AGENDA

Oversight Board of the Successor Agency
to the South Pasadena Community Redevelopment Agency

City Council Chambers, 1424 Mission Street
Wednesday, March 12, 2014 4:00 PM

Chair: Gary E. Pia
Vice-Chair: Richard Roche
Board Members: Tim Evans; John Mayer; Scott Price; Ted Shaw; Bob Miller

In order to address the Board, please complete a Public Comment Card and present it to the Secretary Speakers will be called upon by the Chairman at the appropriate time. Time allotted per speaker: 3 minutes.

Call to Order

Roll Call
Pledge of Allegiance
Confirmation of Agenda

Public Comment

Opportunity for members of the public to comment on any items not appearing on the agenda. When addressing the Oversight Board, please state your name and address for the record. Time allotted per speaker: 3 minutes

Action/Discussion Items

1. Approval of Minutes: February 26, 2014 Special Meeting

2. Resolution approving the Purchase and Sale Agreement between the Successor Agency and Genton Property Group, LLC, for property located at 1500 El Centro Street (APN 5315-003-901)

Adjournment

Accommodations

Meeting facilities are accessible to persons with disabilities. If you need special assistance to participate in this meeting, please contact the City Clerk's Office at (626) 403-7230. Hearing assistive devices are available in the Council Chambers. Notification at least 72 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting (28 CFR 35.102-35.104 ADA Title II).

I declare under penalty of perjury that I posted this notice of agenda on the bulletin board in the courtyard of the City Hall at 1414 Mission Street, South Pasadena, CA 91030, as required by law.

3-6-14
Date

Lucy L. Kbjian,
Executive Assistant to City Manager

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STATEMENT OF PROCEEDINGS FOR THE SPECIAL MEETING OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SOUTH PASADENA COMMUNITY REDEVELOPMENT AGENCY

CITY OF SOUTH PASADENA
CITY COUNCIL CHAMBERS
1424 MISSION STREET
SOUTH PASADENA, CALIFORNIA 91030

Wednesday, February 26, 2014

4:00 PM

AUDIO LINK FOR THE ENTIRE MEETING. (14-1053)

Attachments: Audio

Call to Order

Chair Pia called the meeting to order at 4:14 p.m.

Roll Call

Lucy L. Kbjian, Executive Assistant to City Manager, called the roll:

Present: **Board Members John Mayer, Scott S. Price, Ted R. Shaw and Chair Gary Pia**

Absent: **Board Members Timothy B. Evans, Bob Miller and Vice Chair Richard Roche**

Pledge of Allegiance

Board Member Shaw led the Pledge of Allegiance.

Confirmation of Agenda

Chair Pia reviewed and confirmed the agenda with the Board.

Public Comment

Opportunity for members of the public to comment on any items not appearing on the agenda. When addressing the Oversight Board, please state your name and address for the record. Time allotted per speaker: 3 minutes

There were none.

AGENDA ITEM 1

Discussion Items

1. Approval of Minutes: October 9, 2013 Special Meeting. (14-1050)

On motion of Board Member Shaw, seconded by Board Member Price, duly carried by the following vote: the Oversight Board approved the October 9, 2013 Minutes:

Ayes: 4 - Board Members Mayer, Price, Shaw and Chair Pia

Absent: 3 - Board Members Evans, Miller and Vice Chair Roche

Attachments: October 9, 2013 Minutes

2. Resolution Approving the Recognized Obligation Payment Schedule - July 1, 2014 to December 31, 2014 (ROPS 14-15A). (14-1051)

David Batt, Finance Director, presented a brief overview of the staff report provided to the Oversight Board.

On motion of Board Member Price, seconded by Board Member Mayer, duly carried by the following vote, the Oversight Board adopted Resolution No. 2014-01 A Resolution of the Oversight Board of the Successor Agency to the Community Redevelopment Agency of the City of South Pasadena, California, Adopting A Recognized Obligation Payment Schedule For The Period of July - December, 2014:

Ayes: 4 - Board Members Mayer, Price, Shaw and Chair Pia

Absent: 3 - Board Members Evans, Miller and Vice Chair Roche

Attachments: Staff Report, Resoluiton and ROPS 14-15A

3. Resolution Approving the Fiscal Year 2014-15 Administrative Budget for the Successor Agency (14-1052)

On motion of Board Member Shaw, seconded by Board Member Mayer, duly carried by the following vote, the Oversight Board adopted Oversight Board Resolution No. 2014-02 A Resolution of the Oversight Board of the Successor Agency to the Community Redevelopment Agency of the City of South Pasadena, California, Approving An Administrative Budget for the Successor Agency for the Period of July, 2014 - June, 2015:

Ayes: 4 - Board Members Mayer, Price, Shaw and Chair Pia

Absent: 3 - Board Members Evans, Miller and Vice Chair Roche

Attachments: Staff Report, Resolution and Administrative Budget

Adjournment

The meeting adjourned at 4:20 p.m. The next regular meeting is scheduled for Wednesday, March 12, 2014 at 4:00 p.m.

Approved

_____

Gary E. Pia, Chair

_____

Date

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Oversight Board
of the Successor Agency to the South Pasadena CRA

MEETING DATE: March 12, 2014

FROM: Hilary Straus, Assistant City Manager
Lucy Kbjian, Executive Assistant to City Manager

SUBJECT: **Resolution Approving the Purchase and Sale Agreement Between the Successor Agency and Genton Property Group, LLC, for Property Located at 1500 El Centro Street (APN 5315-003-901)**

Recommendation:
It is recommended that Oversight Board adopt a resolution approving the Purchase and Sale Agreement between the Successor Agency to the Community Redevelopment Agency of the City of South Pasadena ("Successor Agency") and Genton Property Group, LLC ("Genton"), for property located at 1500 El Centro Street, APN 5315-003-901, ("property"), in accordance with the Successor Agency's approved Long Range Property Management Plan ("LRPMP").

Fiscal Impact
There would be a slight positive impact to the General Fund of the City. The sale proceeds would be required to be either held by the Successor Agency to be applied to future obligations (which will result in a slightly greater amount available to be distributed to the statutory taxing entities) or turned over to the County Auditor/Controller to be distributed to the statutory taxing entities, which includes the City of South Pasadena ("City"). Which action is taken will depend upon the timing of the close of escrow in relation to the Successor Agency's Recognized Obligation Payment Schedules ("ROPS").

Background

Property Type	Parking Lot
Permissible Use	Commercial Site
Address	1500 El Centro Street, South Pasadena, CA 91030
APN #	5315-003-901
Lot Size	8452 square feet
Current Zoning	Commercial General (CG)

The Property was acquired by the former redevelopment agency many years ago specifically for use in the Downtown Revitalization Project ("Project"). In an effort to conform to the original purpose of the acquisition and long-time use of the Property and lower the cost of the overall project, the Successor Agency attempted to transfer the former redevelopment agency-owned parcel at the northeast corner of Mound Avenue and El Centro Street as a housing asset to the City's Housing Authority and later (since it would service the housing portion of the Project), as a governmental asset (due to its dual use as a public parking lot) to the City. The State Department of Finance, the State agency overseeing the dissolution of redevelopment ("DOF"),

AGENDA ITEM 2

denied both transfers from the Successor Agency. Therefore, in August 2013, the Successor Agency submitted a State-required LRPMP describing how the Agency intends to dispose of the Property to Genton Property Group via a sale determined by an appraisal of the property's fair market value, for use consistent with the approved Redevelopment Plan and the approved Project. After an approximately five month delay, the LRPMP was approved by the DOF on January 14, 2014. The DOF has also taken the position that they have the right to review all agreements entered into for property disposition for conformity with the approved LRPMP.

Analysis

The Successor Agency Board approved the Purchase and Sale Agreement on March 5, 2014. The Oversight Board must now approve the Successor Agency's execution of the agreement with the attached resolution and submit to the DOF for review of conformance with the approved LRPMP.

According to an appraisal conducted by Norris Realty Advisors in September of 2013, the fair market value of the Property is $635,000.

The Purchase and Sale Agreement is conditioned on a number of events happening. First, the agreement will not become effective at all if it is not approved by the DOF. Second, developer Genton Property Group will have to provide evidence to the Successor Agency Board by June 30, 2014, as such date may be extended with Board approval, that it has secured commitments from the property owners of certain private property within the proposed Project footprint to negotiate sale to Genton of those properties which are necessary for the Project to be built.

Once the Agreement becomes effective, additional contingencies will have to be met by Genton before the property sale would close escrow. Those include approval of any modified (reduced) design, including permits, for the Project and approval of Disposition and Development Agreements with the City of South Pasadena and the South Pasadena Housing Authority for sale and use of properties they own for the Project. If those agreements are not reached, then the proposed sale would not occur.

<u>Environmental Review</u>

Review under the California Environmental Quality Act ("CEQA") of the currently entitled Project of which the Property is part occurred when the Project was originally entitled. The City Council certified the Environmental Impact Report ("EIR") and adopted a Statement of Overriding Considerations for the Project on May 21, 2008. The proposed Project revisions would reduce the size of the Project and reduce environmental impacts resulting from it. Therefore, no additional environmental review is required at this time.

Attachment: Resolution approving Purchase and Sale Agreement between the Successor Agency and Genton Property Group, LLC
Exhibit 1: Purchase and Sale Agreement

OVERSIGHT BOARD
RESOLUTION NO. 2014-03

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF SOUTH PASADENA, CALIFORNIA, APPROVING A PURCHASE AND SALE AGREEMENT OF PROPERTY IDENTIFIED BY APN 5315-003-901 BETWEEN THE SUCCESSOR AGENCY AND GENTON PROPERTY GROUP, LLC

WHEREAS, Health and Safety Code Section 34181(a) permits the Oversight Board to the Successor Agency to South Pasadena Community Redevelopment Agency ("Oversight Board" & "Successor Agency") to direct the Successor Agency to transfer all assets of the former South Pasadena Community Redevelopment Agency that were constructed and used for a governmental purpose; and

WHEREAS, Health and Safety Code Section 34177, added by AB 1X 26, requires Successor Agency to wind down the affairs of the former redevelopment agency, including disposing of assets and properties of the former agency, expeditiously and in a manner aimed at maximizing value; and

WHEREAS, the California Legislature adopted, the Governor signed, and the California Supreme Court, in *California Redevelopment Association, et a/. v. Matosantos,* (2012) 53 Cal.4th 231, upheld ABX1 26; and

WHEREAS, pursuant to ABX1 26, all California redevelopment agencies were dissolved effective February 1, 2012; and

WHEREAS, on June 27, 2012, the Governor signed into law budget trailer bill Assembly Bill 1484 ("AB 1484"). Section 34191.1 of AB 1484 requires a successor agency to receive of a finding of completion ("Finding") by the California State Department of Finance ("DOF") pursuant to Section 34179.7 before a successor agency submits its Long Range Property Management Plan ("LRPMP") for consideration; and

WHEREAS, Section 34179.7 of AB 1484 requires a successor agency to make full payment of the amount owed as reported by the County Auditor-Controller and when the demanded amount is satisfied, the DOF will issue a Finding of Completion; and

WHEREAS, Section 34191.5 of AB 1484 requires a successor agency to prepare a LRPMP that addresses the disposition and use of the real properties of the former redevelopment agency; and

WHEREAS, the Successor Agency prepared, approved, and submitted an LRPMP which identifies each of the real property assets of the former South Pasadena Community Redevelopment Agency, including the Agency's preferred method of disposing of those assets pursuant to AB 1484 Section 34191.5; and

WHEREAS, review under the California Environmental Quality Act ("CEQA") of the currently entitled Project of which the Property is part occurred when the Project was originally entitled. The City Council certified the Environmental Impact Report ("EIR") and adopted a Statement of Overriding Considerations for the Project on May 21, 2008. At or before close of escrow for the sale, proposed project revisions will be reviewed which would reduce the size of the project and reduce environmental impacts resulting from it. Therefore, no additional environmental review is required at this time; and

WHEREAS, the LRPMP was approved by the Oversight Board, and subsequently approved by the Department of Finance on or about January 14, 2014; and

WHEREAS, the proposed Contingent Agreement for the Purchase and Sale of Property Identified by APN 5315-003-901 ("Property") is consistent with the LRPMP as previously approved.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SOUTH PASADENA COMMUNITY REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. All Oversight Board finds that all of the above recitals are true and correct and incorporated herein by reference.

SECTION 2. The sale of the Property for use in the Downtown Revitalization Project ("Project") has been reviewed under CEQA, and an EIR was certified and statement of overriding considerations adopted by the City Council of the City of South Pasadena on May 21, 2008.

SECTION 3. The Contingent Agreement for the Purchase and Sale of Property Identified by APN 5315-003-901 ("Agreement"), consistent with the approved LRPMP is hereby approved in the form set forth in Exhibit "1" attached hereto and incorporated herein by reference.

SECTION 4. The Oversight Board hereby authorizes and directs the Executive Director of the Successor Agency to take such steps as may be necessary to execute the Agreement if approved by the DOF, and pending its review to negotiate and draft an Escrow Agreement to be implemented to carry out the terms of the Agreement within ten (10) days of approval by the DOF as provided in the Agreement.

SECTION 5. The Oversight Board hereby authorizes and directs the Executive Director of the Successor Agency to take such further actions as may be necessary or appropriate to carry out the obligations pursuant to this Resolution.

SECTION 6. The Oversight Board herby directs the Executive Director to transmit the Agreement for review to the California Department of Finance, pursuant to Health & Safety Code Sections 34179(h), 34181(f), and any other relevant law.

SECTION 7. The Secretary of the Oversight Board shall certify to the passage and adoption of this resolution and shall cause the same to be listed in the records of the Oversight Board.

PASSED, APPROVED and ADOPTED at a Regular Meeting of the Oversight Board of the Successor Agency to the Community Redevelopment Agency of the City of South Pasadena held this 12th day of March, 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

_____

ATTEST:

_____
Lucy Kbjian, Oversight Board Secretary

CONTINGENT AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY IDENTIFIED BY ASSESSOR'S PARCEL # 5315-003-901

THIS CONTINGENT AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY (the "Agreement") is dated March 5 , **2014**, for reference, and is hereby entered into by and between SOUTH PASADENA SUCESSOR AGENCY, a public body, corporate and politic ("Successor Agency" or "Seller"), and GENTON PROPERTY GROUP LLC, a California Limited Liability Corporation ("Genton" or "Buyer") as follows:

RECITALS

A. The City of South Pasadena approved the Downtown Revitalization Project ("the Project") following complete environmental review under the California Environmental Quality Act and certification of the Environmental Impact Report (EIR) and adoption of a Statement of Overriding Considerations for the Project on May 21, 2008. The Project involves the development of five building sites within a three-block area resulting in approximately 41,000 square feet of retail, restaurant, bank office and dwelling units. Buyer proposes to develop the Project within a somewhat smaller footprint of the redevelopment project area, with the same or lesser environmental impacts than the original approved Project.

B. The South Pasadena Redevelopment Agency (hereinafter "Redevelopment Agency") was authorized under the Community Redevelopment Law to enter into agreements for the acquisition, disposition and development of real property and otherwise to assist in the redevelopment of real property within the redevelopment project area in conformity with a redevelopment plan adopted for such area.

C. The City Council of the City of South Pasadena adopted the Redevelopment Plan herein referred to as the Downtown Revitalization Project more particularly described in Attachment "B."

D. Pursuant to Assembly Bill 1484 (hereinafter "Dissolution Bill") as set forth in California Health and Safety Code Section 34163, *et seq.*, the South Pasadena Redevelopment Agency was dissolved and the South Pasadena Successor Agency was created for the purpose of carrying out the functions of the South Pasadena Redevelopment Agency.

E. Successor Agency is the record owner of the Property more particularly described in Attachment A, the purchase and sale of which is the subject of this Agreement. The Successor Agency has approved a Long Range Property Management Plan (LRPMP) for the Property, which has been approved by the South Pasadena Oversight Board and the Department of Finance. That LRPMP provides for the sale of the property to Genton for fair market value contingent upon approval of the other DDAs necessary for completion of the Project as it may hereafter be modified.

F. On or about December 19, 2012, the City of South Pasadena, the South Pasadena Housing Authority and Genton Properties Group LLC entered into an Exclusive Negotiation Agreement ("ENA") for the purpose of negotiating one or more Disposition and Development Agreements for the Downtown Revitalization Project. On or about September 4, 2013, the ENA was extended by mutual agreement of the parties to at least June 30, 2014, with the possibility of an additional extension if all required steps cannot be completed by that date. The ENA and extension are attached hereto as Attachment "C."

G. Successor Agency desires to sell the Property to Genton contingent upon Genton entering into one or more DDA with the City of South Pasadena and the South Pasadena Housing Authority and obtaining issuance of an amended planned development permit and other terms and conditions more particularly set forth in this Agreement.

DEFINITIONS

Buyer. Genton Property Group, a California Limited Liability Corporation.

Downtown Revitalization Project. Shall mean the redevelopment plan approved by the City Council of the City of Pasadena on May 21, 2008 involving the development of five building sites within a three-block area including the demolition of 11,951 square feet of building area and the development of 41,000 square feet of retail, restaurant, bank and office uses and up to 60 dwelling units including a minimum of twelve (12) low-to-moderate income Senior Housing units, as the project may be amended from time to time.

Effective Date. Shall mean the date by which this Agreement has been approved and executed by both the Seller's Agency Board and Buyer following approval of this Agreement by the Department of Finance of the State of California.

Housing Authority. Shall mean the South Pasadena Housing Authority created by the City of South Pasadena pursuant to Health and Safety Code Section 34176.

Property. Shall mean that parcel of real in the City of South Pasadena, County of Los Angeles, State of California, commonly known as Assessor's Parcel Number 5315-003-901, as more particularly described in the legal description attached and incorporated herein by reference as Attachment "A."

Property Conditions. Shall mean all of the existing physical and economic conditions affecting the Property and its use, including, but not limited to, the physical configuration of the Property, any trees, stumps, brush, or other vegetation on the Property, the condition of its soils, the presence or impact of any geologic or hydrologic features and faults, the nature of its lateral and subjacent support, the presence of Hazardous Substances, waste, garbage, rubbish, or refuse on, in, under, or adjacent to the Property, the location of the Property within any flood plain or high risk fire area, the location of public utilities and public improvements on, in, under, or over the Property, the presence, soundness, and habitability of any structures, fixtures, or improvements on or in the Property, the existence of any faults or defects (whether known or unknown, patent or latent), the economic and legal suitability of the Property for the intended

use, all market conditions that may affect development and use of the Property, and all actions, orders, and judgments affecting the Property.

Redevelopment Agency. Shall mean the South Pasadena Redevelopment Agency, a public body, corporate and politic created pursuant to Chapter 2 of the Community Redevelopment Law.

Successor Agency. Shall mean the South Pasadena Successor Agency, a public body organized and existing, and exercising those governmental functions and powers, as authorized under the Health and Safety Code Section 34173, *et seq.* of the State of California. The term "Successor Agency" shall also include any assignee of, or successor to, the rights and responsibilities of the Successor Agency under this Agreement.

Seller. Shall mean the South Pasadena Successor Agency.

AGREEMENT

NOW THEREFORE, for consideration, the value and adequacy of which is hereby acknowledged, the parties enter into this Agreement on the following terms and conditions and subject to the contingencies set forth herein:

ARTICLE I PURCHASE AND SALE OF PROPERTY.

Transaction. Genton hereby agrees to purchase from Successor Agency, and Successor Agency agrees to sell to Genton, the Property, AS-IS and subject to the terms and conditions set forth herein.

1.1. Genton's Obligations & Rights.

1.1.1. Development and Disposition Agreement. As a contingency and condition precedent to the close of escrow for the Property, Genton shall first enter into one or more Disposition and Development Agreements with the City of South Pasadena and the South Pasadena Housing Authority as required in Attachment C for all of the properties/parcels owned by the City and the Housing Authority in the Downtown Revitalization Project area.

1.1.2. Due Diligence. Genton shall pursue approval of Development & Disposition Agreements between the City of South Pasadena and the South Pasadena Housing Authority with due diligence.

1.1.3. Acquisition of Properties from Third Parties. As a contingency and condition precedent to the close of escrow for the Property, in addition to the required approval of the South Pasadena Oversight Board and the State of California Department of Finance, and no later than June 30, 2014, except as such date may be extended by written Agreement of the parties hereto, Genton shall provide to the Successor Agency one or more Letters of Intent, signed by each of the owners of the real properties located at 923 Fair Oaks Avenue, the adjacent parking lot identified as APN No. 5315-003-0, and 901 Fair Oaks Avenue, all in the City of South Pasadena, California, and all necessary for the completion of the Project. Each Letter of Intent shall be approved by the Successor Agency Board, acting in its sole and exclusive discretion, and shall evidence the commitment of the third party property owner to negotiate with Genton a Purchase Agreement for Genton's acquisition of the property from the third party property owner. Each Letter of Intent or comparable document shall further address the parties' intent to deal exclusively with one another for the sale/purchase of the third party property, provide for a closing date no later than the date of closing of Genton's purchase of the Property and the other parcels subject to DDAs with the City and the Housing Authority (which shall be no later than 45 days after the final action of City Council to approve the required DDAs and any revised Project Planned Unit Development Permit, and expiration of all appeal periods, except as may be extended in writing with the approval of the Successor Agency), provide for a purchase price or a methodology for determining the purchase price, provide for a deposit and escrow agreement, a due diligence period for inspection of the property and documents relating to the property, the conditions necessary to be met for closing of the sale under the Purchase Agreement(s), title insurance, and commissions, if any.

1.1.4. Authority. Genton, and the agent or representative acting on behalf of Genton, has the authority to undertake the actions and to make the promises, agreements, and commitments set forth in this Agreement.

1.1.5. Contracts. There are no legal impediments, contracts or other agreements that would prohibit Genton from entering into this Agreement.

1.1.6. Financial Feasibility. Genton shall provide evidence demonstrating the financial ability to purchase the Property within sixty (60) days of written notice by Successor Agency. Genton shall provide any reasonable additional documents, information and/or agreements requested by Successor Agency necessary to demonstrate Genton's financial ability to purchase the Property.

1.1.7. Purchase Price. The total purchase price of the Property is $635,000. There shall be no deductions from the purchase price for any reason, whether as a result of any Property Conditions or otherwise. The escrow

agreement to be entered into by the parties following Department of Finance approval of this Agreement shall provide for a deposit into escrow of the entire purchase price and all costs prior to close of escrow.

1.2. Successor Agency's Obligations & Rights.

1.2.1. Authority of Successor Agency. Successor Agency has the power and authority, subject to California Department of Finance approval, to execute, deliver and perform Successor Agency's obligations under this Agreement and the documents to be executed and delivered by Successor Agency pursuant hereto.

1.2.2. Appraisal. Successor Agency has obtained an appraisal for the Property from a person or business that does not have a pre-existing personal or financial relationship that could have potentially influenced the appraiser's valuation of the Property. A complete copy of the appraisal has been provided to Buyer.

1.2.3. Possession of the Property. Successor Agency shall obtain approval by the South Pasadena Oversight Board and the California Department of Finance prior to the sale of the Property to Genton.

1.2.4. Escrow. Within ten (10) days of approval of the sale of the Property to Genton by the California Department of Finance, Successor Agency and Genton shall enter into an Escrow Agreement, which shall include provisions governing deposit, length of escrow, closing instructions and all other conditions necessary to complete the sale of the Property. Notwithstanding the foregoing, the Successor Agency shall not be liable for any real estate commission, closing costs or brokerage fees that may arise in connection with the sale of the Property. The closing instructions shall require evidence of satisfaction of the contingency conditions identified in Sections 1.1.1, 1.1.3, and 1.1.6, as well as deposit of the entire purchase price for the Property by Genton.

1.2.5. Hazardous Materials. Successor Agency shall not be responsible for conducting or financing any testing of the Property for hazardous materials pursuant to any applicable laws, statutes, rules and regulations.

ARTICLE II MISCELLANEOUS.

2.1. <u>No Conflict of Interest</u>. No officer or employee of the Successor Agency shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which effects his financial interest or the financial interest of any corporation, partnership, or association in which he is, directly or indirectly, interested, in violation of any State statute or regulation.

2.2. Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement. The parties consent to the jurisdiction of the California Courts with venue in Los Angeles County, except as may be required by the provisions of the Dissolution Bill.

2.3. Indemnity. Genton agrees to defend (with legal counsel approved by Successor Agency), hold harmless, and indemnify Successor Agency and each of its officers, agents and employees from and against any and all claims, causes of action, liabilities, damages, judgments, losses, costs or expenses including without limitation attorneys' fees actually caused or claimed to be caused by or resulting from Genton's acts or omissions pursuant to this Agreement; provided that the obligation to defend does not apply to actions arising solely from Successor Agency's acts of willful misconduct. Notwithstanding this limitation, Genton agrees to defend or pay the cost of defense of any action brought by any third party challenging the terms of this Agreement or Successor Agency's ability to sell the Property to Genton on any grounds whatsoever.

2.4. Recitals and Definitions. The Recitals and Definitions set forth at the beginning of this Agreement are a substantive and integral part of this Agreement and are incorporated by reference in the Operative Provisions portion of this Agreement.

2.5. Severability. Each provision, term, condition, covenant, and/or restriction, in whole and in part, in this Agreement shall be considered severable. In the event any provision, term, condition, covenant, and/or restriction in whole and/or in part, in this Agreement is declared invalid, unconstitutional, or void for any reason, such provision or part thereof shall be severed from this Agreement and shall not affect any other provision, term, condition, covenant, and/or restriction, of this Agreement, and the remainder of the Agreement shall continue in full force and effect.

2.6. Entire Agreement, Waiver and Amendments. This Agreement is the entire Agreement between the parties with respect to the subject matter of this Agreement. It supersedes all prior agreements and understandings, whether oral or written, between the parties with respect to the Property. Any waiver, modification, consent or acquiescence with respect to any provision of this Agreement shall be set forth in writing and duly executed by or on behalf of the party to be bound thereby. No waiver by any party of any breach hereunder shall be deemed a waiver of any other or subsequent breach.

2.7. Administration. After the approval of this Agreement by the Successor Agency, Oversight Board of Successor Agency, and the Department of Finance, this Agreement shall be administered, and may be executed, by the Successor Agency's Executive Director and/or his or her designee. The Executive Director shall have the authority to issue interpretations and to make minor amendments to this Agreement, including extensions of time, on behalf of the Successor Agency so long as such actions do not cause a substantial and material change to the Agreement or make a commitment of additional Successor Agency funds. All other changes, modifications, and amendments shall require the prior approval of the Successor Agency Board.

2.8. **Notices.** Formal notices, demands and communications between the parties shall be given in writing and personally served or dispatched by registered or certified mail, postage prepaid, return receipt requested, to the following addresses:

Seller
Successor Agency Manager
South Pasadena Successor Agency
1414 Mission Street
South Pasadena, CA 91030
Phone: 626/403-7210
Fax: 626/403-7211

Buyer
Jonathan Genton, CEO
Genton Property Group, LLC
3243 S. La Cienega Blvd.
Los Angeles, CA 90016
Phone: 310/802-2800
Fax: 310/802-2801

Any such notice shall be deemed to have been received upon the date personal service is effected, if given by personal service, or upon the expiration of two (2) business days after mailing, if given by certified mail, return receipt requested, postage prepaid or by facsimile transmission.

2.9. **Assignment.** Genton understands and agrees that Successor Agency is entering into this Agreement based on Genton's anticipated development of the Downtown Revitalization Project. Therefore, Genton shall not assign, sell or otherwise transfer any or all of its rights under this Agreement to any party without the prior written approval of Successor Agency.

2.10. **Cooperation**. Each party agrees to cooperate with the other in the closing of this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful or appropriate to carry out the purpose and intent of this Agreement.

IN WITNESS WHEREOF, the Successor Agency and Genton have executed this Agreement on the date and year first-above written.

"BUYER"

Genton Property Group LLC

"SELLER"

SOUTH PASADENA SUCCESSOR AGENCY

Sergio Gonzalez, Successor Agency Executive Director

ATTEST:

Evelyn G. Zneimer, Agency Secretary

APPROVED AS TO FORM:

Kimberly Hall Barlow, Successor Agency General Counsel

ATTACHMENT "A"

LEGAL DESCRIPTION OF PROPERTY

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

THE WESTERLY 56 FEET, BETWEEN PARALLEL LINES OF LOTS 1,2 AND 3 IN BLOCK "G" OF THE RAYMOND VILLA TRACT NO.1, IN THE CITY OF SOUTH PASADENA, AS PER MAP RECORDED IN BOOK 1, PAGE 91 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Attachment B

1) The Project shall consist of the following:

   a) Development of Building Site A, which requires the demolition of the Citizens Bank Building for the construction of a new 34,176 s.f., two-story structure that includes: 10,019 s.f. of commercial space on ground level, 12 studio lofts on the second level, 3 retail storefronts on Mission Street; café facing the town plaza, and Citizens Bank relocated on Fair Oaks.

   b) Development of Building Site A1, which involves the construction of a new 10,917 s.f, 2-story structure including: 4,790 s.f. of commercial space on the ground level, and 3,593 s.f. of office uses on the second level.

   c) Development of Building Site B, which involves the construction of a new 58,134, one and a half story structure including: a public/private parking structure containing: 30 spaces underground for residents, 59 spaces at split-level above ground for public use, and 14 residential units above.

   d) Development of Building Site C, which requires the demolition of a former plant nursery, and the construction of a new 24,796 s.f. building to include: 5,741 s.f. of retail uses, 12 residential units for affordable senior housing, and 3 residential units, or office spaces.

   e) Development of Building Site D, which involves the construction of a new 54,159 s.f. structure including: 5,928 s.f. of retail space, a 5,100 s.f. bowling alley, 4,350 s.f. of restaurant space, and 19 housing units.

   f) Development of a subterranean parking structure which spans Building Sites C, D, and El Centro Street, and provides 230 parking spaces.

   g) Development of the five building sites within the three-block area will be connected by pedestrian paths, gathering spaces and a town plaza. The Town Plaza consists of 6,200 s.f. including the main area (4,200 s.f.), and a sub area (2,000 s.f.).

   h) Construction of surface parking areas improved with new pavement and landscaping.

2) The Project shall be constructed in three phases as follows:

   a) Phase IA is primarily for the construction of the main underground parking structure, which spans Building Sites C, D, and El Centro Street. The Citizen's Bank site at the corner of Mission and Fair Oaks would be demolished and will supply 73 temporary parking spaces during construction of the underground parking structure.

   b) Phase IB would begin after the underground parking structure is complete, and parking for 230 vehicles are made available. Construction would begin on building sites A, A_1, C, and D.

   c) Phase II, which is the final phase will be constructed concurrently towards the end of Phase 1B, and involves construction on Building Site B. Surface parking lots behind the Bank of America (BofA) building and the East-West bank building on Fair Oaks Avenue would be repaved and landscaped.

3) The following development standards shall apply to the Project Area:

   a) The parking ratio shall be 3 spaces per 1,000 square feet of floor area for all non-

residential uses within the project area. The non-residential uses include: Retail, Restaurant, Office, Banking, and a Bowling Alley. This mix of uses have various peak hours allowing greater efficiency and use of the parking areas throughout the day. The non-residential components of all structures within in the PDP boundaries shall have a parking ratio of 3:1,000 and will be acknowledged as a "multi-tenant retail center" as defined by the Zoning Code for current and future land uses within the project area. Parking spaces within the parking structure which are not assigned for residential use shall be allowed for code required off-street parking requirements for all existing uses and uses contemplated and approved by this Planned Development Permit within the Project Area. All existing uses and uses contemplated or approved by this Planned Development Permit are deemed to have sufficient code required off-street parking. New uses and changes in uses within the Project Area not contemplated or approved by this Planned Development Permit may be allowed to use parking spaces within the parking structure to meet code required off-street parking pursuant to a discretionary Parking Use Permit (South Pasadena Municipal Code Sec. 36.310.050).

b) For existing lots within the Project Area the minimum parcel size within the Project Area shall not be less than 1,553 square feet and the minimum parcel width shall not be less than 20 feet wide or as may be needed to approve a Tract Map that accommodates the pedestrian walkways between existing and new buildings, and the 6,200 square foot town plaza.

c) The maximum height limit shall be 40'-0" for new buildings for Building Sites C and D within the Project Area to accommodate the construction and appurtenances of the underground parking structures.

d) All other ordinances and provisions of the Zoning Code shall apply to the Project Area, unless otherwise amended by this Plan Development Permit.

Attachment C

EXCLUSIVE NEGOTIATION AGREEMENT

THIS EXCLUSIVE NEGOTIATION AGREEMENT (the "Agreement") is entered into by and between (i) the CITY OF SOUTH PASADENA, a public body, corporate and politic ("City"), and (ii), the SOUTH PASADENA HOUSING AUTHORITY, a public body, corporate and politic ("Authority"), on the one hand, and (iii) GENTON PROPERTY GROUP, LLC a Delaware limited liability company, on the other hand (City, Authority and Developer may be referred to herein individually as a "Party" or collectively as the " Parties)."

RECITALS

WHEREAS, on May 21, 2008, the City Council approved the Downtown Revitalization Project which involves the development of five building sites within a three-block area, (the "Downtown Revitalization Project"). Overall, the Downtown Revitalization Project as approved would involve the demolition of 11,950 square feet of building area (Citizen's Business Bank building and the former South Pasadena Nursery site). The proposed project would result in approximately 41,000 square feet of retail uses, restaurant uses, bank uses, office uses, and up to 60 dwelling units, including a minimum of twelve (12) low- to moderate-income Senior Housing units. A total of 397 parking spaces will be provided throughout the project area; this includes 59 spaces at the southeast corner of Hope Street and Mound Avenue (this parcel will no longer have housing units planned), and 338 spaces on various surface lots and in a multi-level garage; and

WHEREAS, on November 2, 2008, the residents of South Pasadena voted overwhelmingly in support of the Downtown Revitalization Project by passing Measure SP. The passage of Measure SP clarified that residential uses are permitted within the City's Redevelopment Plan to the extent it is permitted by the General Plan and Zoning Code; and

WHEREAS, on August 19, 2009, the City Council entered into an agreement whereby the City retained all pertinent entitlements and documents (collectively, "the Entitlements") and purchased key properties for the Downtown Revitalization Project at 1503 and 1507 El Centro Street; and

WHEREAS, in January 2010, the City Council reconvened the Community Redevelopment Commission with the purpose of moving the project forward; and

WHEREAS, in November 2010, the Community Redevelopment Commission released the Request for Qualifications for developers to complete the Downtown Revitalization Project; and

WHEREAS, On February 23, 2011, the Community Redevelopment Commission hosted a special meeting to hear presentations from the top three developers; and

WHEREAS, On March 1, 2011, the Community Redevelopment Commission unanimously recommended Developer to the Community Redevelopment Agency ("Agency") as the developer to move the Downtown Revitalization Project forward; and

WHEREAS, On March 16, 2011, the Agency directed City Staff and Agency Counsel to commence negotiations with Developer in an effort to secure an Exclusive Negotiation Agreement; and

WHEREAS, Developer represents that it has thoroughly educated itself regarding and evaluated the existing entitlements for the Downtown Revitalization Project, its conditions of approval and required mitigation measures, and understands that City contemplates that any DDA and/or OPA which may be entered into will require the Developer to implement all conditions and mitigation measures as the Project is presently or ultimately entitled; and

WHEREAS, the City and Developer entered into an Exclusive Negotiating Agreement on September 7, 2011 for the purposing of negotiating a DDA for the Project, City-owned properties within the Project site and the Entitlements, which expired without completion of a DDA between the parties; and

[add provision about passage of AB 1x26 and AB 1484 as cause of delay]

WHEREAS, due to the statutory elimination of Redevelopment Agencies by the State of California, various publically owned parcels within the Project site, were to be transferred to either the Successor Agency of the Redevelopment Agency of the City of South Pasadena or to the South Pasadena Housing Authority; and

WHEREAS, the Department of Finance has contested the transfer of the Property known as 1500 El Centro, South Pasadena, CA (APN # 5315-003-901), a lot consisting of 8455 square feet, transferred from the Successor Agency of the Redevelopment Agency of the City of South Pasadena to the South Pasadena Housing Authority on or about February 1, 2012 to be used for development of low- and moderate-income housing on the Project site as shown in the Entitlements (the "contested parcel"), and the Authority has filed a request to meet and confer with the Department of Finance regarding the contested parcel; and

WHEREAS, until the legality of the transfer of the contested parcel to the Authority has been fully and finally resolved, the City and Authority are unable to commit contractually to negotiate exclusively with any party for acquisition of the contested parcel;

NOW, THEREFORE, for valuable consideration, the receipt of which is hereby acknowledged, City, Authority and Developer mutually agree as follows:

1. PURPOSE

The purpose of this Agreement is to provide for the negotiation by the parties of a Disposition and Development Agreement (DDA) and/or or an Owner Participation Agreement (OPA) providing for, among other things, the following:

A. Acquisition by Developer of all or portions of the Downtown Revitalization Project Area ("Revitalization Area") for redevelopment in accordance with the Redevelopment Plan and the General Plan, and for the development and construction of commercial, retail, restaurant, office, residential, entertainment, open space and/or parking uses (the "Project"). The Project shall be subject to and consistent with the requirements of the California Environmental Quality Act, related State Guidelines and related local ordinances (collectively, "CEQA").

The Revitalization Area is proposed to consist of property primarily located within the boundaries of Mission Street, Fair Oaks Avenue, Oxley Street, and Mound Avenue, as well as the surface parking lot at the southeast corner of Hope and Mound Streets (the "Hope Lot"):

1) Approximately 1.08 acres (comprising the Hope Lot, two undeveloped parcels on each side of El Centro owned by the Authority totaling .31 acres and two developed parcels at the corner of El Centro and Mound owned by the Authority totaling .3 acres) currently owned by the City or the Authority in fee simple;

2) Approximately 0.60 acres comprised of streets, alleys and lanes to which City has a dedicated public right-of-way easement;

3) Approximately 1.89 acres of property south of Mission Street and East of Fair Oaks Avenue; and,

4) Approximately 0.717 acres generally located adjacent to the areas described above, which are currently owned by various third parties.

B. Coordination of the planning, design and construction of the Project. The parties intend at this time that the project be built as it was approved in May 2008 or a similar but less intensive project. However, City and Developer recognize that some changes may be required in the Project as previously approved due to marketability, feasibility, ability to acquire property or agreements with existing property owners, etc. Developer shall advise City of any changes it wishes to make in the Project design or phasing as approved, and shall be responsible for public outreach, seeking community input, and securing all necessary land use approvals which may be required.

C. Potential City and Authority assistance in the form of financial contributions, development fees, and/or improvements, in accordance with all applicable legal requirements, for the development of public improvements including, but not limited to, public parking, infrastructure and open space within the Revitalization Area.

D. The respective participation and responsibilities of Developer and City necessary to further the purpose of developing the Project, including, but not limited to, processing relevant fees, approvals and permits.

2. EXCLUSIVE RIGHT TO NEGOTIATE

A. City and Authority hereby grants to Developer, and Developer hereby accepts, an exclusive right to negotiate in accordance with the terms of this Agreement, for a period of two hundred seventy (270) calendar days (9 months), commencing on the effective date of this Agreement and continuing in full force and effect until expiration or earlier termination pursuant to Paragraph 2C and Paragraph 5 below. In the event that, and to the extent that, the City owned real property identified in Paragraph 1A hereof is transferred to the Authority, all rights and obligations of the City under this Agreement shall automatically be transferred to Authority, which shall be a signatory to this Agreement to accept and approve of such transfer. In the event that, and to the extent that, any of the Authority owned real property identified in Paragraph 1A hereof is transferred to the City, all rights and obligations of the Authority under this Agreement shall automatically be transferred to City, which shall be a signatory to this Agreement to accept and approve of such transfer. In the event that City's or Authority's ownership of any of the real property identified in Paragraph 1A 1) is invalidated by a court of competent jurisdiction, Department of Finance or the State Controller pursuant to the terms of AB X1 26 (2011) or AB 1484 (2012), or otherwise required by operation of law to be transferred to another entity, this Agreement shall not terminate, but the Parties will follow all applicable legal requirements to negotiate a separate transaction for the purchase or acquisition of the affected property by Developer.

B. City, Authority and Developer agree, for the period set forth in this Paragraph 2, to negotiate diligently and in good faith to prepare a DDA or OPA to be entered into by City, Authority and Developer with regard to the purposes described above. During the term of this Agreement, City and Authority agree not to negotiate for the development of the Revitalization Area, or any portion thereof, with any party other than Developer, or to initiate any other development of the Revitalization Area or any portion thereof.

C. In the event that Developer determines, in its sole and absolute discretion, that the Project is not feasible, or that the parties are not likely to finalize and execute a mutually agreeable DDA and or OPA, Developer may terminate this Agreement by delivering written notice thereof to City and Authority. Upon such termination, the Good Faith Deposit (as hereinafter defined) shall be refunded in full to Developer and all other obligations under this Agreement shall terminate.

3. TERMS AND CONDITIONS OF THE EXCLUSIVE NEGOTIATION AGREEMENT

City, Authority and Developer hereby agree to the following terms and conditions:

A. Good Faith Deposit. At the time of execution of the Agreement, Developer shall have already paid into an escrow account a "Good Faith Deposit" in the amount of One Hundred Thousand Dollars ($100,000).

The Good Faith Deposit shall continue to be held in an interest-bearing, insured escrow account, with Stewart Title of California, located at 525 N. Brand Blvd., Glendale, California 91203. Interest shall be for the benefit of Developer. In the event that City, Authority and Developer fail to enter into a DDS and/or OPA for the Project, or this Agreement terminates, or the exclusive negotiation period expires, for any reason whatsoever, all of the Good Faith Deposit, with interest, shall be refunded to Developer within ten (10) business days after the termination or expiration of this Agreement, except as may otherwise be agreed in writing by the Parties.

B. Financial Investment. City, Authority and Developer, in entering into this Agreement, have directed their respective representatives to undertake negotiations regarding the public and private investment required to accomplish the objectives intended by a proposed DDA or OPA. During the first one hundred twenty (120) day period of this Agreement, Developer shall submit to City and Authority evidence reasonably satisfactory to City and/or Authority demonstrating that Developer will obtain the necessary debt and equity financing in an amount sufficient to pay for acquisition and development of the Revitalization Area.

C. City's Right to Additional Information. City and Authority reserve the right, during the term of this Agreement, to request reasonable additional information and data from Developer necessary for review and evaluation of the proposed Project, related agreements, financing, etc. Developer agrees to provide such additional information or data as requested in a timely manner. All proprietary information provided by Developer to City or Authority shall remain confidential to the extent permissible by law.

D. Hazardous Materials. City and Authority shall not be responsible for conducting or financing any testing of the Revitalization Area for hazardous materials pursuant to any applicable laws, statutes, rules and regulations.

E. Schedule of Performance. City, Authority and Developer shall negotiate during the Agreement period a schedule of performance consistent with the goals and milestone dates and actions as set forth on Exhibit B hereto. The dates set forth in the Schedule of Performance are estimates and the parties agree that so long as

Developer is proceeding in good faith, additional time for completion of one or more steps shall be provided as reasonably agreed by the parties.

F. Owner Participation Procedures. Notwithstanding this Agreement, the proposed development of the Revitalization Area remains subject to any applicable owner participation procedures established by state law or local ordinance.

G. Public Outreach and Stakeholder Contact. To ensure that redevelopment of the Revitalization Area reflects reasonable community interests and desires, and if Developer has requested or initiates any change in the Project from the project approved in May 2008, Developer shall conduct various outreach efforts, including public meetings and individual contacts, to communicate with and receive input from stakeholders in the Revitalization Area. Such outreach process shall be consistent with the *Framework For Downtown Development*, which was prepared by the South Pasadena Community Redevelopment Commission in 2004 and included an outreach plan for community involvement in the Revitalization Area. Those Stakeholders include, but are not limited to, residents, business and property owners within and adjacent to the Revitalization Area, as well as those who may be affected by impacts from the proposed Project.

H. Project Feasibility. During negotiations, Developer shall undertake and complete its responsibilities and tasks necessary to define the scope of development if different from the approved Project, identify the Project's development feasibility, and delineate each party's role and obligations necessary to formulate a DDA or OPA. Project feasibility shall be supported by an economic pro-forma analysis, which should contain site acquisition costs, hard costs, soft costs, financing costs, and other appropriate financial information Developer shall also include a market analysis to validate that the Project (as existing and/or as modified) would engender a reasonable level of income for Developer. Project feasibility documents described above shall be submitted to City and Authority by Developer within sixty (60) days of the effective date of this Exclusive Negotiation Agreement. City, Authority and Developer each acknowledge that the task of developing a detailed timeline for development of the Project and proposed Project financing plan is a deliberate process requiring consideration of numerous elements. City, Authority and Developer further acknowledge that the completion of this process may require the City, Authority and Developer to consider various alternate structures for any future DDA or OPA between them for acquisition and redevelopment of the Site, including but not limited to public/private financing programs, with the potential for public agency financial and/or land contributions to the Project, as well as site acquisition and preparation, in order to promote the redevelopment goals of the Project on terms that are economically feasible and mutually satisfactory to both City and Authority on the one hand and Developer on the other hand.

I. No Obligation by City or Authority. It is understood by Developer and City that nothing herein shall obligate or be deemed to obligate City or Authority to approve or execute a DDA or OPA, to commence any actions for voluntary or involuntary

acquisition of real or personal property, or any interest therein, or convey any interest in any portion of the Revitalization Area to Developer. The parties understand and agree that neither City nor Authority can be obligated to approve or execute a DDA or OPA, commence any action for acquisition or convey any interest in any portion of the Revitalization Area to Developer unless and until, among other legal requirements and as applicable, (i) CEQA requirements are met, (ii) all necessary steps for acquisition are met, including but not limited to, offers to purchase, good faith negotiations and public meetings and exercise of eminent domain, if applicable, and (iii) a DDA or OPA satisfactory to City is first negotiated, executed by Developer, approved by Authority's Board and the City Council of City, in the sole discretion of each, after duly noticed public hearing, and executed by City and Authority, as appropriate. Developer acknowledges and agrees that the Successor Agency to the Redevelopment Agency of the City of South Pasadena ("Successor Agency") is not a party to this Agreement. The parties all agree to negotiate in good faith to accomplish the objectives described in this Agreement.

J. Planning Costs and Expenses. If the parties are unable to reach agreements on a DDA and/or OPA, City, Authority and Developer each shall bear their own costs and expenses in connection with negotiating and finalizing this Agreement. Should the parties reach agreement on a DDA and/or OPA, that agreement shall provide for all costs and expenses of the City and/or Authority to be reimbursed by Developer, to include costs and expenses of negotiating and finalizing this Agreement and the DDA or OPA.

K. Forty-Five Day Time Extension. If the proposed DDA or OPA contemplated by this Agreement is timely executed by Developer and delivered to City and Authority by the expiration date of this Agreement, then this Agreement shall, without the payment of any additional negotiating fees or penalties, be further extended for forty-five (45) days from the date of such submission. This extension shall be for the sole purpose of enabling Authority's Board and the City Council to publish notices, make documents available for public review, hold public hearings, consider statutorily required findings, and consider all other discretionary or legally required actions necessary or appropriate in order to decide whether or not to approve the proposed DDA or OPA. If either City or Authority has not executed the proposed DDA or OPA by such forty-fifth (45th) day, then this Agreement shall automatically terminate without further notice unless the forty-five (45) day period has been extended by prior written agreement of City, Authority and Developer.

L. Other Time Extensions. Prior to the expiration or termination of this Agreement, the term of this Agreement may be extended by the written agreement of City, Authority and Developer.

M. DDA or OPA to Supersede this Agreement. This Agreement will be superseded by the DDA or OPA, if and when the proposed DDA or OPA is executed by Developer, approved by the City and Authority in the manner required by law, and executed by City and/or Authority.

N. City Responsible for CEQA Compliance. City has already completed CEQA review and approval for the project as approved in May 2008. Should Developer make any significant changes to the Project which require additional or new CEQA analysis, City, at Developer's cost, shall be responsible for complying with CEQA in connection with the changed Project and the development of the Revitalization Area. Developer shall pay for the services of all necessary consultants to comply with CEQA requirements (including, but not limited to, the preparation and issuance of any required environmental impact report, supplemental impact report, negative declaration or mitigated negative declaration). Developer shall respond fully and in a timely manner to any and all reasonable requests for information from City's consultants.

O. Real Estate Commissions. Neither City nor Authority shall be liable for any real estate commissions or brokerage fees which may arise in connection with purchase or sale of real or personal property in the course of implementation of this Agreement and the OPA or DDA. City, Authority and Developer each represents it has not engaged a broker, agent or finder in connection with such purposes. Each party agrees to hold harmless the other party from any claim by any broker, agent or finder retained, or claimed to have been retained, by that first party.

P. Conflicts of Interest. For the term of this Agreement, no elected official or employee of City or Authority, during the term of his or her office or service with City or Authority, shall have any direct or indirect interest in this Agreement or obtain any present or anticipated material benefit arising therefrom.

Q. Assignment. Developer understands that City and Authority are entering into this Agreement based on the prior experience and qualifications of Developer. Therefore, Developer shall not assign, sell or otherwise transfer any or all of its rights under this Agreement to any party without the prior written approval of the City and Authority. Approval of reasonable assignment is at the sole discretion of the City and Authority. City and Authority understand and acknowledge that in connection with finalizing and executing a DDA and/or OPA, Developer intends to partner with additional development, equity and debt persons and entities, will create new affiliate entities to be the developer thereafter, and expects to continue as the manager of such entities.

R. Indemnity. Developer agrees to defend (with counsel approved by City), hold harmless and indemnify the Agency, Successor Agency, City, Authority and each of their officers, agents and employees (the "Indemnified Parties") from and against any and all claims, causes of action, liabilities, damages, judgments, losses, costs or expenses (including, without limitation, attorneys' fees) actually caused by or

resulting from Developer's acts or omissions pursuant to this Agreement; provided that the obligation to defend does not apply to actions arising solely from Indemnified Parties' acts or omissions; and provided, further, that the obligation to hold harmless applies only to the extent damages are the result of negligent acts or omissions or willful misconduct of Developer or Developer's agents, officers, owners or employees. Notwithstanding this limitation, Developer agrees to defend or pay the cost of defense of any action brought by any third party challenging the City's or Authority's ability to enter into this Exclusive Negotiation Agreement on any grounds whatsoever.

S. Governing Law. This Agreement shall be interpreted and enforced in accordance with the provisions of California law in effect at the time it is executed, without regard to conflicts of laws provisions.

T. No Third Party Beneficiaries. City, Authority and Developer expressly acknowledge and agree that they do not intend, by their execution of this Agreement, to benefit any persons or entities not signatory to this Agreement, including, without limitation, any brokers representing the parties to this transaction. No person or entity not a signatory to this Agreement shall have any rights or causes of action against either City, Authority or Developer arising out of or due to City's, Authority's or Developer's entry into this Agreement, excepting only the Agency and Successor Agency and their officers and employees' right to defense and indemnification set out in Section 3R above.

U. Attorneys' Fees. In the event any action is taken by either party to this Agreement to enforce this Agreement, the prevailing party shall be entitled to recover from the other party its actual attorneys' fees and costs.

4. TERMS TO BE NEGOTIATED

City, Authority and Developer shall meet regularly with each other in order to negotiate a proposed DDA or OPA to include, without limitation, the following provisions:

A. A single master development plan comprised of multiple phases (Scope of Development), whether it is the previously approved project or a revised project that is functional, aesthetic, and minimizes conflicts with and is sensitive to adjacent and nearby properties. Architectural and site design issues to be resolved shall include, but are not limited to, architectural and landscape quality, recreation and open space areas, access and circulation, determination of parcel boundaries, on-site and off-site improvements, Revitalization Area-perimeter treatment, landscape buffers, parking, signage, lighting, and easements, as applicable.

B. Implementation of the Project design to maximize compatibility with the abutting and adjacent uses and to minimize negative impacts such as noise, light and traffic intrusion.

C. Land acquisition procedures, which may include use of eminent domain, the time schedule for conveyance, if any, of portions of the Revitalization Area from City and Authority, the financing plan, and the cost of the Revitalization Area.

D. The timing and conditions precedent for the conveyance, if any, of the Revitalization Area or any portion thereof to Developer, including low- and moderate-income housing covenants.

E. The performance guarantees, amount of liquidated damages and good faith deposit to be required, if any. The proposed DDA or OPA shall require Developer to pay when due, on all those parcels owned by Developer, all taxes, assessments, and special taxes levied on the Revitalization Area and all debt service on all bonds outstanding from time to time which have a lien or encumbrance on the Revitalization Area. Any unused deposit shall be returned to Developer upon completion of the Project as evidenced by a Certificate of Completion issued by City.

F. A schedule of performance encompassing appropriate and necessary legal, administrative, financial and construction benchmarks to be met by the appropriate party.

G. Preparation by the Developer of a tract map subdividing the Revitalization Area into parcels as appropriate and necessary for the Project.

H. The responsible party for all cost associated with the removal or remediation of any potentially hazardous materials from the Revitalization Area and demolition of all improvements on the Revitalization Area.

I. Ownership of all plans, drawings and specifications prepared by Developer in the event of termination of the DDA or OPA.

J. Operational and maintenance plans for the Project, including the parking and common/open space areas.

K. A financing plan to address any financial participation by the City, Housing Authority and any other public agency.

L. Remedies for any default and repurchase of property transferred as part of any DDA or OPA to Developer.

5 TERMINATION

Prior to expiration or termination of this Agreement, either party may terminate this Agreement upon occurrence of a material default, and the failure to cure such default after a thirty (30) day notice to the other Party and opportunity to cure said default. Default shall be evidenced by failure to timely perform any obligations under this Agreement.

6. NOTICES

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

A. To City:

City Manager
City of South Pasadena
1414 Mission Street
South Pasadena, CA 91030
Tel: (626) 403-7210
FAX: (626) 403-7211

With copy to: Assistant City Manager

B. To Authority:

Executive Director
South Pasadena Housing Authority
1414 Mission Street
South Pasadena, CA 91030
Tel: (626) 403-7210
Fax: (626) 403-7211

C. To Developer:

Jonathan Genton, CEO
Genton Property Group, LLC
3243 S. La Cienega Blvd.
Los Angeles, CA 90016
Tel: (310) 802-2800
Fax: (310) 802-2801

7. ENTIRE AGREEMENT

This Agreement represents the entire agreement of the Parties and supersedes all negotiations or previous agreements between the Parties with respect to any of the subject matter hereof. This Agreement may not be amended unless agreed to in writing and certified by the signatures of the Parties hereunder.

(BALANCE OF PAGE INTENTIONALLY LEFT BLANK.)

8. EFFECTIVE DATE

The effective date of this Agreement shall be December 19, 2012

CITY OF SOUTH PASADENA

By: _____
City Manager

Dated: 12/19/2012

APPROVED AS TO FORM:

Jones & Mayer Attorneys at Law

By: _____
Richard L. Adams II, City Attorney

Dated: 12/19/12

DEVELOPER

GENTON PROPERTY GROUP, LLC
A Delaware Limited Liability Company

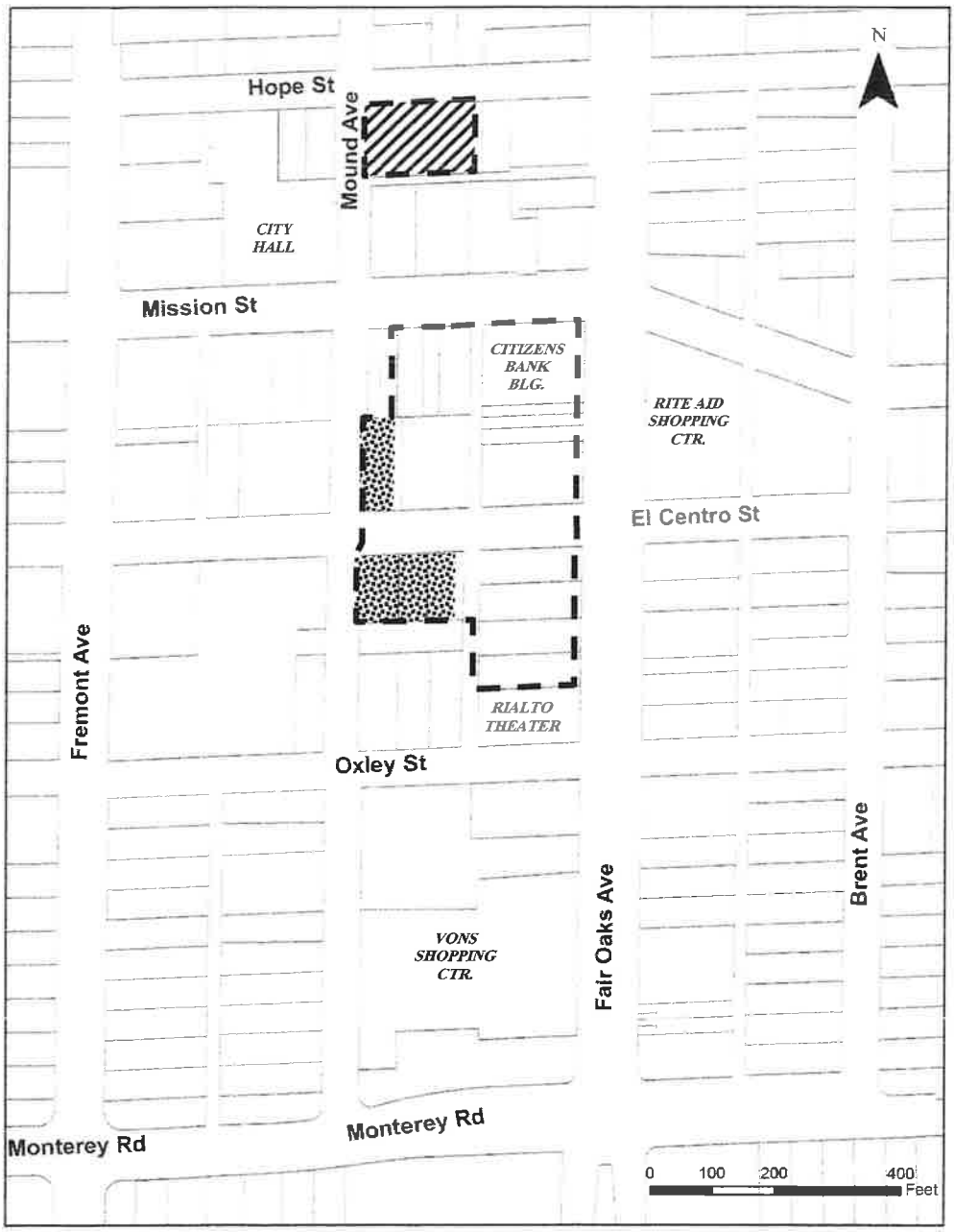
By: _____
Jonathan Genton, CEO

Dated: 12.15.12

EXHIBIT A

Downtown Project Area

South Pasadena, CA



LEGEND

- **Downtown Project Area of Existing Entitlements**
- **City of South Pasadena Owned Parcel**
- **South Pasadena Housing Authority Owned Parcels**

EXHIBIT B

SCHEDULE OF PERFORMANCE
Milestone Dates and Complete List of Required/Action Steps
To Be Determined and Arrived to Mutually Between City and Developer

Actions	Estimated Completion Dates	Council Meeting Dates
1. Execute Exclusive Negotiation Agreement	12-19-12	12-19-12
2. Establish Developer/City working Team	12-19-12	12-19-12
3. Complete Community Outreach Program, including meetings with business and property owners, community meetings as needed, opening Development Office and launching a project website	5-31-13	
4. Develop additional initial conceptual plans based on results of Outreach program and feasibility analysis and/or specific development plans	6-30-13	
5. Review additional initial concepts and feasibility with stakeholders	7-31-13	
6. Finalize DDA/OPA	8-19-13	

Note: Regularly scheduled meetings with the City, Authority, Working Team, business owners, and property owners will continue throughout the negotiation process.

FIRST AMENDMENT TO EXCLUSIVE NEGOTIATION AGREEMENT

THIS FIRST AMENDEMENT TO EXCLUSIVE NEGOTIATION AGREEMENT (the "Agreement") is entered into by and between (i) the CITY OF SOUTH PASADENA, a public body, corporate and politic ("City"), and (ii), the SOUTH PASADENA HOUSING AUTHORITY, a public body, corporate and politic ("Authority"), on the one hand, and (iii) GENTON PROPERTY GROUP, LLC a Delaware limited liability company, on the other hand (City, Authority and Developer may be referred to herein individually as a "Party" or collectively as the " Parties)."

RECITALS

WHEREAS, on May 21, 2008, the City Council approved the Downtown Revitalization Project which involves the development of five building sites within a three-block area, (the "Downtown Revitalization Project" or "Project"). Overall, the Downtown Revitalization Project as approved would involve the demolition of 11,950 square feet of building area (Citizen's Business Bank building and the former South Pasadena Nursery site). The proposed project would result in approximately 41,000 square feet of retail uses, restaurant uses, bank uses, office uses, and up to 60 dwelling units, including a minimum of twelve (12) low- to moderate-income Senior Housing units. A total of 397 parking spaces will be provided throughout the project area; this includes 59 spaces at the southeast corner of Hope Street and Mound Avenue (this parcel will no longer have housing units planned), and 338 spaces on various surface lots and in a multi-level garage; and

WHEREAS, the City, Authority and Developer entered into an Exclusive Negotiation Agreement (ENA) on December 19, 2012 for the purposing of negotiating one or more Disposition and Development Agreements (DDA) for the Project, City-owned and Authority-owned properties within the Project site and the Entitlements; and

WHEREAS, despite substantial progress in negotiations, due to the statutory elimination of Redevelopment Agencies by the State of California, and related delays associated with the ability of Developer to purchase the real property located at 1500 El Centro, South Pasadena, CA (APN # 5315-003-901) ("the Successor Agency Parcel"), a lot consisting of 8455 square feet, an integral parcel of property currently held by the Successor Agency to the City of South Pasadena Redevelopment Agency ("the Successor Agency") which is part of the Project site, the parties desire to extend the term of the Exclusive Negotiating Period and modify it in certain respects; and

WHEREAS, the Successor Agency submitted a proposed Long Range Property Management Plan or about August 16, 2013 to the Department of Finance to allow the Successor Agency Parcel to be sold pursuant to the approved Redevelopment Plan and approved Project, due to statutory periods in which the Department of Finance is allowed to review that plan and the subsequent sale document, final sale of the Successor Agency Parcel will be delayed for several more months; and

WHEREAS, since the ENA was approved, the Council has formed the Ad Hoc Downtown Project Advisory Committee, which is in the process of holding public meetings to provide input on revised Project features, design, style and amenities, all of which are necessary to complete the process of negotiating the DDAs for the real property for the Project; and

WHEREAS, the City and Authority have contracted for appraisals of the Project parcels owned by them in order to assist them in negotiating appropriate terms for the DDAs, but those appraisals have not yet been completed; and

WHEREAS, in addition to engaging in good faith negotiations with the City and Authority, the Developer has entered into a reimbursement agreement to pay City's and Authority's out of pocket costs associated with financial evaluation, real estate appraisal and legal services relating to the negotiations;

NOW, THEREFORE, for valuable consideration, the receipt of which is hereby acknowledged, City, Authority and Developer mutually agree as follows:

1. This First Amendment to Exclusive Negotiation Agreement ("First Amendment") is intended to extend the term of the ENA as provided herein. All provisions of the ENA between the City, Authority and Developer entered into on December 19, 2012 shall remain in full force and effect, except as modified herein.

2. Paragraph 1 of the ENA is hereby modified to read as follows:

1. PURPOSE

The purpose of this Agreement is to provide for the negotiation by the parties of one or more Disposition and Development Agreements (DDA) providing for, among other things, the following:

A. Acquisition by Developer of all or portions of the Downtown Revitalization Project Area ("Revitalization Area") for redevelopment in accordance with the Redevelopment Plan and the General Plan, and for the development and construction of commercial, retail, restaurant, office, residential, entertainment, open space and/or parking uses (the "Project"). The Project shall be subject to and consistent with the requirements of the California Environmental Quality Act, related State Guidelines and related local ordinances (collectively, "CEQA").

The Revitalization Area consists of property primarily located within the boundaries of Mission Street, Fair Oaks Avenue, Oxley Street, and Mound Avenue (as depicted in Exhibit "A"), including:

1) Approximately 0.6 acres (comprised of three parcels owned by the Authority totaling 0.41 acres on the south side of El Centro Street and one parcel owned by the Successor Agency to the South Pasadena Redevelopment Agency totaling 0.19 acre on the north side of El Centro Street) currently owned by the Authority and Successor Agency in fee simple;

2) Approximately 0.60 acres comprised of streets, alleys and lanes to which City has a dedicated public right-of-way easement;

3) Approximately 1.76 acres of property south of Mission Street and West of Fair Oaks Avenue; and,

4) Approximately 0.717 acres generally located adjacent to the areas described above, which are currently owned by various third parties.

B. Coordination of the planning, design and construction of the Project. The parties intend at this time that the project be built as it was approved in May 2008 or a similar but less intensive project. However, City and Developer recognize that some changes may be required in the Project as previously approved due to marketability, feasibility, ability to acquire property or agreements with existing property owners, etc. Developer shall advise City of any changes it wishes to make in the Project design or phasing as approved, and shall be responsible for paying for any required environmental review by the City and securing all necessary land use approvals which may be required, following receipt of the Ad Hoc Downtown Project Advisory Committee's recommendation to the Council.

C. Potential City and Authority assistance in the form of property and financial contributions, development fees, and/or improvements, in accordance with all applicable legal requirements, for the development of public improvements and low income housing including, infrastructure and open space within the Revitalization Area.

D. The respective participation and responsibilities of Developer, City and Authority necessary to further the purpose of developing the Project, including, but not limited to, processing, relevant fees, approvals and permits.

3. Paragraph 2 of the ENA is hereby modified to read as follows:

2. EXCLUSIVE RIGHT TO NEGOTIATE

A. City and Authority hereby grant to Developer, and Developer hereby accepts, an exclusive right to negotiate in accordance with the terms of this Agreement, commencing on the effective date of this First Amendment and continuing in full force and effect until expiration as set forth below or earlier termination pursuant to Paragraph 2C and Paragraph 5 hereof.

B. City, Authority and Developer agree, for the period extending at least until June 30, 2014, or such longer time as may be necessary to complete the steps required as set forth in Exhibit "B" hereto, to negotiate diligently and in good faith to prepare one or more DDAs to be entered into by City, Authority and Developer with regard to the purposes described above. During the term of this Agreement, City and Authority agree not to negotiate for the development of the Revitalization Area, or

any portion thereof, with any party other than Developer, or to initiate any other development of the Revitalization Area or any portion thereof.

C. In the event that Developer determines that the Project is not feasible, or that the parties are not likely to finalize and execute one or more mutually agreeable DDAs, Developer may terminate this Agreement by delivering written notice thereof to City and Authority. Within thirty (30) days after notice of such termination, any funds held by City from the amount deposited pursuant to the Deposit and Reimbursement Agreement which are not necessary to pay costs which have been incurred up to the date of such termination shall be turned over to Developer and all other obligations under this Agreement shall terminate.

4. Paragraph 3A of the ENA is hereby modified to read as follows:

A. Good Faith Deposit. At the time of execution of the Amendment and Extension of the Agreement, Developer shall pay the City the sum of $50,000 as an exclusive negotiating extension fee. The parties acknowledge and agree that this payment shall be a non-refundable fee for extending the ENA. The prior Good Faith Deposit in the amount of One Hundred Thousand Dollars ($100,000) held in escrow shall be refunded to Developer upon payment of the exclusive negotiating extension fee and the escrow shall be terminated.

5. Paragraph 3B of the ENA is hereby modified to read as follows:

B. Financial Investment. City, Authority and Developer, in entering into this Agreement, have directed their respective representatives to undertake negotiations regarding the public and private investment required to accomplish the objectives intended by a proposed DDA. Within sixty (60) days following execution of the ENA extension, Developer shall submit to City and Authority evidence reasonably satisfactory to City and Authority demonstrating that Developer has or may obtain necessary financing/financial wherewithal in an amount sufficient to pay for a development project of the type and size represented by the Downtown Revitalization Project.

6. Paragraph 3G of the ENA is hereby modified to read as follows:

3. [TERMS AND CONDITIONS OF THE EXCLUSIVE NEGOTIATION AGREEMENT]

....

G. Project Shaping/Public Outreach and Engagement. To ensure that redevelopment of the Revitalization Area reflects reasonable community interests and desires, and due to Developer's desire to initiate improvements to the Project from the project approved in May 2008, Developer shall participate and provide information to the Ad Hoc Downtown Project Advisory Committee and participate in related public meetings, as well as meetings with individual property owners in and around the

Project area, to communicate with and receive input from stakeholders in the Revitalization Area. Developer shall be obligated to: meet with individual property owners and business owners in the immediate project area; meet with property and business owners elsewhere in the community; attend meetings and provide information as requested to the Ad Hoc Downtown Project Advisory Committee; participate in the preparation and mailing of notices regarding the project and the relevant public meetings.

7. Paragraph 3H of the ENA is hereby modified to read as follows:

   H. Project Feasibility. During negotiations, Developer shall undertake and complete its responsibilities and tasks necessary to define the scope of development, identify the Project's development feasibility, and delineate each party's role and obligations necessary to formulate one or more DDAs. Project feasibility shall be supported by an economic pro-forma analysis, which should contain site acquisition costs, hard costs, soft costs, financing costs, Developer's assumptions, and other appropriate financial information Developer shall also include a market analysis to validate that the Project (as existing and/or as modified) would engender a reasonable level of income and a reasonable return on investment for Developer. Project feasibility documents described above shall be submitted to City and Authority by Developer within ten (10) business days of demand by the City and Authority. City, Authority and Developer each acknowledge that the task of developing a detailed timeline for development of the Project and proposed Project financing plan is a deliberate process requiring consideration of numerous elements. City, Authority and Developer further acknowledge that the completion of this process may require the City, Authority and Developer to consider various alternate structures for any future DDA between them for acquisition and redevelopment of the Site, including but not limited to public/private financing programs, with the potential for public agency financial and/or land contributions to the Project, as well as site acquisition and preparation, in order to promote the adopted Redevelopment Plan and the Project on terms that are economically feasible and mutually satisfactory to both City and Authority on the one hand and Developer on the other hand.

8. Paragraph 3J of the ENA is hereby modified to read as follows:

   J. Planning Costs and Expenses. The parties have entered into a Deposit and Reimbursement Agreement to cover City and Authority's out-of-pocket expenses related to the negotiation of the DDA. The final DDA shall provide for all costs and expenses of the City and/or Authority to be reimbursed by Developer, to include any other costs and expenses of negotiating and finalizing this Agreement and the DDA.

9. Paragraph 5 of the ENA is hereby modified to read as follows:

5. TERMINATION

This Agreement shall terminate upon approval by City and Authority of one or more DDAs covering all of the Properties identified in Paragraph 1 A hereof which are owned by City and Authority. Prior to expiration or termination of this Agreement, either party may terminate this Agreement upon occurrence of a material default, and the failure to cure such default after a twenty (20) business day notice to the other Party and opportunity to cure said default. Default shall be evidenced by failure to timely perform any obligations under this Agreement, except as may be mutually extended by written agreement of the parties hereto.

10. Paragraph 7 of the ENA is hereby modified to read as follows:

7. ENTIRE AGREEMENT

This Agreement represents the entire agreement of the Parties and supersedes all negotiations or previous agreements between the Parties with respect to any of the subject matter hereof, excluding the Deposit and Reimbursement Agreement executed on June 19, 2013. This Agreement may not be amended unless agreed to in writing and certified by the signatures of the Parties hereunder.

11. Exhibit B of the ENA is hereby modified as reflected in Exhibit "B" hereto.

12. EFFECTIVE DATE

The effective date of this First Amendment to Agreement shall be 9/6, 2013.

CITY OF SOUTH PASADENA

By: _____
City Manager

Dated: 9/6/2013

APPROVED AS TO FORM:

Jones & Mayer Attorneys at Law

By: _____
Richard L. Adams II, City Attorney

Dated: _____

DEVELOPER

GENTON PROPERTY GROUP, LLC
A Delaware Limited Liability Company

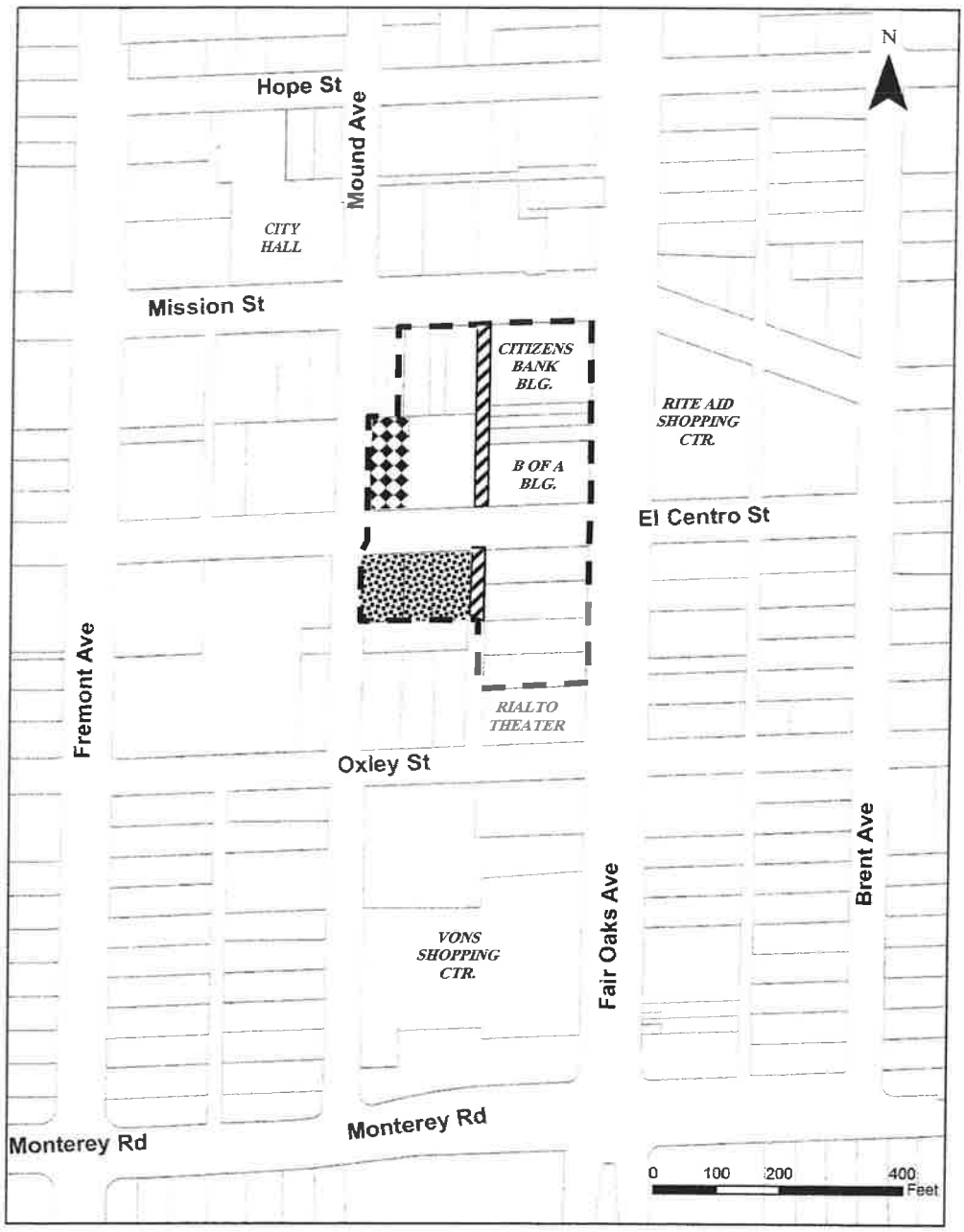
By: _____
Jonathan Genton, CEO

Dated: 30 AUG 13

EXHIBIT A

Downtown Project Area

South Pasadena, CA



LEGEND

- **Downtown Project Area of Existing Entitlements**
- **City of South Pasadena Owned Land**
- **South Pasadena Housing Authority Owned**
- **Successor Agency to South Pasadena CRA Owned**

EXHIBIT B

SCHEDULE OF PERFORMANCE
Milestone Dates and Complete List of Required/Action Steps
To Be Determined and Arrived to Mutually Between City and Developer

Actions	Estimated Completion Dates	Council Meeting Dates
1. Execute Amendment to Exclusive Negotiation Agreement	9-4-13	9-4-13
2. Developer will provide evidence of equity financing/financial wherewithal in an amount sufficient to pay for acquisition and development of the Revitalization Area	60 days after execution of ENA Amendment	N/A
Project Shaping		
3. Public Information/Public Engagement:		N/A
a) meetings with site property and business owners; offsite property and business owners;	Various	
b) Ad Hoc Downtown Project Advisory Committee;	Various	
c) opening of development website	9-16-13	
4. Submission of Pro Forma to Staff and Consultant for Review and Comment	10 days after execution of ENA Amendment	N/A
Project Entitlement		
5. Preparation and submittal of proposed revised Planned Development Permit	120 days after completion of Shaping Phase	N/A
6. Preparation of required environmental review for proposed Planned Development Permit	60 days after submission of Proposed Revised PDP	N/A
7. Finalize Disposition and Development Agreement	Prior to submission of PDP Application and Environment Review to Ad Hoc Committee and PC	N/A

8. Review of Planned Development Permit, Disposition and Development Agreement and Environmental Review by Ad Hoc Downtown Project Advisory Committee and Planning Commission	90 Days after completion of DDA negotiations and such additional time as may be required for public noticing	N/A
9. Review of Planned Development Permit, Disposition and Development Agreements and Environmental Review by City Council	After Ad Hoc Committee Review and PC Action, following required public hearing notices	June 2014

Note: Regularly scheduled meetings with the City, Authority, Working Team, business owners, and property owners will continue throughout the negotiation process.

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