceptable to the Parties (the "Title Company") at an office in a mutually acceptable location. If the City elects to proceed with the acquisition of the Property pursuant to the Purchase Agreement, then, at least two (2) working days before the Closing Date, defined below, CRA/LA and the Parties shall each deliver escrow instructions to the Title Company consistent with the Purchase Agreement to close escrow, and the City shall deposit the Purchase Price with the Title Company. The Title Company shall close escrow by, and the "Closing" shall occur for purposes of this Agreement upon, recording the Grant Deed in the official records of the County of Los Angeles, and the release by the Title Company of the Purchase Price, in cash,
to CRA/LA. The Closing shall occur within sixty (60) days following the date of the approval of the Purchase Agreement by DOF, unless extended by mutual agreement of the Parties. The "Closing Date" shall be the day on which the Closing occurs. In connection with the Closing, the City shall pay (a) the premium cost of any title policy, including the cost of any endorsements required by the City, (b) recording charges and (c) one-half (1/2) of escrow holder's fees. In connection with the Closing, CRA/LA shall pay one-half (1/2) of escrow holder's fees. All other costs related to the sale of the Property shall be paid by the Parties in the manner consistent with common practice in land transactions in the County of Los Angeles. The provision of the Rescission by the City shall not constitute a waiver by the City of its rights or remedies with respect to the Property provided by applicable federal law and/or regulations or the instruments securing such rights or remedies. The Purchase Agreement shall provide (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 to the City 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 to the City 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. Within six (6) months following the Effective Date, the Parties shall confirm the percentage of the Purchase Price that will constitute program income, if any, and shall identify the amount and source of any federal funds contributed by the City to the Former Agency with respect to the Property and to be reimbursed to the City. If the payment or payments described above in this Section 14 are made, the CRA/LA shall be released from all obligations to the City in connection with the City's contribution of federal funds to the Former Agency with respect to the Property.

Section 15. Condition of Property.

a. **AS-IS Conveyance.** THE CITY SPECIFICALLY ACKNOWLEDGES AND AGREES THAT THAT THE CRA/LA IS CONVEYING AND THE CITY IS OBTAINING THE PROPERTY (INCLUDING ALL EXISTING IMPROVEMENTS THEREON) ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT THE CITY IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM THE CRA/LA AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: (A) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, TOPOGRAPHY, CLIMATE, AIR, WATER RIGHTS, WATER, GAS, ELECTRICITY, UTILITY SERVICES, GRADING, DRAINAGE, SEWERS, ACCESS TO PUBLIC ROADS AND RELATED CONDITIONS); (B) THE QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF SOILS, GEOLOGY AND GROUNDWATER, (C) THE EXISTENCE, QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF UTILITIES SERVING THE PROPERTY, OR ANY OF
THE IMPROVEMENTS LOCATED ON THE PROPERTY, (D) THE DEVELOPMENT POTENTIAL OF THE PROPERTY, AND THE PROPERTY'S USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE, (E) THE ZONING OR OTHER LEGAL STATUS OF THE PROPERTY OR ANY OTHER PUBLIC OR PRIVATE RESTRICTIONS ON THE USE OF THE PROPERTY, (F) THE COMPLIANCE OF THE PROPERTY OR ITS OPERATION WITH ANY APPLICABLE CODES, LAWS, REGULATIONS, STATUTES, ORDINANCES, COVENANTS, CONDITIONS AND RESTRICTIONS OF ANY GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITY OR OF ANY OTHER PERSON OR ENTITY, (G) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS ON, UNDER OR ABOUT THE PROPERTY OR THE ADJOINING OR NEIGHBORING PROPERTY, AND (H) THE CONDITION OF TITLE TO THE PROPERTY. THE CITY AFFIRMS THAT THE CITY HAS NOT RELIED ON THE SKILL OR JUDGMENT OF THE CRA/LA OR ANY OF ITS RESPECTIVE AGENTS, EMPLOYEES OR CONTRACTORS TO SELECT OR FURNISH THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT THE CRA/LA MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE. THE CITY ACKNOWLEDGES THAT IT SHALL USE ITS INDEPENDENT JUDGMENT AND MAKE ITS OWN DETERMINATION AS TO THE SCOPE AND BREADTH OF ITS DUE DILIGENCE INVESTIGATION WHICH IT SHALL MAKE RELATIVE TO THE PROPERTY AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, WHETHER THE PROPERTY IS LOCATED IN ANY AREA WHICH IS DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY). THE CITY UNDERTAKES AND ASSUMES ALL RISKS ASSOCIATED WITH ALL MATTERS PERTAINING TO THE PROPERTY'S LOCATION IN ANY AREA DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY.

b. **Survival.** The terms and conditions of this Section shall expressly survive the Closing, shall not merge with the provisions of the Grant Deed, or any other closing documents and shall be deemed to be incorporated by reference into the Grant Deed. The CRA/LA is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property furnished by any contractor, agent, employee, servant or other person. The City acknowledges that the Purchase Price for the Property reflects the "as is" nature of this conveyance and any faults, liabilities, defects or other adverse matters that may be associated with the Property. The City has fully reviewed the disclaimers and waivers set forth in this Agreement with the City's counsel and understands the significance and effect thereof.

c. **Acknowledgment.** The City acknowledges and agrees that: (i) to the extent required to be operative, the disclaimers of warranties contained in this Section are "conspicuous" disclaimers for purposes of all applicable laws and other legal requirements,
(ii) the disclaimers and other agreements set forth in such sections are an integral part of this Agreement, and (iii) the CRA/LA would not have agreed to convey the Property to the City without the disclaimers and other agreements set forth in this Section.

d. City's Release of the CRA/LA. The City, on behalf of itself and anyone claiming by, through or under the City, waives its right to recover from and fully and irrevocably releases the CRA/LA, its Governing Board, and Oversight Board, and their respective members, employees, officers, representatives, and agents (the "Released Parties") from any and all claims, responsibility and/or liability that the City may have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to: (i) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise within or about any existing improvements on the Property), valuation, salability or utility of the Property, or its suitability for any purpose whatsoever, (ii) any presence of Hazardous Materials, and (iii) any information furnished by the Released Parties under or in connection with this Agreement.

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

City's Initials: ________

Notwithstanding the foregoing, this release shall not apply to, nor shall the CRA/LA be released from, the CRA/LA's actual fraud or misrepresentation.
Section 16. Default. A Party to this Agreement shall be deemed to be in default hereunder for the breach of any provision contained herein which has not been cured within thirty (30) days of receipt after written notice of such default. In such event, the non-breaching Party may terminate this Agreement, or, in addition to any other remedy in equity or at law, may seek to recover damages, or seek an action for injunctive relief or specific performance.

Section 17. Notices. Any notice or other communication given or made pursuant to this Agreement shall be in writing and shall be deemed given if (i) delivered personally or by courier, (ii) sent by overnight express delivery, or (iii) mailed by registered or certified mail (return receipt requested), postage prepaid, to a Party at its respective address set forth below (or at such other address as shall be specified by the Party by like notice given to the other Party):

To CRA/LA: CRA/LA, A Designated Local Authority
448 S. Hill Street, Suite 1200
Los Angeles, CA 90013
Attn: Chief Executive Officer

With a copy to: Goldfarb & Lipman LLP
523 West Sixth Street, Suite 610
Los Angeles, CA 90014
Attn: Thomas Webber

To the City: Mayor’s Office of Economic Development
200 North Spring Street
13th Floor
Los Angeles, CA 90012
Attn: Deputy Mayor for Economic Development

With a copy to: City of Los Angeles
200 North Main Street, 15th Floor
Los Angeles, CA 90012
Attn: City Administrative Officer

With a copy to: City of Los Angeles
200 North Spring Street, Rm. 255
Los Angeles, CA 90012
Attn: Chief Legislative Analyst

With a copy to: Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, CA 90071
Attn: Jim G. Grayson, Esq.

All such notices and other communications shall be deemed given on the date of personal or local courier delivery, delivery to overnight courier or express delivery service, or deposit in the United States Mail, and shall be deemed to have been received (i) in the case of personal or local courier delivery, on the date of such delivery, (ii) in the case of delivery by overnight courier or
express delivery service, on the date following dispatch, and (iii) in the case of mailing, on the
date specified in the return receipt therefor.

Section 18. Continuing Cooperation. Each Party agrees, upon request of the other
Party and at no cost to the Party requested, to promptly execute and deliver from time to time all
such documents and to take such other actions as may be appropriate and reasonable to
effectuate the conveyance of the Property to the City as contemplated by this Agreement and the
development of the Property as contemplated by the Disposition Plan.

Section 19. Severability. If any portion of this Agreement is declared by a court of
competent jurisdiction to be invalid or unenforceable, such portion shall be deemed severed from
this Agreement and the remaining parts shall continue in full force as though such invalid or
unenforceable provision had not been part of this Agreement.

Section 20. Binding Effect. This Agreement and its terms and conditions shall be
binding upon and inure to the benefit of the Parties to this Agreement and their respective
successors and permitted assigns.

Section 21. Time. Time is of the essence of this Agreement.

Section 22. No Broker. Each Party to this Agreement represents to the other Party
that it has not engaged or used the services of any person, firm or corporation that may claim a
broker's commission or finder's fee based upon this Agreement or the exercise of the Option, and
each Party to this Agreement agrees to hold the other Party harmless from any loss, damage,
expense or liability, including attorneys' fees resulting from any claim by any person, firm or
corporation based upon its having acted as broker or finder on behalf of said indemnifying Party.

Section 23. Headings. The headings of the paragraphs of this Agreement are for
convenience and reference only, and the words contained in the headings shall in no way be held
to explain, modify, amplify or aid in the interpretations, constructions or meaning of the
provisions of this Agreement.

Section 24. Recitals: Exhibits. All recitals set forth above and exhibits attached to this
Agreement and referred to in this Agreement are incorporated into this Agreement by this
reference as though they were fully set forth in this Agreement.

Section 25. Entire Agreement. This Agreement contains the entire agreement between
the Parties respecting the matters set forth, and supersedes all prior agreements between the
Parties respecting such matters. The Parties have read and reviewed this Agreement and agree
that any rule of construction to the effect that ambiguities are to be resolved against the drafting
Party (including, but not limited to, Civil Code Section 1654, as may be amended from time to
time) shall not apply to the interpretation of this Agreement.

Section 26. Amendments. The Parties can amend this Agreement only by means of a
writing signed by both Parties, following approval by the Governing Board, the Oversight Board
(as applicable), and the City Council, in accordance with applicable law.
Section 27. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.
IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CRA/LA:

Date: ____________________________

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

By: ______________________________

Estevan Valenzuela
Chief Executive Officer

APPROVED AS TO FORM:

GOLDFARB & LIPMAN LLP

By: ______________________________

Thomas H. Webber
CRA/LA Counsel

CITY:

Date: ____________________________

THE CITY OF LOS ANGELES, a municipal corporation acting by and through the Mayor's Office of Economic Development

By: ______________________________

Kelli Bernard
Deputy Mayor for Economic Development

APPROVED AS TO FORM:

RICHARDS, WATSON & GERSHON, A Professional Corporation

By: ______________________________

Jim G. Grayson,
Special Counsel to the City
EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY
EXHIBIT B
INFORMATION REGARDING THE PROPERTY

[To be provided.]