

THE LOS ANGELES GRAND AVENUE AUTHORITY
c/o County of Los Angeles
Chief Executive Office
Kenneth Hahn Hall of Administration, Room 754
Los Angeles, CA 90012

November 24, 2014

Grand Avenue L.A., LLC
c/o The Related Companies, L.P.
60 Columbus Circle, 19th Floor
New York, NY 10023

Re: Letter Agreement Re: Revised Phase I Schedule of Performance and Certain Waivers Under DDA and Ground Lease

Ladies and Gentlemen:

This letter agreement (“**November Letter Agreement**”) is being entered into by and between The Los Angeles Grand Avenue Authority, a California joint powers authority (“**Authority**”) and Grand Avenue L.A., LLC, a Delaware limited liability company (“**Developer**”) with reference to the following facts:

(i) Authority and Developer are parties to that certain Disposition and Development Agreement (Grand Avenue) dated as of March 5, 2007 (the “**Original DDA**”), as amended by that certain First Amendment to Disposition and Development Agreement (Grand Avenue) among Developer, Authority and The Broad Collection (“**Broad**”) dated as of August 23, 2010, that certain Second Amendment to Disposition and Development Agreement (Grand Avenue) among Developer, Authority and Broad dated as of May 31, 2011, that certain Third Amendment to Disposition and Development Agreement (Grand Avenue) among Developer, Authority, Broad and Grand Avenue M Housing Partners, LLC dated as of December 10, 2012, and that certain Fourth Amendment to Disposition and Development Agreement (Grand Avenue) among Developer, Authority and Grand Avenue M Housing Partners, LLC (the “**Fourth Amendment**”) dated as of January 21, 2014 (the Original DDA, as so amended, is referred to herein as the “**DDA**”);

(ii) Authority and Developer are parties to that certain Phase I Ground Lease dated as of March 5, 2007 (the “**Ground Lease**”);

(iii) Authority and Grand Avenue Park Development, LLC, a Delaware limited liability company, are parties to that certain Civic Park Design Agreement dated as of March 20, 2006, as amended by that certain Amendment to Civic Park Design Agreement dated as of February 26, 2010 (collectively, the “**Park Design Agreement**”);

(iv) Authority and Developer are parties to that certain Letter Agreement Re: Revised Phase I Schedule of Performance and Certain Waivers Under DDA and Ground

Lease dated as of July 28, 2008 (“**2008 Letter**”) and to that certain Amended and Restated Letter Agreement Re: Revised Phase I Schedule of Performance and Certain Waivers Under DDA and Ground Lease dated as of February 9, 2009 (the latter referenced herein as the “**Amended and Restated Letter Agreement**”), as amended by that certain First Amendment to Amended and Restated Letter Agreement Re: Revised Phase I Schedule of Performance and Certain Waivers Under DDA and Ground Lease (the “**Amendment to Letter Agreement**”) dated as of February 9, 2011 (the 2008 Letter, the Amended and Restated Letter Agreement and the Amendment to Letter Agreement are referred to herein, collectively, as the “**Original Letter Agreement**”);

(v) Authority and Developer entered into that certain Letter of Understanding Re: Phase I Commencement of Construction dated as of February 15, 2013 (the “**February 2013 Letter Agreement**”). The February 2013 Letter Agreement states that it supersedes the Original Letter Agreement in its entirety and the Original Letter Agreement shall have no further force or effect; and

(vi) Authority and Developer subsequently entered into that certain Letter of Understanding Re: Term Sheet dated as of May 13, 2013 (the “**May Letter Agreement**”), as amended by that certain Amended and Restated Letter of Understanding Re: Term Sheet dated as of September 30, 2013 (the “**September Letter Agreement**”) and that certain Amendment to September Letter Agreement dated as of January 21, 2014 (collectively, the “**Additional Letter Agreements**”).

Capitalized terms not defined herein shall have the meanings given them in the Original DDA.

RECITALS

A. Section 501(1) of the Original DDA provides that the Schedule of Performance attached to the Original DDA as Exhibit “C” is subject to revision from time to time as mutually agreed upon in writing by Developer and Authority. Pursuant to the Fourth Amendment, Authority approved the revised Phase I Schedule of Performance attached to the Fourth Amendment as Exhibit “B”. Developer has requested that Authority approve the further revised Schedule of Performance for Phase I attached hereto as Exhibit “B” – November 2014 Phase I Schedule of Performance (the “**November 2014 Phase I Schedule of Performance**”).

B. Section 2.1 of the Ground Lease provides that if the Possession Delivery Date (as defined in Section 2.1 of the Ground Lease) has not occurred within one (1) year after the Commencement Date (as defined in the Ground Lease), Authority shall have the right to terminate the Ground Lease. Developer has requested that Authority extend such termination right until the deadline for Commencement of Construction of Phase I set forth in the November 2014 Phase I Schedule of Performance.

C. In consideration of Developer's agreement to pay Authority certain fees and costs as provided herein, and in consideration of the other covenants and agreements of Developer as reaffirmed and set forth hereinbelow Authority has agreed to approve the foregoing requests of Developer with respect to Phase I and to enter into this November Letter Agreement, upon the terms and conditions hereinafter set forth.

AGREEMENT

1. **Schedule of Performance.** Authority hereby approves the November 2014 Phase I Schedule of Performance. Accordingly, all prior Schedules of Performance for Phase I are hereby replaced in their entirety with the November 2014 Phase I Schedule of Performance attached hereto as Exhibit "B" – November 2014 Phase I Schedule of Performance. In addition, the Schedule of Performance attached to the Ground Lease as Schedule 5.1(B) (which was previously amended) is hereby replaced in its entirety with the November 2014 Phase I Schedule of Performance attached hereto, except that for purposes of the Ground Lease all references in such November 2014 Phase I Schedule of Performance to the "Developer" shall be deemed to refer to the "Lessee."

2. **Waiver Under Section 2.1 of the Ground Lease.** Authority's right to terminate the Ground Lease under Section 2.1 of the Ground Lease is hereby extended until the deadline for Developer to Commence Construction of Phase I set forth in the November 2014 Phase I Schedule of Performance. Accordingly, if the Commencement of Construction of Phase I (and the Possession Delivery Date) have not occurred by December 31, 2016, Authority shall have the right to terminate the Ground Lease pursuant to Section 2.1 thereof.

3. **Terms and Conditions of Extension.** Authority's approval of the November 2014 Phase I Schedule of Performance is conditioned on all of the following:

(i) Developer shall pay the Authority the Extension Fee, as defined in Section 4.2.2 of the Fourth Amendment, and the One Million Dollars (\$1,000,000) described in Section 4.3 of the Fourth Amendment, on the respective dates required by the November 2014 Phase I Schedule of Performance attached hereto;

(ii) Developer shall submit to Authority, no later than January 15, 2015, copies of the following fully executed definitive agreements: (i) Hotel Management Agreement with SBE Hotel Group, LLC and (ii) Limited Liability Company Operating Agreement of RS Grand Ave. Holdings, LLC. To the extent input is received by Developer from the Authority and/or the City of Los Angeles from their review of the forms of these agreements submitted on October 31, 2014, the fully executed definitive agreements shall reflect such comments. Developer and Authority acknowledge the Authority retains its review and approval rights under Sections 904 and 906 of the Original DDA, that the City of Los Angeles has not surrendered or waived any of its review and approval rights for the Hotel Management Agreement, and that

future amendments to such documents may be required in connection with obtaining such approvals. Developer also remains obligated in connection with such future approvals, consistent with the requirements of the DDA and Ground Lease, to provide current and updated information at the time such approvals are requested including as to sources and uses of capital for the project (provided that in all events Related shall remain the controlling managing member of the Developer) and requirements of prospective lenders and limited partners, including amendments in connection with such financing source requirements;

(iii) Developer shall execute and deliver to Authority a Release and Waiver in the form attached hereto as Schedule 1 (“**Waiver**”) on the deadline for Commencement of Construction of Phase I;

(iv) Developer shall continue to pay Authority on a quarterly basis until the earlier of (i) the termination of the DDA or (ii) the Commencement of Construction of Phase I; the sum of \$50,000 for each full calendar quarter (prorated for any partial calendar quarter during said period) (“**Quarterly Payments**”). Such Quarterly Payments shall be paid in arrears at the end of each calendar quarter. Such Quarterly Payments shall be for the purpose of partially covering certain ongoing costs incurred by Authority in connection with Phase I of the Project;

(v) Between October 1, 2013 and the date upon which Developer submits 80% Construction Documents to the Authority for review, Developer shall commit expenditures in the amount of at least Twelve Million Dollars (\$12,000,000) for architecture and engineering, consultant fees, legal fees, and other expenditures in furtherance of future construction of improvements on Parcel Q; and

(vi) Developer expressly acknowledges and agrees, as provided in Section 4.4 of the Fourth Amendment, that none of the Governing Entities has or will have any obligation to fund any shortfall in the public subsidies for the Phase I Project if the amount of any committed public subsidies, including, but not limited to, the Public Infrastructure Investment, falls short of the amounts set forth in Section 301 of the Original DDA; provided, however, that this acknowledgement and agreement does not amend any other provisions of the Fourth Amendment or the DDA as to public subsidies and financing obligations. Without limiting the foregoing, the parties reaffirm the continued applicability of Section 4.4(b) of the Fourth Amendment, including the following provisions thereof:

“If the amounts of any committed public subsidies, including but not limited to the Public Infrastructure Investment, fall short of the amounts set forth in Section 301 of the Original DDA, Developer will work with the Authority and the Governing Entities to obtain additional funding for the Public Infrastructure Investment through funding mechanisms approved by the Governing Entities, including state and federal funding or other funding mechanisms, except that there is no obligation for the Developer, Authority or the Governing Entities to

fund a shortfall in Section 301 funding. Nothing in this paragraph shall be construed to amend or modify any financing obligations set forth in the Amended DDA”.

4. **No Refunds** The Extension Fee, One Million Dollars (\$1,000,000) payment and Quarterly Payments are non-refundable when paid and shall not be credited against, reduce or offset any other payments owed by The Related Companies, L.P., a New York limited partnership (“**Related**”) or Developer, or their respective affiliates, to Authority, the CRA or its successor, the City or the County, whether past, present or future; provided, however, that this Paragraph 4 is not intended to amend or alter the provisions of Sections 4.2.2 and 4.3 of the Fourth Amendment as to the Extension Fee and the One Million Dollars (\$1,000,000) payment.

5. **Consideration.** The agreements of Authority and Developer set forth in this November Letter Agreement are made for good and valuable consideration, including:

5.1 **Representations and Warranties of Developer.** Developer hereby represents and warrants to Authority that Developer’s execution of this November Letter Agreement has been fully approved and authorized by the proper representatives of all members of Grand Avenue LA Owner, LLC, including the subsidiaries of Istithmar Building FZE, and upon execution hereof this November Letter Agreement is a fully authorized and binding agreement of Developer.

5.2 **Release and Waiver of Claims.** Developer and Related, each on behalf of itself and the Developer Indemnified Parties (as defined in Section 110 of the Original DDA), hereby fully, finally and forever release and waive all rights, causes of action, claims (including, without limitation, claims for refunds, credits, offsets, reimbursements, damages, costs, expenses and attorneys' fees) and defenses (whether legal or equitable) of every kind and nature whatsoever that Developer or Related or the Developer Indemnified Parties has had or may have now or in the future, whether known or unknown and whether suspected or unsuspected, against any of the Authority Indemnified Parties (as defined in Section 110 of the Original DDA) and their predecessors and successors arising out of or in connection with the DDA, the Ground Lease, the Original Letter Agreement, the February 2013 Letter Agreement, the Additional Letter Agreements, the Civic Park Design Agreement, and/or any documents, certificates or statements related thereto (collectively, the “**Grand Avenue Documents**”) resulting from any actions, omissions or events that occurred prior to the date of this November Letter Agreement; provided, however, that the foregoing release and waiver expressly excludes any contractual benefits to which Related or Developer is expressly entitled pursuant to the terms and conditions of the Grand Avenue Documents. Without limiting the generality of the foregoing waiver and release, Developer and Related hereby acknowledge and agree that under no circumstance, whether past, present or future, is Developer, Related or any Developer Indemnified Party entitled to any refund, reimbursement, repayment or recovery of (i) any amounts previously paid to Authority or any of the Governing Entities under any of the Grand Avenue Documents, including, without

limitation, the Deposit and the Leasehold Acquisition Fee (as defined in the Original DDA), or (ii) any costs and expenses that have been incurred or expended by Developer or any Developer Indemnified Parties relating to the entitlement, design, construction, processing or otherwise in connection with the Grand Avenue Project. Developer acknowledges that Authority has not breached or defaulted under any provision of the Grand Avenue Documents and that Authority is in full compliance with the same. In furtherance of the foregoing waiver and release, Developer and Related each acknowledges that it is familiar with Section 1542 of the California Civil Code, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

Developer and Related each hereby waives and relinquishes any right or benefit which it has or may have under Section 1542 of the California Civil Code or any similar provision of the statutory or non-statutory law of California or any other applicable jurisdiction to the full extent that it may lawfully waive all such rights and benefits pertaining to the subject matter of this Section.

5.3 **Further Consideration.** The agreements of Authority set forth in this Letter Agreement are made in further consideration of the following: (i) Developer hereby extends the deadline for the County’s delivery of the County Phase III Notice by the number of days occurring from December 1, 2007 until the date on which Commencement of Construction of the Phase I Improvements actually occurs, (ii) Developer shall pay to the Authority, within thirty (30) days after invoice therefor, all actual out-of-pocket third party reasonable legal and consulting fees (including, without limitation, fees for the legal services of Gilchrist & Rutter Professional Corporation) incurred by the Authority and invoiced to Developer (with reasonable backup documentation) in connection with the negotiation and preparation of this November Letter Agreement, and (iii) Developer shall make the payments to Authority as and when described in Article 3 above and Article 6 below.

5.4 **Quarterly Reports.** No later than the last week of each calendar quarter through and until the Commencement of Construction, Developer shall continue to deliver a report on the status of Developer’s progress with the requirements of Article 5 of the DDA (each a “**Report**”). Specifically, each Report shall include a reasonably detailed statement regarding the actions that have been taken by Developer during the quarter covered by such Report with respect to obtaining a commitment from an Institutional Lender to provide construction financing for Phase I, and describing any other relevant steps that Developer has taken during such quarter towards achieving the Commencement of Construction. Developer shall certify to the Authority as to the accuracy and veracity of each Report.

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6. **Reimbursement.** Developer shall reimburse Authority for all out-of-pocket costs incurred by it in connection with (i) discussion and negotiation of further extensions, amendments to the DDA, Ground Lease or other documents related to the Grand Avenue Project, including those in connection with any Transfer (including any change in ownership interests in Developer), and (ii) any other changes to the Grand Avenue Documents requested by Developer at any time (including, without limitation, fees for the legal services of Gilchrist & Rutter Professional Corporation in connection therewith), within thirty (30) days of invoice therefor.

7. **No Waiver.** This November Letter Agreement shall not be construed as a waiver or modification by Authority of any requirements of the Grand Avenue Documents, other than those expressly described herein. Except as expressly described herein, this November Letter Agreement shall not limit any rights and remedies Authority may have, all of which are expressly reserved.

8. **Independent Advice of Counsel.** The parties hereto represent and declare that in executing this November Letter Agreement they relied solely upon their own judgment, belief and knowledge, and the advice and recommendations of their own independently selected counsel, concerning the nature, extent and duration of their rights and claims, and that they have not been influenced to any extent whatsoever in executing the same by any representations or statements by one party to the other not expressly contained or referred to in this November Letter Agreement.

9. **Time of Essence.** TIME IS OF THE ESSENCE IN THIS AGREEMENT.

10. **Performance.** Whenever the time for performance of a covenant or condition based on the terms hereunder falls on a Saturday, Sunday, federal or California legal holiday, the time for performance shall be extended to the next business day.

11. **Miscellaneous.** This November Letter Agreement may be executed in any number of multiple counterparts, each of which shall be considered an original and all of which, when taken together, shall constitute one and the same instrument. Facsimile or PDF signatures delivered by electronic mail shall be valid and have the same effect as original signatures. This November Letter Agreement and the Exhibit B November 2014 Schedule of Performance attached hereto, together with the Grand Avenue Documents, constitute the entire agreement of the parties concerning the subject matter hereof. Section headings are for convenience only and do not define, limit or describe the intent of the provisions hereof. This November Letter Agreement is binding upon and shall inure to the benefit of, the parties hereto and their respective heirs, successors and permitted assigns, except as otherwise provided herein.

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[signatures on following pages]

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Please confirm your acknowledgment and agreement to the foregoing by countersigning where indicated below and returning an executed original of this November Letter Agreement to the undersigned.

Very truly yours,

THE LOS ANGELES GRAND AVENUE
AUTHORITY,
a California joint powers authority

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

Mike Feuer
City Attorney

By: _____
Timothy J. Chung
Deputy City Attorney

APPROVED AS TO FORM

Mark J. Saladino
County Counsel

By: _____
Helen S. Parker
Principal Deputy County Counsel

418272_1.DOC 4282.005

Acknowledged and agreed this ____ day of November, 2014.

GRAND AVENUE L.A., LLC,

By: _____

Name: _____

Title: _____

Acknowledged and agreed effective as of the ____ day of November, 2014, with respect to Section 5.2 of the November Letter Agreement to which this signature page is attached.

RELATED:

THE RELATED COMPANIES, L.P.,
a New York limited partnership

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

By: _____

Name: _____

Its: _____

EXHIBIT “B”

NOVEMBER 2014 PHASE I SCHEDULE OF PERFORMANCE

PARCEL Q SCHEDULE OF PERFORMANCE

<u>Requirement</u>	<u>Deadline</u>
<u>CRA/LA Preconstruction Meeting.</u> Developer shall meet with the CRA/LA Office of Contract Compliance or his/her designee as required by Section 703(3) of the Original DDA.	At least 60 days prior to commencement of grading.
<u>Submission – Community Outreach Plan.</u> Developer shall submit the Community Outreach Plan required by Section 703(3) of the Original DDA to the CRA/LA, Chief Executive Officer, or his/her designee.	At least 30 days prior to commencement of grading.
<u>Review and Approval – Community Outreach Plan.</u> The CRA/LA or his/her designee shall approve or disapprove the Community Outreach Plan.	Within 30 days after receipt by CRA/LA.
<u>Requirement</u>	<u>Deadlines met</u>
Developer shall submit to the Authority a pro forma budget for Phase I.	March 31, 2014
Developer shall submit to the Authority a Schedule of Performance for Phase I substantially as this <u>Exhibit “B”</u> with the blanks completed, which shall be subject to the Authority’s approval prior to incorporation into the Fourth Amendment as the Schedule of Performance for Phase I; provided that in no event shall the fixed dates currently in this <u>Exhibit “B”</u> be modified.	March 31, 2014
Submit to Authority’s counsel, Gilchrist & Rutter, for confidential review in accordance with Section 904(ii) of the Original DDA, a copy of an executed preliminary venture agreement and management agreement with respect to Phase I between Developer and SBE Hotel Group, LLC, or another operator of a First Class Hotel (as defined in Section 110 of the Original DDA), which operator may be approved or disapproved by the Authority in its sole discretion.	March 31, 2014

The City shall preliminarily approve of the Parking and Hotel Tax Rebates (as defined in Section 101(7) of the Original DDA) in a Memorandum of Understanding between the City and Developer, and the City will direct its staff to prepare the necessary documents (and enabling ordinance if required) to effect such Parking and Hotel Tax Rebates, subject to the City's right to further approve such implementing documents.	July 31, 2014
Governing Entities approval of the Fourth Amendment to the DDA.	July 31, 2014
<u>Submission – Schematic Design Drawings.</u> Developer shall prepare and submit to Authority and the County Board its Schematic Design Drawings for Phase I.	October 31, 2014
<u>Definitive Agreement Submission.</u> Developer shall submit to Authority for its review a definitive Hotel Operator Agreement and Equity Investment Agreement for the hotel/retail development between Developer and Hotel Operator.	October 31, 2014
<u>Requirement</u>	<u>Deadline</u>
<u>Fully Executed Agreements</u> Developer shall submit to Authority copies of the following fully executed definitive agreements (i) Hotel Management Agreement with SBE Hotel Group, LLC; and (ii) Limited Liability Company Operating Agreement of RS Grand Ave. Holdings, LLC. as required by Section 3 (ii) of the November 2014 Letter Agreement to which this Parcel Q Schedule of Performance is attached.	January 15, 2015
<u>Review and Approval – Schematic Design Drawings.</u> Authority and the County Board shall review and approve or disapprove the Schematic Design Drawings.	February 16, 2015
<u>Meet and Confer - Public Space Improvements.</u> Developer and Authority to meet and confer regarding Public Space Improvements per Section 4.4(b) of the Fourth Amendment to DDA.	February 15, 2015 to March 16, 2015
<u>Submission - Design Development Drawings and Preliminary Landscape Plans.</u> Developer shall prepare and submit to Authority Design Development Drawings and Preliminary Landscape Plans for Phase I.	March 31, 2016

<p><u>Submission - Concept Art Plan.</u> Developer shall prepare and submit to Authority its Concept Art Plan for Phase I Improvements.</p>	<p>Concurrently with submittal to the Authority of the Design Development Drawings for Phase I.</p>
<p><u>Refreshed Letter of Interest re Financing.</u> Developer to obtain and provide to Authority refreshed letters of interest for financing for Phase I.</p>	<p>Concurrently with Design Development Drawings.</p>
<p><u>Review and Approval - Design Development Drawings.</u> Authority shall review and approve or disapprove the Design Development Drawings and Preliminary Landscape Plans.</p>	<p>Within 30 days of receipt of Design Development Drawings.</p>
<p><u>Previously Scheduled \$1M Payment.</u> Developer to pay the amount of \$1M per Section 4.3 of the Fourth Amendment to DDA.</p>	<p>On the earlier to occur of (i) submission of 80% Construction Documents to the Authority, or (ii) September 30, 2015.</p>
<p><u>Extension Fee Payment.</u> Developer to pay the Extension Fee of \$7M per Section 4.2.2 of the Fourth Amendment to DDA.</p>	<p>On the earlier to occur of (i) submission of 80% Construction Documents to the Authority, or (ii) September 30, 2016.</p>
<p><u>Review and Approval - Concept Art Plan.</u> Authority shall review the Concept Art Plan for Phase I Improvements.</p>	<p>Within 30 days after receipt by Authority.</p>
<p><u>Submission – 80% Construction Documents and Final Landscape Plans.</u> Developer shall submit 80% Construction Documents (80% complete set of plans and specifications sufficient for issuance of building permits) and Final Landscape Plans for Phase I.</p>	<p>Within 165 days of Authority Approval of Design Development Drawings and Preliminary Landscape Plans.</p>
<p><u>Review and Approval – 80% Construction Documents and Landscape Plans.</u> Authority shall review and approve or disapprove the 80% Construction Documents and Landscape Plans as provided in Section 405 of the DDA.</p> <p>The parties acknowledge that Developer may proceed with demolition, foundation and grading activities in accordance with City-issued permits, prior to the approval by Authority of 80% Construction Documents for Phase I.</p>	<p>Within 30 days of receipt of 80% Construction Documents and Final Landscape Plans.</p>

<u>Confirmation of Financing Plan.</u> Authority and Developer to meet to confirm sources of financing pursuant to Section 4.4(b) of the Fourth Amendment to DDA.	Within 60 days of Submission of 80% Construction Documents.
<u>Executed Term Sheets.</u> Developer to obtain and provide to Authority executed term sheets for financing for Phase I.	Within 60 days of Submission of 80% Construction Documents.
<u>Orientation.</u> Developer shall coordinate a preconstruction orientation meeting with Developer's general contractors and Authority.	Prior to commencement of grading activities in connection with Phase I.
<u>Submission – Construction Budget Based on 80% Construction Documents.</u> Developer shall provide Authority with a proposed construction budget for Phase I based on the 80% Construction Documents.	Within 60 days of submission of 80% Construction Documents.
<u>Submission – Final Construction Documents.</u> Developer shall submit Final Construction Documents for the Phase I Improvements.	Within 60 days of Authority Approval of 80% Construction Documents.
<u>Review and Approval – Construction Budget Based on 80% Construction Documents.</u> Authority shall approve or disapprove, as set forth in Section 408(1) of the Original DDA, the proposed construction budget for Phase I based on the 80% Construction Documents. Upon approval by Authority, such proposed budget shall constitute the “Phase I Final Construction Budget” with respect to Phase I as contemplated by Section 408(1) of the Original DDA.	Within 45 days of receipt of Construction Budget.
<u>Review and Approval – Final Construction Documents.</u> Authority shall review and approve or disapprove the Final Construction Documents.	Within 30 days of receipt of Final Construction Documents.
<u>Commencement of Construction.</u> The Commencement of Construction of the Phase I Improvements shall have occurred.	December 31, 2016.
<u>Construction Sign.</u> Developer shall cause to be erected on the Phase I Parcel a construction sign describing the development and the participants in accordance with Authority specifications.	No later than thirty (30) days after start of construction.
<u>Submission - Final Art Budget.</u> Developer shall submit a final Art Budget for the Phase I Improvements.	The date on which the Developer has obtained all necessary permits required for the construction of Phase I Improvements.

<p><u>Completion of Construction.</u> Developer shall submit certificate of substantial completion from Developer's Architect, with respect to the Phase I Improvements.</p>	<p>March 31, 2020</p>
<p><u>Final Inspection.</u> Authority shall conduct a final inspection of all improvements.</p>	<p>Within 30 days after request by Developer.</p>
<p><u>Issuance of Authority Certificate (or Partial Certificate) of Completion.</u> Authority shall issue in recordable form the Certificate of Completion (or Partial Certificate of Completion, as appropriate).</p>	<p>Within 30 days after receipt by Authority of Developer's written request, provided all requirements for issuance have been met.</p>
<p><u>Architect's Assignment.</u> Developer shall execute and deliver the Architect's Assignment with respect to Phase I to the Authority and the County. Notwithstanding the foregoing, Developer shall not be in breach of its obligations hereunder if Developer is unable to comply with the provisions of this Paragraph due to Developer's contractual obligations with Developer's design architect for Phase I.</p>	<p>Within 30 days after City issuance of Certificate of Occupancy.</p>

SCHEDULE 1

FORM OF WAIVER

Developer and The Related Companies, L.P., a New York limited partnership (“**Related**”), each on behalf of itself and the Developer Indemnified Parties (as defined in Section 110 of the Original DDA), hereby fully, finally and forever release and waive all rights, causes of action, claims (including, without limitation, claims for refunds, credits, offsets, reimbursements, damages, costs, expenses and attorneys' fees) and defenses (whether legal or equitable) of every kind and nature whatsoever that Developer or Related or the Developer Indemnified Parties has had or may have now or in the future, whether known or unknown and whether suspected or unsuspected, against any of the Authority Indemnified Parties (as defined in Section 110 of the Original DDA) and their predecessors and successors arising out of or in connection with the DDA, the Ground Lease, the Original Letter Agreement, the February 2013 Letter Agreement, the Additional Letter Agreements, the Civic Park Design Agreement, the Letter Agreement between Developer and Authority dated November [], 2014 (“**November Letter Agreement**”), and/or any documents, certificates or statements related thereto (collectively, the “**Grand Avenue Documents**”) resulting from any actions, omissions or events that occurred prior to the date of execution of this waiver; provided, however, that the foregoing release and waiver expressly excludes any contractual benefits to which Related or Developer is expressly entitled pursuant to the terms and conditions of the Grand Avenue Documents. Without limiting the generality of the foregoing waiver and release, Developer and Related hereby acknowledge and agree that under no circumstance, whether past, present or future, is Developer, Related or any Developer Indemnified Party entitled to any refund, reimbursement, repayment or recovery of (i) any amounts previously paid to Authority or any of the Governing Entities under any of the Grand Avenue Documents, including, without limitation, the Deposit and the Leasehold Acquisition Fee (as defined in the Original DDA), or (ii) any costs and expenses that have been incurred or expended by Developer or any Developer Indemnified Parties relating to the entitlement, design, construction, processing or otherwise in connection with the Grand Avenue Project. Developer acknowledges that Authority has not breached or defaulted under any provision of the Grand Avenue Documents and that Authority is in full compliance with the same. In furtherance of the foregoing waiver and release, Developer and Related each acknowledges that it is familiar with Section 1542 of the California Civil Code, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

Developer and Related each hereby waives and relinquishes any right or benefit which it has or may have under Section 1542 of the California Civil Code or any similar provision of the statutory or non-statutory law of California or any other applicable jurisdiction to the full extent that it may lawfully waive all such rights and benefits pertaining to the subject

matter of this Waiver. All capitalized terms used herein and not otherwise defined shall have the meanings given to them in the November Letter Agreement.

Executed this ___ day of _____, 2016.

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

By: EXHIBIT – DO NOT SIGN
Name: _____
Its: _____

RELATED:

THE RELATED COMPANIES, L.P.,
a New York limited partnership,

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

By: EXHIBIT DO NOT SIGN
Name: _____
Its: _____