



SACHI A. HAMAI  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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*"To Enrich Lives Through Effective And Caring Service"*

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July 31, 2018

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

3-D July 31, 2018

CELIA ZAVALA  
ACTING EXECUTIVE OFFICER

**APPROVE AN EXCLUSIVE NEGOTIATION AGREEMENT WITH AZURE DEVELOPMENT, INC.,  
FOR THE POTENTIAL DEVELOPMENT OF THE NORTHWEST CORNER OF EAST 3RD STREET  
AND SOUTH DANGLER AVENUE IN UNINCORPORATED EAST LOS ANGELES  
(FIRST DISTRICT) (3 VOTES)**

### **SUBJECT**

This letter recommends the approval of an Exclusive Negotiation Agreement, presented in substantially final form, by and among the County of Los Angeles, the Community Development Commission of the County of Los Angeles, and Azure Development, Inc. a California Corporation, to negotiate the terms to develop County-owned property with a potential mixed-use development.

### **IT IS RECOMMENDED THAT THE BOARD:**

1. Approve and authorize the Chief Executive Officer, or her designee, to negotiate, execute, implement, and if necessary, amend, extend, or terminate the Exclusive Negotiation Agreement, presented in substantially final form, among the County of Los Angeles, the Community Development Commission of the County of Los Angeles, and Azure Development, Inc., a California Corporation, for the negotiation of the potential development of property located at the northwest corner of East 3rd Street and South Dangler Avenue in unincorporated East Los Angeles.

2. Find that approval of these actions, as described herein, is not subject to the provisions of the California Environmental Quality Act, because the actions do not commit the County of Los Angeles to a project and will not have the potential for causing a significant effect on the environment.

**IT IS RECOMMENDED THAT THE BOARD, ACTING AS THE COMMISSIONERS OF THE COMMUNITY DEVELOPMENT COMMISSION:**

1. Approve and authorize the Executive Director, or her designee, to negotiate, execute, implement, and if necessary, amend, extend or terminate an Exclusive Negotiation Agreement, presented in substantially final form, among the County of Los Angeles, the Community Development Commission of the County of Los Angeles, and Azure Development, Inc., a California Corporation, for the negotiation of the potential development of property located at the northwest corner of East 3rd Street and South Dangler Avenue in unincorporated East Los Angeles.
2. Authorize the Executive Director, or her designee, to collect deposits and fees in connection with the terms of the Exclusive Negotiation Agreement, and to administer the expenses and accounting associated with the Exclusive Negotiation Agreement.
3. Find that the approval of these actions, as described herein, is not subject to the provisions of the California Environmental Quality Act because the actions do not commit the Commission to a project and will not have the potential for causing a significant effect on the environment.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The primary purpose of the recommended actions is to authorize the execution and implementation of the Exclusive Negotiation Agreement (ENA), presented in substantially final form, among the County of Los Angeles (County), the Community Development Commission of the County of Los Angeles (Commission), and Azure Development, Inc., a California Corporation (Azure), to allow for the negotiation of necessary agreements for the potential development of an approximately 61,352 square foot property located on the northwest corner of East 3rd Street and South Dangler Avenue (Property). The Property is located near the Maravilla Gold Line Metro Station in the unincorporated area of East Los Angeles. The proposed project is planned on vacant property made up of County owned property identified by Assessor Parcel Numbers (APNs) 5250-017-902, 903 and 904; Commission-owned property identified by APNs 5250-017-900, 901 and 905; and privately-owned property identified by APNs 5250-017-028 through 034 (Developer Property).

The development team has proposed a mixed-use project (Project) that includes 76 residential units that are a mix of affordable and market rate housing units above 17,000-square feet of commercial ground floor space proposed for medical offices, retail, and restaurant space. Fifty units will be designated to households earning between 30-50 percent of the Area Median Income (AMI) with a proposed unit mix that consists of studio, one, and two bedroom units.

The proposed Project will also include ground floor outdoor plaza seating and landscape amenities available to the whole community. The plaza is proposed to face 3rd Street's Metro rail line, one block from the Maravilla Station. The outdoor seating area will be incorporated around four retail spaces that will be marketed to restaurants and neighborhood-serving retail shops. The two commercial spaces anchoring the ends of the project will be medical office suites. The proposed Project includes 212 parking spaces, of which 157 spaces are for the residences and 55 spaces for commercial use.

The development team has provided a community and stakeholder engagement plan, which includes four community meetings during the design and development process. The team will also use social media, door-to-door-outreach, and other active engagement activities to gather input on design, housing needs, retail needs, amenities, and transit before finalizing project plans.

The development team consists of: (i) a joint venture of Azure and Romero Management Consultants (Romero), the owner of the Developer Property; (ii) SVA Architects (architectural design); (iii) Superjacent (landscape architect); (iv) DRC Engineering; and (v) Sheppard Mullin (land use attorney). Azure team members have a combined 32 years of experience in development of retail, office, and housing projects throughout the southwest. Under the agreement, Azure is responsible for providing all master planning development responsibilities, including project management, financial structuring, and construction oversight. During the first 60 days of the ENA period, Azure will deliver to the County and Commission a fully executed joint venture agreement between Romero and Azure.

### **FISCAL IMPACT/FINANCING**

There is no impact on the County General Fund as a result of the actions contemplated in this letter. If negotiations with Azure are successful, the County and Commission will return to the Board with negotiated agreements for review and approval, and will provide the fiscal impact and financial analysis at that time.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The County and Commission now request authorization to execute the ENA with Azure, under their respective authority set forth in Government Code Section 25549.1. The ENA will include the following terms:

- An initial term of 180 days with options to extend the term up to two 90-day extensions, if needed.
- An ENA deposit to be held by the Commission, in the amount of \$25,000, which may be replenished to cover the transaction expenses.
- Azure is solely responsible for any expenses it incurs to assess the feasibility of a mixed-use development project at the Property.

If negotiations with Azure are successful, the County and Commission will return to the Board with negotiated agreements, approved by County Counsel, for review and approval.

### **ENVIRONMENTAL DOCUMENTATION**

This action is exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34(a)(3) because it involves administrative activities that will not have a physical impact on, or result in any physical changes to the environment.

The action is not a project pursuant to the California Environmental Quality Act (CEQA) because it is an activity that is excluded from the definition of a project pursuant to Section 15378 (b) of the State CEQA guidelines. The proposed action is an administrative activity of government, which will not result in direct or indirect physical change to the environment.

The County and the Commission are only seeking authority to negotiate potential agreements under the ENA. No commitment to any project is being made at this time. NEPA and CEQA review requirements must be completed before any commitment to a project occurs.

## **CONTRACTING PROCESS**

Azure was procured through a Request for Proposals (RFP) that was issued on October 6, 2017. Nine firms attended the pre-proposal conference and four proposals were received. The proposed Project was responsive to the vision and expectations described in the guidelines that were part of the RFP. Furthermore, the proposed Project satisfies the goals and objectives for 3rd Street, as described in the 3rd Street Specific Plan and Metro's Transit Oriented Development guidelines. A summary of the objectives is provided below.

- Provide a diverse mix of market rate, affordable, and workforce housing;
- Increase quality retail and services within walking distance of neighborhood;
- Improve economic vitality and create jobs;
- Activate the public realm; and
- Promote a mixture of housing, office, retail and/or other commercial development and amenities within a half-mile of quality public transportation.

In addition, the proposal included a robust community engagement strategy. A financial analysis of the proposed Project including reasonable proforma assumptions and financial feasibility will be further analyzed during the term of the ENA.

## **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed actions will allow the County and the Commission to explore whether they can redevelop County and Commission-owned properties located in the East Los Angeles, unincorporated area of the First Supervisorial District.

## **CONCLUSION**

It is requested that the Executive Office, Board of Supervisors, return two certified copies of the Minute Order, and the adopted, stamped Board letter to the Chief Executive Office, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012, for further processing.

The Honorable Board of Supervisors

7/31/2018

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Respectfully submitted,



SACHI A. HAMAI  
Chief Executive Officer



MONIQUE KING-VIEHLAND  
Executive Director

SAH:MKV  
DPH:DL:JLC:ls

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller

**3RD AND DANGLER**  
**EXCLUSIVE NEGOTIATING AGREEMENT**

by and among

**THE COUNTY OF LOS ANGELES**

and

**THE COMMUNITY DEVELOPMENT COMMISSION**

**OF THE COUNTY OF LOS ANGELES**

and

**AZURE DEVELOPMENT, INC.**

## EXCLUSIVE NEGOTIATING AGREEMENT

THIS AGREEMENT TO NEGOTIATE EXCLUSIVELY (this “**Agreement**”) is effective this \_\_\_\_\_ day of \_\_\_\_\_, 2018 (the “**Effective Date**”), by and among the County of Los Angeles, a public body, corporate and politic (“**County**”), the Community Development Commission of the County of Los Angeles, a public agency activated pursuant to Part 1.7 of Division of the Health and Safety Code (“**Commission**”) and Azure Development, Inc., a California corporation (“**Developer**”), on the terms and conditions set forth below. County, Commission and Developer are sometimes referred to collectively herein as the “**Parties**” and individually as a “**Party**.”

### RECITALS

- A. County owns three parcels of real property located at 4643, 4653, E 3<sup>rd</sup> St and 219 S. Dangler Avenue, Los Angeles, CA 90022 , in the unincorporated East Los Angeles area of the County further described in Exhibit A (“**County Property**”).
- B. The Commission owns real property located at 4639, 4651, 4655 E. 3<sup>rd</sup> Street, Los Angeles, CA 900 22, in the unincorporated East Los Angele area of the County further described in Exhibit A (“**Commission Property**”).
- C. The adjacent property located at 4641 E. 3rd Street, Los Angeles, CA 90022, in the unincorporated East Los Angeles area of the County, further described in Exhibit B (“**Developer Property**”), is owned by Romero Management Consultants, LLC (“Romero”), and the Developer is under a Memorandum of Understanding (the “MOU”) with Romero to establish the terms of a joint venture agreement (the “JV Agreement”) for development of the Developer Property as part of the “Proposed Project,” further described below.
- D. The County Property, Commission Property and Developer Property are sometimes referred to collectively herein as the “**Proposed Properties**”.
- E. Developer proposes to develop 76 dwelling units, 212 parking spaces, and approximately 16,900 square feet of non-residential uses (“**Proposed Project**”). Notwithstanding the foregoing description, the Proposed Project is a preliminary proposal that is subject to change through negotiation as well as input derived from the County and Commission's community outreach efforts.
- F. Developer has provided County and Commission a proposal to develop the Proposed Project. In order to develop the Proposed Project on the County and Commission Properties. A preliminary design concept plan for the Proposed Project is attached as Exhibit C.
- G. County, Commission and Developer desire to explore the possibility of having Developer develop the Proposed Project in a way that is consistent with the County and Commission's goals of: (i) creating affordable housing; (ii) enhancing the land

use and economic development goals of surrounding communities in the East Los Angeles Community.

- H. Once a proposal is received and approved, the County and the Commission will present the proposal to the County's Board of Supervisors ("County Board") and the Commission's Board of Commissioners ("Commission Board") (collectively, the "**Boards**") for approval authorizing execution of this Agreement with Developer, for the purpose of (i) analyzing the potential development of the Proposed Project on the Proposed Properties and (ii) negotiating the potential terms and conditions of a potential disposition and development agreement for the Project (the "**DDA**"). The DDA and all associated agreements are sometimes referred to collectively as the "**Project Agreements**." The contemplated development of the Proposed Project and execution of the DDA and any other associated agreements are collectively referred to as the "**Transaction**."
- I. The execution of the Project Agreements is subject to and contingent upon the Boards' approval after compliance with the California Environmental Quality Act ("**CEQA**").
- J. County and Commission are required to comply with CEQA in connection with the consideration and analysis of the environmental impacts of the development of the Proposed Project. Because County and Commission have not committed to any project, including the Proposed Project, and have not completed environmental review pursuant to CEQA, this Agreement does not constitute or evidence an approval by County and Commission of, or commitment of County and Commission to, any action for which prior environmental review is required under CEQA. County and Commission retains the absolute sole discretion to make decisions under CEQA with respect to the Proposed Project, which discretion includes: (i) deciding not to proceed with development of the Proposed Project, (ii) deciding to proceed with development of the Proposed Project, and (iii) deciding to proceed with any alternative development of any portion of the Property (the "**Potential County/Commission Actions**"). There shall be no approval or commitment by County and Commission regarding the Transaction or any alternative development of any portion of the Proposed Properties, unless and until County and Commission, or other agency serving as the Lead Agency with respect to the Proposed Project, considers the environmental impacts of the Proposed Project, in full compliance with CEQA.

Now, therefore, in consideration of the foregoing Recitals, which are hereby deemed a contractual part hereof, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:



## AGREEMENT

### 1. Exclusive Negotiating Agreement: Good Faith Negotiations

- A. Exclusive Negotiation. During the Term (defined in Section 2A), so long as Developer is negotiating in good faith and is not otherwise in default of its obligations under this Agreement, County and Commission will not solicit offers or proposals from other parties concerning potential development of the County Property and Commission Property. The Parties will negotiate exclusively and in good faith in accordance with this Agreement regarding the negotiations and drafting of the Project Agreements. Notwithstanding the foregoing, County and Commission may, from time to time, be contacted by other developers regarding the County Property and Commission Property and that such contact is expressly permitted so long as County and Commission do not initiate the contact and indicates to such developers that County and Commission have executed this Agreement and that County and Commission are prohibited from: (i) discussing anything concerning these negotiations with such developers; (ii) considering any offer or proposal from such other developers; or (iii) negotiating with any such developers, until this Agreement expires or is terminated pursuant to its terms.
- B. Essential Terms. The Parties acknowledge and agree that this Agreement does not establish all the essential terms of the Transaction and that although they have set forth herein a framework for negotiation of the essential terms of the Transaction: (i) they have not set forth herein nor agreed upon many of the essential terms of the Transaction, including, among other things, the price or terms of and timing of any development; (ii) they do not intend this Agreement to be a statement of the essential terms of the Transaction; and (iii) the essential terms of the Transaction, if agreed to by the Parties, shall be set forth, if at all, in documentation and agreements negotiated, approved and executed by duly authorized representatives of each of the Parties after any and all applicable requirements of CEQA have been completed and determinations/findings made by the CEQA lead agency.

### 2. Duration of this Agreement

- A. Term. This Agreement shall commence on the Effective Date and shall terminate one hundred eighty (180) days thereafter (the "**Term**"). Notwithstanding the foregoing, if (i) the Parties have not executed and delivered the DDA within such period and (ii) substantial progress has been made toward fulfillment of the requirements of this Agreement, the Parties may determine, in each Party's sole and absolute discretion, to extend the Term for a maximum of two 90-day extensions. The Term may be extended only by written amendment to this Agreement executed by authorized representative(s) of the Parties and no other act or failure to act by County

or Commission or any of its representative(s) shall result in an extension of the Term.

- B. Execution. No agreement or documentation that may hereafter be negotiated between the Parties with respect to the Project Agreements shall become final and binding unless and until: (i) County, Commission and Developer have complied with all applicable requirements of CEQA pertaining to the Transaction; (ii) such documentation is approved by each respective Board; and (iii) such documentation is executed by the authorized representatives of each of the Parties.
- C. Approval of the Potential County and Commission Actions. Prior to the satisfaction of the terms set forth in Section 2B, no: (i) negotiation or preparation of any development or purchase documentation (including the DDA), including without limitation, any specific terms and provisions or any form of document; (ii) review or approval by County and Commission of various stages of proposed plans and specifications for the Proposed Project; nor (iii) cooperation or participation by County and Commission in development applications or submittals for the Proposed Project (including, County and Commission's execution of any such applications or submittals), shall constitute County and Commission's approval of the Proposed Project or the Transaction or a commitment to take any actions.

### 3. Payment and Deposit

- A. Deposit. Within five (5) business days of the Effective Date, Developer shall deposit the amount of Twenty-five Thousand Dollars (\$25,000.00) ("Initial Amount") via wire transfer or Automated Clearing House electronic funds transfer as directed by Commission in writing (the "Deposit"), which Deposit shall cover costs related to the evaluation of the Proposed Project and negotiation of the potential DDA and other related agreements ("Transaction Expenses"). The Transaction Expenses shall include, without limitation the actual cost of in-house staff time (including County and Commission overhead and administrative costs but excluding in-house costs incurred by County Counsel and County and Commission project managers) and third party consultation fees (including, but not limited to, consultants, engineers, architects, outside counsel and advisors) for the performance of financial analyses, design review (including reviewing Developer's Plans and Specifications for the Proposed Project and engineering and other reports related to the Proposed Project), negotiations, appraisals, document preparation and other reasonable services related to the Proposed Project and the Transaction. County and Commission shall provide documentation of Transaction Expenses to Developer upon Developer's request, provided that the form of documentation will be such that is available to County and Commission and in its possession, in County and Commission's sole good faith determination. During the Term, whenever the Deposit balance reaches

Ten Thousand Dollars (\$10,000.00) or less, Developer will replenish the Deposit to the Initial Amount, upon written notice from Commission. Notwithstanding anything to the contrary contained herein, if County or Commission are requested to perform any engineering studies, technical services or other similar services, or supervision of on-site testing or inspections, or if the Deposit is insufficient to cover Transaction Expenses, County and Commission shall have the right to request additional monies, which may exceed the Initial Amount, as may be reasonably necessary to cover the costs of providing those services or Transaction Expenses. If Developer does not consent and make such additional payments or replenish the Deposit as set forth herein, County or Commission may decline to provide the services and/or terminate this Agreement.

- i. In the event that this Agreement terminates or is terminated, the Deposit will become non-refundable to the extent necessary to pay Transaction Expenses incurred or contractually committed to be paid as of the date of termination, and Commission shall return to Developer any portion of the Deposit that is not needed to pay such Transaction Expenses along with any accounting of the Transaction Expenses. The Parties agree that Commission (a) has no obligation to pay interest on the Deposit to Developer, and (b) is not required to deposit the Deposit in an interest bearing account. Interest, if any, earned on the Deposit, may remain in the Deposit account and may be added to the amount of the Deposit. Any refund of all or a portion of the Deposit to Developer will not include any interest earned on the Deposit.

4. Agreements to be Negotiated.

- A. DDA. County, Commission and Developer shall work in good faith to negotiate and jointly prepare the Project Agreements. The Project Agreements shall include, without limitation, provisions relating to the design and development of the Proposed Project, a schedule of performance, the Parties' obligations during the term of the Project Agreements.
- B. Other Agreements. If the Transaction will involve other agreements, such licenses and/or dedications, each of those agreements shall be addressed in the Project Agreements and negotiated in accordance with applicable County and Commission policies and procedures and the respective Board's authority.

5. County and Commission Responsibilities.

- A. Exclusive Negotiations. So long as Developer is negotiating in good faith and is not otherwise in default of its obligations under this Agreement, County and

Commission shall negotiate exclusively and in good faith with Developer, as set forth in Section 1A.

- B. Schedule of Performance. County and Commission shall endeavor to meet the milestones required of County and Commission, as set forth in the schedule of performance attached hereto as Exhibit D, which schedule may be modified during the Term as agreed between the Parties (the “**Schedule of Performance**”).
- C. County and Commission Discretion. County and Commission are not approving, committing to, or agreeing to undertake: (i) the Proposed Project or any development; (ii) disposition, sale or lease of land to Developer; or (iii) any other acts or activities requiring the subsequent independent exercise of discretion by County and Commission.
- D. Funding. County and Commission have not agreed to fund, subsidize or otherwise financially contribute in any manner toward the acquisition of the Developer Property and/or the development of the Proposed Project.
- E. Other Covenants. County and Commission shall perform such other covenants and obligations required of County and Commission as explicitly set forth in this Agreement.

6. Developer’s Responsibilities.

Without limiting any other provision of this Agreement, during the Term, Developer, at its sole cost and expense, shall prepare and submit the following information and documents and perform the following acts, all in furtherance of the negotiation process:

- A. Project Information. County, Commission and all agencies having regulatory jurisdiction over the Proposed Project, will require planning and design approval for the Proposed Project. Developer shall meet with representatives of County and Commission to review and come to a clear understanding of the planning and design requirements of County, Commission and other agencies for the Proposed Project.
- B. Schedule of Performance. Developer shall meet the milestones and submit the information required of Developer, as set forth in the Schedule of Performance, unless otherwise modified during the Term as agreed between the Parties through written notice.
- C. JV Agreement Submittal. The Developer shall submit, to the County and Commission, a copy of the fully executed JV Agreement between Romero and Developer, as set forth in the Schedule of Performance, provided, however, that Developer shall be permitted to redact any confidential business terms and/or financial information prior to delivering the JV Agreement.

- D. Notice of Governmental Meetings. Developer shall provide at least two (2) weeks' prior written notice to County and Commission of any substantive meetings with governmental officials (including staff) relating to the Proposed Project and allow County and Commission to attend such meetings, at County and Commission's sole discretion. Developer shall keep County and Commission fully informed during the Term regarding all substantive matters and meetings affecting the Proposed Project.
  - E. Environmental Documents and Entitlements. Developer shall provide to County and Commission, in accordance with the Schedule of Performance, conceptual plans, renderings, schematic drawings, programmatic plans and all other information and documentation (the "**Project Plans**") necessary for County and Commission to make appropriate findings pursuant to CEQA. Developer shall bear all costs and expenses associated with the preparation and certification of any required environmental documents (including an Environmental Impact Report, if required by CEQA) and of the Project Plans.
  - F. Further Information. County and Commission reserve the right, at any time, to request from Developer, and Developer shall provide in a timely manner, additional or updated non-legally privileged information about Developer or the Proposed Project as requested by County and Commission.
  - G. Design Review Process. Developer shall engage and coordinate with County and Commission on the design of the Proposed Project, and the design shall be subject to County and Commission's review and approval (as well as that of any other agency having jurisdiction) as set forth in the Project Agreements. Developer shall provide at least two (2) weeks' prior written notice to County and Commission of all design meetings and a three (3) week review period for each design submittal, excepting the initial submittal of the Project Plans, which the Commission and the County will have thirty (30) days to review pursuant to the Schedule of Performance.
  - H. Other Covenants. Developer shall perform such other covenants and obligations required of Developer as explicitly set forth in this Agreement.
7. No Commitment to Any Project; Independent Judgment.
- A. No Commitment to Any Project. The Parties acknowledge and agree that County and Commission: (a) have not committed to, authorized or approved the development of the Proposed Project or any other proposed improvements on the Property; (b) retain the absolute sole discretion to modify the Proposed Project as may be necessary to comply with CEQA or for any other reason; (c) may modify the Proposed Project, or decide not to proceed with the Proposed Project, as may be necessary to comply with CEQA, or for any other reason as determined in County and Commission's sole and absolute discretion; and (d) are not precluded from rejecting the

Proposed Project, or from weighing the economic, legal, social, technological, or other benefits of the Proposed Project against its unavoidable environmental risks when determining whether to approve the Proposed Project. Further, the Parties acknowledge and agree that no activities that would constitute a project under CEQA, including the Proposed Project, may be commenced until necessary findings and consideration of the appropriate documentation under CEQA are considered by the Board and feasible mitigation measures and alternatives to the Proposed Project, including the “no project” alternative, required in connection with CEQA, may be adopted by the respective Board.

- B. Independent Judgment. County and Commission will exercise independent judgment and analysis in connection with any required environmental reviews or determinations under CEQA for the Proposed Project, shall have final discretion over the scope and content of any document prepared under CEQA and shall have final discretion over the extent of any studies, tests, evaluations, reviews or other technical analyses. Any consultants retained for the purpose of preparing CEQA documentation shall reasonably comply with any directions from County and Commission with respect thereto.

8. Inspections.

During the Term, Developer may conduct such inspections, tests, surveys, and other analyses (“**Inspections**”) as Developer, County and Commission deem reasonably necessary to determine the condition of the Proposed Properties or the feasibility of designing, developing, constructing, leasing and financing the Project and shall complete such Inspections as promptly as reasonably possible within the Term. Any entry onto the County Property and Commission Property by Developer or its employees, agents, contractors, successors and assigns, shall be in accordance with a Right of Entry agreement (“**ROE**”), in the form attached hereto as Exhibit E. Pursuant to the ROE, Developer shall coordinate and schedule the time(s) of its entry on to the County Property and Commission Property to meet County and Commission requirements. Developer’s and its contractors’ access to the County Property and Commission Property shall not interfere, conflict with or impair any other operations or activities on the County Property and Commission Property, as set forth in the ROE.

9. Plans, Reports, Studies, and Entitlements.

- A. County and Commission Information. County and Commission, in their reasonable discretion, may make available to Developer, upon Developer’s written request, existing information and plans regarding County and Commission’s existing improvements on the County Property and Commission Property held by County and Commission and needed for the development of the Proposed Project.



- B. Provision of Development Documents. All plans and any reports, investigations, studies (including reports relating to the soil, geotechnical, subsurface, environmental, and groundwater conditions of the Proposed Properties, entitlement applications, CEQA-related and other environmental documents, and reports filed in connection therewith) with respect to the Proposed Properties, Proposed Project and Developer's intended use of the Proposed Properties (collectively, the "**Development Documents**") shall be prepared at Developer's sole cost and expense. Developer shall timely provide County and Commission without representation as to warranty, subject to the confidentiality provisions in Section 15, without cost or expense to County and Commission, copies of all final non legally privileged Development Documents prepared by or on behalf of Developer. Developer shall use commercially reasonable efforts to include in its contractors' and consultants' contracts the right to assign the Development Documents to County and Commission.
- C. Entitlements. County, as the owner of the County Property and Commission, as owner of the Commission Property, and as market participants in this Agreement shall cooperate with Developer in Developer's attempt to procure the necessary entitlements for the Proposed Project, provided (i) such entitlements and any related applications, submittals, and/or covenants do not encumber County and Commission's fee interest in the County Property and Commission Property or place obligations on County and Commission; and (ii) Developer timely provides County and Commission with copies of all proposed and final filings, submittals and correspondence relating to any entitlement applications. Should Developer abandon an entitlement application, County and Commission shall have the right to take over such application and Developer shall cooperate with County and Commission to complete any such entitlement process started by Developer provided that County and Commission shall indemnify, or defend and hold Developer harmless from any future actions of the County or Commission or any of its successors and assigns in connection therewith with such usage of the application or Developer's cooperation. If the Proposed Project is not built, Developer shall cooperate with County and Commission to seek removal of any entitlement obtained by Developer for the County Property and Commission Property, which County and Commission desire to be removed. Developer acknowledges and agrees that nothing in this Agreement constitutes a waiver of County or Commission's regulatory or police powers with respect to the Transaction or the Proposed Project, and that County or Commission's regulatory review and regulation of the Proposed Project, the desired entitlements and the construction and operation of the Proposed Project shall not be subject to any terms or conditions set forth in this Agreement. The obligations contained in this Section 9C shall survive termination, expiration or revocation of this Agreement.

10. Indemnity and Insurance.

- A. Indemnity. Developer shall indemnify, defend (with counsel reasonably approved by County) and hold harmless County, Commission, and their representatives, employees, officials, directors, attorneys, consultants, successors, and assigns (collectively, the “**Indemnitees**”) from any liability, claims, losses, costs, expenses, or damages (including, without limitation, reasonable attorneys’ fees and costs) (collectively, “**Claims**”), in any way arising out of acts or omissions related to the following, and without requirement that County and Commission first pay such Claims: (i) damage to property or bodily injury or death of any person caused by Developer, its agents, employees, or contractors; (ii) any entry upon the County Property or Commission Property by Developer, its agents, employees, or contractors; (iii) any Inspection made by Developer, its agents, employees, or contractors; or (iv) the planning and preparation of, or challenge to any report or Development Documents (including the cost of such reports or Development Documents), except to the extent such Claims arise solely from the gross negligence or willful misconduct of any Indemnitee. The obligations contained in this Section 10A shall survive the termination, expiration or revocation of this Agreement.
- B. Insurance. Prior to Developer’s or its employees’, contractors’ or consultants’ entry onto the County Property or Commission Property, Developer shall provide County and Commission with evidence of insurance in the form and subject to the requirements set forth in the ROE.

11. Failure to Reach Agreement.

This Agreement is an agreement to enter into exclusive negotiations with respect to the Transaction. Each Party expressly reserves the right to decline to enter into any other agreement, if the Parties working in good faith fail to agree to terms satisfactory to all Parties with respect to the Transaction. Except as expressly provided in this Agreement, none of the Parties shall have any obligation, duty or liability hereunder in the event the Parties fail to timely agree upon and execute the Project Agreements. If the Parties have not executed the Project Agreements prior to the expiration or termination of this Agreement, then upon expiration or termination of this Agreement, any rights or interest that Developer may have under this Agreement shall cease without requiring any notice from County and Commission, and County and Commission shall have the right thereafter to use, develop (alone or with any other entity) or dispose of the County Property and Commission Property as County and Commission shall determine appropriate in their sole and absolute discretion.

12. Termination, Default and Remedies.

- A. Right to Terminate. In addition to any other right of termination set forth in this Agreement, either Party may terminate this Agreement upon thirty (30)



days prior written notice to the other Party, if such terminating Party in good faith determines any of the following: (i) a successful consummation of the Transaction is not likely, (ii) the Proposed Project is not feasible, (iii) the Proposed Project is not capable of being financed in a commercially reasonable manner, or (iv) the Proposed Project is not likely to be developed and constructed in a timely manner.

- B. Breach. The occurrence of any one or more of the following events shall constitute a breach under this Agreement (each a “**Breach**”):
- i. The failure of a Party to perform any obligation, or to comply with any covenant, restriction, term, or condition of this Agreement;
  - ii. The failure of a Party to meet the milestones set forth in the Schedule of Performance, unless otherwise modified and agreed to in writing by the Parties; or
  - iii. Any material representation or warranty made by a Party proves to be false or misleading in any material respect at the time made.
- C. Default. A Breach shall become a default under this Agreement (each a “**Default**”) if the Party committing the Breach fails to cure the Breach within the following time periods:
- i. For all monetary Breaches, five (5) Business Days after receipt of written notice of monetary breach;
  - ii. For all non-monetary Breaches, twenty (20) Business Days after receipt of written notice (“**Cure Notice**”) thereof from the aggrieved Party specifying such non-monetary Breach in reasonable detail, delivered in accordance with the provisions of this Agreement, where such non-monetary Breach could reasonably be cured within such twenty (20) Business Day period; or
  - iii. Where such non-monetary Breach could not reasonably be cured within such twenty (20) Business Day period, such reasonable additional time as is necessary to promptly and diligently complete the cure but in no event longer than forty (40) Business Days (“**Outside Date**”); provided that the breaching Party promptly commences to cure such non-monetary Breach after receiving the Cure Notice and thereafter diligently and continuously pursues completion of such cure.
- D. Unavoidable Delay. If a non-monetary Breach is due to an Unavoidable Delay, then the Party claiming the delay shall have the right to extend the Outside Date by a period equal to the duration of the Unavoidable Delay by written notice to the other Party. The duration of the Unavoidable Delay shall be deemed to commence only after written notice of such Unavoidable

Delay is delivered to the other Party, provided that if written notice of such Unavoidable Delay is given within five (5) Business Days after the commencement of the delay, then the date of the commencement of the Unavoidable Delay shall be retroactive to the actual commencement date of the delay. A written notice of Unavoidable Delay must reasonably specify: (i) the nature of the delay; (ii) the date the delay commenced and (if not ongoing) ended; and (iii) the reason(s) such delay is an Unavoidable Delay. Upon the documentation of an Unavoidable Delay pursuant to this Section 12D, the Outside Date shall be delayed by the period of the Unavoidable Delay; provided, however, under no circumstances may the Outside Date be extended by more than a total of forty (40) Business Days as a result of Unavoidable Delay without the written consent of both Developer, County and Commission.

- E. Remedies. If any Default occurs, the non-defaulting Party shall have the right, but not the obligation, to avail itself of any one or more of the following remedies:
- i. The non-defaulting Party may, at its sole election, terminate this Agreement upon not less than five (5) days prior written notice of termination provided to the defaulting Party.
  - ii. Unless otherwise provided herein, in addition to the foregoing, the non-defaulting Party may exercise any right or remedy it has under this Agreement, or which is otherwise available at law or in equity or by statute. All rights, privileges and elections or remedies of the Parties are cumulative and not alternative to the extent permitted by law (including suit for damages) or in equity.
- F. Upon Termination of Agreement. Upon termination of this Agreement, (1) any rights or interest that Developer may have hereunder shall cease and County and Commission shall have the right thereafter to use, develop (alone or with any other entity) or dispose of the County Property and Commission Property as County or Commission shall determine appropriate in their sole and absolute discretion; and (2) any rights or interest that County or Commission may have hereunder shall cease and Developer shall have the right to use, develop (alone or with any other entity) or dispose of the Developer Property as it determines appropriate in its sole and absolute discretion. In any event, the Development Documents shall become the property of County and Commission.

13. Entire Agreement; Amendments.

This Agreement, including all exhibits, constitutes the entire understanding among the Parties and supersedes all other agreements, oral or written, with respect to the subject matter herein. Additionally, this Agreement may not be amended except in writing signed by all of the Parties.

14. Covenant Against Discrimination.

Developer shall not discriminate against, nor segregate, in employment or the development, construction, sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of all or portions of the Proposed Properties, nor deny the benefits of or exclude from participation in, the Project and all activities of Developer in connection with the Proposed Properties, any person, or group of persons, on account of race, color, religion, creed, national origin, ancestry, sex, sexual preference/orientation, marital status, age, disability, medical condition, Acquired Immune Deficiency Syndrome (AIDS), acquired or perceived, or retaliation for having filed a discrimination complaint.

15. Confidentiality.

A. Proprietary Documents. The Parties anticipate that during the Term each shall from time to time disclose and provide to the other certain proprietary reports, correspondence and other information related to the Project. Unless otherwise required by law, no Party shall disclose (except to its own and to the other Party's employees, officers, directors, agents, advisors, existing and prospective lenders, investors, counsel, and consultants) information regarding or related to the Proposed Project which is not already public and which has been delivered to such Party pursuant to the terms hereof.

B. Public Disclosure. Notwithstanding the foregoing Section 15A, Developer acknowledges and agrees that County and Commission, as government agencies, (i) are subject to broad disclosure obligations under applicable law, including the Public Records Act, and (ii) hold County Board and Commission Board meetings which are open to the public and at which information concerning the Proposed Project may be disclosed including reports to the County Board and Commission Board describing the Proposed Project, and including any documents to be approved by the County Board and Commission Board. Nothing in this Agreement shall prohibit any disclosure required by law.

16. Compliance with Laws.

During the Term, Developer, at its expense, shall comply with all applicable federal, state and local laws, ordinances, regulations, rules and orders with respect to the subject matter of this Agreement.

17. Successors and Assigns.

This Agreement shall be binding on and inure to the benefit of the Parties and their respective permitted successors and assigns.

18. Notices.

All notices shall be in writing and either (a) personally served at the appropriate address (including by means of professional messenger service or recognized overnight delivery service, provided that any such delivery is confirmed by written receipts signed on behalf of the receiving Party or by adequate proof of service) or (b) deposited in the United States mail, postage prepaid, certified or registered mail, return receipt requested, addressed to the appropriate addressee and shall be deemed received and effective on the day such notice is actually received if received before 5:00 p.m. on a regular business day, or on the following business day if received at any other time. All addresses of the Parties for receipt of any notice to be given pursuant to this Proposed Project are as follows:

To the Commission and County:

Community Development Commission of the County of Los Angeles  
700 West Main Street  
Alhambra, CA 91801  
Attention: Kathy Thomas, Director  
Economic and Housing Development Division

With a copy to:

Office of the County Counsel  
County of Los Angeles  
500 West Temple St., 6<sup>th</sup> Floor  
Los Angeles, CA 90012-2932  
Attention: Behnaz Tashakorian/Tiffani Shin  
Email: btashakorian@counsel.lacounty.gov/tshin@counsel.lacounty.gov

To the Developer:

Azure Development, Inc.  
Attention: Vanessa Delgado  
6055 East Washington Boulevard, Suite 935  
Commerce, CA 90040  
Email: [vanessa@azuredevelopmentco.com](mailto:vanessa@azuredevelopmentco.com)

With a copy to:

Sheppard, Mullin, Richter & Hampton, LLP  
Attention: Alfred Fraijo, Jr.  
333 South Hope Street, 43<sup>rd</sup> Floor  
Los Angeles, CA 90071-1422  
Email: [afraijo@sheppardmullin.com](mailto:afraijo@sheppardmullin.com)

19. Interpretation.

- A. Construction. This Agreement shall be construed in accordance with its fair meaning, and not strictly for or against either Party.
- B. Gender. When the context of this Agreement requires, (i) the neuter gender includes the masculine and feminine and any entity, and (ii) the singular includes the plural.
- C. Section Headings. The headings of the Sections of this Agreement are inserted solely for convenience of reference and are not intended to govern, limit or aid in the construction of any term or provision hereof. Unless otherwise explicitly provided, all references to "Sections" are respectively to articles or sections of this Agreement.
- D. Interpretation. The word "including" shall be construed as though the words "but not limited to" were, in each case, appended thereafter, and shall not be deemed to create a limitation to the list that follows "including."
- E. Incorporation of Recitals. The Recitals of this are incorporated herein by reference.
- F. Exhibits. All references in this Agreement to exhibits shall be construed as though the words "hereby made a part hereof and incorporated herein by this reference" were, in each case, appended thereto. In the event of a conflict between this Agreement and any of the exhibits attached hereto, the terms of this Agreement shall govern.
- G. No Third-Party Beneficiaries. Except as expressly set forth in this Agreement, no parties other than the Parties and their successors and assigns, shall be a beneficiary of the rights conferred in this Agreement, and no other party shall be deemed a third-party beneficiary of such rights.

- H. Severability. If (i) any provision of this Agreement is held by a court of competent jurisdiction as to be invalid, void or unenforceable and (b) the invalidity or unenforceability of such a provision does not deny a Party the material benefit of this Agreement, then the remainder of this Agreement which can be given effect without the invalid provision shall continue in full force and effect and shall in no way be impaired or invalidated.
- I. No Partnership. Nothing in this Agreement shall be deemed or construed as creating a partnership, joint venture, or association between the Parties, or cause either Party to be responsible in any way for the debts or obligations of the other Party.
- J. No Assignment by Developer. The Parties acknowledge and agree that County and Commission have entered into this Agreement in reliance on Developer's unique abilities to develop the Project; consequently, Developer shall have no right to assign its rights or duties under this Agreement. Notwithstanding the foregoing, upon written approval by the County and the Commission, which approval shall not be unreasonably withheld, Developer shall be permitted to assign its rights and duties under this Agreement to (i) an affiliate of Developer, (ii) a single purpose entity created by Developer for the purpose of purchasing the Proposed Properties and developing the Proposed Project or (iii) an entity owned or controlled by the joint venture between Developer and Romero.
- K. Prevailing Party. In the event that either Party to this Agreement brings an action to enforce the terms of this Agreement or declare the Party's rights under this Agreement, each Party shall bear its own costs and expense, including attorneys' fees, regardless of prevailing Party.

20. Limitations of this Agreement

This Agreement does not constitute a commitment of any kind by County or Commission regarding the sale, transfer, or development of all or any part of the County Property and Commission Property and does not constitute a commitment by Developer regarding the transfer or development of all or any part of Developer Property. Execution of this Agreement by County and Commission is merely an agreement to enter into a period of exclusive negotiations according to the terms hereof, reserving final discretion and approval by the County Board and Commission Board as to any Project Agreements and all proceedings and decisions in connection therewith.

*(Signature Page to Follow)*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date and year first above written.

**COMMUNITY DEVELOPMENT COMMISSION**

By: \_\_\_\_\_  
Monique King-Viehland  
Executive Director

\_\_\_\_\_  
Date

**APPROVED AS TO FORM FOR THE COMMISSION:**

Mary C. Wickham  
County Counsel

By: \_\_\_\_\_  
Behnaz Tashakorian  
Senior Deputy County Counsel

\_\_\_\_\_  
Date

**COUNTY OF LOS ANGELES**

By: \_\_\_\_\_  
Monique King-Viehland  
Executive Director  
Community Development Commission  
of the County of Los Angeles

\_\_\_\_\_  
Date

**APPROVED AS TO FORM FOR THE COUNTY:**

Mary C. Wickham  
County Counsel

By: \_\_\_\_\_  
Behnaz Tashakorian  
Senior Deputy County Counsel

\_\_\_\_\_  
Date

**AZURE DEVELOPMENT, INC.:**

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Vanessa Delgado, Managing Partner



**EXHIBIT A**

**Depiction of County and Commission Property**

**EXHIBIT B**

**Depiction of Developer Property**

**EXHIBIT C**

**Preliminary Design Concept Plan**

**For the Project**

## EXHIBIT D

### Schedule of Performance

1.	Developer shall deliver to the County and the Commission a fully executed copy of the JV Agreement between the Developer and Romero.	Within Sixty (60) days of the Effective Date.
2.	Developer shall submit to the County and Commission Project Plans necessary for County and Commission to make appropriate findings pursuant to CEQA and Design Review Process. Developer shall bear all costs and expenses associated with the preparation and certification of any required environmental documents (including an Environmental Impact Report, if required by CEQA) and of the Project Plans.	Within Sixty (60) days of the Effective Date.
3.	Developer shall submit to the County and Commission project financial information (the "Project Financial Information") that shall include: (1) an estimate of development costs, including construction and non-construction costs, such as the proposed purchase price of the Commission and County land; (3) a description of the proposed method of financing; (4) a proposed construction and operating pro forma which identifies all sources and uses of funds; (5) evidence that Developer has the financial resources necessary for development of the Proposed Project, such as preliminary loan approvals and/or audited financial statements, or other form of evidence reasonably acceptable to the County and the Commission.	Within Sixty (60) days of the Effective Date.
4.	The County and the Commission will provide to the Developer its evaluation (the "Project Evaluation") of the Project Plans and Project Financial Information. The Project Evaluation shall indicate the County and Commission's preliminary determinations as to the appropriate level of review under CEQA.	Within Thirty (30) days of the date of receipt of the Project Plans and Project Financial Information.

5.	Pursuant to the Right-of-Entry Agreement, Developer may conduct inspections, tests, surveys, and other analyses (“Inspections”) as Developer, County and Commission deem reasonably necessary to determine the condition of the Proposed Properties or the feasibility of designing, developing, constructing and financing the Project and shall complete such Inspections as promptly as reasonably possible.	Within the One Hundred Eighty (180) day ENA Term.
6.	Based on the information submitted by Developer and the Project Evaluation, the Parties shall negotiate and finalize the terms of a Disposition and Development Agreement and shall process any CEQA review documents as may be necessary. Developer shall bear all costs and expenses associated with the preparation and certification of any required environmental documents (including an Environmental Impact Report, if required by CEQA) and of the Project Plans.	Ninety (90) days after Project Evaluation is provided to Developer.

Prior to the termination of the ENA, or any extension thereof, the Parties shall negotiate in good faith a mutually acceptable Disposition and Development Agreement for the development of the Proposed Project. If such a DDA is not entered into during the ENA period, or any extension thereof, then the County and Commission shall be free to negotiate with any other party with respect to the redevelopment of the County Property and Commission Property for any purpose or use whatsoever.

**EXHIBIT E**

**Form of Right of Entry Agreement**

**RIGHT OF ENTRY PERMIT**

This Right of Entry Permit ("Permit") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2016, by and between the County of Los Angeles a public body corporate and politic ("County"), and \_\_\_\_\_ ("Permittee"). County and Permittee agree as follows:

1. PREMISES: Permittee, after execution by County, is hereby granted permission to enter County property identified as County Assessor's Parcel Numbers ("APN") \_\_\_\_\_, also known as \_\_\_\_\_, as described in Exhibit "A", attached hereto and incorporated herein by this reference ("Premises"). Entry constitutes acceptance by Permittee of all conditions and terms of this Permit.
2. PURPOSE: The sole purpose of this Permit is to allow Permittee and its subcontractors to enter the Premises to conduct \_\_\_\_\_.
3. TERM: The term of this Permit shall be for a period of \_\_\_\_\_ months, commencing upon the date that County executes this Permit. This Permit shall terminate \_\_\_\_\_ months after the Commencement Date. The hours of operation for this Permit shall be between 8:00 a.m. and 5:00 p.m. The term may be extended by mutual agreement in writing between Permittee and County.
4. CONSIDERATION: Consideration for this Permit shall be Permittee's faithful performance of its obligations under this Permit.
5. ADDITIONAL CHARGES: Permittee agrees to pay any charges for utilities that may be required and for the safekeeping of the Premises for the prevention of any accidents as a result of the Permittee's activities thereon.
6. NOTICE: Notices desired or required to be given by this Permit or by any law now or hereinafter in effect may be given by enclosing the same in a sealed envelope, Certified Mail, Return Receipt Requested, addressed to the party for whom intended and depositing such envelope with postage prepaid in the U.S. Post Office or any substation thereof, or any public letter box, and any such notice and the envelope containing the same shall be addressed to Permittee as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

or such other place in California as may hereinafter be designated in writing by the Permittee. The Notices, Certificates of Insurance and Envelopes containing the same to County shall be addressed to:

Community Development Commission of the County of Los Angeles  
700 West Main Street  
Alhambra, CA 91801  
Attn: Director of Economic and Housing Development  
Fax No. (626) 943-3816

7. **INDEMNIFICATION:** Permittee agrees to indemnify, defend and save harmless County, the Community Development Commission of the County of Los Angeles (“CDC”) Housing Authority of the County of Los Angeles (“Housing Authority”) and the County of Los Angeles and their agents, elected and appointed officers and employees from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage, including damage to County property, arising from or connected with Permittee’s operations, or its services hereunder, including any Workers’ Compensation suits, liability, or expense, arising from or connected with services performed by or on behalf of Permittee by any person pursuant to this Permit.

8. **GENERAL INSURANCE REQUIREMENTS:** While this permit is in effect, Permittee or its contractor shall, at its sole cost and expense, obtain and maintain in full force and effect throughout the term of this Permit, insurance, as required by County, in the amount and coverages specified on, and issued by insurance companies as described in Exhibit “B”.

**Notification of Incidents, Claims or Suits:** Permittee shall report to County any accident or incident relating to Permittee’s entry which involves injury or property damage which may result in the filing of a claim or lawsuit against Permittee and/or County in writing within three business days of occurrence.

9. **RESERVED**

10. **RESERVED**

11. **OPERATIONAL RESPONSIBILITIES:** Permittee shall:

- a. Comply with and abide by all applicable rules, regulations and directions of County.
- b. Comply with all applicable County ordinances and all State and Federal laws, and in the course thereof obtain and keep in effect all permits and licenses required to conduct the permitted activities on the Premises.
- c. Maintain the Premises and surrounding area in a clean and sanitary condition to the satisfaction of County.

- d. Conduct the permitted activities in a courteous and non-profane manner; operate without interfering with the use of the Premises by County. County has the right to request Permittee to remove any agent, servant or employee who fails to conduct permitted activities in the manner heretofore described.
- e. Assume the risk of loss, damage or destruction to any and all fixtures and personal property belonging to Permittee that are installed or placed within the area occupied.
- f. Repair or replace any and all County property lost, damaged, or destroyed as a result of or connected with the conduct or activities of the Permittee. In the event utility services, including but not limited to sewer services, for the Premises are interrupted, Permittee shall promptly make repairs. Should Permittee fail to promptly make any and all repairs required by County during or following completion of Permittee's project, County may have repairs made at Permittee's cost and Permittee shall pay costs in a timely manner.
- g. Pay charges for installation and service costs for all utilities used for the conduct of the permitted activities, if needed.
- h. Except for the purpose described in Section 2, Permittee agrees to restore the Premises, prior to the termination of this Permit, and to the satisfaction of County, to the conditions that existed prior to the commencement of the permitted activities, excepting ordinary wear and tear or damage or destruction by the acts of God beyond the control of Permittee. This shall include removal of all rubbish and debris, as well as structures placed on the Premises by Permittee in order that the Premises will be neat and clean and ready for normal use by County on the day following the termination of this Permit. Should Permittee fail to accomplish this, County may perform the work and Permittee shall pay the cost.
- i. Allow County to enter the Premises at any time to determine compliance with the terms of this Permit, or for any other purpose incidental to the performance of the responsibilities of County.
- j. Provide all security devices required for the protection of the fixtures and personal property used in the conduct of the permitted activities from theft, burglary or vandalism, provided written approval for the installation thereof is first obtained from County.
- k. Prohibit all advertising signs or matter from display at the Premises, other than signs displaying the name of Permittee.
- l. Prohibit the sale of food.
- m. Keep a responsible representative of the Permittee available on the Premises during the times that Permittee is using said Premises for the



purposes stated in Section 2 above. This person shall carry copies of this Permit for display upon request.

- n. Prior to entry onto the Premises pursuant to this Permit, notify County, in writing, of the times and dates the work or activity is to take place.
  - o. Request permission of County to enter occupied portions of the Premises not less than twenty-four (24) hours in advance, together with a description of the nature and extent of activities to be conducted on the Premises.
  - p. At Permittee's sole cost and expense, be responsible for the cost of repairing the parking lot, sidewalks, driveways, landscaping and irrigation systems on the Premises which may be damaged by Permittee or Permittee's agents, employees, invitees or visitors, during and/or following the construction of Permittee's project, to County's satisfaction. Said repairs shall include the restoration of said landscaping and rerouting of said irrigation systems affected by Permittee's work on the Premises, if necessary.
12. **INDEPENDENT STATUS:** This Permit is by and between County and Permittee and is not intended and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture or association as between County and Permittee. Permittee understands and agrees to bear the sole responsibility and liability for furnishing Workers' Compensation benefits to any person for injuries arising from or connected with services performed on behalf of Permittee pursuant to this Permit.
13. **EMPLOYEES:** All references to the "Permittee" in the Permit are deemed to include the employees, agents, assigns, contractors, and anyone else involved in any manner in the exercise of the rights therein given to the undersigned Permittee.
14. **LIMITATIONS:** It is expressly understood that in permitting the right to use said Premises, no estate or interest in real property is being conveyed to Permittee, and that the right to use is only a nonexclusive, revocable and unassignable permission to enter the Premises in accordance with the terms and conditions of the Permit for the purpose of conducting the activities permitted herein.
15. **ASSIGNMENT:** This Permit is personal to Permittee, and in the event Permittee shall attempt to assign or transfer the same in whole or part all rights hereunder shall immediately terminate.
16. **AUTHORITY TO STOP:** In the event that an authorized representative of County finds that the activities being held on the Premises unnecessarily endanger the health or safety of persons on or near said property, the representative may require that this Permit immediately be terminated until said endangering activities cease, or until such action is taken to eliminate or prevent the endangerment.

17. **DEFAULT:** Permittee agrees that if default shall be made in any other terms and conditions herein contained, County may forthwith revoke and terminate this Permit.
18. **ALTERATIONS AND IMPROVEMENTS:** Permittee has examined the Premises and knows the condition thereof. Permittee accepts the Premises in the present state and condition and waives any and all demand upon County for alteration, repair, or improvement thereof. Permittee shall make no alteration or improvements to the Premises, except those identified in Section 2 hereof, without prior written approval from County, and any fixtures and/or personal property incidental to the purposes described in Section 2 hereof shall be removed by Permittee prior to the termination of this Permit, and in the event of the failure to do so, title thereto shall vest in County. All betterments to the Premises shall become the property of County upon the termination of this Permit.
19. **COUNTY LOBBYIST ORDINANCE:** Permittee is aware of the requirements of Chapter 2.160 of the Los Angeles County Code with respect to County Lobbyists as such are defined in Section 2.160.010 of said Code, and certifies full compliance therewith. Failure to fully comply shall constitute a material breach upon which County may terminate or suspend this Permit.
20. **INTERPRETATION:** Unless the context of this Permit clearly requires otherwise: (i) the plural and singular numbers shall be deemed to include the other; (ii) the masculine, feminine and neuter genders shall be deemed to include the others; (iii) "or" is not exclusive; and (iv) "includes and "including" are not limiting.
21. **ENTIRE AGREEMENT:** This Permit contains the entire agreement between the parties hereto, and no addition or modification of any terms or provisions shall be effective unless set forth in writing, signed by both County and Permittee.
22. **TIME IS OF THE ESSENCE:** Time is of the essence for each and every term, condition, covenant, obligation and provision of this Permit.
23. **POWER AND AUTHORITY:** The Permittee has the legal power, right and authority to enter into this Permit, and to comply with the provisions hereof. The individuals executing this Permit on behalf of any legal entity comprising Permittee have the legal power, right and actual authority to bind the entity to the terms and conditions of this Permit.
24. **SURVIVAL OF COVENANTS:** The covenants, agreements, representations and warranties made herein are intended to survive the termination of the Permit.

**PERMITTEE:**

\_\_\_\_\_,  
\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Who hereby personally covenants, guarantees and warrants that he/she has the power and authority to obligate the Permittee to the terms and conditions in this Permit. Please sign before a Notary Public and return for approval. Upon approval a signed copy will be mailed to Permittee.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of \_\_\_\_\_  
County of \_\_\_\_\_

On \_\_\_\_\_, before me, \_\_\_\_\_,  
Notary Public, personally appeared \_\_\_\_\_, who  
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)  
is/are subscribed to the within instrument and acknowledged to me that he/she/they  
executed the same in his/her/their authorized capacity(ies), and that by his/her/their  
signature(s) on the instrument the person(s), or the entity upon behalf of which the  
person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California  
that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

[Signatures continue on the next page]

This Permit has been executed on behalf of County on the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

**COUNTY:**

By: \_\_\_\_\_

APPROVED AS TO FORM:

Mary C. Wickham, County Counsel

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

RIGHT OF ENTRY PERMIT  
PERMITTEE: \_\_\_\_\_

**EXHIBIT "A"**  
**LEGAL DESCRIPTION**

RIGHT OF ENTRY PERMIT  
PERMITTEE: \_\_\_\_\_

**EXHIBIT "B"**  
**INSURANCE REQUIREMENTS**

Without limiting Permittee's duties to indemnify and defend as provided in this Right of Entry Permit, Permittee shall procure and maintain, at Permittee's sole expense, the insurance policies described herein. Such insurance shall be secured from carriers admitted in California, or authorized to do business in California. Such carriers shall be in good standing with the California Secretary of State's Office and the California Department of Insurance. Such carriers must be admitted and approved by the California Department of Insurance or must be included on the California Department of Insurance List of Approved Surplus Line Insurers (hereinafter "LASLI"). Such carriers must have a minimum rating of or equivalent to A:VIII in A.M. Best's Insurance Guide. Permittee shall, concurrent with the execution of this Right of Entry Permit, deliver to County certificates of insurance with original endorsements evidencing the insurance coverage required by this Right of Entry Permit. If original endorsements are not immediately available, such endorsements may be delivered subsequent to the execution of this Right of Entry Permit, but no later than thirty (30) days following execution of this Right of Entry Permit. The certificates and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. During the term of this Permit, Permittee shall ensure that County has current certificates of insurance and applicable endorsements. County reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to County and all deductible amounts must be provided in advance to County for its approval. Any self-insurance program and self-insured retention must be separately approved by County. In the event such insurance does provide for deductibles or self-insurance, Permittee agrees that it will defend, indemnify and hold harmless County, CDC and Housing Authority, and their elected and appointed officers, officials, representatives, employees, and agents in the same manner as they would have been defended, indemnified and held harmless if full coverage under any applicable policy had been in effect. Permittee shall provide County at least thirty (30) days' written notice in advance of any cancellation or any reduction in limit(s) for any policy of insurance required herein. Permittee shall give County immediate notice of any insurance claim or loss which may be covered by insurance. Permittee represents and warrants that the insurance coverage required herein will also be provided by any entities with which Permittee contracts, as detailed below. All certificates of insurance and additional insured endorsements shall carry the following identifier:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The insurance policies set forth herein shall be primary insurance and non-contributory with respect to County, CDC and Housing Authority. The insurance policies shall contain a waiver of subrogation for the benefit of County, CDC and Housing Authority. Failure on the part of Permittee, and/or any entities with which Permittee contracts, to procure or

maintain the insurance coverage required herein may, upon County's sole discretion, constitute a material breach of this Right of Entry Permit pursuant to which County may immediately terminate this Right of Entry Permit and exercise all other rights and remedies set forth herein, at its sole and absolute discretion, and without waiving such default or limiting the rights or remedies of County, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by County shall be immediately repaid by Permittee to County upon demand including interest thereon at the default rate. In the event of such a breach, County shall have the right, at its sole election, to participate in and control any insurance claim, adjustment, or dispute with the insurance carrier. Permittee's failure to assert or delay in asserting any claim shall not diminish or impair County's rights against Permittee or the insurance carrier.

When Permittee, or any entity with which Permittee contracts, is naming County as an additional insured on the general liability insurance policy set forth below, then the additional insured endorsement shall contain language similar to the language contained in ISO form CG 20 10 11 85. In the alternative and in County's sole and absolute discretion, it may accept both CG 20 10 10 01 and CG 20 37 10 01 in place of CG 20 10 11 85.

The following insurance policies shall be maintained by Permittee and any entity with which Permittee contracts for the duration of this Right of Entry Permit, unless otherwise set forth herein:

A. GENERAL LIABILITY INSURANCE (written on ISO policy form CG 00 01 or its equivalent) including coverage for bodily injury, personal injury and property damage with limits of not less than the following:

General Aggregate .....	\$2,000,000
Products/Completed Operations Aggregate .....	\$2,000,000
Personal and Advertising Injury .....	\$1,000,000
Each Occurrence.....	\$1,000,000

County, CDC and Housing Authority, and each of their elected and appointed officers, officials, representatives, employees, and agents (hereinafter collectively referred to as the "Public Agencies and their Agents"), shall be named as additional insureds for contractor's work on such policy. If Permittee contracts for or performs any digging, excavation or any work below grade, Permittee shall require such contractor to provide coverage for explosion, collapse, and underground ("XCU") property damage liability in addition to insurance required in this Exhibit.

B. WORKERS' COMPENSATION and EMPLOYER'S LIABILITY insurance providing workers' compensation benefits, as required by the Labor Code of the State of California. This must include a waiver of subrogation in favor of the Public Agencies and their Agents. In all cases, the above insurance also shall include Employer's Liability coverage with limits of not less than the following:

Each Accident.....	\$1,000,000
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Disease-Policy Limit .....	\$1,000,000
Disease-Each Employee .....	\$1,000,000

C. AUTOMOBILE LIABILITY INSURANCE (written on ISO policy form CA 00 01 or its equivalent) with a limit of liability of not less than one million dollars (\$1,000,000) for each incident. Such insurance shall include coverage of all “owned”, “hired”, and “non-owned” vehicles, or coverage for “any auto.”

D. POLLUTION LIABILITY INSURANCE (in the event that Permittee or any of its employees, agents or contractors intends to perform any invasive testing, remediation of hazardous substances or any other activity that might be reasonably expected to include or release hazardous substances) including coverage for bodily injury, personal injury, death, property damages, and environmental damage with limits of not less than the following:

General Aggregate .....	\$1,000,000
Completed Operations.....	\$1,000,000
Each Occurrence.....	\$500,000

Said policy shall also include, but not be limited to: coverage for any and all remediation costs, including, but not limited to, brownfield restoration and cleanup costs, and coverage for the removal, repair, handling, and disposal of asbestos and/or lead containing materials where applicable. The Public Agencies and their Agents shall be covered as additional insureds on the pollution liability insurance policy. If the general liability insurance policy and/or the pollution liability insurance policy is written on a claims-made form, then said policy or policies shall also comply with all of the following requirements:

- (i) The retroactive date must be shown on the policy and must be before the date of this Permit or the beginning of the work or services that are the subject of this Permit;
- (ii) Insurance must be maintained and evidence of insurance must be provided for the duration of this Permit or for five (5) years after completion of the work or services that are the subject of this Permit, whichever is greater;
- (iii) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of this Permit, then the contractor must purchase an extended period coverage for a minimum of five (5) years after completion of work or services that are the subject of this Permit;
- (iv) A copy of the claims reporting requirements must be submitted to County for review; and
- (v) If the work or services that are the subject of this Permit involve lead based paint or asbestos identification/remediation, then the pollution liability shall not contain any lead-based paint or asbestos exclusions.