

TRANSMITTAL

To:

THE COUNCIL

Date: 2/7/2019

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in blue ink, appearing to read 'Eric Garceiti', is written over the printed name.

ERIC GARCEITI
Mayor

(Ana Guerrero) for



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

Housing Development Bureau
1200 West 7th Street, Los Angeles, CA 90017
tel 213.808.8638 | fax 213.808.8610
hcidla.lacity.org

February 5, 2019

Council File:	17-0539; 17-0862
Council District(s):	8
Contact Persons:	Sean Spear (213) 808-8464 Ed Gipson (213) 808-8597 Tim Elliott (213) 808-8596

The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
200 North Spring Street
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT REQUEST FOR APPROVAL TO EXECUTE AN OWNER'S PARTICIPATION AGREEMENT WITH 88TH & VERMONT MGP, LLC FOR THE 88TH & VERMONT SUPPORTIVE HOUSING PROJECT

The General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, HCIDLA requests authority to execute the attached Owner's Participation Agreement with 88th & Vermont MGP LLC ("MGP"), for the conveyance of City-owned parcels in connection with the development of the 88th & Vermont supportive housing project.

Pursuant to a Motion (Harris-Dawson - Cedillo) (C.F. No. 17-0539) adopted on May 4, 2018, the Mayor and City Council approved the disposition of City-owned parcels located at 8707-8727 South Menlo Avenue and 8742-8752 South Vermont Avenue (collectively, "City-owned Property") to the MGP, for a price to be determined by fair reuse studies of the City-owned Property.

The Motion included the following: an instruction to HCIDLA to prepare, with the assistance of the City Attorney, a Purchase and Sale Agreement or similar appropriate document to convey the aforementioned parcels to the MGP; a request to the City Attorney to prepare and present a report and ordinance authorizing the sale of the parcels to the MGP; and, authorization for HCIDLA and the City Attorney to make necessary modifications to the City Proposition HHH and federal HOME Investment Partnerships Program (HOME) Loan Agreements relative to the changes outlined in the Motion.

The conveyance agreement, in the form of an Owner's Participation Agreement, is provided as an attachment to this report. Concurrently, the City Attorney will submit its report and ordinance for Mayor and Council consideration.

RECOMMENDATIONS

The General Manager of HCIDLA respectfully requests that the Mayor and City Council:

- A. Authorize the General Manager of HCIDLA, or designee, to execute the attached Owner's Participation Agreement for the conveyance of City-owned property located at 8707-8727 South Menlo Avenue (APN 6038010-902) and 8742-8752 South Vermont Avenue (APNs 6038-010-903 and 6038-010-904) to 88th & Vermont MGP, LLC; and
- B. Authorize the General Manager of HCIDLA, or designee, to make any technical adjustments, consistent with Mayor and City Council actions, subject to the approval of the City Attorney as to form and legality.

BACKGROUND

On January 15, 2018, Ordinance No. 185283 went into effect, providing HCIDLA with the ability to receive, manage, and dispose of City-owned properties identified as potential housing sites (C.F. No. 17-0862). Council File No. 17-0862 also included approval of the Housing Development Land Conveyance Policy, which allows for the sale of City-owned properties at fair reuse value where appropriate, specifically under circumstances in which a prospective project site consists of parcels owned by the City, and contiguous parcels are owned by the development entity.

88th & Vermont LP is the Limited Partnership responsible for the development and operation of the 88th & Vermont supportive housing project, a 62-unit residence for homeless, chronically homeless, and low income individuals and families, in addition to a youth and community center. The Limited Partnership is comprised of 88th & Vermont MGP, LLC (its Managing General Partner) and Community Build Housing, LLC. The project is situated on contiguous parcels, one of which is owned by the Limited Partnership; the City-owned Property comprises the other parcels of the project site. The City-owned Property was leased to 88th & Vermont LP on an interim basis while HCIDLA went through the process of obtaining approval to convey the City-owned Property in accordance with Ordinance No. 185283.

On January 16, 2018, the Mayor and Council authorized the sale of the City-owned Property to 88th & Vermont LP, for a price to be determined by reuse studies of the value of the City-owned Property and without notice of sale or advertisement for bids, pursuant to Section 7.27 of the Administrative Code. As negotiations continued between the City, 88th & Vermont LP, and the senior lender, it became apparent that the senior lender's security interest would be unduly exposed during the project's construction period if the City moved forward to convey the City-owned Property to 88th & Vermont LP, thus putting the project's financing at risk. The development team concluded that, rather than selling the City-owned Property to 88th & Vermont LP, the City could sell it to the MGP. The MGP would hold the land until construction was complete and any construction liens were removed, prior to transferring the fee interest to the Limited Partnership. By doing so, the issue of potential exposure of the senior lender's interest would be resolved, thereby ensuring the project's financial viability.

On March 9, 2018, a Motion (C.F. No. 17-0539) was introduced to: 1) rescind the Council Action of January 16, 2018, which authorized the sale of the City-owned Property to 88th & Vermont LP; and, 2) approve the sale of the City-owned Property to the MGP under the same terms and conditions.

The attached Owner's Participation Agreement conveys the City-owned Property for Zero Dollars (\$0), commensurate with the findings of the Fair Reuse Appraisals completed by CSG Advisors, which assigned a negative dollar value to the City-owned Property due to the rent and other long-term restrictions placed on the property. By executing the Owner's Participation Agreement and Grant Deed, the Grantee covenants and agrees for itself and its successors and assigns to use, operate, and maintain the City-owned Property in accordance with the Owner's Participation Agreement and the most restrictive provisions of the HHH Loan Documents, the HOME Loan Documents and the Land Use Rental Covenant.

First Amendments to the HHH Loan Agreement and HOME Loan Agreement, respectively, have been finalized by the City Attorney and will be executed concurrently with the Owner's Participation Agreement upon Mayor and Council approval of the recommendations contained herein and the expiration of the public posting period of the ordinance.

FISCAL IMPACT STATEMENT

There is no fiscal impact on the General Fund.

[Remainder of page intentionally left blank.]

[Signatures begin on the next page.]

Prepared By:



LISA SHINSATO
Finance Development Officer I

Reviewed By:



TIMOTHY ELLIOTT
Community Housing Program Manager

Reviewed By:



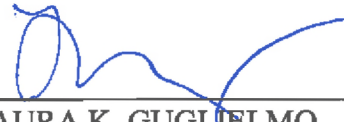
EDWIN C. GIPSON II
Director of Housing

Reviewed By:



SEAN L. SPEAR
Assistant General Manager

Reviewed By:



LAURA K. GUGLIELMO
Executive Officer

Approved By:



RUSHMORE D. CERVANTES
General Manager

Attachment: Owner's Participation Agreement

OWNER PARTICIPATION AGREEMENT

This Owner Participation Agreement ("Agreement"), dated as of _____, 2019 is entered into by and among 88th & Vermont MGP, LLC, a California limited liability company (the "**Developer**") and the CITY OF LOS ANGELES, a municipal corporation, (the "City") acting on its own behalf, and by and through the Los Angeles Housing and Community Investment Department ("**HCIDLA**"). HCIDLA and Developer are sometimes individually referred to in this Agreement as "Party" and collectively referred to as "Parties", with reference to the following facts:

RECITALS

A. The City currently owns those certain real properties located at and commonly known as: 8707 through 8727 South Menlo Avenue ("**Menlo**") (1 parcel) and 8742-8752 South Vermont Avenue ("**Vermont**") (2 parcels), Los Angeles, CA (legally described in **Exhibit "A"** hereto and collectively referred to as the "**City Property**"). The City is also the lessor of the City Property pursuant to that certain Ground Lease dated February 28, 2018, whereby the City leased the City Property to 88th & Vermont LP, a California limited partnership ("**88th & Vermont**") for a term of ninety-nine years, which lease was signed in order to grant 88th & Vermont site control over the City Property until the conveyance contemplated by this Agreement could be effectuated (the "**Ground Lease**"). A memorandum of the ground lease was recorded in the Official Records of Los Angeles County on March 1, 2018 as Instrument No. 20180201873.

B. 88th & Vermont also owns those certain parcels of real property adjacent to the City Property, located at and commonly known as: 8730-8738 South Vermont Avenue (2 parcels), Los Angeles, CA (legally described in **Exhibit "B"** hereto, and collectively referred to as the "**Developer Property**") ("**City "Property"**" and "**Developer Property**" will sometimes collectively referred to as the "**Property**"). The Developer is the Managing General Partner of 88th & Vermont.

C. 88th & Vermont and Developer, together, seek to use the Property for the construction and operation of the 88th & Vermont Permanent Supportive Housing (PSH) Development and Community Center, a 62-unit affordable permanent supportive housing project of which, 60 units shall be Restricted Unit(s) (i.e. income and rent restricted) pursuant to the most restrictive provisions of the HHH Regulatory Agreement, the HOME Regulatory Agreement and the Rental Covenant (as defined and discussed below), with 2 market rate unrestricted manager's units, a youth and community center of approximately 9,621 square feet, 36 residential parking spaces and 30 non-residential parking spaces (collectively, referred to as the "**Project**").

D. For purposes of operational ease and efficiency, it was always intended for the developer of the Project to have a fee interest in the City Property so that the City Property and the Developer Property could be operated under single ownership.

E. In January 2018, City approvals were obtained for a conveyance of the City Property to 88th & Vermont at its fair re-use value provided there was 1 or more agreements in place and a deed restriction requiring the development, use and maintenance of the City Property for affordable housing purposes for such period of time as the City determined to be appropriate.

F. The conveyance to 88th & Vermont was deemed to be in the public interest because: (1) the City Property was to be used for development and maintenance of the Project; (2) 88th and Vermont already owned the Developer Property; (3) common ownership of the Property was determined to be more conducive to the development and on-going management of the Project; and (4) 88th & Vermont had already secured commitments for sources of financing for the Project, including a Tax Credit Allocation, HOME funds, Proposition HHH financing, private lender financing and equity investment commitments.

G. The State Tax Credit Allocation Agency establishes deadlines by which project sponsors must close their construction financing. In addition, the agency requires that project sponsors provide evidence of site control at or prior to the established deadline.

H. The original conveyance did not occur because it became apparent that the City would be unable to effectuate the conveyance prior to the March 2018 construction loan closing deadline. Without the conveyance, 88th & Vermont would not have site control of the City Property, which would have resulted in the loss of the Tax Credit Allocation and \$16,000,000 in associated tax credit equity. Accordingly, on or about February 2018, 88th & Vermont and City opted to enter into the Ground Lease so that it would have (1) fee ownership of the Developer Property, and (2) an interest, as Lessee, in a long-term lease for the City Property, thereby satisfying the site control requirement. The Ground Lease was entered into with the agreement that the City would convey the City Property to 88th and Vermont at a later date, in order to bring both the City Property and the Developer Property under common ownership.

I. Full site control over the City Property afforded by the Ground Lease allowed 88th & Vermont to close the financing for the Project including, but not limited to a Tax Credit Allocation, a HOME loan, a Proposition HHH loan and private lender financing and equity investment commitments.

J. On or about on or about March 27, 2018, the City and 88th & Vermont, as long term lessee, entered into a HHH Loan Agreement (City of Los Angeles Contract No. C-131079) wherein the City agreed to loan 88th & Vermont, the sum of Nine Million, Six Hundred Eighty Thousand Dollars (\$9,680,000), (“HHH Loan”) for the development, maintenance and use of Property for the Project (the terms of the HHH Loan Agreement, the HHH Note, the HHH Deed of Trust, the HHH Regulatory Agreement, and the UCC-1, as they may be amended, modified, or restated from time to time, along with all exhibits

and attachments to these documents are incorporated herein by this reference are collectively referred as the “**HHH Loan Documents**”).

K. On or about on or about March 27, 2018, the City and 88th & Vermont, as long term lessee, entered into a HOME Loan Agreement (City of Los Angeles Contract No. C-131080) wherein the City agreed to loan 88th & Vermont the sum of One Million Nine Hundred Thousand Dollars (\$1,900,000), (“HOME Loan”) for the development, maintenance and use of Property for the Project (the terms of the HOME Loan Agreement, the HOME Note, the HOME Deed of Trust, the HOME Regulatory Agreement, and the UCC-1, as they may be amended, modified, or restated from time to time, along with all exhibits and attachments to these documents are incorporated herein by this reference are collectively referred as the “**HOME Loan Documents**”).

L. Part of the consideration for the HHH Loan and HOME Loan from the City to 88th & Vermont, includes promissory notes for the respective loans initially secured by that certain City Fee and Leasehold Deed of Trust executed by 88th & Vermont in favor of the City. As a condition of the conveyance contemplated by this Agreement, the Developer, as the new holder of a fee simple interest of the City Property covered by the Ground Lease, has agreed to place new Deeds of Trust and Regulatory Agreements on the City Property (to be executed by Developer as both Managing Partner of 88th & Vermont and owner of City Property) in order to further secure the City Loan and HHH Loan (and rent and income restrictions placed on the Project) on behalf of the Borrower.

M. As a condition of the density bonus received for the Project, on or about March 27, 2018, the City and 88th & Vermont, as long term lessee, entered into a Rental Covenant and Agreement Running with the Land (“Rental Covenant”), requiring 88th & Vermont to provide 60 restricted units at the Project for rent to Low Income Households (as defined in the Covenant) for a period of 55 years from the date that a Temporary Certificate of Occupancy or Certificate of Occupancy is issued for the Project.

N. The Rental Covenant was recorded in the Official Records of Los Angeles County on March 30, 2018, as Instrument No. 2018308692. The terms of the Covenant and the exhibits thereto, are expressly incorporated herein by this reference (the Rental Covenant and the exhibits thereto, are hereinafter collectively referred to as the “**Rental Covenant**”).

O. In May 2018, pursuant to CF 17-0539, City Council approved a technical adjustment to rescind the previously approved conveyance to 88th & Vermont and approve the conveyance to Developer under the same terms and conditions as the originally planned conveyance to 88th & Vermont.

P. The purpose of this Agreement is to ensure that the conveyance of the City Property to Developer serves a public purpose by providing for the development and future maintenance of the Project, which will serve to increase the community’s supply of affordable housing.

NOW THEREFORE, in consideration of the promises and respective covenants and agreements contained herein, the Parties hereby agree as follows:

ARTICLE 1. SUBJECT OF AGREEMENT

1.1 Purpose of Agreement.

This Agreement is entered into solely to serve one or more public purposes by providing for the development and future maintenance and use of the Project. The City would not have conveyed the City Property to the Developer, but for Developer's agreement to use both: (1) the City Property and (2) the Developer Property for the development and construction of the Project and its agreement to place new Deeds of Trust and Regulatory Agreements on the City Property (to be executed by Developer as both Managing Partner of 88th & Vermont and owner of City Property) in order to further secure the HOME Loan and HHH Loan (and rent and income restrictions placed on the Project) on behalf of the Borrower.

1.2 Definitions.

Agreement. "Agreement" means this "Owner Participation Agreement" between Developer and the City.

CB&T Loan. "CB&T Loan" means that certain construction converting to permanent loan made by ZB, N.A. dba California Bank & Trust ("CB&T") to 88th & Vermont in the original principal amount of \$15,800,000 pursuant to that certain Building Loan Agreement dated as of March 26, 2018 executed by and between 88th & Vermont, evidenced by that certain Promissory Note dated as of March 26, 2018 made by 88th & Vermont to the order of CB&T and secured by that certain Construction Fee and Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing dated as of March 26, 2018 made by 88th & Vermont as trustor in favor of CB&T as beneficiary and recorded on March 30, 2018 as Instrument No. 20180308693 in the Official Records of Los Angeles, County, California.

Certificate of Occupancy. "Certificate of Occupancy" refers to a Temporary Certificate of Occupancy or Certificate of Occupancy issued by the Los Angeles Department of Building and Safety.

City. "City" refers to the City of Los Angeles, a municipal corporation.

City Property. "City Property" refers to those 3 parcels of property located at and commonly known as: 8707 through 8727 South Menlo Avenue (1 parcel) and 8742-8752 South Vermont Avenue (2 parcels), Los Angeles, CA (legally described in **Exhibit "A"** hereto)

Close of Escrow. "Close of Escrow" shall mean the close of escrow for conveyance of the City Property by the City to Developer as provided in Article 3 of this Agreement.

Closing Date. "Closing Date" shall mean the date described in Section 3.7 of this Agreement.

Completion. "Completion" shall mean completion of construction of the Project and Improvements as required by all the requirements of this Agreement.

Developer. "Developer" refers to 88th & VERMONT MGP, LLC, a California limited liability company and its successors, and assigns, transferees, heirs, executors or administrators. Developer is both the Managing General Partner of 88th & Vermont and will also be the fee simple owner of the City Property.

Developer Property. "Developer Property" refers to those certain real properties adjacent to the City Property (owned by 88th & Vermont of which, Developer is Managing General Partner) and located at and commonly known as: 8730-8738 South Vermont Avenue (2 parcels), Los Angeles, CA (legally described in **Exhibit "B"** hereto).

Development Costs. "Development Costs" shall mean any properly documented costs incurred by the Developer in connection with the acquisition of the Property and entitlements, design, financing and construction of the Project as set forth in the HHH Loan Documents and the HOME Loan Documents.

Effective Date. "Effective Date" shall mean the date of City's Clerk's execution of this Agreement.

Ground Lease. "Ground Lease" refers to the 99- year ground lease for the City Property entered into between the City and 88th & Vermont in or about February 2018.

HCIDLA. "HCIDLA" refers to the Los Angeles Housing and Community Investment department, an agency of the City of Los Angeles.

HHH Loan. "HHH Loan" refers to the Nine Million, Six Hundred Eighty Thousand Dollars (\$9,680,000) loaned to 88th & Vermont pursuant to the HHH Loan Documents, for the development, maintenance and use of Property for the Project.

HHH Loan Documents. "HHH Loan Documents" refers to the City of Los Angeles Contract Number C-131079 executed between the City and 88th & Vermont which consists of the HHH Loan Agreement, the HHH Note, the HHH Deed of Trust, the HHH Regulatory Agreement, and the UCC-1, as they may be amended, modified, or restated from time to time, along with all exhibits and attachments to said documents.

HOME Loan. "HOME Loan" refers to the One Million Nine Hundred Thousand Dollars (\$1,900,000) loaned to 88th & Vermont pursuant to the HOME Loan Documents, for the development, maintenance and use of Property for the Project.

HOME Loan Documents. "HOME Loan Documents" refers to the City of Los Angeles Contract Number No. C-131080 executed between the City and 88th & Vermont which consists of the HOME Loan Agreement, the HOME Note, the HOME Deed of Trust, the HOME Regulatory Agreement, and the UCC-1, as they may be amended, modified, or restated from time to time, along with all exhibits and attachments to said documents.

Improvements. "Improvements" shall mean and include all demolition, site preparation and grading, as well as all buildings, structures, fixtures, excavation, parking, landscaping, and other work, construction, rehabilitation, alterations and improvements of whatsoever character to be constructed or performed by Developer in connection with the Project or otherwise, on, around, under or over the Property pursuant to this Agreement.

Permitted Lender. "Permitted Lender" shall mean the holder of any Security Financing Interest authorized by this Agreement and identified in the Project Budget or Financing Plan.

Person. "Person" means an individual, corporation, partnership, limited liability company, joint venture, association, firm, joint stock company, trust, unincorporated association or other entity.

Project. "Project" refers the 88th & Vermont Permanent Supportive Housing (PSH) Development and Community Center, a 62-unit affordable permanent supportive housing project of which, 60 shall be affordable Restricted Unit(s), with 2 market rate unrestricted manager's units, a youth and community center of approximately 9,621 square feet, 36 residential parking spaces and 30 non-residential parking spaces which Developer shall be cause to be developed and maintained on the Property and any other Improvements it conducts or develops on the Property.

Project Budget. "Project Budget" means the preliminary estimate of sources and uses of funds necessary to develop the Project as set forth in the HHH Loan Documents and the HOME Loan Documents.

Property. "Property" refers to both the City Property and the Developer Property on which the Project shall be developed, maintained and operated upon.

Rental Covenant. "Rental Covenant" refers to the Rental Covenant and Agreement Running with the Land between the City and 88th & Vermont recorded in the Official Records of Los Angeles County on March 30, 2018, as Instrument No. 2018308692 along with all exhibits and attachments to the Rental Covenant.

Residual Receipts Loan. “Residual Receipts Loan” shall mean any loan to be secured by a deed of trust on the Property that finances or refinances any portion of the Total Development Costs and is to be repaid by a share of Developer’s net cash flow in proportion to all other Residual Receipts Loans financing the Project.

Restricted Unit(s). “Restricted Unit(s)” refers to each of the 60 affordable units at the Project which shall be income and rent restricted in strict conformity with the most restrictive provisions of the HOME Regulatory Agreement, HHH Regulatory Agreement, and the Rental Covenant for their respective full terms and in accordance with the terms of this Agreement.

Statutory Request for Notice of Default. “Statutory Request for Notice of Default” shall mean an instrument substantially in the form attached to this Agreement as **Exhibit “D”** of Part I of Exhibits

Tax Equity Investor. “Tax Credit Equity Investor” shall mean any Person who will be an investor member in Developer’s limited liability company or investor limited partner in Developer’s partnership, as the case may be, and who will purchase the Low Income Housing Tax Credit and, if applicable, Historic Preservation Tax Credit and own not less than a 99% interest in Developer.

Term. “Term” shall mean the date the Developer’s duties and obligations under this Agreement, the Rental Covenant, the HOME Loan Documents and the HHH Loan Documents have been fulfilled as evidenced by the recordation of the re-conveyance of the HHH Deed of Trust, HOME Deed of Trust and termination by the City of the Rental Covenant, HHH Regulatory Agreement and HOME Regulatory Agreement (or in the event of any refinance or modification of the HHH or HOME Loan, any subsequently entered into Regulatory Agreement for the Project with the City resulting therefrom). In the event the aforementioned documents are recorded on different dates, the date of the last document is recorded controls for purposes of calculating the end of the Term of this Agreement.

Third Party Lender. “Third Party Lender” shall mean the maker of any Loan or beneficiary of any Loan deed of trust, except for the City.

Total Development Costs. Total Development Costs” shall mean the total cost to Developer of acquiring the Property and designing, entitling, financing and constructing the Project thereon, as set forth in the Project Budget and Financing Plan per the HHH Loan Documents and HOME Loan Documents.

88th & Vermont. “88th & Vermont” refers to 88th & Vermont, L.P., a California limited partnership and its successors, and assigns, transferees, heirs, executors or administrators. 88th & Vermont is also the “Borrower” under the HHH Loan Documents and HOME Loan Documents and the “Lessee” of the City Property under the Ground Lease.

1.3 Exhibits.

The following is a list of exhibits applicable to this Agreement. The exhibits constituting PART I are attached to this Agreement. The exhibits constituting Part II are Standard City Contracting Requirements which are set forth in a separate document, the receipt of which is hereby acknowledged by the Developer. All exhibits are hereby incorporated by this reference as though fully set forth herein.

a. Part I of Exhibits:

- A. City Property Legal Description
- B. Developer Property Legal Description
- C. Form of Grant Deed
- D. Form of Statutory Request for Notice

b. Part II of Exhibits (Standard City Contracting Requirements):

- 1. Mayoral Directive
- 2. City Insurance Requirements.

ARTICLE 2. PARTIES TO THE AGREEMENT.

2.1 City of Los Angeles.

The City of Los Angeles, a municipal corporation, acting by and through its Housing and Community Investment Department. The address of HCIDLA for the purposes of receiving notice pursuant to this Agreement is:

HCIDLA
1200 W. 7th Street, Suite 900
Los Angeles, CA 90017
Attention: General Manager

With a copy to:

Asset Management Division
1200 W. 7th Street, Suite 900
Los Angeles, CA 90017
Attention: Asset Manager

The term "HCIDLA" includes any assignee or successor to HCIDLA's rights, powers and responsibilities under this agreement.

2.2 Developer.

Developer is 88th & Vermont MGP, LLC, a California limited liability company. The address of Developer for purposes of receiving notice pursuant to this Agreement is:

795 NORTH AVENUE 50
LOS ANGELES, CA 90042
ATTN: CHANNA GRACE

The term "Developer" as used herein includes any authorized and approved Transferee of Developer as permitted in accordance with **Article 4** of this Agreement. All of the terms, covenants, and conditions of this Agreement shall be binding on such Transferees, successors and assigns of Developer.

2.3 No Joint Venture.

The City and Developer 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 either party have any fiduciary, confidential or agency relationship with the other.

ARTICLE 3. DISPOSITION OF THE CITY PROPERTY

Subject to the terms and conditions of this Agreement and the provisions of the HHH Loan Documents, the HOME Loan Documents, and the Rental Covenant, the City shall convey fee title to the City Property to Developer solely for the construction, maintenance and operation of the Project.

3.1 Conditions Precedent to Closing.

The City shall not be obligated to convey title to the City Property to Developer, and the Close of Escrow shall not occur, if an Event of Default has occurred and has not been cured within the applicable cure period, if any. The Close of Escrow is further conditioned upon the timely satisfaction of each of the following conditions (the "Conditions Precedent"). It shall be Developer's obligation to cause all of the Conditions Precedent to be satisfied in a timely fashion, as provided in this Agreement, and to provide written documentation sufficient for the HCIDLA General Manager or designee to determine compliance, not later than ten (10) Business Days prior to the scheduled Closing Date (unless a different time is provided in this Agreement). The City shall have the right to approve or disapprove any submittal. Any approval or disapproval shall be in writing. Any disapproval shall contain an explanation of the reason(s) for disapproval. Developer shall have eight (8) Business Days after any disapproval to submit additional or corrected documentation. Failure by the City to approve or disapprove any submittal in writing within ten (10) Business Days of receipt shall be deemed a disapproval. The City

shall have the right to terminate this Agreement in the event of a failure of any Condition Precedent. Unless expressly provided otherwise, each of the following conditions is for the exclusive benefit of the City.

(i) Developer's Certificate. Developer shall certify to the City in writing that (i) all information provided by Developer to the City in connection with this Agreement remains true and correct in all material respects; and (ii) Developer is in full compliance with the terms of this Agreement and there exists no Event of Default pursuant to this Agreement, the HHH Loan Documents, the HOME Loan Documents, or the Rental Covenant nor has any act, omission or condition occurred that, with the giving of notice, would constitute an Event of Default pursuant to this Agreement, the HHH Loan Documents, the HOME Loan Documents, or the Rental Covenant.

(ii) Developer's Formation Documents. Developer shall deliver to HCIDLA documentation relating to the status of Developer's corporate, partnership, limited liability or other similar entity, and those of any general partners or managing members of Developer, including, without limitation and as applicable, the following: limited partnership agreements and any amendments thereto; articles of incorporation; limited liability company articles of incorporation (LLC-1); statement of information and operating agreement (including any amendments thereto); copies of all resolutions or other necessary actions taken by such entity to authorize the execution of this Agreement and related documents; and a certificate of status issued by the California Secretary of State;

(iii) Title. The Title Company shall confirm in writing that all conditions precedent to the Close of Escrow for Developer to take title to the City Property, other than the payment of the Purchase Price (if any), shall have been satisfied;

(iv) Developer's Title Insurance Policy. The City shall have received written confirmation from the Title Company that the Title Company is committed to issue to Developer, upon the Close of Escrow, the Developer's Title Insurance Policy, as provided in Section 3.9 of this Agreement. This condition is for the benefit of the City and Developer;

(v) Closing Cost Statement. The City and Developer shall have received an estimated closing cost statement of costs from the Escrow Agent. This condition shall be for the benefit of the City and Developer;

(vi) Recording Instructions. Each party shall draft their own escrow and recording instructions. The Developer agrees to work with the City to ensure its escrow instructions are consistent with the City's instructions and with this Agreement.

(vii) Documents. Not later than two (2) Business Days prior to the Close of Escrow, the City, Developer and/or other parties, as appropriate, shall have executed the following documents and delivered them to the Escrow Agent, for recording pursuant to Section 3.8 herein and any supplemental escrow instructions and for distribution, as appropriate, upon the Close of Escrow:

(1) Grant Deed(s) in the form attached hereto as "Exhibit "C" (to be signed by the City and consented to by Developer). This condition shall be for the benefit of the City and Developer;

(2) An Amended and Restated Rental Covenant (to be executed by the Developer as owner of the City Property);

(3) New Regulatory Agreements for the HHH Loan and HOME Loan (to be executed by Developer as both Managing Partner of 88th & Vermont and owner of the City Property);

(4) A new deed of trust for the CB&T Loan (to be executed by Developer, as both Managing Partner of 88th & Vermont and owner of the City Property);

(5) New Deeds of Trust for the HHH Loan and HOME Loan (to be executed by Developer as both Managing Partner of 88th & Vermont and owner of the City Property);

(6) Statutory Request for Notice under Section 2924b of the Civil Code (to be signed by the City).

3.2 Financing for the Project.

Financing for the Project includes those public and private funds borrowed by 88th & Vermont, an affiliate of Developer, and investments made in the Project by private investors, pursuant to the transaction described in the Recitals above, which closed on or about March 27, 2018 (see also Article 4).

3.3 Conveyance of City Property.

Provided the conditions precedent in Section 3.1 of this Agreement have been satisfied and provided that the City has received approval from City Council and Mayor of the terms of the this Agreement and concurrent ordinance authorizing the conveyance of the City Property to Developer, the City agrees convey the City Property to Developer, and Developer agrees to accept the City Property from the City, in accordance with this Agreement and the Grant Deed(s).

3.4 Fair Re-Use Price.

Pursuant to Council File 17-0539, City Council authorized the conveyance of the City Property to Developer at price to be determined by reuse studies of the value of the Property. In February of 2018, CSG Advisors, Incorporated (CSG) prepared reports as to the estimated fair re-use value of the Property. CSG determined that even if Developer received the Property at no cost, the financing sources (including the required development restrictions), less development costs for the Project, leaves residual negative land values of \$238,000 for the Menlo property and negative \$68,000 for the Vermont property. This places the fair re-use price for the City Property at \$0.00. As a result, Developer shall not be required to make any payment to the City in order to close the sale of the City Property pursuant to this Agreement.

3.5 Condition of the City Property.

a. Due Diligence. The City makes no representations regarding the condition of the City Property. The Parties hereby acknowledge that prior to the execution of this Agreement, Developer or its affiliates used the opportunity provided by the City to conduct any studies and investigations that Developer deemed necessary to assure itself of the physical condition of the City Property and the suitability of the City Property for the development of the Project

b. "As Is" Conveyance.

(i) DEVELOPER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT THE CITY IS CONVEYING TO DEVELOPER AND DEVELOPER IS ACCEPTING FROM THE CITY, THE CITY PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT DEVELOPER 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 CITY PROPERTY, INCLUDING WITHOUT LIMITATION: (A) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE CITY 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 CITY PROPERTY, (D) THE DEVELOPMENT POTENTIAL OF THE CITY PROPERTY, AND THE CITY PROPERTY'S USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE CITY PROPERTY FOR ANY PARTICULAR PURPOSE, (E) THE ZONING OR OTHER LEGAL STATUS OF THE CITY PROPERTY OR ANY OTHER PRIVATE OR GOVERNMENTAL RESTRICTIONS ON THE USE OF THE CITY PROPERTY, (F) THE COMPLIANCE OF THE CITY PROPERTY OR ITS OPERATION WITH ANY APPLICABLE CODES, LAWS, REGULATIONS, STATUTES, ORDINANCES, COVENANTS, CONDITIONS AND RESTRICTIONS OF ANY GOVERNMENTAL OR

QUASI-GOVERNMENTAL ENTITY OR OF ANY OTHER PERSON OR ENTITY, AND (G) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS ON, UNDER OR ABOUT THE CITY PROPERTY OR EMANATING FROM THE ADJOINING OR NEIGHBORING PROPERTY. DEVELOPER AFFIRMS THAT DEVELOPER HAS NOT RELIED ON THE SKILL OR JUDGMENT OF THE CITY OR ANY OF THEIR RESPECTIVE AGENTS, EMPLOYEES, CONSULTANTS OR CONTRACTORS TO SELECT OR FURNISH THE CITY PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT THE CITY MAKES NO WARRANTY THAT THE CITY PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE. DEVELOPER ACKNOWLEDGES THAT DEVELOPER 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 CITY PROPERTY AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE CITY PROPERTY (INCLUDING, WITHOUT LIMITATION, WHETHER THE CITY 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). DEVELOPER UNDERTAKES AND ASSUMES ALL RISKS ASSOCIATED WITH ALL MATTERS PERTAINING TO THE CITY PROPERTY 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.

(ii) Developer's Release of the City. Developer, on behalf of itself and anyone claiming by, through or under Developer hereby waives its right to recover from and fully and irrevocably releases the City, and its respective council members, board members, employees, officers, directors, representatives, attorneys and agents (the "Released Parties") from any and all claims, responsibility and/or liability that Developer may have or hereafter acquire against any of the Released Parties, excluding breaches by the City of representations, warranties and covenants of the City, for any claims, fines, penalties, fees, costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to the following: (i) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the City Property, or its suitability for any purpose whatsoever; and (ii) any information furnished by the Released Parties under or in connection with this Agreement, provided that such release does not apply in the event where the liability resulted from gross negligence, fraud, or will full misconduct of the Released Parties.

(iii) Scope of Release. The release set forth in Section 3.5(b)(ii) includes claims (other than claims for the presence of Hazardous Materials on, under or about the City Property prior to the Close of Escrow) of which Developer is presently unaware or which Developer does not presently suspect to exist which, if known by Developer, would materially affect Developer's release of the Released Parties.

Developer specifically waives the provision of any statute or principle of law that provides otherwise, to the extent permitted by law. In this connection and to the extent permitted by law, Developer agrees, represents and warrants that Developer realizes and acknowledges that factual matters now unknown to Developer 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 Developer further agrees and represents that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Developer 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, Developer, on behalf of itself and anyone claiming by, through or under Developer, hereby assumes the above-mentioned risks and hereby expressly waives any right Developer and anyone claiming by, through or under Developer, 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."

Developer's Initials: _____

The provisions of this section shall survive any expiration of the Term of this Agreement.

3.6 Escrow.

a. Opening of Escrow.

Developer and the City shall open Escrow with the Escrow Agent not later than ten (10) Business Days prior to the scheduled Closing Date. The delivery to Escrow Agent of a duplicate original of this Agreement shall constitute the "Opening of Escrow" and the date of the Opening of Escrow shall constitute the "Opening Date." The Escrow Agent shall accomplish the recordation of the Grant Deed (in the form attached hereto as Exhibit "C") and the documents to be recorded pursuant to this Agreement as more particularly set forth herein, including but not limited to an Amended and Restated Rental Covenant and Agreement, the new Deeds of Trust for the CB&T Loan, the HHH Loan and HOME Loan, and the new Regulatory Agreements for the HHH Loan and the HOME Loan, all of which are to be recorded against Developer's fee interest in the City Property in the order described in Section 3.8 herein and as further described in any supplemental escrow instructions. This Agreement constitutes the joint basic escrow instructions of the City and Developer with respect to the conveyance of the City Property by the City to Developer. The City and Developer shall provide such additional escrow instructions as

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OWNER PARTICIPATION AGREEMENT

88th & Vermont Permanent Supportive Housing (PSH) Development and Community Center

are customary, consistent with this Agreement and necessary for the accomplishment of its purpose. Escrow Agent is hereby empowered to act under this Agreement, and Escrow Agent, upon indicating within five (5) Business Days after the Opening of Escrow its acceptance of the provisions of this Section 3.6, in writing delivered to the City and Developer, shall carry out its duties as Escrow Agent hereunder. In the case of any inconsistency between the Additional Escrow Instructions and this Agreement, the terms of this Agreement shall govern.

b. Closing Costs to be paid by Developer.

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

- (i) The escrow fee; and
- (ii) Recording fees, if any, for the documents listed in Section 3.1 (xv) and/or any other instrument to be recorded against Developer's fee interest in the City Property, or for the benefit of Developer; and

c. Closing Costs to be paid by Other Parties.

Any other costs, expenses or fees of the Escrow not otherwise provided for in this Agreement shall be paid by the party who customarily pays for such costs in Los Angeles County.

d. Duty of Escrow Agent.

The Escrow Agent is authorized to:

- (1) Pay and charge Developer, the City or other parties, as applicable, for its respective fees, charges and costs payable under this Section 3.6. Before such payments or charges are made, Escrow Agent shall notify the City and Developer of the fees, charges and costs necessary to close the Escrow;
- (2) Deliver the documents referenced in Section 3.1 (ix) and other documents to the parties entitled thereto when the conditions of this Escrow have been fulfilled by the City and Developer;
- (3) Record any instruments delivered through this Escrow, if necessary or proper, to vest title in the City Property, or the applicable portion thereof, in Developer in accordance with the terms and provisions of this Agreement.

If this Escrow is not in condition to close on or before the "Closing Date" (as defined in Section 3.7 of this Agreement), either 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 (if any), papers or documents deposited with Escrow Agent and the Title Company. No demand for return shall be recognized until ten (10) calendar days after Escrow Agent shall have mailed copies of such demand to the other Party at the address of its or their principal place 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) calendar day period. Objections, if any, shall be raised by written notice to the Escrow Agent and to the other Party within the ten (10) calendar day period described above, in which event Escrow Agent and the Title Company are authorized to hold all money, papers and documents with respect to the City Property, or the affected portion thereof, until instructed by mutual agreement of the Parties or by a court of competent jurisdiction. If no such demands are made, the Escrow shall be closed as soon as possible.

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

Any amendment to these Escrow and Recording Instructions shall be in writing and signed by the party that prepared them. Prior to submitting any amendment to Escrow, the party seeking the amendment agrees to work with the non-requesting party to ensure the amendment is acceptable and consistent with this Agreement. At the time of any amendment, Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

All communications from Escrow Agent to the City or Developer shall be directed to the addresses and in the manner established in Section 6.4 of this Agreement for notices, demands and communications between the City and Developer.

3.7 Close of Escrow.

a. Subject to any extensions of time mutually agreed upon in writing between the City and Developer, the conveyance of title to Developer pursuant to the Grant Deed shall be completed upon the occurrence of all of the following (the "Closing Date"): (i) the satisfaction of all Conditions Precedent to the Close of Escrow set forth in Section 3.1 of this Agreement; and (ii) the date on which City Council and the Mayor have approved the provisions of this Agreement and the concurrent ordinance authorizing conveyance of the City Property to Developer.

b. The HCIDLA General Manager or his/her designee, is authorized to approve one or more reasonable extensions to the Closing Date (each such extension

not to exceed twenty (20) Business Days), so long as: (i) such extension is in writing, executed by the HCIDLA General Manager or designee; (ii) the HCIDLA General Manager or designee determines in writing, on the basis of reasonable documentation provided by Developer, that Developer is diligently attempting to satisfy or cause the satisfaction of any outstanding Condition Precedent; and (iii) the extension does not exceed six (6) months from the Closing Date set forth in the Schedule of Performance Completion (as defined by the HHH Loan Documents and HOME Loan Documents).

3.8 Recordation of Documents.

Unless instructed otherwise in writing by the City and Developer, Escrow Agent shall record or cause to be recorded in the Office of the County Recorder of Los Angeles County, California, against Developer's fee interest in the City Property, in the following order, the following instruments: (a) the Grant Deed (in the form attached as Exhibit "C" hereto); (b) the Amended and Restated Rental Covenant Running with the Land to be recorded against Developer's fee interest in the City Property (and any subordination agreements required to preserve its original recording position); (c) the new Deed of Trust for the CB&T Loan to be executed by Developer as both Managing Partner of 88th & Vermont and owner of the City Property; (d) the new and Regulatory Agreements for the HHH Loan and HOME Loans to be executed by Developer as both Managing Partner of 88th & Vermont and as owner of the City Property; and (e) the new Deeds of Trust for the HHH and HOME Loans to be executed by Developer as both Managing Partner of 88th & Vermont and as owner of the City Property.

3.9 Title Insurance.

Upon the Close of Escrow, the Title Company shall commit to issue to Developer, an ALTA lender's policy of title insurance (the "Developer's Title Insurance Policy"). Escrow Agent shall provide or cause to be provided a copy of any such title insurance policy to the City.

ARTICLE 4. CONSTRUCTION AND OPERATION OF THE PROJECT

4.1 Developer agrees that it shall cause 88th & Vermont to comply with the construction, maintenance and operation of the Project in full accordance with the most restrictive provisions of the HOME Loan Documents, HHH Loan Documents and Rental Covenant including, but not limited to those pertaining to:

- (1) Method of Financing the Project;
- (2) Scope of Development and Design Requirements of the Project;
- (3) Construction of the Project;
- (4) Use of Property and Developer Obligations and During and After Construction of the Project (including, but not limited to compliance with the income and rent restrictions and occupancy monitoring requirements imposed upon the Project by the HHH Regulatory Agreement; HOME Regulatory Agreement and Rental Covenant);

- (5) Assignments and Transfers of the Property and Project;
- (6) Security Financing and Rights of Lenders.

ARTICLE 5. DEFAULTS AND REMEDIES

5.1 Defaults – General.

a. Subject to the extensions of time set forth in Section 6.5 of this Agreement, failure or delay by either Party to perform or to comply with any term or provision of this Agreement shall constitute an Event of Default under this Agreement. The Party who fails or delays must commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

b. The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the injured Party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays 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. Delays by either Party in asserting any of its rights and remedies shall not deprive either Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

c. Prior to exercising any remedies hereunder, the injured Party shall give the Party in default notice of such default. If the default is reasonably capable of being cured within twenty (20) Business Days after such notice is received or deemed received, the Party in default shall have such period to effect a cure prior to exercise of remedies by the injured Party. If the default is such that it is not reasonably capable of being cured within twenty (20) Business Days, and the Party in default (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then the Party in default shall have such additional time as is reasonably necessary, but not more than one hundred eighty (180) calendar days, to cure the default prior to exercise of any remedies by the injured Party.

5.2 Events of Default.

In addition to any violation of Section 5.1, the occurrence of any of the following events shall also constitute an “Event of Default” under the Agreement:

- (1) Developer fails to satisfy any Condition Precedent to the Close of Escrow, within the time established thereof in this Agreement or the Schedule of Performance;
or
- (2) There is substantial change in the ownership of Developer, or with respect to the identity of the parties in control of Developer, or the degree thereof contrary to the

provisions of this Agreement (however, City acknowledges that after escrow has closed and the construction lien period is over, Developer may transfer the fee in the City Property to 88th & Vermont, LP) or

(3) There is any other material default by Developer under the terms of this Agreement which is not cured within the time provided herein.

(4) Developer (or any successor in interest) assigns or attempts to assign this Agreement, or any rights herein, or transfers, or suffers any involuntary transfer of the City Property, or any part thereof without the prior written consent of City, and such breach is not cured within the time provided in Section 5.1 of this Agreement; provided, however, City acknowledges that, after escrow has closed and the construction lien period is over, Developer may transfer the fee in the City Property to 88th & Vermont, LP and City further acknowledges that any foreclosure of any deed(s) of trust in favor of CB&T that encumber or will encumber the City Property, or acceptance of a deed-in-lieu of foreclosure of any deed(s) of trust in favor of CB&T that encumber or will encumber the City Property, which such deed(s) of trust in favor of CB&T are and shall be senior and prior liens on the City Property, shall not constitute an involuntary transfer under this Section 5.2(4).

5.3. Consent to Sale, Transfer or Conveyance.

However, notwithstanding the provisions of Section 5.2(2) and 5.2(4) above, the City may give its consent to a sale, transfer, or conveyance provided that all of the following conditions are met: (a) Developer is in compliance with the HHH Loan Documents, the HOME Loan Documents, and this Agreement, or the sale, transfer, or conveyance will result in the cure of any existing violations of the HHH Loan Documents, HOME Loan Documents and/or this Agreement; (b) the transferee agrees to assume all obligations of Developer imposed by this Agreement, the Regulatory Agreements contained in the HHH Loan Documents, the HOME Loan Documents, and other Loan Documents, and enter into such an agreement ("Assumption Agreement"); (c) the transferee demonstrates to City's satisfaction that it is capable of and intends to own and operate the Property in full compliance with this Agreement, the Regulatory Agreements contained in the HHH Loan Documents, the HOME Loan Documents, and other Loan Documents; (d) the terms of the sale, transfer, or conveyance shall not jeopardize City's security interest in the Property and is in full compliance with all standards, including eligibility requirements and other conditions imposed by any funding sources for the Project and the HHH Loan Documents and HOME Loan Documents; (e) the transferee is not in default on any other obligations; and (f) such other conditions as City may reasonably impose in City's sole discretion.

5.4 Cross-Default.

Any breach by Developer of any obligations on Developer imposed by this Agreement, the HOME Loan Documents, the HHH Loan Documents or any other agreements with respect to the financing, development, or operation of the Project

whether or not the City is a party to such agreement shall constitute an Event of Default under this Agreement.

5.5 Remedies.

In addition to any other rights or remedies (and except as otherwise provided in this Agreement), the City shall be entitled to exercise any and all available remedies set forth in this Agreement, the HOME Loan Documents, the HHH Loan Documents and any and all other remedies authorized by law.

5.6 Institution of Legal Actions.

In addition to any other rights or remedies (and except as otherwise provided in this Agreement), either Party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court of that county, or in the United States District Court for the Central District of California.

5.7 Rights and Remedies Are Cumulative.

Except with respect to rights and remedies expressly declared to be exclusive 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 or different times, of any other rights or remedies for the same default or any other default by the other Party.

5.8 Damages.

Subject to the notice and cure provisions of Section 5.1 of this Agreement, if either Party defaults with regard to any of the provisions of this Agreement, the non-defaulting Party shall serve written notice of such default upon the defaulting Party. If the default is not cured within the time provided in Section 5.1 of this Agreement, the defaulting Party shall be liable to the non-defaulting Party for any damages caused by such default, and the non-defaulting Party may thereafter (but not before) commence an action for damages against the defaulting Party with respect to such default. In no event shall the City be liable to Developer, nor shall the Developer be liable to City, for any attorney's fees.

5.9 Specific Performance.

Subject to the notice and cure provisions of Section 5.1 of this Agreement, if either Party defaults with regard to any of the provisions of this Agreement, the non-defaulting Party shall serve written notice of such default upon the defaulting Party. If the default is not

cured within the time provided in Section 5.1 of this Agreement, the non-defaulting Party, at its option, may thereafter (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default.

5.10 Survival.

All indemnification provisions set forth in this Agreement and any other provisions of this Agreement which by their terms are to survive any expiration of the Term of this Agreement hereof shall so survive. This Section 5.10 is for reference purposes only, and does not alter the scope or nature of the surviving provisions.

5.11 Inaction Not a Waiver of Default.

Any failures or delays 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 such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

5.12 No Attorneys' Fees.

Should legal action be brought by either Party for breach of this Agreement or to enforce any provision, neither Party in such action shall be entitled to attorneys' fees, court costs or any other litigation expenses, including, without limitation, expenses incurred for preparation and discovery, and on appeal.

ARTICLE 6. GENERAL PROVISIONS

6.1 Incorporation of Recitals. The foregoing recitals are incorporated by reference herein and by this reference as expressly made a part of this Agreement.

6.2 Conflicts. In the event of any conflict between this Agreement and the provisions of the HHH Loan Documents, HOME Loan Documents and Rental Covenant, the most restrictive provision(s) shall control.

6.3 Developer Representations and Warranties.

The Developer represents and warrants to the City, as follows:

a. Organization. The Developer is 88th & Vermont MGP, LLC, a California limited liability company, which is the Managing General Partner of 88th & Vermont, L.P., a California limited partnership, each of which is duly organized, validly existing and in good standing under the laws of the State of California, with full power and authority to conduct its business as presently conducted and to execute, deliver and perform its obligations under this Agreement.

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

c. No Conflict. The execution, delivery and performance of this Agreement by the Developer does not and shall 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 Developer, (ii) any applicable law, rule or regulation binding upon or applicable to the Developer, or (iii) any material agreements to which the Developer 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 the Developer's actual knowledge, pending or threatened litigation, suit, action or proceeding before any court or administrative agency affecting the Developer or, to the best knowledge of the Developer, the Developer Property that would, if adversely determined, materially and adversely affect the Developer or the Developer Property or the Developer's ability to perform its obligations under this Agreement or to develop and operate the Project.

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

6.4 Notices.

Formal notices, demands, and communications between the City and the Developer shall be sufficiently given if, and shall not be deemed given unless given in writing and dispatched by certified mail, return receipt requested, or by electronic facsimile transmission followed by delivery of a "hard" copy, or by personal delivery (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), with a receipt showing date of delivery, to the principal offices of the HCID and the Developer as follows:

HCID:	Housing and Community Investment Department 1200 W. 7 th Street, Suite 900 Los Angeles, CA 90017 Attn: General Manager
With copies to:	Housing and Community Investment Department

	Asset Management Division 1200 W. 7 th Street, Suite 900 Los Angeles, CA 90017 Attn: Asset Manager
Developer:	88 th & Vermont MGP LLC 795 Avenue 50 Los Angeles, CA Attn: Channa Grace, President With a copy to: Law Offices of Francisca Gonzalez Baxa 20185 Pingree Way Yorba Linda, CA 92887 Attn: Francisca Baxa

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

6.5 Enforced Delay: Extension of Time of Performance.

a. In addition to specific provisions of this Agreement, the time for performing non-monetary obligations pursuant to this Agreement shall be extended and non-monetary performance by either Party shall not be deemed to be in default where delays are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; quarantine restrictions; freight embargoes; acts of god; severe or unusual shortages of materials or labor; uncommon inclement weather of an extreme or exceptional nature, unavoidable casualty; or court order; or any other similar causes (other than lack of funds of the Developer or the Developer's inability to finance the construction of the Project) beyond the control or without the fault of the Party claiming an extension of time to perform.

b. An extension of time for any such cause (a "Force Majeure Delay") shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within twenty (20) Business Days of knowledge of the commencement of the cause. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Delay unless and until the Party claiming such delay and interference delivers to the other Party written notice describing the following: the event; its cause; when and how such Party obtained knowledge; the date the event commenced; a reasonable causal connection between the event and the need to extend the time of such Party's performance; and the estimated delay resulting from the event. Any Party claiming a Force Majeure Delay shall deliver such written notice within twenty (20) Business Days after it obtains actual knowledge of the event. Times of performance under

this Agreement may also be extended in writing by the City and Developer.

6.6 Conflict of Interest.

a. No member, official, or employee of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is, directly or indirectly, interested.

b. Developer warrants that it has not paid or given, and shall not pay or give, any third person any money or other consideration for obtaining this Agreement.

6.7 Non-liability of City Officials and Employees.

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

6.8 Inspection of Books and Records.

a. Prior to Completion of the Project, the City shall have the right at all reasonable times to inspect the books and records of Developer pertaining to the development of the Property as pertinent to the purposes of this Agreement. Developer shall also have the right at all reasonable times to inspect the books and records of HCIDLA pertaining to the Property as pertinent to the purposes of this Agreement.

6.9 Approvals.

a. Except as otherwise expressly provided in this Agreement, approvals required of the City or Developer in this Agreement, including the attachments hereto, shall not be unreasonably withheld, delayed or conditioned. All approvals shall be in writing. Failure by either Party to approve or disapprove a matter within the time provided for approval or disapproval of the matter shall not be deemed either approval or disapproval of the matter unless this Agreement specifically provides otherwise. Notwithstanding the foregoing, nothing contained in this Agreement shall restrict or limit the exercise of discretion by the Mayor, City Council or any member of the City Council in approving or disapproving this Agreement or any proposed material revisions or amendments to this Agreement, which approval may be granted or denied in the sole and absolute discretion of the City.

b. Whenever this Agreement calls for City approval, consent, or waiver, the written approval, consent, or waiver of, the HCIDLA General Manager or his designee

shall constitute the approval, consent, or waiver of the City, without further authorization required from the City Council and Mayor. The City hereby authorizes the HCIDLA's General Manager or his designee to deliver such approvals or consents as are required by this Agreement, or to waive requirements under this Agreement, on behalf of the City. However, any material modification and any amendment to this Agreement shall require approval by the City Council and Mayor.

6.10 Construction and Interpretation of Agreement.

a. The language in all parts of this Agreement shall in all cases be construed simply, as a whole and in accordance with its fair meaning and not strictly for or against any Party. The parties hereto acknowledge and agree that this Agreement has been prepared jointly by the parties and has been the subject of arm's length and careful negotiation over a considerable period of time, that each Party has been given the opportunity to independently review this Agreement with legal counsel, and that each Party has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provisions hereof. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement shall not be interpreted or construed against the Party preparing it, and instead other rules of interpretation and construction shall be utilized.

b. If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any Party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Agreement that is illegal, invalid, or unenforceable, there be added as a part of this Agreement an enforceable clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible.

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

c. References in this instrument to this "Agreement" mean, refer to and include this instrument as well as any riders, exhibits, addenda and attachments hereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in this instrument. Any references to any covenant, condition, obligation, and/or undertaking "herein," "hereunder," or "pursuant hereto" (or language of like import) shall mean, refer to, and include the covenants, obligations, and undertakings existing pursuant to this instrument and any riders, exhibits, addenda, and attachments or other documents affixed to or expressly incorporated by reference in this instrument.

d. As used in this Agreement, and as the context may require, the

singular includes the plural and vice versa, and the masculine gender includes the feminine and vice versa.

6.11 Time of Essence.

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Agreement.

6.12 Relationship of the Parties.

Nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture, or any other similar relationship between the parties hereto or cause the City to be responsible in any way for the debts or obligations of Developer or any other Person.

6.13 Binding Effect.

This Agreement, and the terms, provisions, promises, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

6.14 Rights of Third Parties.

a. Except as otherwise expressly provided in this Agreement and the HHH Regulatory Agreement, HOME Regulatory Agreement or Rental Covenant, 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, 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.

6.15 Use of Project Images.

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

b. Any publicity generated by Developer for the Project during the term of the HHH Loan and HOME Loan shall make reference to the contribution of the City of Los Angeles in making the Project possible. The words "City of Los Angeles" shall be prominently displayed in any and all pieces of publicity, including but not limited to flyers,

press releases, posters, signs, brochures, public service announcements, interviews and newspaper articles. Developer further agrees to cooperate with authorized staff and officials of the City in any City-generated publicity or promotional activities undertaken with respect to the Project.

6.16 Applicable Law.

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

6.17 Severability.

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

6.18 Effectiveness of Agreement.

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

6.19 Amendments.

This Agreement may be amended only by means of a writing signed by all Parties.

6.20 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, including, without limitation, any redevelopment plan 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 ("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. This Section shall be interpreted for the benefit of City.

6.21 Brokers.

The City and Developer each represents that it has not engaged any broker, agent or finder in connection with this transaction. Developer agrees to defend, indemnify and hold the City and all of the City's Representatives harmless from and against any Losses and Liabilities with respect to such commissions based upon the alleged acts of Developer. The City agree to defend, indemnify and hold Developer harmless from and against Losses and Liabilities with respect to such commissions based upon the alleged acts of the City. The indemnity obligations set forth in this Section shall survive the issuance of a Temporary Certificate of Occupancy or Certificate of Occupancy for the Project, by the City and the expiration of the Term of this Agreement.

6.22 Incorporation by Reference.

Each of the attachments and exhibits attached hereto as part of Part I of Exhibits, and/or delivered to Developer as part of Part II of Exhibits is incorporated herein by this reference as though fully set forth herein.

6.23 Counterparts.

This Agreement may be executed by each Party on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

6.24 Entire Understanding of the Parties.

This Agreement constitutes the entire understanding and agreement of the Parties with respect to the matters contained herein and supersedes any prior memoranda of understanding, negotiation agreement or commitment letter.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, the City and the Developer have caused this Agreement to be executed by its duly authorized representatives:

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

Executed this _____ day of _____, 2019

By: _____
Deputy City Attorney

Date: _____

For: **THE CITY OF LOS ANGELES**

RUSHMORE D. CERVANTES
General Manager
Los Angeles Housing and Community
Investment Department

By: _____
SEAN L. SPEAR
Assistant General Manager
Housing Development Bureau

Executed this _____ day of _____, 2019

For: **DEVELOPER**

88TH & VERMONT MGP LLC,
a California limited liability company

By: WOMEN ORGANIZING RESOURCES,
KNOWLEDGE AND SERVICES,
a California nonprofit public benefit
corporation
Its: Managing Member

By: _____
CHANNA GRACE
Its: President

By: _____
JACQUELINE THOMAS
Its: Secretary

PART I of EXHIBITS
EXHIBIT "A"

LEGAL DESCRIPTION- CITY PROPERTY

(8707 through 8727 South Menlo Avenue and 8742-8752 South Vermont Avenue)

All that certain real property located in the City of Los Angeles, County of Los Angeles, State of California, more particularly described as follows:

APN: 6038-010-902

SITUS: 8707 through 8727 Menlo Avenue

PARCEL 1:

LOT 97 OF TRACT NO. 3354, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 36, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

LOT 98 OF TRACT NO. 3354, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 36, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 3:

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PARCEL 4:

LOT 100 OF TRACT NO. 3354, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 36, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 5:

LOT 101 OF TRACT NO. 3354, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 36, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 6:

LOT 102 OF TRACT NO. 3354, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 36, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

[PAGE 1 OF 2](#)

APN: 6038-010-(903,904)

SITUS: 8742,8746,8750,8752 VERMONT AVENUE

LOTS 26, 27 & 28 OF TRACT NO. 3354, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 36 PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

[Remainder of page left intentionally blank]

PAGE 2 OF 2

PART I OF EXHIBITS
EXHIBIT "A"
LEGAL DESCRIPTION- CITY PROPERTY

PART I of EXHIBITS
EXHIBIT "B"

LEGAL DESCRIPTION – DEVELOPER PROPERTY
(8730-8738 South Vermont Avenue)

All that certain real property located in the City of Los Angeles, County of Los Angeles, State of California, more particularly described as follows:

Lots 23, 24 and 25 of Tract No. 3354, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 36, Pages 99 and 100 of Maps, in the Office of the County Recorder of said County.

Assessor's Parcel Number: **6038-010-026, 6038-010-027**

[Remainder of page left intentionally blank]

**PART I of EXHIBITS
EXHIBIT "C"**

FORM OF GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED, RETURN
TO:

The City of Los Angeles
Los Angeles Housing and
Community Investment
Department:
P.O. Box 532729
Los Angeles, CA 90053-2729

DOCUMENTARY TRANSFER TAX:
County: \$ _____;
City of Los Angeles: \$ _____
Computed on full value of City Property
conveyed

Signature of Declarant or Agent determining
tax

GRANT DEED

**88th & Vermont Permanent Supportive Housing (PSH) Development and
Community Center**

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

THE CITY OF LOS ANGELES, a municipal corporation (herein called "City" or "Grantor") hereby grants to 88th & Vermont MGP, LLC, a California limited liability company (herein called "Grantee") the real City Property (the "City Property") legally described in the document attached hereto, labeled Exhibit "A", and incorporated herein by this reference.

1. The City Property is conveyed subject to an Owner's Participation Agreement entered into by and between Grantor and Grantee and dated as of the _____ day of _____, 20____. Grantee covenants and agrees for itself and its successors and assigns to use, operate and maintain the City Property in accordance with the Owner's Participation Agreement and the most restrictive provisions of the HHH Loan

PAGE 1 OF 9

Documents, the HOME Loan Documents and the Rental Covenant (as defined in the Owner's Participation Agreement) the terms of which are herein incorporated by this reference (collectively, the Owner's Participation Agreement") and this Grant Deed. The City Property is also conveyed subject to all matters of record and other matters approved by the Grantee pursuant to the Owner's Participation Agreement.

2. Grantee hereby covenants and agrees, for itself and its successors and assigns, that during construction and thereafter, Grantee shall not use, operate and maintain the City Property in violation of the Owner's Participation Agreement. Grantee further covenants and agrees to comply with all terms of the Owner's Participation Agreement including without limitation, Grantee's obligation to develop, maintain and use of Property for the construction and operation of the 88th & Vermont Permanent Supportive Housing (PSH) Development and Community Center, a 62-unit affordable permanent supportive housing project of which, 60 units shall be income and rent restricted per the most restrictive provisions of the HHH Loan Documents, the HOME Loan Documents and the Rental Covenant, with 2 market rate unrestricted manager's units, a youth and community center of approximately 9,621 square feet, 36 residential parking spaces and 30 non-residential parking spaces (collectively, referred to as the "**Project**") to be completed pursuant to the most restrictive provisions of the Schedule of Performance attached to the HHH Loan Documents and HOME Loan Documents. The Project shall remain income and rent restricted for a term of 55-years from the date a Temporary Certificate of Occupancy or Certificate of Occupancy, is issued for the Project.

Grantor and Grantee agree that this use covenant on the part of the Grantee is necessary to carry out the purposes of the Owner's Participation Agreement with respect to the City Property.

3. Grantee shall not, except as permitted by the Owner's Participation Agreement or with the City's written consent, which shall not be unreasonably withheld, Transfer any part of its interest in the Owner's Participation Agreement or the City Property, or Transfer any of its Ownership and/or Control. However, City acknowledges that after escrow has closed and the construction lien period is over, Developer may transfer the fee in the City Property to 88th & Vermont, LP.

4. 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 the basis of race, religion, source of income, national origin, ancestry, sex, sexual orientation, gender identification, transgender status, sex stereotypes, age, physical handicap, mental disability, medical condition, marital status, domestic partner status, pregnancy, childbirth and related medical conditions, familial status, acquired immune deficiency (AIDS), acquired or perceived, citizenship, and political affiliation or belief. The foregoing covenant shall run with the land.

All deeds, leases or other real City Property conveyance contracts entered into by the Grantee on or after the date of execution of this Agreement as to any portion of the City Property shall contain the following language:

A. In deeds: "The Grantee herein covenants by and for himself/herself, his/her heirs, executors, administrators and assigns, and all persons claiming under or through him/her, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, religion, source of income, national origin, ancestry, sex, sexual orientation, gender identification, transgender status, sex stereotypes, age, physical handicap, mental disability, medical condition, marital status, domestic partner status, pregnancy, childbirth and related medical conditions, familial status, acquired immune deficiency (AIDS), acquired or perceived, citizenship, and political affiliation or belief in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself/herself or any person claiming under or through him/her, 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, licenses or vendees of the land herein conveyed. The foregoing covenants shall run with the land."

B. In leases: "The lessee herein covenants by and for himself/herself, his/her heirs, executors, administrators and assigns, and all persons claiming under or through him/her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person, or group of persons, on account of race, religion, source of income, national origin, ancestry, sex, sexual orientation, gender identification, transgender status, sex stereotypes, age, physical handicap, mental disability, medical condition, marital status, domestic partner status, pregnancy, childbirth and related medical conditions, familial status, acquired immune deficiency (AIDS), acquired or perceived, citizenship, and political affiliation or belief in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee himself/herself or any person claiming under or through him/her, 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, or vendees in the land herein leased."

C. In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, religion, source of income, national origin, ancestry, sex, sexual orientation, gender identification, transgender status, sex stereotypes, age, physical handicap, mental disability, medical condition, marital status, domestic partner status, pregnancy, childbirth and related medical conditions, familial status, acquired immune deficiency (AIDS), acquired or perceived, citizenship, and political affiliation or belief in the sale, lease,

PAGE 3 OF 9

sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself/herself or any person claiming under or through him/her, establish or permit any such practice or practices of discrimination or segregation with reference to the lessees, subtenants, sublessees, or licenses vendees of the land."

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

6. The covenants contained in paragraphs 1 through 5, inclusive, of this Grant Deed shall be binding for the benefit of Grantor, its successors, assigns and the City of Los Angeles against any successor in interest to the City Property or any part thereof, and such covenants shall run in favor of the Grantor and such aforementioned parties of the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. Such covenants shall be in effect starting upon the date of recordation of this Grant Deed in the Official Records of the County of Los Angeles and shall expire and shall be null and void and of no further force and effect on the date which the City confirms that Grantee has provided 55-years of income and rent restrictions at the Project pursuant to the most restrictive provisions of the HHH Loan Documents, the HOME Loan Documents and the Rental Covenant. Notwithstanding the foregoing, the anti-discrimination covenants set forth in paragraph 4 above are perpetual in nature and shall survive the termination of any of the covenants in paragraphs 1, 2, 3, and 5 above (the covenants in paragraphs 1, 2, 3, 4, and 5, are hereinafter collectively referred to as "Covenants"). 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, assigns, and the City of Los Angeles.

7. The covenants contained in this Grant Deed shall be construed as covenants running with the land.

8. In the event of any conflict between this Grant Deed and the provisions of the HHH Loan Documents, HOME Loan Documents and Rental Covenant, the most restrictive provision(s) shall control. Unless otherwise expressly provided, all defined terms used in this Grant Deed shall have the most restrictive defined meaning provided for in the HHH Loan Documents, HOME Loan Documents and Rental Covenant.

PAGE 4 OF 9

PART I OF EXHIBITS
EXHIBIT "C"
FORM OF GRANT DEED

9. The CITY PROPERTY is hereby granted to Grantee:

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 City 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 City Property described in Exhibit "A" hereto;

ALSO SUBJECT to conveyance in "AS IS" condition, and Grantee in taking title to the City-owned City Property, by such act, is expressly agreeing to accept the City Property in an "As Is" condition and without any warranty as to fitness for use, fitness for a particular use, or condition of the City Property, and that the City has no obligation to correct any condition of the City Property, whether known before or after the date of the conveyance; and

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.

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

"GRANTEE"

88th & Vermont MGP, LLC,
a California limited liability company

By:_____

By:_____

**THE CITY OF LOS ANGELES,
A municipal corporation**

GRANTS TO

**88th & Vermont MGP, LLC, a
California limited liability company**

GRANT DEED

FOR GRANTOR:

THE CITY OF LOS ANGELES

_____, 2019

**RUSHMORE CERVANTES
GENERAL MANAGER
LOS ANGELES HOUSING AND
COMMUNITY INVESTMENT
DEPARTMENT**

BY: _____
SEAN L. SPEAR
Its: Assistant General Manager
Housing Development Bureau

Approved as to Form

_____, 2019

MICHAEL N. FEUER, CITY ATTORNEY

BY: _____
DEPUTY CITY ATTORNEY

ATTEST:

_____, 2019

**HOLLY L. WOLLCOTT
CITY CLERK**

By: _____
DEPUTY CITY CLERK

EXHIBIT "A" TO GRANT DEED

LEGAL DESCRIPTION

(8707 through 8727 South Menlo Avenue and 8742-8752 South Vermont Avenue)

All that certain real property located in the City of Los Angeles, County of Los Angeles, State of California, more particularly described as follows:

APN: 6038-010-902

SITUS: 8707 through 8727 Menlo Avenue

PARCEL 1:

LOT 97 OF TRACT NO. 3354, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 36, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

LOT 98 OF TRACT NO. 3354, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 36, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 3:

LOT 99 OF TRACT NO. 3354, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 36, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 4:

LOT 100 OF TRACT NO. 3354, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 36, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 5:

LOT 101 OF TRACT NO. 3354, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 36, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 6:

LOT 102 OF TRACT NO. 3354, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 36, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PAGE 7 OF 9

APN: 6038-010-(903,904)
SITUS: 8742,8746,8750,8752 VERMONT AVENUE

LOTS 26, 27 & 28 OF TRACT NO. 3354, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 36 PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

GRANTEE: 88th & Vermont MGP, LLC, a California limited liability company

[Remainder of this page left intentionally blank]

PAGE 8 OF 9

PART I OF EXHIBITS
EXHIBIT "C"
FORM OF GRANT DEED

PART I of EXHIBITS
EXHIBIT "D"

OFFICIAL BUSINESS

Document entitled to free
Recording per Government Code
Section 6103

Recorded at the request of and mail to:
Los Angeles Housing and Community
Investment Department
Planning and Land Use Unit
P.O. Box 532729
Los Angeles, California 90053-2729
Attn: Environmental Affairs Officer

APNS: 6038-010-902, 904, 904, 026, 027

-----SPACE ABOVE THIS LINE FOR RECORDER'S USE-----

REQUEST FOR NOTICE
UNDER CALIFORNIA CIVIL CODE SECTION 2924(b)
88th & Vermont Permanent Supportive Housing (PSH) Development and
Community Center

In accordance with Section 2924(b) of the California Civil Code, request is hereby made that a copy of any **NOTICE OF DEFAULT** and a copy of any **NOTICE OF SALE** under the following Deeds of Trust, Security Agreement and Fixture Filing (with assignment of rents) recorded in the Official Records of Los Angeles County, as Instrument Nos.: (1)

_____ on _____; (2) _____
on _____; and (3) _____ on

_____, executed by _____, a
_____, as Trustor, for the benefit of the City of Los Angeles, a
municipal corporation, acting on its own behalf and by and through the Los Angeles
Housing and Community Investment Department, describing the following real estate
located in the City of Los Angeles, County of Los Angeles, State of California: SEE
EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE,
be mailed to the City at the following address:

CITY OF LOS ANGELES
HOUSING AND COMMUNITY INVESTMENT DEPARTMENT
ATTN: ASSET MANAGEMENT
P.O. BOX 532729
LOS ANGELES, CA 90053-272

PART I OF EXHIBITS
EXHIBIT 1
PAGE 19 of 19
REQUEST FOR NOTICE

NOTICE: A COPY OF ANY NOTICE OF DEFAULT AND ANY NOTICE OF SALE WILL BE SENT ONLY TO THE ADDRESS CONTAINED IN THIS RECORDED REQUEST. IF YOUR ADDRESS CHANGES, A NEW REQUEST MUST BE RECORDED.

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

Executed this _____ day of _____, 2019

By: _____
Deputy City Attorney

For: **THE CITY OF LOS ANGELES**

RUSHMORE D. CERVANTES
General Manager
Los Angeles Housing and Community
Investment Department

Date: _____

ATTEST:
HOLLY L. WOLCOTT, City Clerk

By: _____
SEAN L. SPEAR
Assistant General Manager
Housing Development Bureau

By: _____
Deputy City Clerk

Date: _____

(Contractor Corporate Seal)

**SIGNATURES MUST BE NOTARIZED
FOR RECORDING**

LEGAL DESCRIPTION

All that certain real property located in the City of Los Angeles, County of Los Angeles, State of California, more particularly described as follows:

APN: 6038-010-902

SITUS: 8707 through 8727 Menlo Avenue

PARCEL 1:

LOT 97 OF TRACT NO. 3354, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 36, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

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PARCEL 3:

LOT 99 OF TRACT NO. 3354, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 36, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 4:

LOT 100 OF TRACT NO. 3354, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 36, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

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APN: 6038-010-(903,904)
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LOTS 26, 27 & 28 OF TRACT NO. 3354, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 36 PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Lots 23, 24 and 25 of Tract No. 3354, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 36, Pages 99 and 100 of Maps, in the Office of the County Recorder of said County.

Assessor's Parcel Number: **6038-010-026, 6038-010-027**

[Remainder of this page left intentionally blank]

PART II OF EXHIBITS

EXHIBIT 1

MAYOR'S EXECUTIVE DIRECTIVE No. 26

Issue Date: December 21, 2012

City-wide Compliance with Federal and State Disability Laws

[Behind This Page]

PART II OF EXHIBITS
EXHIBIT 2

The Instructions and Information on Complying with City Insurance Requirements (Form General 133) and the Required Insurance and Minimum Limits Sheet (Form General 146) are attached hereto.

INSURANCE CONTRACTUAL REQUIREMENTS

CONTACT For additional information about compliance with City Insurance and Bond requirements, contact the Office of the City Administrative Officer, Risk Management at (213) 978-RISK (7475) or go online at www.lacity.org/cao/risk. The City approved Bond Assistance Program is available for those contractors who are unable to obtain the City-required performance bonds. A City approved insurance program may be available as a low cost alternative for contractors who are unable to obtain City-required insurance.

CONTRACTUAL REQUIREMENTS

DEVELOPER AGREES THAT:

1. Additional Insured/Loss Payee. The CITY must be included as an Additional Insured in applicable liability policies to cover the CITY'S liability arising out of the acts or omissions of the named insured. The CITY is to be named as an Additional Named Insured and a Loss Payee As Its Interests May Appear in property insurance in which the CITY has an interest, e.g., as a lien holder.

2. Notice of Cancellation. All required insurance will be maintained in full force for the duration of its business with the CITY. By ordinance, all required insurance must provide at least thirty (30) days' prior written notice (ten (10) days for non-payment of premium) directly to the CITY if your insurance company elects to cancel or materially reduce coverage or limits prior to the policy expiration date, for any reason except impairment of an aggregate limit due to prior claims.

3. Primary Coverage. DEVELOPER will provide coverage that is primary with respect to any insurance or self-insurance of the CITY. The CITY'S program shall be excess of this insurance and non-contributing.

4. Modification of Coverage. The CITY reserves the right at any time during the term of this Contract to change the amounts and types of insurance required hereunder by giving DEVELOPER ninety (90) days' advance written notice of such change. If such change should result in substantial additional cost to DEVELOPER, the CITY agrees to negotiate additional compensation proportional to the increased benefit to the CITY.

5. Failure to Procure Insurance. All required insurance must be submitted and approved by the Office of the City Administrative Officer, Risk Management prior to the inception of any operations by DEVELOPER.

(Continued)

DEVELOPER'S failure to procure or maintain required insurance or a self-insurance program during the entire term of this Contract shall constitute a material breach of this Contract under which the CITY may immediately suspend or terminate this Contract or, at its discretion, procure or renew such insurance to protect the CITY'S interests and pay any and all premiums in connection therewith and recover all monies so paid from CONTRACTOR.

6. Workers' Compensation. By signing this Contract, DEVELOPER hereby certifies that it is aware of the provisions of Section 3700 *et seq.*, of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and that it will comply with such provisions at all time during the performance of the work pursuant to this Contract.

7. California Licensee. All insurance must be provided by an insurer admitted to do business in California or written through a California-licensed surplus lines broker or through an insurer otherwise acceptable to the CITY. Non-admitted coverage must contain a **Service of Suit** clause in which the underwriters agree to submit as necessary to the jurisdiction of a California court in the event of a coverage dispute. Service of process for this purpose must be allowed upon an agent in California designated by the insurer or upon the California Insurance Commissioner.

8. Aggregate Limits/Impairment. If any of the required insurance coverages contain annual aggregate limits, DEVELOPER must give the CITY written notice of any pending claim or lawsuit which will materially diminish the aggregate within thirty (30) days of knowledge of same. You must take appropriate steps to restore the impaired aggregates or provide replacement insurance protection within thirty (30) days of knowledge of same. The CITY has the option to specify the minimum acceptable aggregate limit for each line of coverage required. No substantial reductions in scope of coverage which may affect the CITY'S protection are allowed without the CITY'S prior written consent.

9. Commencement of Work. For purposes of insurance coverage only, this Contract will be deemed to have been executed immediately upon any party hereto taking any steps that can be considered to be in furtherance of or towards performance of this Contract. The requirements in this Section supersede all other sections and provisions of this Contract, including, but not limited to, PSC-4, to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

(Continued)

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 – 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) _____

____ **Property Insurance** (to cover replacement cost of building – as determined by insurance company) _____

☐
☐ ☐ All Risk Coverage ☐ ☐ Boiler and Machinery
☐ ☐ Flood _____ ☐ ☐ Builder's Risk
☐ ☐ Earthquake _____ ☐ ☐ _____

(Continued)

____ **Pollution Liability** _____

77 _____

____ **Surety Bonds** – Performance and Payment (Labor and Materials) Bonds 100 % of

Contract Price

____ **Crime Insurance**

Other: _____
