



**OFFICE OF THE CITY ATTORNEY**  
ROCKARD J. DELGADILLO  
CITY ATTORNEY

REPORT NO. R 0 7 - 0 3 0 6

AUG 1 5 2007

**REPORT RE:**

**DRAFT ORDINANCE AUTHORIZING THE ADOPTION OF  
A DEVELOPMENT AGREEMENT BY AND BETWEEN  
THE CITY OF LOS ANGELES AND GRAND AVENUE L.A., LLC**

The Honorable City Council  
of the City of Los Angeles  
Room 395, City Hall  
200 North Spring Street  
Los Angeles, California 90012

CPC 2006-9702-DA

Honorable Members:

The City Planning Commission recommended that the City Council adopt an ordinance authorizing the execution of a development agreement between Grand Avenue L.A., LLC and the City (Development Agreement).

This office has prepared and now transmits for your action the draft ordinance with attached Development Agreement, approved as to form and legality, subject to the qualification discussed below.

Background

The Development Agreement relates to property in the Central City Community Plan and Bunker Hill Redevelopment area located at 100, 221, 225, and 237 South Grand Avenue; 121, 129, and 135 South Hill Street; 220 and 236 South Hope Street; 111, 121, 130, 134, 138, 141, 145, 151, and 161 South Olive Street; 400 and 440 West 1st Street; 411, 417, 419, 421, 425, 427, 429, and 431 West 2nd Street; and 630 and 635 West General Thaddeus Kosciuszko Way.

**PLANNING & LAND  
USE MANAGEMENT**

The project covered by the Development Agreement includes the creation of a 16-acre civic park, streetscape improvements along Grand Avenue from Fifth Street to Cesar Chavez Avenue, and development of five parcels for an approximate 3.6 million square foot mixed use development consisting of two development options. Under the County Office Building Option, up to 2,060 residential units, including 412 affordable apartment units; up to 275 hotel rooms; up to 449,000 square feet of retail space; and up to 681,000 square feet of County office space would be constructed with 5,035 parking spaces. Under the Additional Residential Development Option, up to 2,660 residential units, including 532 affordable units, up to 275 hotel rooms; and up to 449,000 square feet of retail space would be constructed with 5,255 parking spaces. The project will also include an Equivalency Program that will allow the composition of the five development parcels to be modified in a manner that does not increase the project's impacts on the environment within a framework within which land uses can be exchanged for certain other permitted land uses within and between parcels so long as the limitations of the Equivalency Program are satisfied and no additional environmental impacts occur. All permitted land use increases can also be exchanged for corresponding decreases of other land uses.

The Development Agreement provides that for the twenty-year term of the agreement, the project will not be subject to future changes in the Los Angeles Municipal Code that might otherwise affect the project and specifically permits the developer to construct the project as authorized by the City Council.

The Development Agreement is generally consistent with the City's prototype for development agreements, except for the addition of the following provisions:

- The Developer will record a 99-year Affordable Housing Covenant with the Community Redevelopment Agency for the 20% of units in the Project, which are affordable, prior to issuance of a certificate of occupancy for Development Phase I of the Project.
- Developer will provide enhancements for sidewalks, streetscapes and pedestrian connections along frontage of all Development Phases (Grand Avenue, Olive, 1st, 2nd, and Hill, and Hope Streets).
- Prior to issuance of a certificate of occupancy for Development Phase I, Developer will attempt to comply with the requirements of the US Green Building Council in an effort to obtain LEED Certification for the Project or comply with the requirements of a similar organization, which establishes "green" standards for a high rise residential building.

- The Developer will provide that local sales and use taxes generated in connection with all eligible construction-related purchases of materials, fixtures, furniture, machinery, equipment and supplies for Development Phases II and III of the Project are allocated directly to the City.

The Development Agreement was modified from the original Planning Commission action to include mortgagee protections consistent with those found in the Disposition and Development Agreement between the Los Angeles Grand Avenue Authority and Grand Avenue L.A., LLC dated March 5, 2007.

#### Qualification to Approval of Development Agreement as to Form and Legality

This Office's approval of the development agreement is subject to the requirement that the "Project Approvals" listed in Exhibit A of the Development Agreement be approved by City Council prior to or concurrent with its adoption of the ordinance authorizing the Development Agreement. State law requires that a development agreement define the development that is the subject of the agreement. The Development Agreement complies with this requirement by listing the Project Approvals, which will generally describe the development, when they are finally adopted. However, the Project Approvals must be adopted by Council in order for the Development Agreement to have the required project description.

#### City Planning Commission Action

As indicated above, on June 14, 2007, the City Planning Commission recommended that the City Council approve the ordinance and the Development Agreement. At the same time, it recommended adoption of a zone change, approved various conditional use permits and variances necessary for the project, and heard appeals from the Deputy Advisory Agency's action on three tentative tract maps. It adopted the required Charter and Government Code findings prepared by the Department of City Planning that are contained in the Planning Department staff report to the City Planning Commission, at pages F-23 through F-28.

#### Findings

Pursuant to Charter Section 559, on August 14, 2007, the Director of Planning, on behalf of the Planning Commission approved the draft ordinance and the Development Agreement and recommended that the City Council adopt it. Should the City Council adopt this ordinance, it may comply with the provisions of Charter Section 558 and the Government Code by either adopting the findings prepared by the Planning Department and adopted by the Planning Commission, or making its own findings.

### California Environmental Quality Act ("CEQA")

Under CEQA, the Los Angeles Grand Avenue Authority is the lead agency for this project. On November 20, 2006, it certified a Final Environmental Impact Report (FEIR) No. 2005091041, which described the potential impacts of the project. The Authority adopted findings as required by CEQA. On June 14, 2007, the City Planning Commission adopted findings in its capacity as decision-maker for the City, which is a responsible agency under CEQA for this project. These findings were made in connection with the City Planning Commission's approvals of the various land use entitlements described generally above, and in connection with its recommendation of approval of the Development Agreement. The City Council may comply with CEQA by adopting the June 14, 2007 CEQA findings attached to the City Planning Commission's action or by making its own findings.

### Council Rule 38 Referral

Pursuant to Council Rule 38, copies of the draft ordinance and the Development Agreement were sent to the Department of Building and Safety on August 14, 2007. A copy of the transmittal is attached.

### Government Code Requirements for Notice and Hearing

Before action may be taken on either the draft ordinance or the Development Agreement, the City must comply with the provisions of Government Code Sections 65867, 65090 and 65091. Those sections require, among other things, notice and a public hearing. In addition, the City's development agreement procedures state that the City Council shall not take any action on any development agreement prior to the expiration of a 24-day notice. The date for hearing on the Development Agreement should be scheduled concurrently or after necessary hearings before City Council on the related land use entitlements listed in Exhibit A.

### Recommended Actions

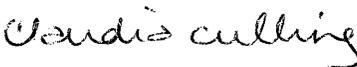
If the City Council wishes to approve the proposed Development Agreement as recommended by the City Planning Commission, it must:

1. Have previously taken action to adopt all the Project Approvals listed in Exhibit A to the Development Agreement;
2. Adopt the June 14, 2007, findings of the Planning Commission, including the CEQA findings and the Development Agreement findings; and
3. Approve the attached draft ordinance authorizing the execution of the Development Agreement.

If you have any questions, please contact Deputy City Attorney Laura Cadogan at (213) 978-8177. Either she or another member of this office will be available, when you consider this matter, to answer any questions you may have.

Sincerely,

ROCKARD J. DELGADILLO, City Attorney

By   
CLAUDIA CULLING  
Special Counsel - Municipal

CC/LC/mrc  
Transmittals

**ORDINANCE NO. \_\_\_\_\_**

An ordinance authorizing the execution of a Development Agreement by and between the City of Los Angeles (City) and Grand Avenue L.A., LLC, a Delaware limited liability company relating to real property in the Central City Community Plan and Bunker Hill Redevelopment Area located at 100, 221, 225, and 237 South Grand Avenue; 121, 129, and 135 South Hill Street; 220 and 236 South Hope Street; 111, 121, 130, 134, 138, 141, 145, 151, and 161 South Olive Street; 400 and 440 West 1st Street; 411, 417, 419, 421, 425, 427, 429, and 431 West 2nd Street; and 630 and 635 West General Thaddeus Kosciuszko Way, which is hereby incorporated by reference.

**WHEREAS**, the City of Los Angeles has granted and approved certain entitlements with respect to the project, which consists of the creation of a 16-acre park, streetscape improvements along Grand Avenue from Fifth Street to Cesar Chavez Avenue, and development of five parcels for an approximate 3.6 million square foot mixed use development (Project);

**WHEREAS**, the City Planning Commission on June 14, 2007, approved and recommended that the City Council approve the Development Agreement attached as Exhibit 1, by and between the City of Los Angeles and Grand Avenue L.A., LLC a Delaware limited liability company (Development Agreement), which development agreement is hereby incorporated by reference into the provisions of this ordinance;

**WHEREAS**, after due notice, the City Planning Commission and the City Council did conduct public hearings on this matter;

**WHEREAS**, pursuant to California Government Code Sections 65864 *et seq.*, the City Planning Commission transmitted its findings and recommendations;

**WHEREAS**, the Development Agreement is in the public interest and is consistent with the City's General Plan, including the Central City Community Plan; and

**WHEREAS**, the City Council has reviewed and considered the Development Agreement and the findings and recommendations of the City Planning Commission,

**NOW, THEREFORE,**

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

Section 1. The City Council finds, with respect to the Development Agreement that:

(a) It is consistent with the objectives, policies and programs specified in the General Plan, including the Central City Community Plan, and is compatible with the uses authorized in, and the regulations prescribed for, the zone in which the real property is located;

(b) The intensity, building height and uses set forth in the Development Agreement are permitted by and consistent with the Central City Community Plan;

(c) The Development Agreement will not be detrimental to the public health, safety and general welfare because it encourages the construction of a project, which is desirable and beneficial to the public. Furthermore, the Development Agreement permits application to the Project of rules and regulations enacted after the effective date of the Development Agreement that are necessary to protect the public health and safety and are generally applicable on a citywide basis;

(d) The Development Agreement complies with all applicable City and State regulations governing development agreements; and

(e) The Development Agreement is necessary to strengthen the public planning process and to reduce the public and private costs of development uncertainty.

Sec. 2. The City Council hereby approves the Development Agreement and authorizes and directs the Mayor to execute the Development Agreement in the name of the City of Los Angeles, and, further, directs the City Clerk to record the Development Agreement and this ordinance with the County Recorder within ten days of its effective date.

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

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of \_\_\_\_\_.

FRANK T. MARTINEZ, City Clerk

By \_\_\_\_\_ Deputy

Approved \_\_\_\_\_

\_\_\_\_\_  
Mayor

Approved as to Form and Legality

ROCKARD J. DELGADILLO, City Attorney

By *Laura M. Cadogan*  
LAURA M. CADOGAN  
Deputy City Attorney

Pursuant to Charter Section 559, I approve this ordinance on behalf of the City Planning Commission and recommend that it be adopted . . . . .

August 14, 2007

See attached report.

*S. Gail Goldberg*  
S. Gail Goldberg  
Director of Planning

Date August 14, 2007

File No. 07-2306

**Exhibit 1**

Development Agreement

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

DLA Piper US LLP  
550 South Hope Street, Suite 2300  
Los Angeles, California 90071  
Attention: John W. Whitaker, Esq.

DEVELOPMENT AGREEMENT

By and Between

CITY OF LOS ANGELES,  
A MUNICIPAL CORPORATION

and

GRAND AVENUE L.A., LLC,  
A DELAWARE LIMITED LIABILITY COMPANY

\_\_\_\_\_, 2007

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## DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this “**Agreement**”) is entered into as of the \_\_\_ day of \_\_\_\_\_, 2007 by and between the CITY OF LOS ANGELES, a municipal corporation (the “**City**”), and GRAND AVENUE L.A., LLC, a Delaware limited liability company (“**Developer**”), pursuant to California Government Code Section 65864, *et seq.*, and the implementing procedures of the City.

### RECITALS

A. Certain portions of the Development Agreement Property (as defined below) are owned by the County (as defined below) and other portions of the Development Agreement Property are owned by the CRA (as defined below). Parcel W-1 (as defined below) is owned by a private third party.

B. As owners of portions of the Development Agreement Property, the County and the CRA formed the Authority pursuant to the Joint Powers Agreement (as defined below) to cause the development of the Project (as defined below) on the Development Agreement Property. The Development Agreement Property is located within the Redevelopment Project (as defined below) area.

C. In accordance with the requirements of the CRA, Community Redevelopment Law and the Joint Powers Agreement, the Authority and Developer entered into the DDA (as defined below) with respect to the development of the Project on the Development Agreement Property and processed and obtained City approval of the DDA.

D. As more particularly set forth in the DDA, the portions of the Development Agreement Property owned by the County or the CRA will be ground leased or ground subleased to the Authority (as defined below) and, in turn, the Authority will ground sublease or ground sub-sublease such portions of the Development Agreement Property to Developer.

E. The DDA and this Agreement (which hereby incorporates the DDA) have complementary as well as divergent objectives: (i) the DDA’s objective is to facilitate a specified private development on the Development Agreement Property which meets redevelopment criteria; and (ii) this Agreement’s objective is to regulate that private development in a way that assures Developer that specified City laws will be those applied to the Project over the term of this Agreement; and therefore to permit Developer to fulfill its obligations in all phases of the Project under the DDA.

F. Accordingly, to maximize City and Authority coordination on planning and monitoring issues related to the Project, and to clearly delineate the rights and obligations of the City, Authority and Developer, Developer has requested approval of this Agreement pursuant to Section 65865 of the Development Agreement Act, and The City has so approved this Agreement.

## ARTICLE 1. DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

1.1 “**Applicable Rules**” means the Existing Rules and the Project Approvals as of the Effective Date.

1.2 “**Assignment Agreement**” means a written agreement between the Developer and a Transferee of the Developer, consistent with the terms of this Agreement, in which the parties agree to specific obligations of this Agreement being transferred from the Developer to the Transferee of the Developer. To be effective, the Assignment Agreement must be acknowledged by the Director of Planning, or his/her designee, on behalf of the City.

1.3 “**Authority**” means The Los Angeles Grand Avenue Authority, a California joint powers authority between the CRA and the County.

1.4 “**Civic Park**” means the civic park proposed to be developed in connection with the Project as specifically described in the DDA.

1.5 “**Civic Park Agreements**” means collectively, (i) that certain Civic Park Design Agreement entered into by Related and the Authority dated as of March 20, 2006 and (ii) a civic park development agreement to be entered into between Related or Developer and the County or an entity granted the right by the County to control the development of the Civic Park.

1.6 “**Community Plan**” means the Central City Community Plan of the General Plan, as adopted January 8, 2003.

1.7 “**CRA**” means the Community Redevelopment Agency of the City of Los Angeles, California, a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under Chapter 2 of the California Community Redevelopment Law.

1.8 “**County**” means the County of Los Angeles, California.

1.9 “**DDA**” means that certain Disposition and Development Agreement (Grand Avenue) dated as of March 5, 2007 by and between the Authority and Developer, as approved by the City Council and the County Board of Supervisors on February 13, 2007 and the Authority on March 5, 2007.

1.10 “**Development Agreement Act**” means Section 65864, *et seq.*, of the California Government Code.

1.11 “**Development Agreement Property**” means that certain real property located in the City consisting of (i) the Phase I Parcel, (ii) the Phase II Parcels and (iii) the Phase III Parcels and more particularly described in Exhibit B and shown in Exhibit C attached hereto. The Development Agreement Property is comprised of approximately 434,350 square feet of land

(assuming Parcel W-1 of the Phase III Parcels is included) located in the Redevelopment Project area.

1.12 “**Development Phase(s)**” shall refer in the singular to Phase I, Phase II or Phase III of the Project, or collectively to one or more of the foregoing Development Phases.

1.13 “**Discretionary Action**” or “**Discretionary Approval**” means an action which requires the exercise of judgment, deliberation or a decision on the part of the City, including any board, commission or department or any officer or employee of the City, in the process of approving or disapproving a particular activity, as distinguished from an activity which merely requires the City, including any board, commission or department or any officer or employee of the City, to determine whether there has been compliance with statutes, ordinances or regulations.

1.14 “**Effective Date**” means that date upon which this Agreement is attested by the City Clerk of the City after execution by Developer and the Mayor of the City.

1.15 “**EIR**” means that certain Environmental Impact Report covering the Project and certified by the Authority on November 20, 2006

1.16 “**Equivalency Program**” means a program described in the Scope of Development which allows the land uses and square footages of the Project to be modified in a manner that does not increase the Project’s impact on the environment.

1.17 “**Existing Rules**” means the rules, regulations, ordinances and officially adopted policies of the City in force as of the Effective Date, including, but not limited to the Los Angeles Municipal Code (the “**Municipal Code**”). Notwithstanding the language of this Section or any other language in this Agreement, all specifications, standards and policies regarding the design and construction of public works facilities, if any, shall be those that are in effect at the time the applicable Project plans are being processed for approval and/or under construction. Further, the Existing Rules shall include the Citywide programs which will be enacted after the Effective Date, for storm water pollution abatement mandated by the Federal Water Pollution Control Act of 1972, and subsequent amendments to the Act.

1.18 “**General Plan**” means the General Plan of the City.

1.19 “**Implementation Agreement**” means that certain Implementation Agreement which is anticipated to be entered into by and between City and Developer.

1.20 “**Joint Powers Agreement**” means that certain Joint Exercise of Powers Agreement dated as of September 2, 2003 by and between the County and the CRA.

1.21 “**Parcel W-1**” means that approximately 53,631 gross square foot parcel known as Lot 1 of Tract No. 28633, Bk. 854, Pgs. 13 and 14 comprising an area generally bounded by Parcel W-2, Second Street, Hill Street and Olive Street.

1.22 “**Parties**” means collectively, the City and Developer.

1.23 “**Party**” means the City or Developer.

1.24 “**Phase I Parcel**” means that approximately 160,289 gross square foot and approximately 140,418 net square foot parcel (with 2nd Street easement area excluded) known as Lot 1 of Tract No. 28761, Bk. 926 Pgs. 5 through 8 (also known as Parcel Q), comprising a rectangular area generally bounded by Grand Avenue, First Street, Olive Street and a to-be-constructed extension of Second Street owned by the County.

1.25 “**Phase II Parcels**” means that approximately 108,163 gross square foot and approximately 95,999 net square foot area comprised of (i) the easterly approximately 105 feet of Lot 1 Tract No. 30780, Bk. 912 Pgs. 39-45, consisting of approximately 39,403 gross square feet and approximately 37,857 net square feet (with Grand Avenue easement area excluded) and located south of General Thaddeus Kosciuszko (“**GTK**”) Way (also known as Parcel M-2); (ii) Lot 2 of Tract No. 30779, Bk. 862 pgs. 16-20, consisting of approximately 68,760 gross square feet and approximately 58,142 net square feet (with Upper Second Street future street easement area excluded) north of GTK Way (also known as Parcel L); and (iii) the airspace above a plane 20 feet above GTK Way and the airspace below GTK Way, each owned by the CRA.

1.26 “**Phase III Parcels**” means (i) that approximately 87,812 gross square foot area known as Lot 2 of Tract No. 28633, Bk. 854 Pgs. 13 and 14, comprising an area generally bounded by Olive Street, First Street, Hill Street, and the northeasterly line of Lot 1 of Tract No. 28633, a portion of which consists of the airspace over the MTA subway station at First and Hill Street (also known as Parcel W-2), and owned by the County and (ii) if and when acquired, ground leased or otherwise controlled by Developer, Parcel W-1.

1.27 “**Processing Fees**” means all fees required by the City including, but not limited to, fees for land use applications, project permits, building applications, building permits, grading permits, maps and certificates of occupancy which are necessary to accomplish the intent and purpose of this Agreement. Expressly exempted from Processing Fees are all impact fees, linkage fees, or exactions which may be imposed by the City on development projects pursuant to laws enacted after the Effective Date, except as specifically provided for in this Agreement. Processing Fees include those impact fees, linkage fees, and exactions which are in effect as of the Effective Date, the amounts of which are subject to ongoing annual increases which shall be calculated at time of payment. The amount of the Processing Fees to be applied in connection with the development of the Project shall be the amount which is in effect on a Citywide basis at the time an application for the City action is made unless an alternative amount is established by the City in a subsequent agreement. Notwithstanding the language of this Section or any other language in this Agreement, Developer shall not be exempt from the payment of fees, if any, imposed on a Citywide basis as part of the City’s program for storm water pollution abatement mandated by the Federal Water Pollution Control Act of 1972 and subsequent amendments thereto, unless a waiver of these fees is provided by the City in a subsequent agreement.

1.28 “**Project**” means the mixed-use development of the Development Agreement Property in three (3) Development Phases, to be completed in accordance with the DDA, including, specifically, the Scope of Development. The Project includes up to 2,660 residential dwelling units, 20 percent of which will be provided as affordable housing subject to the

provisions of the DDA, up to 449,000 square feet of floor area of retail uses, a boutique hotel of up to 275 hotel rooms, adequate parking to support these uses, and the Civic Park. In the alternative, the Project may consist of up to 681,000 square feet of floor area of office uses with a reduction of 600 residential dwelling units for a maximum of 2,060 residential dwelling units, 20 percent of which would be affordable housing units. The total Project size would be up to approximately 3,200,000 square feet of floor area if Parcel W-1 of the Phase III Parcels is not included in the Project, and up to approximately 3,600,000 square feet of floor area if Parcel W-1 of the Phase III Parcels is included in the Project. As described in such Scope of Development, the Project includes the Equivalency Program, and as such, the number of residential units, hotel rooms, land uses and square footages described in this definition are subject to adjustment pursuant to the Equivalency Program.

1.29 “**Project Approvals**” means (i) those matters set forth on Exhibit A attached hereto, (ii) the DDA and (iii) this Agreement.

1.30 “**Redevelopment Plan**” means the Redevelopment Plan for the Bunker Hill Redevelopment Project approved and adopted by the City Council of the City by Ordinance No. 113,231 on March 31, 1959, as heretofore amended.

1.31 “**Redevelopment Project**” means the Bunker Hill Redevelopment Project.

1.32 “**Related**” means The Related Companies, L.P., a New York limited partnership, and an affiliate of Developer.

1.33 “**Reserved Powers**” means the rights and authority excepted from this Agreement’s restrictions on the City’s police powers, and which are instead reserved to the City. The Reserved Powers include the powers to enact regulations or take future Discretionary Actions after the Effective Date that may be in conflict with the Applicable Rules, but: (i) are necessary to protect the public health and safety, and are generally applicable on a Citywide basis (except in the event of natural disasters as found by the Mayor or City Council, such as floods, earthquakes and similar disasters); (ii) are amendments to Chapter IX of the Municipal Code Section 91.0101, *et seq.* (Building Code) or Chapter V of the Municipal Code Section 57.01.01, *et seq.* (Fire Code) regarding the construction, engineering and design standards for private and public improvements to be constructed on the Development Agreement Property; (iii) are necessary to comply with state or federal laws and regulations (whether enacted previous or subsequent to the Effective Date), provided that this Agreement shall remain in full force and effect to the extent it is not inconsistent with such laws or regulations and to the extent such laws and regulations do not render such remaining provisions impractical to enforce; or (iv) constitute Processing Fees and charges imposed or required by the City to cover its actual costs in processing applications, permit requests and approvals of the Project or in monitoring compliance with permits issued or approvals granted for the performance of any conditions imposed on the Project, unless otherwise waived by the City.

1.34 “**Scope of Development**” means Exhibit A to the DDA.

1.35 “**Transferee**” means individually or collectively, Developer’s successors in interest, assignees or transferees of all or any portion of the Development Agreement Property.

All capitalized terms used in this Agreement but not specifically defined herein shall have the meanings given to such terms in the DDA, unless the context requires otherwise.

## **ARTICLE 2. RECITALS OF PREMISES, PURPOSE AND INTENT**

### **2.1 State Enabling Statute.**

To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted the Development Agreement Act which authorizes any city to enter into binding development agreements establishing certain development rights in real property with persons having legal or equitable interests in such property. Section 65864 of the Development Agreement Act expressly provides as follows:

“The Legislature finds and declares that:

(a) The lack of certainty in the approval of development projects can result in a waste of resources, escalate the cost of housing and other development to the consumer, and discourage investment in and a commitment to comprehensive planning which would make maximum efficient utilization of resources at the least economic cost to the public.

(b) Assurance to the applicant for a development project that upon approval of the project, the applicant may proceed with the project in accordance with existing policies, rules and regulations, and subject to conditions of approval, will strengthen the public planning process, encourage private participation in comprehensive planning, and reduce the economic cost of development.

(c) The lack of public facilities, including, but not limited to, streets, sewerage, transportation, drinking water, school and utility facilities, is a serious impediment to the development of new housing. Whenever possible, applicants and local governments may include provisions in agreements whereby applicants are reimbursed over time for financing public facilities.”

Notwithstanding the foregoing, to ensure that the City remains responsive and accountable to its residents while pursuing the benefits of development agreements contemplated by the Legislature, the City: (i) accepts restraints on its police powers contained in development agreements only to the extent and for the duration required to achieve the mutual objectives of the Parties; and (ii) to offset such restraints, seeks public benefits which go beyond those obtained by traditional City controls and conditions imposed on development project applications.

### **2.2 City Procedures and Actions.**

2.2.1 Planning Commission Action. The Planning Commission of the City held a duly noticed public hearing on June 14, 2007, and recommended approval of this Agreement on the same date.

2.2.2 City Council Action. The City Council, on \_\_\_\_\_, 2007, after conducting a duly noticed public hearing, (a) adopted Ordinance No. \_\_\_\_\_, to become effective on the thirty-first day after publication, or on the forty-first day after posting, approving this Agreement, (b) found that the provisions of this Agreement are consistent with the General Plan, the Community Plan, and (c) authorized the execution of this Agreement.

### 2.3 **Purposes of this Agreement.**

2.3.1 Developer's Objectives. In accordance with the legislative findings set forth in the Development Agreement Act, and with full recognition of the City's policy of judicious restraints on its police powers, Developer wishes to obtain reasonable assurances that the Project may be developed in accordance with the Applicable Rules, and with the terms of this Agreement and subject to the City's Reserved Powers. In the absence of this Agreement, Developer would have no assurance that it can complete the Project for the uses and to the density and intensity of development set forth in this Agreement, including the Applicable Rules. This Agreement, therefore, is necessary to assure Developer that the Project will not be (1) reduced in density, intensity or use from what is set forth in the Applicable Rules; (2) subjected to new rules, regulations, ordinances or official policies which are not related to compliance with State or Federal mandates or health and safety conditions; or (3) subjected to delays for reasons other than Citywide health and safety enactments related to critical situations such as, but not limited to, the lack of water availability or sewer or landfill capacity.

2.3.2 Mutual Objectives. Development of the Project in accordance with this Agreement will provide for the orderly development of the Development Agreement Property in accordance with the objectives set forth in the General Plan, the Community Plan and the Applicable Rules. Moreover, this Agreement will eliminate uncertainty in planning for and securing orderly development of the Project. The Parties believe that the orderly development of the Project will provide many public benefits to the City through the imposition of development standards and requirements under the provisions and conditions of this Agreement, including without limitation, assuring attainment of the public objectives and benefits for the City as described in Section 2.5. Additionally, although development of the Project in accordance with this Agreement will restrain the City's land use or other relevant police powers, this Agreement will provide the City with sufficient Reserved Powers during the term hereof to remain responsible and accountable to its residents. In exchange for these and other benefits to the City, Developer will receive assurance that the Project may be developed during the term of this Agreement in accordance with the Applicable Rules and Reserved Powers, subject to the terms and conditions of this Agreement.

### 2.4 **Applicability of this Agreement.**

This Agreement does not (1) grant density or intensity in excess of that otherwise established in the Applicable Rules, (2) eliminate future Discretionary Actions relating to the Project if applications requiring such Discretionary Action are initiated and submitted by the owner or ground lessee of a portion of the Development Agreement Property after the Effective Date, (3) guarantee that Developer will receive any profits from the Project, (4) prohibit the Project's participation in any benefit assessment district that is applicable to the Project itself and/or generally applicable to surrounding properties, or (5) amend the General Plan. This

Agreement has a fixed term. Furthermore, in any subsequent actions applicable to the Development Agreement Property, the City may apply the new rules, regulations and official policies as are contained in its Reserved Powers.

## 2.5 Public Objectives and Benefits.

In accordance with Article 2 hereof, the City and Developer wish to attain the following objectives through entering into this Agreement:

2.5.1 Comprehensive Planning Benefits. The City wishes to obtain the benefits of processing and negotiating in a single comprehensive planning document all requirements, exactions and other necessary planning actions relating to the Project and to facilitate efficient implementation of the General Plan, of which the Community Plan is a part. By entering into this Agreement, the City obtains the following comprehensive planning benefits (collectively, the “**Comprehensive Planning Benefits**”), all of which are objectives of the Community Plan:

(a) Assurance that the planning and development of the Development Phases of the Project proceed in accordance with a comprehensive and coordinated planning process involving the City, Developer and the Authority, in which public and private goals, objectives and interests are thoughtfully integrated and balanced in accordance with the Redevelopment Plan, General Plan and the Applicable Rules, the Reserved Powers and the terms and conditions of this Agreement;

(b) Incorporation of high-quality development features into the Project that will improve the aesthetic and social environment of the community, including upgraded landscaping, underground utilities, open spaces, pedestrian places and quality design;

(c) Provision for both short-term construction employment and long-term permanent employment (including through direct employment and generation of additional demand for services and products of others) within the community, which is an objective of the Community Plan;

(d) Improvement of the City’s economic position by increasing the City’s property tax revenues;

(e) Provision of high-quality new housing, including a twenty percent (20%) percent affordable housing component, in close proximity to existing mass-transit options and a significant number of employment opportunities in the greater downtown area of the City; and

(f) Assurance of a high-quality development which will facilitate the renewal of a deteriorated and underutilized sub-area of the Redevelopment Project and Community Plan area.

2.5.2 Public Benefits. Through the negotiation of the DDA and the Civic Park Agreements, the City has secured additional benefits that Developer has agreed to provide that go beyond those obtained by traditional City controls and conditions imposed on a development project, including, without limitation, those additional obligations of Developer set forth in

Section I of Exhibit D attached hereto, and in addition thereto it is anticipated that, through the negotiation of the Implementation Agreement the City will secure additional benefits as set forth in Section II of Exhibit D attached hereto (collectively, the “**Public Benefits**”).

### **ARTICLE 3. AGREEMENTS AND ASSURANCES**

#### **3.1 Agreement and Assurances on the Part of Developer.**

In consideration for the City entering into this Agreement, and as an inducement for the City to obligate itself to carry out the covenants and conditions set forth in this Agreement, and in order to effectuate the premises, purposes and intentions set forth in Article 2 of this Agreement, Developer hereby agrees as follows:

3.1.1 Project Development. Developer agrees that it will use its best efforts, in accordance with its own business judgment and taking into account market conditions and economic considerations, to develop the Project in accordance with the terms and conditions of the DDA, the Civic Park Agreements and this Agreement, including those obligations set forth on Exhibit D attached hereto, and the Applicable Rules, which include:

(a) Dedication of Land for Public Purposes. Provisions for the dedication of land for public purposes are set forth in the Project Approvals.

(b) Description of Transportation Improvements. The transportation improvements to be included within the scope of the Project are set forth in the Project Approvals.

(c) Intensity of Project. The maximum development intensity of the Project shall comply with the Project Approvals or any adjustment thereto pursuant to the Equivalency Program.

(d) Maximum Height of the Project. The Project Approvals do not limit the maximum height of the Project buildings, other than as set forth in the EIR.

3.1.2 Timing of Development. Buildout of the Project will be a multiple-phase development that will occur incrementally, with development of each of the Development Phases expected to begin and buildout scheduled to occur as more particularly set forth in the Schedule of Performance set forth on Exhibit H attached hereto. Beyond these general parameters, the Parties acknowledge that Developer cannot at this time predict when or the rate at which the Project would be developed. These decisions depend upon numerous factors that are not all within the control of Developer, such as market orientation and demand, availability of financing and competition. Because the California Supreme Court held in Pardee Construction Co. v. City of Camarillo, 37 Cal.3d 465 (1984), that the failure of the parties therein to provide for the timing of development permitted a later adopted initiative restricting the timing of development and controlling the parties' agreement, it is the intent of Developer and the City to hereby acknowledge and provide for the right of Developer to develop the Project in an order and at a rate and times as Developer deems appropriate within the exercise of its sole and subjective business judgment, subject to any restrictions that may exist in this Agreement, the DDA or other agreements between the City and Developer. The City acknowledges that this right is consistent

with the intent, purpose and understanding of the Parties to this Agreement. Developer will use its best efforts, in accordance with its own business judgment and taking into consideration market conditions and other economic factors influencing its business decision, to commence or to continue development, and to develop the Project in accordance with the provisions and conditions of the DDA, the Civic Park Agreements, this Agreement, including those obligations set forth on Exhibit D attached hereto, and with the Applicable Rules.

Notwithstanding anything to the contrary in this Agreement, a Transferee of Developer of all or any portion of the Development Agreement Property shall only be responsible for satisfying the obligations set forth in the applicable Assignment Agreement which relate solely to the development of that portion of the Development Agreement Property transferred, assigned or conveyed to such Transferee and which the Transferee has agreed to perform pursuant to the Assignment Agreement applicable to such Transferee's portion of the Development Agreement Property.

3.1.3 Additional Obligations of Developer as Consideration for this Agreement.

In addition to the obligations identified in Sections 2.5 and 3.1.1, the development assurances provided by this Agreement and the resulting construction of the Project will result in the following:

(a) Affordable Housing Covenant. Developer shall record a 99-year Affordable Housing Covenant with the CRA for the twenty percent (20%) of units in the Project which are affordable, prior to issuance of a certificate of occupancy for Development Phase I of the Project.

(b) Streetscape & Pedestrian Improvements. Developer shall provide enhancements for sidewalks, streetscapes and pedestrian connections along frontage of all Development Phases (Grand Avenue, Olive, 1<sup>st</sup>, 2<sup>nd</sup>, and Hill, and Hope Streets), in the locations shown on Exhibit F attached hereto. These improvements shall be implemented during each Development Phase prior to the issuance of a certificate of occupancy for each such phase. The improvements shall include installation of street trees and irrigation systems for street trees and other landscaping treatments; enhanced paving systems for sidewalks and curbs; directional signage and way-finding systems; street, pedestrian and landscape lighting; enhanced bus stops and trash receptacles, consistent with the Streetscape Program of the DDA.

(c) Sustainability. Prior to issuance of a certificate of occupancy for Development Phase I, Developer shall endeavor to comply with the requirements of the US Green Building Council in an effort to obtain LEED Certification for the Project or comply with the requirements of a similar organization which establishes "green" standards for a high rise residential building, as set forth in the following:

(i) Place one hundred percent (100%) of parking spaces under cover;

(ii) Use roofing materials having a Solar Reflective Index (SRI) equal to or greater than the values in the LEED table for a minimum of seventy-five percent (75%) of the roof surface;

(iii) Zero use of CFC based refrigerants in the new base building HVAC&R systems;

(iv) Provide an easily accessible area that serves the entire building and is dedicated to the collection and storage of non-hazardous materials for recycling, including (at a minimum) paper, corrugated cardboard, glass, plastics, and metals;

(v) Recycle and/or salvage at least seventy-five percent (75%) of non-hazardous construction and demolition ("C&D") debris. Develop and implement a C&D waste management plan;

(vi) Use materials with recycled content such that the sum of post-consumer recycled content plus one-half of the pre-consumer recycled content constitutes at least 10% (based on cost) of the total value of the materials in the project; and

(vii) Smoking will be prohibited in all common areas of the building; exterior smoking areas will be located at least twenty-five feet (25') away from entries, outdoor air intakes, and operable windows opening to common areas, and ETS transfer between individual residential units will be minimized.

(d) Sales Tax Origin. The Developer shall comply with the provisions of this Section 3.1.3(d) to provide, to the extent possible under applicable laws and regulations, that local sales and use taxes generated in connection with all eligible purchases of materials, fixtures, furniture, machinery, equipment and supplies for Development Phases II and III of the Project during the construction thereof are allocated directly to the City, subject to Regulation 1521 titled "Construction Contractors" and resolution titled "Contractors No. 260.20" under the Compliance Policy and Procedures Manual of the California State Board of Equalization. In order to accomplish this allocation, the Developer shall comply with the following:

(i) Meeting with the Office of Finance. Prior to issuance of the first building permit for Development Phases II and III of the Project, the Developer, and its contractors and its subcontractors providing services or materials to Development Phases II and III of the Project in excess of Five Million Dollars (\$5,000,000) ("Major Contractors and Subcontractors") (to the extent such contractors and subcontractors have been identified and contracted with at such time) shall meet with the City's Department of Finance to review the process that the Developer's contractors and subcontractors should follow with respect to sales and use taxes. Developer agrees to advise any Major Contractors and Subcontractors that do not attend this initial meeting of the requirements of this Section, and, upon reasonable request, the City agrees to meet and review with such contractors and/or subcontractors the process that they should follow.

(ii) Contract Provisions for Major Contracts. Developer shall include, and shall cause its general contractor to include, a provision in all construction contracts entered into with Major Contractors and Subcontractors substantially in the form attached hereto as Exhibit G-1.

(iii) Contract Provisions for Other Contracts. Developer shall include, and shall cause its general contractor to include, a provision in all construction contracts entered into with Other Material Contractors and Subcontractors (as defined below) substantially in the form attached hereto as Exhibit G-2. “**Other Material Contractors and Subcontractors**” shall mean any contractors providing services or materials to Development Phases II and III of the Project in excess of Five Hundred Thousand Dollars (\$500,000) but less than Five Million Dollars (\$5,000,000).

(iv) Major Contractor Information. Developer shall, when reasonably requested by the City, provide the City’s Office of Finance with:

(A) A list of Developer’s Major Contractors and Subcontractors who will or have performed construction services or who will or have furnished materials for the construction of Phase II and Phase III of the Project, which list shall include the following items:

- i. Name of contractor
- ii. Address and telephone number of headquarters or office
- iii. Name and telephone number of contact person
- iv. Estimated value of contract
- v. Estimated completion date
- vi. Scope of Work

(B) A copy of the contract with each such contractor.

### 3.2 Agreement and Assurances on the Part of the City.

In consideration for Developer entering into this Agreement, and as an inducement for Developer to obligate itself to carry out the covenants and conditions set forth in this Agreement, and in order to effectuate the premises, purposes and intentions set forth in Article 2 of this Agreement, the City hereby agrees as follows:

3.2.1 Entitlement to Develop. Developer has the right to develop the Project subject to the terms and conditions of this Agreement, the Applicable Rules and the Reserved Powers.

3.2.2 Consistency with Applicable Rules. Based upon all information made available to the City up to or concurrently with the execution of this Agreement, the City finds and certifies that no Applicable Rules prohibit or prevent the full completion and occupancy of the Project in accordance with the uses, densities, designs, heights, signage regulations and other development entitlements incorporated and agreed to herein.

### 3.2.3 Changes in Applicable Rules.

(a) Nonapplication of Changes in Applicable Rules. Any change in, or addition to, the Applicable Rules, including, without limitation, any change in any applicable general or specific plan, zoning or building regulation, adopted or becoming effective after the Effective Date, including, without limitation, any of these changes by means of ordinance, City Charter amendment, initiative, referendum, resolution, motion, policy, order or moratorium, initiated or instituted for any reason whatsoever and adopted by the Mayor, City Council, Planning Commission or any other Board, Commission or Department of the City, or any officer or employee thereof, or by the electorate, as the case may be, which would, absent this Agreement, otherwise be applicable to the Project and which would conflict in any way with the Applicable Rules or this Agreement, shall not be applied to the Project unless these changes represent an exercise of the City's Reserved Powers.

(b) Changes in Building and Fire Codes. Notwithstanding any provision of this Agreement to the contrary, development of the Project shall be subject to changes occurring from time to time in the Uniform Building Code and other uniform construction codes. In addition, development of the Project shall be subject to changes occurring from time to time in Chapters V and IX of the Municipal Code regarding the construction, engineering and design standards for both public and private improvements provided that these changes are (1) necessary to the health and safety of the residents of the City, and (2) are generally applicable on a Citywide basis (except in the event of natural disasters as found by the Mayor or City Council, such as floods, earthquakes and similar disasters).

(c) Changes Mandated by Federal or State Law. This Agreement shall not preclude the application to the Project of changes in, or additions to, the Applicable Rules, including rules, regulations, ordinances and official policies, to the extent that these changes or additions are mandated to be applied to developments, such as this Project by state or federal regulations. In the event state or federal laws or regulations prevent or preclude compliance with one or more provisions of this Agreement, these provisions shall be modified or suspended as may be necessary to comply with the state or federal laws or regulations.

3.2.4 Subsequent Development Review. The City shall not require Developer to obtain any approvals or permits for the development of the Project in accordance with this Agreement other than those permits or approvals that are required by the Applicable Rules or the Reserved Powers. However, any subsequent Discretionary Action or Discretionary Approval initiated by Developer that is not permitted by the Applicable Rules, which changes the uses, intensity, density, building height or timing of the Project, or decreases the lot area, setbacks, yards, parking or other entitlements permitted on the Development Agreement Property shall be subject to the rules, regulations, ordinances and official policies of the City then in effect.

3.2.5 Effective Development Standards. The City agrees that it is bound to permit the uses, intensity of use and density on the Development Agreement Property which are permitted by this Agreement, insofar as this Agreement and the Project Approvals so provide or as otherwise set forth in the Applicable Rules or the Reserved Powers. The City hereby agrees that it will not unreasonably withhold or unreasonably condition any Discretionary Action or Discretionary Approval which must be issued by the City in order for the Project to proceed,

provided that Developer reasonably and satisfactorily complies with all preliminary procedures, actions, payments of Processing Fees, and criteria generally required of developers by the City for processing applications for developments and consistent with this Agreement.

3.2.6 Interim Use. The City agrees that Developer may use the Development Agreement Property during the term of this Agreement for any use which is otherwise permitted by the applicable zoning regulations and the General Plan in effect at the time of the interim use, except as expressly provided in this Agreement, the DDA or in the Project Approvals or in other agreements between the City and Developer.

3.2.7 Moratoria. In the event an ordinance, resolution or other measure is enacted, whether by action of the City, by initiative or otherwise after the Effective Date, which relates to the rate, timing or sequencing of the development or construction on all or any part of the Development Agreement Property, the City agrees that the ordinance, resolution or other measure shall not apply to the Development Agreement Property or this Agreement, unless the changes: (a) are found by the City to be necessary to the health and safety of the residents of the City; and (b) are generally applicable on a Citywide basis (except in the event of natural disasters as found by the Mayor or the City Council, such as floods, earthquakes and similar disasters).

3.2.8 Time Period of Tentative Tract Map and Project Approvals. The City acknowledges that the construction of the Project may be subject to unavoidable delays due to factors outside Developer's control. Pursuant to California Government Code Section 66452.6(a), the City agrees that the duration of Tentative Tract Map Nos. 67490, 67491 and 67492 or any new Tract Map or maps which are consistent with the Project Approvals for any Development Phase or Development Phases, shall automatically be extended for the Term of this Agreement. The City further agrees that the duration of all of the Project Approvals shall automatically be extended for the Term of this Agreement.

## **ARTICLE 4. PERIODIC REVIEW**

### **4.1 Annual Review.**

During the Term of this Agreement, the City shall review annually compliance with this Agreement by Developer and/or any Transferee. This periodic review shall be limited in scope to good faith compliance with the provisions of this Agreement as provided in the Development Agreement Act and Developer and/or a Transferee shall have the burden of demonstrating good faith compliance relating solely to such parties' portion of the Development Agreement Property and any development located thereon. The annual review shall be in the form of an annual report prepared and submitted by the Director and General Manager of Planning to the Planning Commission.

### **4.2 Pre-Determination Procedure.**

Submission by Developer and/or any Transferee of evidence of compliance with this Agreement, in a form which the Director of Planning may reasonably establish, including, without limitation, a certified copy of the recorded Affordable Housing Covenant pursuant to Section 3.1.3(a), shall be made in writing and transmitted to the Director of Planning not later than sixty (60) days prior to the yearly anniversary of the Effective Date. The public shall be

afforded an opportunity to submit written comments regarding compliance to the Director of Planning at least sixty (60) days prior to the yearly anniversary of the Effective Date. All these public comments and final staff reports shall, upon receipt by the City, be made available as soon as possible to Developer and/or any Transferee.

#### **4.3 Director's Determination.**

On or before the yearly anniversary of the Effective Date, the Director of Planning shall make a determination regarding whether or not Developer, and/or any Transferee, has complied in good faith with the provisions and conditions of this Agreement. This determination shall be made in writing with reasonable specificity, and a copy of the determination shall be provided to Developer, and/or any Transferee, in the manner prescribed in Section 6.14. Copies of the determination shall also be available to members of the public.

#### **4.4 Appeal by Developer or Transferee.**

In the event the Director of Planning makes a finding and determination of non-compliance, Developer, and/or any Transferee, as the case may be, shall be entitled to appeal that determination to the Planning Commission. After a public hearing on the appeal, the Planning Commission shall make written findings and determinations, on the basis of substantial evidence, whether or not Developer, and/or any Transferee, as the case may be, has complied in good faith with the provisions and conditions of this Agreement. Nothing in this Section or this Agreement shall be construed as modifying or abrogating Los Angeles City Charter Section 245 (City Council review of Commission and Board actions).

#### **4.5 Period to Cure Non-Compliance.**

If, as a result of this annual review procedure, it is found and determined by the Planning Director or the Planning Commission, on appeal, that Developer, and/or any Transferee, as the case may be, has not complied in good faith with the provisions and conditions of this Agreement, the City, after denial of any appeal or, where no appeal is taken, after the expiration of the appeal period described in Section 6.3, shall submit to Developer, and/or any Transferee, as the case may be, by registered or certified mail, return receipt requested, a written notice of default in the manner prescribed in Section 6.14, stating with specificity those obligations of Developer, and/or any Transferee, as the case may be, which have not been performed. Upon receipt of the notice of default, Developer, and/or any Transferee, as the case may be, shall promptly commence to cure the identified default(s) at the earliest reasonable time after receipt of the notice of default and shall complete the cure of the default(s) not later than sixty (60) days after receipt of the notice of default, or any longer period as is reasonably necessary to remedy the default(s), by mutual consent of the City and Developer, and/or any Transferee, as the case may be, provided that Developer, and/or any Transferee, as the case may be, shall continuously and diligently pursue the remedy at all times until the default(s) is cured.

#### **4.6 Failure to Cure Non-Compliance Procedure.**

If the Director of Planning finds and determines that Developer, or a Transferee, as the case may be, has not cured a default pursuant to this Section, and that the City intends to terminate or modify this Agreement or those transferred or assigned rights and obligations, as the

case may be, the Director of Planning shall make a report to the Planning Commission. The Director of Planning shall then set a date for a public hearing before the Planning Commission in accordance with the notice and hearing requirements of Government Code Sections 65867 and 65868. If after the public hearing, the Planning Commission finds and determines, on the basis of substantial evidence, that (i) Developer or its Transferee, as the case may be, has not cured a default pursuant to this Section, and (ii) that the City shall terminate or modify this Agreement, or those transferred or assigned rights and obligations, as the case may be, the finding and determination shall be appealable to the City Council in accordance with Section 6.3. In the event of a finding and determination of compliance, there shall be no appeal by any person or entity. Nothing in this Section or this Agreement shall be construed as modifying or abrogating Los Angeles City Charter Section 245 (City Council review of Commission and Board actions).

#### **4.7 Termination or Modification of Agreement.**

The City may terminate or modify this Agreement, or those transferred or assigned rights and obligations, as the case may be, after the final determination of the City Council or, where no appeal is taken, after the expiration of the appeal periods described in Section 6.3. There shall be no modifications of this Agreement unless the City Council acts pursuant to Government Code Sections 65867.5 and 65868, irrespective of whether an appeal is taken as provided in Section 6.3.

#### **4.8 Reimbursement of Costs.**

The Developer or Transferee, as the case may be, shall reimburse the City for its actual costs, reasonably and necessarily incurred, to accomplish the required annual review.

#### **4.9 Evidence of Compliance Applicable to a Particular Development Agreement Property.**

Notwithstanding anything to the contrary in this Article 4 or any other provision of this Agreement, a Transferee of all or any portion of the Development Agreement Property shall only be responsible for submitting evidence of compliance with this Agreement as it relates solely to that portion of the Development Agreement Property transferred, assigned or conveyed to such Transferee in an Assignment Agreement authorized by Section 6.9 of this Agreement.

#### **4.10 City's Rights and Remedies Against a Transferee.**

The City's rights in Article 4 of this Agreement relating to compliance with this Agreement by a Transferee shall be limited to only those rights and obligations assumed by a Transferee under this Agreement and as expressly set forth in the applicable Assignment Agreement authorized by Section 6.9 of this Agreement.

From time to time, a Developer of any portion of the Development Agreement Property may, separate from the annual review process, submit a written request for confirmation from the Director of Planning that certain obligations of this Agreement have been satisfied. Subject to the time limits and process requirements of Section 4.2, the Director shall issue a written confirmation stating either that such obligations have been satisfied or setting forth the reasons why subject obligation have not been satisfied.

## ARTICLE 5. DEFAULT PROVISIONS

### 5.1 Default by Developer.

5.1.1 Default. In the event Developer or a Transferee of any portion of the Development Agreement Property fails to perform its obligations under this Agreement applicable to its portion of the Development Agreement Property, as specified in the applicable Assignment Agreement, in a timely manner and in compliance with this Agreement, the City's rights and remedies provided for in this Agreement, including, without limitation, modifying or terminating this Agreement, shall relate exclusively to the defaulting Party and such defaulting Party's portion of the Development Agreement Property, provided that the City has first complied with all applicable notice and opportunity to cure provisions in Section 5.1.2. In no event shall a default by a Developer or a Transferee of any portion of the Development Agreement Property constitute a default by any non-defaulting Developer or Transferee with respect to such non-defaulting parties' obligations hereunder nor affect such non-defaulting parties' rights hereunder, or respective portion of the Development Agreement Property.

5.1.2 Notice of Default. The City through the Director of Planning shall submit to Developer or Transferee, as applicable, by registered or certified mail, return receipt requested, a written notice of default in the manner prescribed in Section 6.14, identifying with specificity those obligations of Developer or Transferee, as applicable, which have not been performed. Upon receipt of the notice of default, Developer or Transferee, shall promptly commence to cure the identified default(s) at the earliest reasonable time after receipt of the notice of default and shall complete the cure of the default(s) not later than sixty (60) days after receipt of the notice of default, or a longer period as is reasonably necessary to remedy the default(s), provided that Developer or Transferee, as applicable, shall continuously and diligently pursue the remedy at all times until the default(s) is cured.

5.1.3 Failure to Cure Default Procedure. If after the cure period has elapsed, the Director of Planning finds and determines that Developer, or a Transferee, as the case may be, remains in default and that the City intends to terminate or modify this Agreement, or those transferred or assigned rights and obligations, as the case may be, the Director shall make a report to the Planning Commission and then set a public hearing before the Commission in accordance with the notice and hearing requirements of Government Code Sections 65867 and 65868. If after public hearing, the Planning Commission finds and determines, on the basis of substantial evidence, that Developer, or a Transferee, as the case may be, has not cured default pursuant to this Section, and that the City shall terminate or modify this Agreement, or those transferred or assigned rights and obligations, as the case may be, Developer or the Transferee, shall be entitled to appeal that finding and determination to the City Council in accordance with Section 6.3. In the event of a finding and determination that all defaults are cured, there shall be no appeal by any person or entity. Nothing in this Section or this Agreement shall be construed as modifying or abrogating Los Angeles City Charter Section 245 (City Council review of Commission and Board actions).

5.1.4 Termination or Modification of Agreement. The City may terminate or modify this Agreement, or those transferred or assigned rights and obligations, as the case may be, relating solely to the defaulting Developer or Transferee and such defaulting parties portion

of the Development Agreement Property after the final determination of the City Council or, where no appeal is taken, after the expiration of the appeal periods described in Section 6.3 relating to the defaulting parties rights and obligations hereunder. There shall be no termination or modification of this Agreement unless the City Council acts pursuant to Section 6.3 hereof.

## **5.2 Default by the City.**

5.2.1 Default and Notice of Default. In the event the City does not accept, process, or render a decision on necessary development permits, entitlements, or other land use or building approvals for use as provided in this Agreement upon compliance with the requirements therefore, or as otherwise agreed to by the Parties, or the City otherwise defaults under the provisions of this Agreement, Developer and any Transferee shall have all rights and remedies provided herein or by applicable law, which shall include compelling the specific performance of the City's obligations under this Agreement provided that Developer or Transferee, as the case may be, has first complied with the procedures in Section 5.2.2. No part of this Agreement shall be deemed to abrogate or limit any immunities or defenses the City may otherwise have with respect to claims for monetary damages.

5.2.2 Notice of Default. Developer or Transferee, as the case may be, shall first submit to the City a written notice of default stating with specificity those obligations that have not been performed. Upon receipt of the notice of default, the City shall promptly commence to cure the identified default(s) at the earliest reasonable time after receipt of the notice of default and shall complete the cure of the default(s) not later than one hundred and twenty (120) days after receipt of the notice of default, or a longer period as is reasonably necessary to remedy the default(s), provided that the City shall continuously and diligently pursue the remedy at all times until the default(s) is cured. In the case of a dispute as to whether the City has cured the default, the Developer or Transferee, as the case may be, shall submit the matter to arbitration pursuant to Section 6.5 of this Agreement.

5.2.3 No Monetary Damages. It is acknowledged by the Parties that the City would not have entered into this Agreement if it were liable in monetary damages under or with respect to this Agreement or the application thereof. The Parties agree and recognize that, as a practical matter, it may not be possible to determine an amount of monetary damages which would adequately compensate Developer for its investment of time and financial resources in planning to arrive at the kind, location, intensity of use, and improvements for the Project, nor to calculate the consideration the City would require to enter into this Agreement to justify the exposure. Therefore, the Parties agree that each of the Parties may pursue any remedy at law or equity available for any breach of any provision of this Agreement, except that the Parties shall not be liable in monetary damages and the Parties covenant not to sue for or claim any monetary damages for the breach of any provision of this Agreement. The Parties in this paragraph shall include any successor or assign of the Parties, including, a Transferee of Developer.

## **ARTICLE 6. GENERAL PROVISIONS**

### **6.1 Effective Date.**

This Agreement shall be effective upon the Effective Date.

## 6.2 **Term.**

This Agreement shall commence upon the Effective Date and shall remain in effect for a term (the “**Term**”) of twenty (20) years after the Effective Date, unless the Term is otherwise terminated, modified or extended by circumstances set forth in this Agreement or by mutual consent of the Parties hereto. Following the expiration of the Term, this Agreement shall terminate and be of no further force and effect; provided, however, that this termination shall not affect any right or duty arising from entitlements or approvals, including the Project Approvals on the Development Agreement Property approved concurrently with, or subsequent to, the Effective Date. The Term of this Agreement shall be automatically extended for the period of time of any actual delay resulting from any enactments pursuant to the City’s Reserved Powers or moratoria.

## 6.3 **Appeals to City Council.**

Where an appeal by Developer, or its Transferees, as the case may be, to the City Council from a finding and/or determination of the Planning Commission is created by this Agreement, that appeal shall be taken, if at all, within twenty (20) days after the mailing of the finding and/or determination to Developer, or its Transferees, as the case may be. The City Council shall act upon the finding and/or determination of the Planning Commission within eighty (80) days after the mailing, or within any additional period as may be agreed upon by Developer, or its Transferees, as the case may be, and the Council. The failure of the City Council to act shall not be deemed to be a denial or an approval of the appeal, which shall remain pending until final City Council action.

## 6.4 **Enforced Delay; Extension of Time for Performance.**

In addition to specific provisions of this Agreement, whenever a period of time, including a reasonable period of time, is designated within which either Party hereto is required to do or complete any act, matter or thing, the time for the doing or completion thereof shall be extended by a period of time equal to the number of days during which the Party is prevented from, or is unreasonably interfered with, the doing or completion of the act, matter or thing because of causes beyond the reasonable control of the Party to be excused, including: war; insurrection; riots; floods; earthquakes; fires; casualties; disasters; litigation and administrative proceedings against the Project (not including any administrative proceedings contemplated by this Agreement in the normal course of affairs (*e.g.*, the annual review)); any approval required by the City (not including any period of time normally expected for the processing of the approvals in the ordinary course of affairs); restrictions imposed or mandated by other governmental entities; enactment of conflicting state or federal laws or regulations; judicial decisions; the exercise of the City’s Reserved Powers; or similar bases for excused performance which is not within the reasonable control of the Party to be excused (financial inability excepted). This Section shall not be applicable to any proceedings with respect to bankruptcy or receivership initiated by or on behalf of Developer or, if not dismissed within ninety (90) days, by any third Parties against Developer. If written notice of the delay is given to either Party within thirty (30) days of the commencement of the delay, an extension of time for cause will be granted in writing for the period of the enforced delay, or longer as may be mutually agreed upon.

## 6.5 **Dispute Resolution.**

6.5.1 Dispute Resolution Proceedings. The Parties may agree to dispute resolution proceedings to fairly and expeditiously resolve disputes or questions of interpretation under this Agreement. These dispute resolution proceedings may include: (a) procedures developed by the City for expeditious interpretation of questions arising under development agreements; (b) non-binding arbitration as provided below; or (c) any other manner of dispute resolution which is agreed upon by the Parties.

6.5.2 Arbitration. Any dispute between the Parties that is to be resolved by arbitration shall be settled and decided by arbitration conducted by an arbitrator who must be a former judge of the Los Angeles County Superior Court or Appellate justice of the Second District court of Appeals or the California Supreme Court. This arbitrator shall be selected by mutual agreement of the Parties.

6.5.3 Arbitration Procedures. Upon appointment of the arbitrator, the matter shall be set for arbitration at a time not less than thirty (30) nor more than ninety (90) days from the effective date of the appointment of the arbitrator. The arbitration shall be conducted under the procedures set forth in Code of Civil Procedure Section 638, et seq., or under other procedures as are agreeable to both Parties, except that provisions of the California Code of Civil Procedure pertaining to discovery and the provisions of the California Evidence Code shall be applicable to the proceeding.

6.5.4 Extension of Agreement Term. The Term of this Agreement as set forth in Section 6.2 shall automatically be extended for the period of time in which the Parties are engaged in dispute resolution to the degree that an extension of the Term is reasonably required because activities which would have been completed prior to the expiration of the Term are delayed beyond the scheduled expiration of the Term as the result of this dispute resolution.

## 6.6 **Legal Action.**

Either Party may, in addition to any other rights or remedies, institute legal action to cure, correct, or remedy any default, enforce any covenant or agreement herein, enjoin any threatened or attempted violation, or enforce by specific performance the obligations and rights of the Parties hereto.

## 6.7 **Applicable Law.**

This Agreement shall be construed and enforced in accordance with the laws of the State of California, and the venue for any legal actions brought by any Party with respect to this Agreement shall be the County of Los Angeles, State of California for state actions and the Central District of California for any federal actions.

## 6.8 **Amendments.**

This Agreement may be amended from time to time by mutual consent in writing of the Parties to this Agreement in accordance with Government Code Section 65868, and any Transferee of Development Agreement Property, in the event such amendment affects the rights

and obligations of the Transferee under this Agreement in connection with the development, use and occupancy of its portion of the Development Agreement Property and/or any improvements located thereon. In accordance with Government Code Section 65869.5, Developer, at its option, may apply to the Planning Commission for modification or termination of this Agreement at any time in the event that state or federal laws or regulations, enacted after this Agreement has been entered into, prevent or preclude compliance with one or more provisions of this Agreement. Such provisions of this Agreement may be modified or suspended as may be necessary to comply with such state or federal law, and such modification or termination shall require notice and public hearing. Any amendment to this Agreement which relates to the Term, permitted uses, density or intensity of use, height, or size of buildings, provisions for reservation and dedication of land, conditions, restrictions, and requirements relating to subsequent Discretionary Action, or any conditions or covenants relating to the use of the Development Agreement Property not allowed or provided for under the Applicable Rules shall require notice and public hearing before the Parties may execute an amendment thereto. Developer or a Transferee, as applicable, shall reimburse the City for its actual costs, reasonably and necessarily incurred, to review any amendments requested by Developer or a Transferee, including the cost of any public hearings.

#### 6.9 Assignment.

The Development Agreement Property, as well as the rights and obligations of Developer under this Agreement, may be transferred or assigned in whole or in part by Developer to a Transferee without the consent of the City, subject to the conditions set forth below in Sections 6.9.1 and 6.9.2.

6.9.1 Conditions for Assignment. No such assignment shall be valid until and unless the following occur:

(a) Written Notice of Assignment Required. Developer, or any successor transferor, gives prior written notice to the City of its intention to assign or transfer any of its interests, rights or obligations under this Agreement and a complete disclosure of the identity of the assignee or transferee, including copies of the Articles of Incorporation in the case of corporations and the names of individual partners in the case of partnerships. Any failure by Developer or any successor transferor to provide the notice shall be curable in accordance with the provisions of Section 5.1.

(b) Automatic Assumption of Obligations. Unless otherwise stated elsewhere in this Agreement to the contrary, a Transferee of Development Agreement Property expressly and unconditionally assumes all of the rights and obligations of this Agreement transferred or assigned by Developer and which are expressly set forth in the applicable Assignment Agreement.

6.9.2 Liability Upon Assignment. Unless otherwise stated elsewhere in this Agreement to the contrary, each Developer of any portion of the Development Agreement Property shall be solely and only liable for performance of such Developer's obligations applicable to its portion of the Development Agreement Property under this Agreement as specified in the applicable Assignment Agreement. Upon the assignment or transfer of any

portion of the Development Agreement Property together with any obligations assignable under this Agreement, the Transferee shall become solely and only liable for the performance of those assigned or transferred obligations so assumed and shall have the rights of a "Developer" under this Agreement; which such rights and obligations shall be set forth specifically in the Assignment Agreement, acknowledged by the Director of Planning, the transferring Developer, and the Transferee, as of the date of such transfer, assignment or conveyance of the applicable portion of the Development Agreement Property. The failure of a Developer of any portion of the Development Agreement Property to perform such Developer's obligations set forth in the applicable Assignment Agreement may result, at the City's option, in a declaration that this Agreement has been breached and the City may, but shall not be obligated to, terminate or modify this Agreement solely as it relates to the defaulting parties, and such defaulting parties' Development Agreement Property as provided for in Section 5.1 hereof, subject to such defaulting parties' right to notice and opportunity to cure the default in accordance with provisions of Section 5.1 hereof.

#### **6.10 Covenants.**

The provisions of this Agreement shall constitute covenants which shall run with the land comprising the Development Agreement Property for the benefit thereof, and the burdens and benefits hereof, subject to the provisions of any Assignment Agreement (if applicable), shall bind and inure to the benefit of the Parties hereto and all successors and assigns of the Parties, including any Transferee of Developer.

#### **6.11 Cooperation and Implementation.**

6.11.1 Processing. Upon satisfactory completion by Developer of all required preliminary actions and payment of appropriate Processing Fees, including the fee for processing this Agreement, the City shall commence and diligently process all required steps necessary for the implementation of this Agreement and development of the Development Agreement Property in accordance with the terms of this Agreement. Developer shall, in a timely manner, provide the City with all documents, plans and other information necessary for the City to carry out its processing obligations.

6.11.2 Other Governmental Permits. Developer or Transferee, as the case may be, shall apply in a timely manner for other permits and approvals as may be required from other governmental or quasi-governmental agencies having jurisdiction over the Project as may be required for the development of, or provision of services to, the Project. The City shall cooperate with Developer or Transferee, as the case may be, in its endeavors to obtain the permits and approvals and shall, from time to time at the request of Developer or Transferee, as the case may be, attempt with due diligence and in good faith to enter into binding agreements with any entity to ensure the availability of permits and approvals, or services, provided the agreements are reasonable and not detrimental to the City. These agreements may include, but are not limited to, joint powers agreements under the provisions of the Joint Exercise of Powers Act (Government Code Section 6500, *et seq.*) or the provisions of other laws to create legally binding, enforceable agreements between the Parties. To the extent allowed by law, Developer or Transferee, as the case may be, shall be a party to any agreement, or a third party beneficiary of the agreement, entitled to enforce for its benefit on behalf of the City, or in its own name, the

rights of the City or Developer or Transferee, as the case may be, thereunder or the duties and obligations of the Parties thereto. Developer or Transferee, as the case may be, shall reimburse the City for all costs and expenses incurred in connection with seeking and entering into any agreement provided that Developer or Transferee, as the case may be, has requested it. Developer or Transferee, as the case may be, shall defend the City in any challenge by any person or entity to any agreement, and shall reimburse the City for any costs and expenses incurred by the City in enforcing any agreement. Any fees, assessments, or other amounts payable by the City thereunder shall be borne by Developer or Transferee, as the case may be, except where Developer or Transferee, as the case may be, has notified the City in writing, prior to the City entering into an agreement, that it does not desire for the City to execute an agreement.

6.11.3 Cooperation in the Event of Legal Challenge. In the event of any legal action instituted by a third party or other governmental entity or official challenging the validity of any provision of this Agreement, the Parties hereby agree to affirmatively cooperate in defending the action.

#### **6.12 Relationship of Parties.**

It is understood and agreed by the Parties hereto that the contractual relationship created between the Parties hereunder is that Developer is an independent contractor and not an agent of the City. Further, the City and Developer hereby renounce the existence of any form of joint venture or partnership between them and agree that nothing herein or in any document executed in connection herewith shall be construed as making the City and Developer joint venturers or partners.

#### **6.13 Hold Harmless.**

Developer hereby agrees to and shall indemnify, save, hold harmless and defend the City, and its elected and appointed representatives, boards, commissions, officers, agents, and employees (collectively, "the City" in this Section), from any and all claims, costs, and liability for any damages, personal injury or death which may arise, directly or indirectly, from Developer or Developer's contractors, subcontractors', agents', or employees' operations in connection with the construction of the Project, whether operations be by Developer or any of Developer's contractors, subcontractors, by anyone or more persons directly or indirectly employed by, or acting as agent for Developer or any of Developer's contractors or subcontractors. Developer further agrees to and shall indemnify, save, hold harmless and, if requested by the City, Developer shall defend the City in any action brought by a third party (1) challenging the validity of this Agreement or (2) seeking damages which may arise directly or indirectly from the negotiation, formation, execution, enforcement or termination of this Agreement solely as it relates to the portion of the Development Agreement Property owned by Developer. Nothing in this Section shall be construed to mean that Developer shall hold the City harmless and/or defend it from any claims arising from, or alleged to arise from, the negligent acts, or negligent failure to act, on the part of the City. City agrees that it shall fully cooperate with Developer in the defense of any matter in which Developer is defending and/or holding the City harmless. City may make all reasonable decisions with respect to its representation in any legal proceeding.

#### 6.14 Notices.

Any notice or communication required hereunder between the City or Developer must be in writing, and may be given either personally or by registered or certified mail, return receipt requested. If given by registered or certified mail, the same shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the Party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing this notice, properly addressed, with postage prepaid, is deposited in the United States mail. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. Any Party hereto may at any time, by giving ten (10) days' written notice to the other Party hereto, designate any other address in substitution of the address, or any additional address, to which the notice or communication shall be given. These notices or communications shall be given to the Parties at their addresses set forth below:

If to the City:	City of Los Angeles 200 North Spring Street Los Angeles, CA 90012 Attention: Director of Planning
With a Copy to:	Los Angeles City Attorney's Office Real Property/Environment Division Los Angeles City Attorney's Office 7th Floor, City Hall East 200 North Main Street Los Angeles, California 90012
If to Developer:	Grand Avenue L.A., LLC c/o The Related Companies, L.P. 60 Columbus Circle, 19th Floor New York, New York 10023
With a Copy to:	DLA Piper US LLP 550 South Hope Street, Suite 2300 Los Angeles, California 90071 Attention: John W. Whitaker, Esq.
With a Copy to:	The Los Angeles Grand Avenue Authority c/o The Grand Avenue Committee, Inc. 445 South Figueroa Street, Suite 3400 Los Angeles, California 90071
With a Copy to:	The Related Companies of California, Inc. 18201 Von Karman Avenue, Suite 900 Irvine, California 92612 Attention: Mr. William A. Witte

**6.15 Recordation.**

As provided in Government Code Section 65868.5, the City Clerk of Los Angeles shall record a copy of this Agreement with the Registrar-Recorder of the County of Los Angeles within ten (10) days following its execution by both Parties. Developer shall provide the City Clerk with the fees for recording prior to or at the time of recording.

**6.16 Constructive Notice and Acceptance.**

Every person who now or hereafter owns or acquires any right, title, interest in or to any portion of the Development Agreement Property, is and shall be conclusively deemed to have consented and agreed to every provision contained herein, whether or not any reference to this Agreement is contained in the instrument by which the person acquired an interest in the Development Agreement Property.

**6.17 Successors and Assignees.**

The provisions of this Agreement shall be binding upon and shall inure to the benefit of the Parties, any subsequent owner of all or any portion of the Development Agreement Property and their respective successors and assignees.

**6.18 Severability.**

If any provisions, conditions, or covenants of this Agreement, or the application thereof to any circumstances of either Party, shall be held invalid or unenforceable, the remainder of this Agreement or the application of such provision, condition, or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

**6.19 Time of Essence.**

Time is of the essence for each provision of this Agreement of which time is an element.

**6.20 Waiver.**

No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought and refers expressly to this Section. No waiver of any right or remedy in respect of any occurrence or event shall be deemed a waiver of any right or remedy in respect of any other occurrence or event.

**6.21 No Third Party Beneficiaries,**

The only Parties to this Agreement are the City and Developer and their successors-in-interest. There are no third party beneficiaries and this Agreement is not intended, and shall not be construed, to benefit or be enforceable by any other person whatsoever.

#### **6.22 Entire Agreement.**

This Agreement sets forth and contains the entire understanding and agreement of the Parties and there are no oral or written representations, understandings or ancillary covenants, undertakings or agreements which are not contained or expressly referred to herein and no testimony or evidence of any representations, understandings, or covenants shall be admissible in any proceedings of any kind or nature to interpret or determine the provisions or conditions of this Agreement.

#### **6.23 Legal Advice; Neutral Interpretation; Headings, Table of Contents.**

Each Party has received independent legal advice from its attorneys with respect to the advisability of executing this Agreement and the meaning of the provisions hereof. The provisions of this Agreement shall be construed as to their fair meaning, and not for or against any Party based upon any attribution to that Party as the source of the language in question. The headings and table of contents used in this Agreement are for the convenience of reference only and shall not be used in construing this Agreement.

#### **6.24 Discretion to Encumber.**

This Agreement shall not prevent or limit Developer in any manner, at its sole discretion, from encumbering the Development Agreement Property or any portion of the Development Agreement Property or any improvement on the Development Agreement Property by any mortgage, deed of trust or other security device securing financing with respect to the Development Agreement Property or its improvements. Such permitted security instruments and related interests shall be referred to as "Security Financing Interests".

#### **6.25 Intentionally Omitted.**

#### **6.26 Counterparts.**

This Agreement may be executed in duplicate originals, each of which is deemed to be an original. This Agreement, not counting the Cover Page and Table of Contents, consists of seventy-three (73) pages and nine (9) Exhibits which constitute the entire understanding and agreement of the Parties.

#### **6.27 Mortgagee Protection.**

Any lien created against any portion of the Development Agreement Property pursuant to this Agreement shall attach from the date on which a notice of lien is recorded in the Official Records of Los Angeles County. If any portion of the Development Agreement Property shall be subject to a monetary lien created by this Agreement and the lien of any Security Financing Interests, then (i) the foreclosure of any lien created under this Agreement shall not operate to affect or impair the lien of such Security Financing Interests and (ii) the foreclosure of the lien of such Security Financing Interests or sale under a power of sale shall not operate to affect or impair the lien created under this Agreement.

Provided that any holder of any applicable Security Financing Interests (“Lender”) provides the City with a conformed copy of each Security Financing Interest that contains the name and address of such Lender, the City hereby covenants and agrees to faithfully perform and comply with the following provisions with respect to such Security Financing Interest:

(a) No Termination. No action by Developer or the applicable Transferee or the City to modify or terminate this Agreement or the provisions of this Section 6.27 shall be binding upon a Lender without its prior written consent unless the Lender shall have failed to cure a default within the time frames set forth in this Section 6.27.

(b) Notices. If the City shall give any notice of default to Developer or the applicable Transferee hereunder, the City shall simultaneously give a copy of such notice of default to the Lender at the address theretofore designated by it. No notice of default given by the City to Developer or the applicable Transferee shall be binding upon or affect said Lender unless a copy of said notice of default shall be given to Lender pursuant of this Section 6.27. Developer or the applicable Transferee shall reimburse the City for its actual costs, reasonably and necessarily incurred, to prepare this notice of default. In the case of an assignment of such Security Financing Interest or change in address of such Lender, said assignee or Lender, by written notice to the City, may change the address to which such copies of notices of default are to be sent. The City shall not be bound to recognize any assignment of such Security Financing Interest unless and until the City shall be given written notice thereof, a copy of the executed assignment, and the name and address of the assignee. Thereafter, such assignee shall be deemed to be the Lender hereunder with respect to the Security Financing Interest being assigned. If such Security Financing Interest is held by more than one person, corporation or other entity, no provision of this Agreement requiring the City to give notices of default or copies thereof to said Lender shall be binding upon the City unless and until all of said holders shall designate in writing one of their number to receive all such notices of default and copies thereof and shall have given to the City an original executed counterpart of such designation.

(c) Performance of Covenants. The Lender shall have the right to perform any term, covenant or condition and to remedy any default by Developer or the applicable Transferee hereunder within the time periods specified herein, and the City shall accept such performance with the same force and effect as if furnished by Developer or the applicable Transferee; provided, however, that said Lender shall not thereby or hereby be subrogated to the rights of the City. Notwithstanding the foregoing, nothing herein shall be deemed to permit or authorize such Lender to undertake or continue the construction or completion of the Project without first having expressly assumed Developer’s or the applicable Transferee’s obligations to the City or its designee by written agreement satisfactory to the City.

(d) Default by Developer. In the event of a default by Developer or the applicable Transferee, the City agrees not to terminate this Agreement (1) unless and until Developer’s or the applicable Transferee’s notice and cure periods have expired and the City thereafter provides written notice of such default to any Lender and such Lender shall have failed to cure such default within thirty (30) days of delivery of such notice, and (2) as long as:

(i) In the case of a default which cannot practicably be cured by the Lender without taking possession of the Project, said Lender shall proceed diligently to obtain

possession of the Project as Lender (including possession by receiver) and, upon obtaining such possession, shall proceed diligently to cure such default; and

(ii) In the case of a default which is not susceptible to being cured by the Lender, the Lender shall institute foreclosure proceedings and diligently prosecute the same to completion (unless in the meantime it shall acquire Developer's or the applicable Transferee's right, title and interest hereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure) and upon such completion of acquisition or foreclosure such default shall be deemed to have been cured.

The Lender shall not be required to obtain possession or to continue in possession as Lender of the Project pursuant to Subsection (i) above, or to continue to prosecute foreclosure proceedings pursuant to Subsection (ii) above, if and when such default shall be cured. Nothing herein shall preclude the City from exercising any of its rights or remedies with respect to any other default by Developer or the applicable Transferee during any period of such forbearance, but in such event the Lender shall have all of its rights provided for herein. If the Lender, its nominee, or a purchaser in a foreclosure sale, shall acquire title to Developer's or the applicable Transferee's right, title and interest hereunder and shall cure all defaults which are susceptible of being cured by the Lender or by said purchaser, as the case may be, then prior defaults which are not susceptible to being cured by the Lender or by said purchaser shall no longer be deemed defaults hereunder. References herein to defaults which are "not susceptible of being cured" by a Lender or purchaser (or similar language) shall not be deemed to refer to any default which the Lender or purchaser is not able to cure because of the cost or difficulty of curing such default, but rather shall be deemed to refer only to defaults specifically relating to the identity of Developer or the applicable Transferee which by their nature can be cured only by Developer or the applicable Transferee (such as Developer or the applicable Transferee bankruptcy or a change in control of Developer or the applicable Transferee).

(e) Foreclosure. Foreclosure of any Security Financing Interest, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in a Security Financing Interest, or any conveyance of the Project from Developer or the applicable Transferee to a Lender or its designee who meets the financial requirements of a Lender through, or in lieu of, foreclosure or other appropriate proceedings in the nature thereof, shall not require the consent of the City or constitute a breach of any provision of or a default under this Agreement, and upon such foreclosure, sale or conveyance, the City shall recognize the Transferee in connection therewith as Developer hereunder provided that such Transferee assumes each and all of the obligations of Developer hereunder pursuant to an Assignment Agreement and subject to all of the provisions of Section 6.9 not inconsistent with the foregoing. If any Lender shall acquire Developer's right, title and interest hereunder as a result of a judicial or nonjudicial foreclosure under any Security Financing Interest, or by means of a deed in lieu of foreclosure, or through settlement of or arising out of any pending or contemplated foreclosure action, such Lender shall thereafter have the right to assign or transfer Developer's right, title and interest hereunder to a Transferee without obtaining the City's consent with respect thereto, subject to all of the provisions of Section 6.9 not inconsistent with the foregoing. Upon such acquisition of Developer's right, title and interest hereunder as described in the preceding sentence by a Lender, or the assignee of a Lender, subject to the requirements of Government Code Sections 65867, 65867.5 and 65868, the City shall execute and deliver a new agreement or amend this

Agreement with such Lender or such assignee of Lender, upon the written request therefore by such Lender or such assignee of lender. Such new agreement or amended Agreement shall be identical in form and content to the provisions of this Agreement, except with respect to the parties thereto, and the elimination of any requirements which have been fulfilled by Developer prior thereto, and said agreement shall have priority equal to the priority of this Agreement. Upon execution and delivery of such new agreement or amended Agreement, the City shall cooperate with the new Transferee, at the sole expense of said Transferee, in taking such action as may be necessary to cancel and discharge this Agreement and to remove Developer from the Development Agreement Property.

(f) No Obligation to Cure. Except as set forth herein, nothing herein contained shall require any Lender to cure any default of Developer or the applicable Transferee referred to above.

(g) Separate Agreement. The City shall, upon request, execute, acknowledge and deliver to each Lender, an agreement prepared at the sole cost and expense of Developer or the applicable Transferee, in form satisfactory to each Lender, between the City, Developer or the applicable Transferee and the Lender, agreeing to all of the provisions hereof.

(h) Form of Notice. Any Lender under a Security Financing Interest shall be entitled to receive the notices required to be delivered to it hereunder provided that such Lender shall have delivered to the City a notice substantially in the following form:

The undersigned, whose address is \_\_\_\_\_, does hereby certify that it is the Lender (as such term is defined in that certain Development Agreement (“Development Agreement”) dated as of \_\_\_\_\_, 2007 between Grand Avenue L.A., LLC, and the City of Los Angeles, of the parcel of land described on Exhibit A attached hereto. In the event that any notice shall be given of a default of Developer or the applicable Transferee under the Development Agreement, a copy thereof shall be delivered to the undersigned who shall have the rights of a Lender to cure the same, as specified in the Development Agreement. Failure to deliver a copy of such notice shall in no way affect the validity of the notice to the Developer or the applicable Transferee, but no such notice shall be effective as it relates to the rights of the undersigned under the Development Agreement with respect to the Security Financing Interest (as such term is defined in the Development Agreement), including the commencement of any cure periods applicable to the undersigned, until actually received by the undersigned.

(i) Further Assurances. Subject to the requirements of Government Code Sections 65867, 65867.5 and 65868, the City and Developer agree to cooperate in including in this Agreement, by suitable amendment, any provision which may be reasonably requested by the Lender or any proposed Lender for the purpose of (i) more fully or particularly implementing the mortgagee protection provisions contained herein, (ii) adding mortgagee protections

consistent with those contained herein and which are otherwise commercially reasonable, (iii) allowing such Lender reasonable means to protect or preserve the security interest of the Lender in the collateral, including its lien on the Development Agreement Property and the collateral assignment of this Agreement and/or (iv) clarifying terms or restructuring elements of the transactions contemplated hereby; provided, however, in no event shall the City be obligated to materially modify any of Developer's obligations or the City's rights under this Agreement in any manner not already contemplated in this Section 6.27.

#### **6.28 Non-Discrimination.**

In accordance with the requirements of Section 802 of the DDA, Developer and the City agree as follows: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, creed, national origin, ancestry, sex, sexual preference/orientation, age, marital status, domestic partner status, disability, medical condition, Acquired Immune Deficiency Syndrome (AIDS) –acquired or perceived, or retaliation for having filed a discrimination complaint (nondiscrimination factors) in the construction, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Development Agreement Property or the Project, nor shall Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, vendees or employees in the Development Agreement Property or the Project."

#### **6.29 Copy of Annual Report.**

At any time during the term of this Agreement, Developer, any Transferee or any Lender may request that the City provide a copy of the most recent annual report issued by the Director of Planning pursuant to Section 4.1 of this Agreement, within thirty (30) days of the receipt of the written request therefore.

#### **6.30 Rules of Construction and Miscellaneous Terms.**

**6.30.1 Rules of Construction.** The singular includes plural; the masculine gender includes the feminine; "shall" is mandatory; "may" is permissive.

**6.30.2 Execution Authority.** The person or persons executing this Agreement on behalf of the Parties warrant and represent that they have the authority to execute this Agreement and represent that they have the authority to bind the Parties to the performance of their obligations hereunder.

[Next page is signature page.]

IN WITNESS WHEREOF, the Parties have each executed this Agreement on the dates set forth below.

CITY OF LOS ANGELES CALIFORNIA

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Antonio Villaragosa

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGALITY:

Rockard J. Delgadillo, City Attorney

By: \_\_\_\_\_  
Laura M. Cadogan  
Deputy City Attorney

Date: \_\_\_\_\_

By: \_\_\_\_\_  
City Clerk

Date: \_\_\_\_\_

GRAND AVENUE L.A., LLC,  
a Delaware limited liability company

By: The Related Companies, L.P.,  
a New York limited partnership,  
its Administrative Member

By: The Related Realty Group, Inc.,  
a Delaware corporation,  
its sole General Partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **EXHIBITS**

EXHIBIT A – Project Approvals

EXHIBIT B – Legal Description of Phase I Parcel, Phase II Parcels and Phase III Parcels

EXHIBIT C – Diagram of Development Agreement Property

EXHIBIT D – Public Benefits

EXHIBIT E – Intentionally Omitted

EXHIBIT F – Map of Streetscape and Pedestrian Improvements

EXHIBIT G-1 – Form of Contract Provision for all Major Contractors and Subcontractors

EXHIBIT G-2 – Form of Contract Provision for all Other Contractors and Subcontractors

EXHIBIT H – Schedule of Performance

## EXHIBIT A

### **Project Approvals**

1. Zone Change from R5-4D and C2-4D to C2-4D;
2. Tentative Tract Map No. 067490 to permit a one-master lot subdivision and 19 airspace lots;
3. Tentative Tract Map No. 067491 for the merger and re-subdivision of two lots to permit a one-master lot subdivision and 27 airspace lots;
4. Tentative Tract Map No. 067492 for the merger and re-subdivision of one lot and one portion of one lot to permit a one-master lot subdivision and 13 airspace lots;
5. Conditional Use Permit to allow a floor area ratio of 9.9:1 throughout the entire site in lieu of the maximum allowed ratio of 6:1 under the existing "D" limitation of Ordinance No. 164,307;
6. Conditional Use Permit to allow a residential density of one unit per 136 square feet of net lot area throughout the entire site in lieu of the minimum allowed one unit per 200 square feet of net lot area;
7. Conditional Use Permit to allow the sale and dispensing of alcoholic beverages for 35 establishments that will offer on-site sales and consumption, or off-site sales, including 28 establishments that will offer on-site alcoholic beverage service, five establishments that will sell alcoholic beverages for off-site consumption, and two establishments with a combination of on- and off-site consumption in the C2 zone incident to the zone change;
8. Conditional Use Permit to allow live entertainment with incidental public dancing at up to eight establishments in the C2 zone incident to the zone change;
9. Zone Variance to permit a reduction in the square footage of open space provided for the residential units, where the common residential open space will include the square footage of adjacent public plazas and the landscaped portion of that common open space will be less than the 25 percent minimum that is required;
10. Zone variance to permit tandem parking spaces with a valet in lieu of providing a minimum of one individually and easily accessible parking space at all times for each dwelling unit or guest room for residents and hotel guests;
11. Parking Policy Deviation from Advisory Agency Policy 2000-1 to allow parking for condominiums to be provided at a ratio of approximately 1.5 spaces per unit; and
12. Environmental Impact Report SCH No. 2005091041.

## EXHIBIT B

### Legal Description of Phase I Parcel, Phase II Parcels and Phase III Parcels

#### Phase I Parcel:

Lot 1 of Tract No. 28761, in the City of Los Angeles, County of Los Angeles, State of California, as per map filed in Book 926, Pages 5 through 8, inclusive, of Maps, records of said County.

Excepting therefrom that portion of said Lot 1 described as "Parcel 1, Easement for Street Right of Way Purposes, Upper 2<sup>nd</sup> Street" as per the document recorded August 5, 2004 as Instrument No. 04-2017965, Official Records of said County.

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#### Phase II Parcels:

Real property in the City of Los Angeles, County of Los Angeles, State of California, described as follows:

##### PARCEL 1:

LOT 1 OF TRACT NO. 30780, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 912, PAGES 39 THROUGH 45 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF LOT 1 OF TRACT NO. 30780, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 912, PAGES 39 THROUGH 45 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF SAID LOT 1 OF TRACT NO. 30780, SAID POINT BEING THE INTERSECTION OF THE WESTERLY RIGHT-OF-WAY, OF GRAND AVENUE (84 FEET WIDE) AND THE NORTHERLY RIGHT-OF-WAY OF 3RD STREET (80 FEET WIDE), SAID POINT BEING THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE ALONG THE SOUTHEAST LINE OF SAID LOT NORTH 37° 45' 07" EAST 189.22 FEET; THENCE NORTH 52° 15' 19" WEST 163.38 FEET; THENCE NORTH 52° 23' 22" WEST 151.94 FEET TO A POINT ON THE NORTHWEST LINE OF SAID LOT 1; THENCE ALONG THE NORTHWEST LINE OF SAID LOT, SOUTH 37° 38' 28" WEST 169.21 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY HAVING A RADIUS OF 20.00 FEET; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 01' 50" AN ARC DISTANCE OF 31.43 FEET TO A POINT ON THE SOUTHWEST LINE OF SAID LOT 1; THENCE ALONG THE SOUTHWEST LINE OF SAID LOT, SOUTH 52° 23' 22" EAST, 131.81 FEET; THENCE CONTINUING ALONG THE SOUTHWEST LINE OF SAID LOT, SOUTH 52° 15' 19" EAST, 163.13 FEET TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND WITHOUT THE RIGHT OF SURFACE ENTRY THEREON AS RESERVED IN VARIOUS DEEDS OF RECORD, AMONG THEM BEING THAT DEED RECORDED OCTOBER 25, 1961 IN BOOK D1398 PAGE 495, OFFICIAL RECORDS.

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PARCEL 2:

LOT 2, OF TRACT NO. 30779, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 862 PAGES 16 TO 20 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM FROM A PORTION OF SAID LAND, ALL OIL, GAS AND MINERAL SUBSTANCES TOGETHER WITH THE RIGHT TO EXTRACT SUCH SUBSTANCES PROVIDED THAT THE SURFACE OPENING OF ANY WELL, HOLE, SHAFT, OR OTHER MEANS OF REACHING OR REMOVING SUCH SUBSTANCES SHALL NOT BE LOCATED WITHIN THE BUNKER HILL URBAN RENEWAL PROJECT AREA, AS RECORDED IN BOOK M-335 PAGE 106, OFFICIAL RECORDS, AND SHALL NOT PENETRATE ANY PART OR PORTION OF SAID PROJECT AREA WITHIN 500 FEET OF THE SURFACE THEREOF AS PROVIDED IN DEED RECORDED MAY 15, 1957 IN BOOK 54511 PAGE 5, OFFICIAL RECORDS, AND IN DEED RECORDED SEPTEMBER 25, 1961, AS INSTRUMENT NO. 1592, OFFICIAL RECORDS.

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ALSO EXCEPTING THEREFROM, FROM A PORTION OF SAID LAND, ALL OIL, GAS AND MINERAL SUBSTANCES TOGETHER WITH THE RIGHT TO EXTRACT SUCH SUBSTANCES PROVIDED THAT THE SURFACE OPENING OF ANY WELL, HOLE, SHAFT, OR OTHER MEANS OF REACHING OR REMOVING SUCH SUBSTANCES SHALL NOT BE LOCATED WITHIN THE BUNKER HILL URBAN RENEWAL PROJECT AREA, AS RECORDED IN BOOK M-335 PAGE 106, OFFICIAL RECORDS, AND SHALL NOT PENETRATE ANY PART OR PORTION OF SAID PROJECT AREA WITHIN 500 FEET OF THE SURFACE THEREOF, RESERVED BY MARIE NELSON, A MARRIED WOMAN, IN DEED RECORDED MAY 12, 1961 AS INSTRUMENT NO. 1809, OFFICIAL RECORDS.

ALSO EXCEPTING FROM A PORTION OF SAID LAND, ALL OIL, GAS AND MINERAL SUBSTANCES TOGETHER WITH THE RIGHT TO EXTRACT SUCH SUBSTANCES PROVIDED THAT THE SURFACE OPENING OF ANY WELL, HOLE, SHAFT, OR OTHER MEANS OF REACHING OR REMOVING SUCH SUBSTANCES SHALL NOT BE LOCATED WITHIN THE BUNKER HILL URBAN RENEWAL PROJECT AREA, AS RECORDED IN BOOK M-335 PAGE 106, OFFICIAL RECORDS, AND SHALL NOT PENETRATE ANY PART OR PORTION OF SAID PROJECT AREA WITHIN 500 FEET OF THE SURFACE THEREOF, RESERVED BY LUVERNE C. BEMIS AND INGRID A. BEMIS, HUSBAND AND WIFE, IN DEED RECORDED JUNE 21, 1961, AS INSTRUMENT NO. 1824, OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM FROM A PORTION OF SAID LAND, ALL OIL, GAS AND MINERAL SUBSTANCES TOGETHER WITH THE RIGHT TO EXTRACT SUCH SUBSTANCES PROVIDED THAT THE SURFACE OPENING OF ANY WELL, HOLE, SHAFT, OR OTHER MEANS OF REACHING OR REMOVING SUCH SUBSTANCES SHALL NOT BE LOCATED WITHIN BUNKER HILL RENEWAL PROJECT AREA, AS RECORDED IN BOOK M-335 PAGE 106, OFFICIAL RECORDS, AND SHALL NOT PENETRATE ANY PART OR PORTION OF SAID PROJECT AREA WITHIN 500 FEET OF THE SURFACE THEREOF, RESERVED BY BUNKER HILL IMPROVEMENT COMPANY, A PARTNERSHIP, IN DEED RECORDED AUGUST 11, 1961, AS INSTRUMENT NO. 1968, OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM FROM A PORTION OF SAID LAND, ALL OIL, GAS AND MINERAL SUBSTANCES TOGETHER WITH THE RIGHT TO EXTRACT SUCH SUBSTANCES PROVIDED THAT THE SURFACE OPENING OF ANY WELL, HOLE, SHAFT, OR OTHER MEANS OF REACHING OR REMOVING SUCH SUBSTANCES SHALL NOT BE LOCATED WITHIN THE BUNKER HILL URBAN RENEWAL PROJECT AREA, AS RECORDED IN BOOK M-335 PAGE 106, OF OFFICIAL RECORDS, AND SHALL NOT PENETRATE ANY PART OR PORTION OF SAID PROJECT AREA WITHIN 500 FEET OF THE SURFACE THEREOF, AS RESERVED BY BESSIE MORRIS, A MARRIED WOMAN, IN DEED RECORDED AUGUST 21, 1961 AS INSTRUMENT NO. 1475, OFFICIAL RECORDS.

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ALSO EXCEPT FROM A PORTION OF SAID LAND, ALL OIL, GAS AND MINERAL SUBSTANCES TOGETHER WITH THE RIGHT TO EXTRACT SUCH SUBSTANCES PROVIDED THAT THE SURFACE OPENING OF ANY WELL, HOLE, SHAFT OR OTHER MEANS OF REACHING OR REMOVING SUCH SUBSTANCES SHALL NOT BE LOCATED WITHIN THE BUNKER HILL URBAN RENEWAL PROJECT AREA, AS RECORDED IN BOOK M-335 PAGE 106, OFFICIAL RECORDS, AND SHALL NOT PENETRATE ANY PART OR PORTION OF SAID PROJECT AREA WITHIN 500 FEET OF THE SURFACE THEREOF, AS RESERVED BY FRITZ HARTZSCH, A WIDOWER, IN DEED RECORDED JUNE 18, 1964, AS INSTRUMENT NO. 1413, IN BOOK D2514 PAGE 533, OFFICIAL RECORDS.

ALSO EXCEPTING FROM A PORTION OF SAID LAND, ALL OIL, GAS, AND MINERAL SUBSTANCES TOGETHER WITH THE RIGHT TO EXTRACT SUCH SUBSTANCES PROVIDED THAT THE SURFACE OPENING OF ANY WELL, HOLE, SHAFT, OR OTHER MEANS OF REACHING OR REMOVING SUCH SUBSTANCES SHALL NOT BE LOCATED WITHIN THE BUNKER HILL URBAN RENEWAL PROJECT AREA, AS RECORDED IN BOOK M-335, PAGE 106, OFFICIAL RECORDS AREA, SHALL NOT PENETRATE ANY PART OF SAID PROJECT AREA WITHIN 500 FEET OF THE SURFACE THEREOF, AS RESERVED IN DEED RECORDED JULY 26, 1963 AS INSTRUMENT NO. 1975 IN BOOK D2119 PAGE 177, OFFICIAL RECORDS.

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ALSO EXCEPT FROM A PORTION OF SAID LAND, ALL OIL, GAS AND MINERAL SUBSTANCES TOGETHER WITH THE RIGHT TO EXTRACT SUCH SUBSTANCES PROVIDED THAT THE SURFACE OPENING OF ANY WELL, HOLE, SHAFT OR OTHER MEANS OF REACHING OR REMOVING SUCH SUBSTANCES SHALL NOT BE LOCATED WITHIN THE BUNKER HILL URBAN RENEWAL PROJECT AREA, AS RECORDED IN BOOK M-335 PAGE 106, OFFICIAL RECORDS, AND SHALL NOT PENETRATE ANY PART OR PORTION OF SAID PROJECT AREA WITHIN 500 FEET OF THE SURFACE THEREOF, AS RESERVED IN FAVOR OF JOHN H. DICKSON, A SINGLE MAN, IN A DECREE OF CONDEMNATION, A CERTIFIED COPY OF WHICH WAS RECORDED MARCH 5, 1965, IN BOOK D-2822 PAGE 361, AS INSTRUMENT NO. 4502, OFFICIAL RECORDS.

ALSO EXCEPTING FROM A PORTION OF SAID LAND ALL OIL, GAS, MINERAL SUBSTANCES, TOGETHER WITH THE RIGHT TO EXTRACT SUCH SUBSTANCES, SHALL NOT BE LOCATED WITHIN THE BUNKER HILL AREA, AS RECORDED IN BOOK M335 PAGE 106, OFFICIAL RECORDS AND SHALL NOT PENETRATE ANY PART OR PORTION OF SAID PROJECT AREA WITHIN 500 FEET OF THE SURFACE THEREOF; AS RESERVED UNTO FRANK W. BABCOCK IN A DECREE OF CONDEMNATION LOS ANGELES COUNTY, SUPERIOR COURT, CASE NO. 838229 A CERTIFIED COPY OF WHICH WAS RECORDED MAY 4, 1965, IN BOOK D2892 PAGE 553, AS INSTRUMENT NO. 4080, OFFICIAL RECORDS.

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**PARCEL 3:**

LOT 1 OF TRACT NO. 30780 IN THE CITY OF LOS ANGELES, AS PER MAP RECORDED IN BOOK 912, PAGES 39 THROUGH 45 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF LOT 1 OF TRACT NO. 30780 IN THE CITY OF LOS ANGELES, AS PER MAP RECORDED IN BOOK 912, PAGES 39 THROUGH 45 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF SAID LOT 1 OF TRACT NO. 30780, SAID POINT BEING THE INTERSECTION OF THE WESTERLY RIGHT-OF-WAY, OF GRAND AVENUE (84 FEET WIDE) AND THE NORTHERLY RIGHT-OF-WAY OF 3RD STREET (80 FEET WIDE), SAID POINT BEING THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE ALONG THE SOUTHEAST LINE OF SAID LOT, NORTH 37° 45' 07" EAST 189.22 FEET; THENCE NORTH 52° 15' 19" WEST 113.38 FEET; THENCE NORTH 52° 23' 22" WEST 151.94 FEET TO A POINT ON THE NORTHWEST LINE OF SAID LOT 1; THENCE ALONG THE NORTHWEST LINE OF SAID LOT, SOUTH 37° 38' 28" WEST 169.21 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY HAVING A RADIUS OF 20.00 FEET; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 01' 50" AN ARC DISTANCE OF 31.43 FEET TO A POINT ON THE SOUTHWEST LINE OF SAID LOT 1; THENCE ALONG THE SOUTHWEST LINE OF SAID LOT, SOUTH 52° 23' 22" EAST, 131.81 FEET; THENCE CONTINUING ALONG THE SOUTHWEST LINE OF SAID LOT, SOUTH 52° 15' 19" EAST, 163.13 FEET TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND WITHOUT THE RIGHT OF SURFACE ENTRY THEREON AS RESERVED IN VARIOUS DEEDS OF RECORD, AMONG THEM BEING THAT DEED RECORDED OCTOBER 25, 1961 IN BOOK D1398 PAGE 495, OFFICIAL RECORDS.

APN: 5151-004-908 and 5151-015-914

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**Phase III Parcel:**

Real property in the City of Los Angeles, County of Los Angeles, State of California, described as follows:

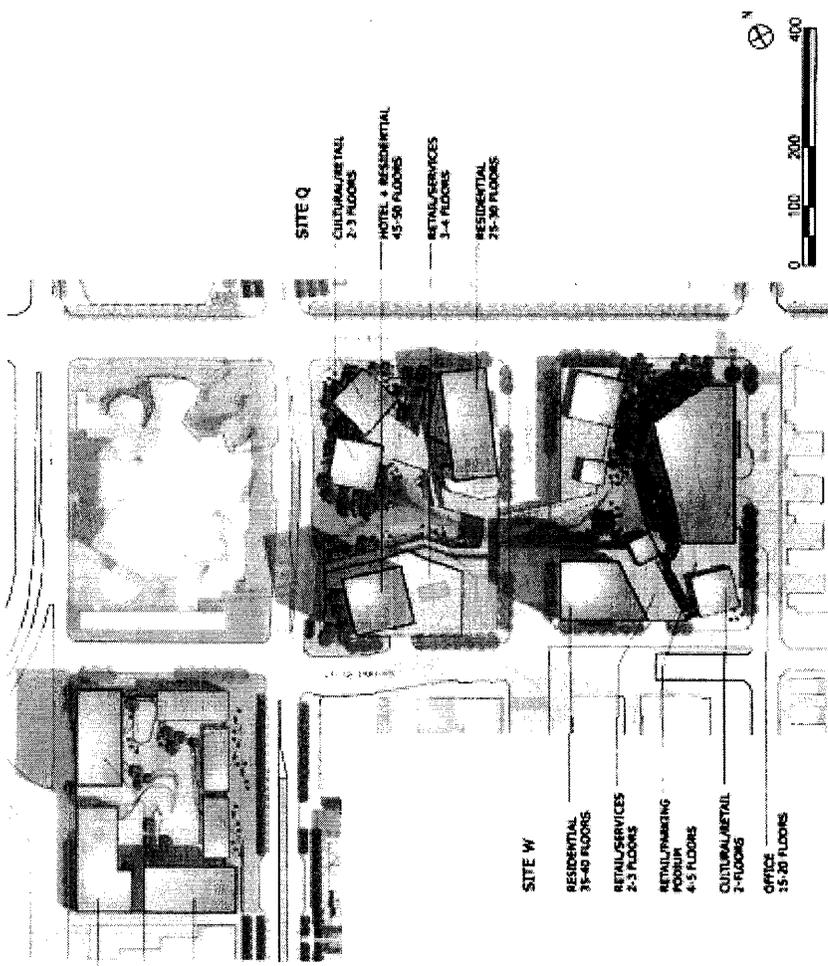
LOT 2 OF TRACT NO. 28633, IN THE CITY OF LOS ANGELES, AS PER MAP RECORDED IN BOOK 854 PAGES 13 AND 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 5149-010-944

**EXHIBIT C**

**Map  
of  
Development Agreement Property**

**(See attached)**



**DEVELOPMENT BLOCKS**  
**GRAND AVENUE**  
 THE RELATED COMPANIES

## EXHIBIT D

### **Public Benefits**

#### I. Public Benefits as required by Grand Avenue DDA

##### HOUSING

- **Affordable housing requirement.**
  - 20% of units to be set aside as affordable for 55 years, half to Low Income (80% AMI) and half to Very Low Income (50% AMI) households.
  - The affordable housing requirement is to be met with affordable units on site.
  - In Phase I, Developer is exceeding the requirement by providing 35% of affordable units for Extremely Low Income (35% AMI) households and the balance for Very Low income (50% AMI) households.
  - The affordable housing requirement requires preference to displacees of other CRA projects and use of an affirmative marketing plan
- **Revolving Loan Fund.**
  - Developer is establishing a revolving loan fund for a period of 10 years to provide predevelopment assistance to permanent supportive housing for the homeless within a 5 mile radius of the Grand Avenue Project.
  - The loan fund will make available \$1.5 Million to start, and decrease to \$750,000 after three loans have been executed and paid back in full.

##### EMPLOYMENT

- **Living Wage.**
  - The Grand Avenue Project is subject to CRA's Living Wage Policy
- **Local Hiring: Construction.**
  - Developer has committed to a 30% local hiring goal on construction jobs, of which 1/3, or 10% will be a hiring goal for local residents who are considered "at risk," in other words, with barriers to employment such as criminal record, disabilities, language barriers or literacy barriers.
- **Local Hiring: Permanent Jobs.**
  - Developer has committed to a 30% local hiring goal on all permanent jobs, of which 1/3, or 10% will be a hiring goal for local residents who are considered "at risk" (same definition as above)
  - In addition, Developer has committed to "First Source" hiring procedures by which employers within the project would be required to give local workers early notice and first opportunity to apply for permanent jobs
- **Job Training.**
  - To maximize the opportunities for local workers to gain employment at the Project, Developer is contributing \$500,000 to support training that will help ensure that local workers have the skills needed to get hired for the jobs created by the Project.
- **Prevailing Wage on Construction Jobs.**

- All construction jobs on this site will be paid at Prevailing or Union Wages.

#### OPEN SPACE

- **Civic Park.**
  - The project will provide a 16 acre public park as part of Phase I, which will be funded from the ground lease payment to the JPA from the Phase I development parcel. Developer is responsible for project management and delivery of the park at cost, with no profit or developer's fee.

#### ART

- **CRA Art Policy.**
  - The project will be required to comply with CRA's Art in Public Places Policy. The CRA's Art in Public Places Policy is much more stringent than the City's art policy, which exempts all residential projects and allows the art fee to be used entirely on-site. The specific art program has not been developed yet, but this amount will make a significant contribution to public art and culture downtown.

#### OTHER

- **Other policies.**
  - Developer will be subject to CRA's Equal Benefits Policy, Service Worker Retention, MBE/WBE goals, Contractor Responsibility Policy & Non Discrimination Policy

II. Public Benefits as required by Implementation Agreement

HOTEL

- **Level of Service**

- Hotel in Phase I will be operated, furnished, serviced, maintained and refurbished at the standard of care specified in the Implementation Agreement

CONSTRUCTION TAX REVENUES

- **Point of Sale**

- To maximize tax benefits realized by the City, Developer will cause the City to be designated as the "point of sale" for construction purchases for Phase I of the Project

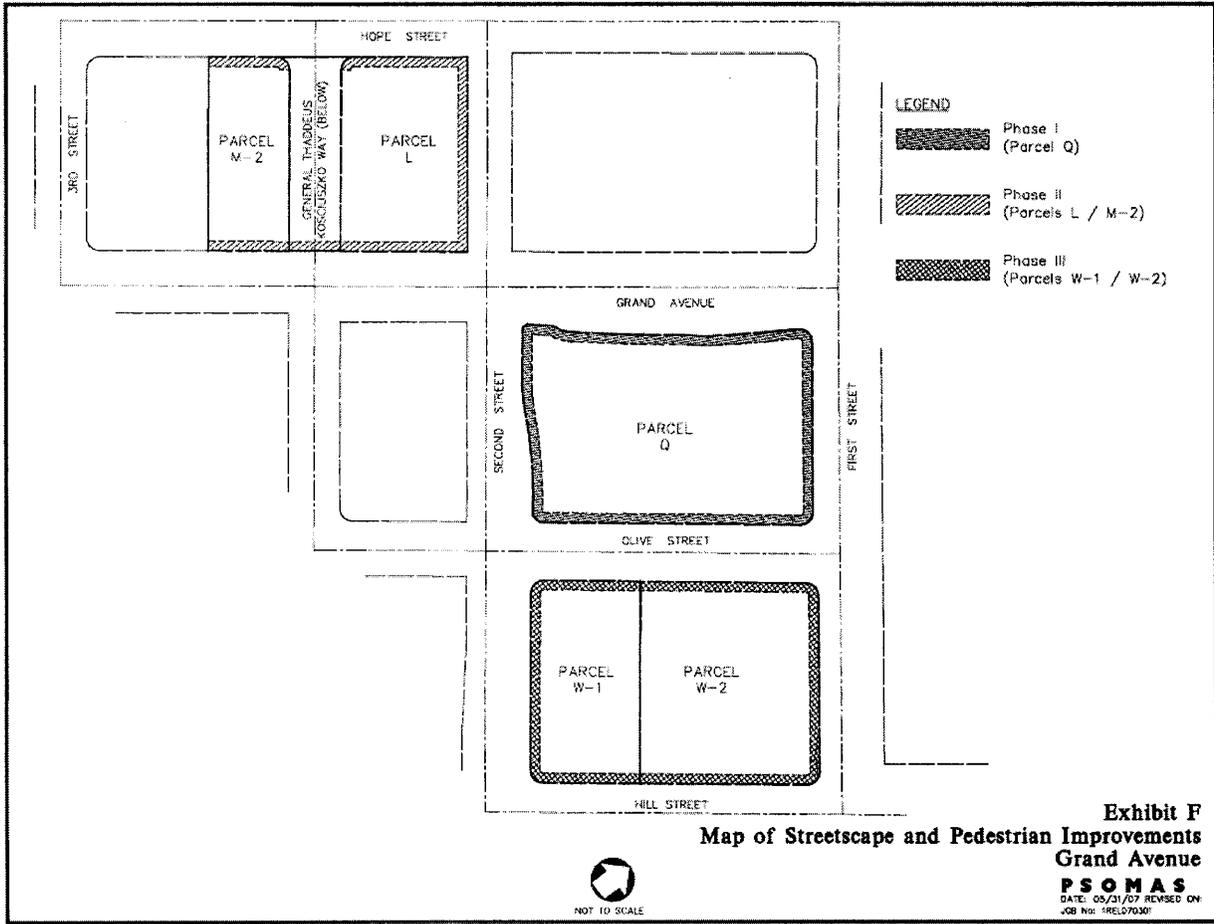
**EXHIBIT E**

**Intentionally Omitted**

**EXHIBIT F**

**Map of Streetscape and Pedestrian Improvements**

**(See attached)**



## EXHIBIT G-1

### Form of Contract Provisions for Major Contractors and Subcontractors

Contractor shall comply with the provisions of this Section \_\_\_ to provide that local sales and use taxes generated in connection with all eligible purchases of materials, fixtures, furniture, machinery, equipment and supplies for the work to be performed hereunder are allocated directly to the City of Los Angeles (the "City"). In particular, Contractor shall:

- (a) Apply for a jobsite sub-permit with the California State Board of Equalization ("CBOE") prior to the purchase of any materials, fixtures, furniture, machinery, equipment and supplies for the work to be performed hereunder (a "Jobsite Sub-Permit"). Contractor shall utilize an application substantially in the form attached as Attachment \_\_\_ for the foregoing purpose. Upon the request of Owner, Contractor shall furnish a copy of its application for Jobsite Sub-Permit. Promptly following Contractor's receipt of a Jobsite Sub-Permit from the CBOE, Contractor shall provide Owner and the City with a copy of such Jobsite Sub-Permit.
- (b) If Contractor is a seller and/or retailer of tangible items, apply for a seller's permit from the CBOE and provide the City with a copy of such seller's permit when it is received by Contractor from the CBOE.
- (c) (i) Incorporate a "transfer of title clause" in contracts for the purchase of materials and fixtures to be used in connection with the work to be performed hereunder and (ii) issue resale certificates to Contractor's suppliers, whether based in state or out of state, when purchasing materials and fixtures. The "transfer of title clauses" in such purchase contracts shall (A) explicitly provide for the transfer of title to the materials prior to the time materials are installed, and (B) separately state the price of materials, exclusive of the charge for installation.
- (d) Provide the Owner and the City, upon the reasonable request of either, with:
  - (A) a list of any of Contractors' subcontractors providing services or materials in excess of \$5,000,000 in connection with the work to be performed hereunder, which list shall include:
    - i. Name of subcontractor
    - ii. Address and telephone number of headquarters or office
    - iii. Name and telephone number of contact person
    - iv. Estimated value of contract
    - v. Estimated completion date
    - vi. Scope of Work
  - (B) A copy of the subcontract

- (C) Such additional information as may be reasonably requested in writing by the City to ensure compliance with the foregoing provisions, including without limitation copies of the Contractor's sales and use tax returns and schedules of purchases of materials, fixtures, equipment, and machinery.

CONTRACTOR ACKNOWLEDGES AND AGREES THAT THE CITY IS A THIRD PARTY BENEFICIARY OF THE FOREGOING PROVISIONS AND THAT CONTRACTOR'S AGREEMENT TO COMPLY WITH SUCH PROVISIONS FOR THE BENEFIT OF THE CITY IS A MATERIAL INDUCEMENT TO OWNER IN ENTERING INTO THIS CONTRACT. CONTRACTOR FURTHER AGREES THAT ANY FAILURE BY CONTRACTOR TO COMPLY WITH THE FOREGOING PROVISIONS MAY BE DIRECTLY ENFORCED BY THE CITY. WITHOUT LIMITING THE REMEDIES OR OWNER OR THE CITY, THE CITY SHALL HAVE THE RIGHT TO SEEK, AS DAMAGES, THE FULL AMOUNT OF ANY SALES AND USE TAXES NOT ALLOCATED TO THE CITY AS A RESULT OF CONTRACTOR'S FAILURE TO COMPLY WITH THE FOREGOING PROVISIONS, WITHOUT REGARD TO WHETHER CONTRACTOR OR ITS SUBCONTRACTORS PAID SUCH SALES AND USE TAX, TOGETHER WITH INTEREST AT THE LOWER OF 10% OR THE HIGHEST INTEREST RATE ALLOWED BY LAW.

## EXHIBIT G-2

### **Form of Contract Provisions for Other Contractors and Subcontractors**

Contractor shall comply with the provisions of this Section \_\_\_ to provide that local sales and use taxes generated in connection with all eligible purchases of materials, fixtures, furniture, machinery, equipment and supplies for the work to be performed hereunder are allocated directly to the City of Los Angeles (the "City"). In particular, Contractor shall:

- (a) If Contractor makes any purchases of materials and fixtures amounting to \$500,000 or more from an out-of-state retailer in connection with the work performed hereunder and such materials or fixtures are shipped directly to Contractor from a point outside of California, Contractor shall state the jobsite address (i.e. in the City of Los Angeles) in Schedule C of its sales tax return, and
- (b) If Contractor makes any purchases of furniture totaling \$500,000 or more from a retailer at an out-of-state location and has that property shipped directly to them from a point outside of California, Contractor shall state the jobsite address (i.e. in the City of Los Angeles) in Schedule C of its sales tax return.

Contractor acknowledges and agrees that the City is a third party beneficiary of the foregoing provisions and that Contractor's agreement to comply with such provisions for the benefit of the City is a material inducement to Owner in entering into this contract. Contractor further agrees that any failure by Contractor to comply with the foregoing provisions may be directly enforced by the City.

**EXHIBIT H**

**Schedule of Performance**

<p><u>Submission - Designation of Art Consultant.</u> Developer shall submit the name of its proposed art consultant for Authority approval pursuant to Authority's Art Policy.</p>	<p>Complete.</p>
<p><u>Review and Approval - Art Consultant.</u> Authority shall consider and approve or reject the proposed art consultant.</p>	<p>Complete.</p>
<p><u>CRA Preconstruction Meeting.</u> Developer shall meet with the CRA's Office Of Contract Compliance as required by Section 703(3) of the DDA.</p>	<p>At least sixty (60) days prior to commencement of grading.</p>
<p><u>Submission - Community Outreach Plan.</u> Developer shall submit the Community Outreach Plan required by Section 703(3) of the DDA to the CRA Chief Executive Officer or his/her designee.</p>	<p>At least thirty (30) days prior to commencement of grading.</p>
<p><u>Review and Approval - Community Outreach Plan.</u> The CRA shall approve or disapprove the Community Outreach Plan.</p>	<p>Within thirty (30) days after receipt by the CRA.</p>
<p><b><u>PHASE I IMPROVEMENTS</u></b></p>	
<p><u>Submission - Schematic Design Drawings.</u> Developer shall prepare and submit to Authority its Schematic Design Drawings for the Phase I Improvements: the Retail Improvements, the Hotel Improvements, and the Residential Improvements.</p>	<p>Within thirty (30) days following the Effective Date of the DDA.</p>
<p><u>Review and Approval - Schematic Design Drawings.</u> Authority, CRA and the County shall review and approve the Schematic Design Drawings as provided in Section 405 of the DDA.</p>	<p>Within sixty (60) days after receipt of the Schematic Design Drawings by Authority.</p>
<p><u>Completion - Entitlements.</u> Developer shall have obtained all requisite Entitlements for the Phase I Improvements.</p>	<p>No later than the first anniversary of the Effective Date; provided, however that Developer's obligation to comply with this date shall be subject to any unusual delays on behalf of the City in processing the Entitlements and any challenges to the Entitlements.</p>

<p><u>Submission - Design Development Drawings and Preliminary Landscape Plans.</u> Developer shall prepare and submit to Authority Design Development Drawings and Preliminary Landscape Plans for the Phase I Improvements.</p>	<p>Within one hundred twenty (120) days after receipt of Authority approval of the Schematic Design Drawings.</p>
<p><u>Review and Approval- Design Development Drawings.</u> Authority shall review and approve the Design Development Drawings and Preliminary Landscape Plans as provided in Section 405 of the DDA.</p>	<p>“Within forty-five (45) days after receipt of the submission by Authority.</p>
<p><u>Submission - Concept Art Plan.</u> Developer shall prepare and submit to Authority its Concept Art Plan for Phase I Improvements.</p>	<p>Concurrently with submittal to the Authority of the Design Development Drawings for the Phase I Improvements.</p>
<p><u>Review and Approval - Concept Art Plan.</u> Authority shall review the Concept Art Plan for Phase I Improvements.</p>	<p>“Within forty-five (45) days after receipt by Authority.</p>
<p><u>Submission - 80% Construction Documents and Final Landscape Plans.</u> Developer shall submit 80% Construction Documents (80% complete set of plans and specifications sufficient for issuance of building permits) and Final Landscape Plans for the Phase I Improvements, including the Retail Improvements, the Hotel Improvements, and the Residential Improvements.</p>	<p>Within one hundred eighty (180) days after Developer’s submittal of Design Development Drawings for the relevant Improvements.</p>
<p><u>Review and Approval - 80% Construction Documents and Landscape Plans.</u></p> <p>Authority shall review and approve the 80% Construction Documents and Landscape Plans as provided in Section 405 of the DDA.</p> <p>The parties acknowledge that Developer may proceed with demolition, foundation and grading activities in accordance with City-issued permits, prior to the approval by Authority of 80% Construction Documents for the Phase I Improvements.</p>	<p>Within forty-five (45) days after receipt by Authority.</p>
<p><u>Orientation.</u> Developer shall coordinate a preconstruction orientation meeting with Developer’s general contractors and Authority.</p>	<p>Prior to commencement of grading activities in connection with the Phase I Improvements.</p>

<p><u>Construction Sign.</u> Developer shall cause to be erected on the Phase I Parcel a construction sign describing the development and the participants in accordance with Authority specifications.</p>	<p>No later than thirty (30) days prior to start of construction.</p>
<p><u>Submission - Final Art Budget.</u> Developer shall submit a final Art Budget for the Phase I Improvements.</p>	<p>The date on which Developer has obtained all necessary permits required for the construction of the Phase I Improvements</p>
<p><u>Submission - Final Construction Documents.</u> Developer shall submit Final Construction Documents for the Phase I Improvements</p>	<p>Within one hundred twenty (120) days after Developer's submittal of the 80% Construction Documents for the Phase I Improvements.</p>
<p><u>Review and Approval - Final Construction Documents.</u> Authority shall review and approve the Final Construction Documents.</p>	<p>Within forty-five (45) days after receipt by Authority.</p>
<p><u>Submission - Proposed Construction Budget.</u> Developer shall provide Authority with a proposed construction budget pursuant to Section 408(1) with respect to the Phase I Improvements.</p>	<p>Within sixty (60) days after Authority approval of Final Construction Documents for the Phase I Improvements.</p>
<p><u>Review and Approval - Final Construction Budget.</u> Authority shall approve or disapprove, as set forth in Section 408(1), the proposed construction budget for the Phase I Improvements, which shall then become the Final Construction Budget for such Improvements.</p>	<p>Within forty-five (45) days after receipt by Authority.</p>
<p><u>Commencement of Construction.</u> The Commencement of Construction of the Phase I Improvements shall have occurred.</p>	<p>October 1, 2007, subject to delay until the City Approval Deadline occurs under Section 1617 of the DDA, if the City Approval Deadline has not occurred by October 1, 2007.</p>
<p><u>Completion of Construction.</u> Developer shall submit certificate of substantial completion from Developer's Architect, with respect to the Phase I Improvements.</p>	<p>Within forty-five (45) months after the Commencement of Construction of the Phase I Improvements, but no later than June 30, 2011.</p>
<p><u>Final Inspection.</u> Authority shall conduct a final inspection of all improvements.</p>	<p>Within thirty (30) days after request by Developer, as applicable.</p>
<p><u>Issuance of Authority Certificate (or Partial Certificate) of Completion.</u> Authority shall issue in recordable form the Certificate of Completion (or Partial Certificate of Completion, as appropriate).</p>	<p>Within forty-five (45) days after receipt by Authority of Developer's written request, provided all requirements for issuance have been satisfied.</p>

<p><u>Architect's Assignment</u>. Developer shall execute and deliver the Architect's Assignment with respect to the Phase I Improvements to the Authority and the County.</p> <p>Notwithstanding the foregoing, Developer shall not be in breach of its obligations hereunder if Developer is unable to comply with the provisions of this Paragraph due to Developer's contractual obligations with Gehry Partners and Frank Gehry.</p>	<p>Within forty-five (45) days after the issuance of the final Certificate of Occupancy by the City.</p>
<p><b><u>PHASE II IMPROVEMENTS</u></b></p>	
<p><u>Submission - Schematic Design Drawings</u>. Developer shall prepare and submit to Authority its Schematic Design Drawings for the Phase II Improvements.</p>	<p>At least 18 months prior to the required start of construction of Phase II.</p>
<p><u>Review and Approval - Schematic Design Drawings</u>. Authority, CRA and the County shall review and approve the Schematic Design Drawings as provided in Section 405 of the DDA.</p>	<p>Within sixty (60) days after receipt of the Schematic Design Drawings by Authority.</p>
<p><u>Submission - Design Development Drawings and Preliminary Landscape Plans</u>. Developer shall prepare and submit to Authority Design Development Drawings and Preliminary Landscape Plans for the Phase II Improvements.</p>	<p>Within one hundred twenty (120) days after receipt of Authority approval of the Schematic Design Drawings.</p>
<p><u>Review and Approval- Design Development Drawings</u>. Authority shall review and approve the Design Development Drawings and Preliminary Landscape Plans as provided in Section 405 of the DDA.</p>	<p>Within forty-five (45) days after receipt of the submission by Authority.</p>
<p><u>Submission - 80% Construction Documents and Final Landscape Plans</u>. Developer shall submit 80% Construction Documents (80% complete set of plans and specifications sufficient for issuance of building permits) and Final Landscape Plans for the Phase II Improvements.</p>	<p>Within one hundred eighty (180) days after Developer's submittal of Design Development Drawings for the relevant Improvements.</p>

<p><u>Review and Approval - 80% Construction Documents and Landscape Plans.</u> Authority shall review and approve the 80% Construction Documents and Landscape Plans as provided in Section 405 of the DDA. The parties acknowledge that Developer may proceed with demolition, foundation and grading activities in accordance with City-issued permits, prior to the approval by Authority of 80% Construction Documents for the Phase II Improvements.</p>	<p>Within forty-five (45) days after receipt by Authority.</p>
<p><u>Orientation.</u> Developer shall coordinate a preconstruction orientation meeting with Developer's general contractors and Authority.</p>	<p>Prior to commencement of grading activities in connection with the Phase II Improvements.</p>
<p><u>Submission - Final Art Budget.</u> Developer shall submit a final Art Budget for the Phase II Improvements.</p>	<p>The date on which Developer has obtained all necessary permits required for the construction of the Phase II Improvements.</p>
<p><u>Submission - Final Construction Documents.</u> Developer shall submit Final Construction Documents for the Phase II Improvements.</p>	<p>Within one hundred twenty (120) days after Developer's submittal of the 80% Construction Documents for the Phase II Improvements.</p>
<p><u>Review and Approval - Final Construction Documents.</u> Authority shall review and approve the Final Construction Documents.</p>	<p>Within forty-five (45) days after receipt by Authority.</p>
<p><u>Submission - Proposed Construction Budget.</u> Developer shall provide Authority with a proposed construction budget pursuant to Section 408(2) with respect to the Phase II Improvements.</p>	<p>Within thirty (30) days after Authority approval of Final Construction Documents for the Phase II Improvements.</p>
<p><u>Review and Approval - Final Construction Budget.</u> Authority shall approve or disapprove, as set forth in Section 408(2), the proposed construction budget for the Phase II Improvements, which shall then become the Final Construction Budget for such Improvements.</p>	<p>Within forty-five (45) days after receipt by Authority.</p>
<p><u>Commencement of Construction.</u> The Commencement of Construction of the Phase II Improvements shall have occurred.</p>	<p>Within 15 months after paying the Leasehold Acquisition Fee for Phase II ("<b>Phase II Outside Construction Start Date</b>").</p>
<p><u>Completion of Construction.</u> Developer shall submit certificate of substantial completion from Developer's Architect, with respect to the Phase II Improvements.</p>	<p>Within approximately 45 months after commencement of work.</p>
<p><u>Final Inspection.</u> Authority shall conduct a final inspection of all improvements.</p>	<p>Within forty-five (45) days after request by Developer, as applicable.</p>

<p><u>Issuance of Authority Certificate (or Partial Certificate) of Completion.</u> Authority shall issue in recordable form the Certificate of Completion (or Partial Certificate of Completion, as appropriate).</p>	<p>Within forty-five (45) days after receipt by Authority of Developer's written request, provided all requirements for issuance have been satisfied.</p>
<p><u>Architect's Assignment.</u> Developer shall execute and deliver the Architect's Assignment with respect to the Phase II Improvements to the Authority and the CRA.</p> <p>Notwithstanding the foregoing, Developer shall not be in breach of its obligations hereunder if Developer is unable to comply with the provisions of this Paragraph due to Developer's contractual obligations with Gehry Partners and Frank Gehry.</p>	<p>Within thirty (30) days after the issuance of the final Certificate of Occupancy by the City of Los Angeles.</p>
<p><b><u>PHASE III IMPROVEMENTS</u></b></p>	
<p><u>Submission - Schematic Design Drawings.</u> Developer shall prepare and submit to Authority its Schematic Design Drawings for the Phase III Improvements.</p>	<p>At least 18 months prior to the required start of construction of Phase III.</p>
<p><u>Review and Approval - Schematic Design Drawings.</u> Authority, CRA and the County shall review and approve the Schematic Design Drawings as provided in Section 405 of the DDA.</p>	<p>Within sixty (60) days after receipt of the Schematic Design Drawings by Authority.</p>
<p><u>Submission - Design Development Drawings and Preliminary Landscape Plans.</u> Developer shall prepare and submit to Authority Design Development Drawings and Preliminary Landscape Plans for the Phase III Improvements.</p>	<p>Within one hundred twenty (120) days after receipt of Authority approval of the Schematic Design Drawings.</p>
<p><u>Review and Approval- Design Development Drawings.</u> Authority shall review and approve the Design Development Drawings and Preliminary Landscape Plans as provided in Section 405 of the DDA.</p>	<p>Within forty-five (45) days after receipt of the submission by Authority.</p>
<p><u>Submission - 80% Construction Documents and Final Landscape Plans.</u> Developer shall submit 80% Construction Documents (80% complete set of plans and specifications sufficient for issuance of building permits) and Final Landscape Plans for the Phase III Improvements.</p>	<p>Within one hundred eighty (180) days after Developer's submittal of Design Development Drawings for the relevant Improvements.</p>

<p><u>Review and Approval - 80% Construction Documents and Landscape Plans.</u></p> <p>Authority shall review and approve the 80% Construction Documents and Landscape Plans as provided in Section 405 of the DDA.</p> <p>The parties acknowledge that Developer may proceed with demolition, foundation and grading activities in accordance with City-issued permits, prior to the approval by Authority of 80% Construction Documents for the Phase III Improvements.</p>	<p>Within forty-five (45) days after receipt by Authority.</p>
<p><u>Orientation.</u> Developer shall coordinate a preconstruction orientation meeting with Developer's general contractors and Authority.</p>	<p>Prior to commencement of grading activities in connection with the Phase III Improvements.</p>
<p><u>Submission - Final Art Budget.</u> Developer shall submit a final Art Budget for the Phase III Improvements.</p>	<p>The date on which Developer has obtained all necessary permits required for the construction of the Phase III Improvements.</p>
<p><u>Submission - Final Construction Documents.</u> Developer shall submit Final Construction Documents for the Phase III Improvements.</p>	<p>Within one hundred twenty (120) days after Developer's submittal of the 80% Construction Documents for the Phase III Improvements.</p>
<p><u>Review and Approval - Final Construction Documents.</u> Authority shall review and approve the Final Construction Documents.</p>	<p>Within forty-five (45) days after receipt by Authority.</p>
<p><u>Submission - Proposed Construction Budget.</u> Developer shall provide Authority with a proposed construction budget pursuant to Section 408(3) with respect to the Phase III Improvements.</p>	<p>Within thirty (30) days after Authority approval of Final Construction Documents for the Phase III Improvements.</p>
<p><u>Review and Approval - Final Construction Budget.</u> Authority shall approve or disapprove, as set forth in Section 408(3), the proposed construction budget for the Phase III Improvements, which shall then become the Final Construction Budget for such Improvements.</p>	<p>Within forty-five (45) days after receipt by Authority.</p>
<p><u>Commencement of Construction.</u> The Commencement of Construction of the Phase III Improvements shall have occurred.</p>	<p>Within 24 months after paying the Leasehold Acquisition Fee for Phase III ("<b>Phase III Outside Construction Start Date</b>").</p>
<p><u>Completion of Construction.</u> Developer shall submit certificate of substantial completion from Developer's Architect, with respect to the Phase III Improvements.</p>	<p>Within approximately 45 months after Commencement of Construction of the Phase III Improvements.</p>
<p><u>Final Inspection.</u> Authority shall conduct a final inspection of all improvements.</p>	<p>Within forty-five (45) days after request by Developer, as applicable.</p>

<p><u>Issuance of Authority Certificate (or Partial Certificate) of Completion.</u> Authority shall issue in recordable form the Certificate of Completion (or Partial Certificate of Completion, as appropriate).</p>	<p>Within forty-five (45) days after receipt by Authority of Developer's written request, provided all requirements for issuance have been satisfied.</p>
<p><u>Architect's Assignment.</u> Developer shall execute and deliver the Architect's Assignment with respect to the Phase III Improvements to the Authority and the County.</p> <p>Notwithstanding the foregoing, Developer shall not be in breach of its obligations hereunder if Developer is unable to comply with the provisions of this Paragraph due to Developer's contractual obligations with Gehry Partners and Frank Gehry.</p>	<p>Within thirty (30) days after the issuance of the final Certificate of Occupancy by the City of Los Angeles.</p>



WRITER'S DIRECT DIAL: (213) 978-8177  
FACSIMILE: (213) 978-8090

**OFFICE OF THE CITY ATTORNEY**  
ROCKARD J. DELGADILLO  
CITY ATTORNEY

August 14, 2007

Mr. Andrew Adelman, General Manager  
Department of Building and Safety  
201 North Figueroa Street, Suite 1000  
Los Angeles, California 90012

Re: Draft of Ordinance Authorizing Execution of  
Development Agreement by and between the  
City and Grand Avenue L.A., LLC

Dear Mr. Adelman:

This Office has prepared and transmits herewith, pursuant to Council Rule 38, a draft of an ordinance authorizing the City to enter into a development agreement with Grand Avenue L.A., LLC relating to the proposed development for a residential apartment complex at 100, 221, 225, and 237 South Grand Avenue; 121, 129, and 135 South Hill Street; 220 and 236 South Hope Street; 111, 121, 130, 134, 138, 141, 151, and 161 South Olive Street; 400 and 440 West 1<sup>st</sup> Street; 411, 417, 419, 421, 425, 427, 429 and 431 West 2<sup>nd</sup> Street; and 630 and 635 West General Thaddeus Kosciuszko Way (the "Development Agreement").

The area subject to the Development Agreement includes property in the Central City Plan and Bunker Hill Redevelopment Plan area.

The development plan for the property consists of the creation of a 16-acre civic park, streetscape improvements along Grand Avenue from Fifth Street to Cesar Chavez Avenue, and development of five parcels for an approximate 3.6 million square foot mixed use development consisting of two development options. Under the County Office Building Option, up to 2,060 residential units, including 412 affordable apartment units; up to 275 hotel rooms; up to 449,000 square feet of retail space; and up to 681,000 square feet of County office space would be constructed with 5,035 parking spaces. Under the Additional Residential Development Option, up to 2,660 residential units, including 532 affordable units, up to 275 hotel rooms; and up to 449,000 square feet of retail space would be constructed with 5,255 parking spaces.

The project will also include an Equivalency Program that will allow the composition of the five development parcels to be modified in a manner that does not increase the project's impacts on the environment within a framework within which land uses can be exchanged for certain other permitted land uses within and between parcels so long as the limitations of the Equivalency Program are satisfied and no additional environmental impacts occur. All permitted land use increases can also be exchanged for corresponding decreases of other land uses.

The Development Agreement provides that for the twenty-year term of the agreement, the project will not be subject to future changes in the Los Angeles Municipal Code that might otherwise affect the project and specifically permits the developer to construct the project as authorized by the City Council.

The Development Agreement is generally consistent with the City's prototype for development agreements, except for the addition of the following provisions:

- The Developer will record a 99-year Affordable Housing Covenant with the Community Redevelopment Agency for the twenty percent (20%) of units in the Project which are affordable, prior to issuance of a certificate of occupancy for Development Phase I of the Project.
- Developer will provide enhancements for sidewalks, streetscapes and pedestrian connections along frontage of all Development Phases (Grand Avenue, Olive, 1st, 2nd, and Hill, and Hope Streets).
- Prior to issuance of a certificate of occupancy for Development Phase I, Developer will attempt to comply with the requirements of the US Green Building Council in an effort to obtain LEED Certification for the Project or comply with the requirements of a similar organization which establishes "green" standards for a high rise residential building.
- The Developer will provide that local sales and use taxes generated in connection with all eligible construction-related purchases of materials, fixtures, furniture, machinery, equipment and supplies for Development Phases II and III of the Project are allocated directly to the City.
- Mortgagee protections were included that are consistent with those found in the Disposition and Development Agreement between the Los Angeles Grand Avenue Authority and Grand Avenue L.A., LLC dated March 5, 2007.

After you have reviewed the draft ordinance, please submit your comments directly to the City Council.

Mr. Andrew Adelman  
Dept. of Building and Safety  
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If you have any questions concerning this draft ordinance, please contact the undersigned at (213) 978-8177.

Sincerely,

A handwritten signature in black ink that reads "Laura M. Cadogan". The signature is written in a cursive style with a large, prominent initial "L".

LAURA M. CADOGAN  
Deputy City Attorney

LMC:mrc  
Transmittal  
(M:/REP/LC/GrandAveRule38.doc)