SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles
**CHIEF EXECUTIVE OFFICE**
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November 22, 2016

**ADOPTED**
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

36 November 22, 2016

LORI GLASGOW
EXECUTIVE OFFICER

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:

**GRAND AVENUE PROJECT-PHASE I (PARCEL Q)**
**APPROVE REVISIONS TO THE PROJECT SCOPE OF DEVELOPMENT AND OTHER RELATED ACTIONS**
**ALL DISTRICTS**
**(3 VOTES)**

## SUBJECT

Approval of the recommended actions will authorize the final terms for design, financing, and construction for Parcel Q of the Grand Avenue Project Phase I including: (i) finding that the recommended actions are within the scope of the Grand Avenue Project in the previously certified Final Environmental Impact Report and the First and Second Addenda; (ii) revisions of the Grand Avenue Project – Phase I Scope of Development and Schedule of Performance; (iii) the execution by the Los Angeles Grand Avenue Authority of a Fifth Amendment of the Disposition and Development Agreement to allow Grand Avenue L.A., LLC, to implement the proposed revisions; (iv) conforming any necessary documents to the Fifth Amendment as it relates to the revisions to the Grand Avenue Project Phase I; and (v) extend by one year the time to ground lease other project parcels as provided in the Joint Powers Agreement.

The Grand Avenue Project Phase I consists of a mixed used development with repositioned residential and hotel towers, parking, public plaza, retail/commercial spaces, streetscape, and site landscaping on County-owned Phase I (Parcel Q) of the Grand Avenue Project and developed by Related Company's Phase I Developer for this Project.

## IT IS RECOMMENDED THAT THE BOARD:

1. Acting as a responsible agency for purposes of the California Environmental Quality Act, find that the recommended actions are within the scope of the previously certified Final Environmental Impact

Report, and the First and Second Addenda to the Final Environmental Impact Report.

2. Approve the form and substance of the Fifth Amendment to the Disposition and Development Agreement among the Los Angeles Grand Avenue Authority, Grand Avenue L.A., LLC, and Phase I Developer, which implements the proposed revisions to the Phase I Scope of Development, Schedule of Performance, and other changes to Phase I of the Project, in substantially the form attached, after approval as to form by County Counsel.

3. Approve the proposed revisions to the Scope of Development for Phase I of the Grand Avenue Project on Parcel Q to allow for adjustments to the previously approved revisions to the concept design and a refined Project description in order to facilitate the final approval of a mixed-use development featuring a residential tower, including affordable housing, a hotel tower, public plaza, parking, retail/commercial spaces, streetscape, and site landscaping by the Phase I Developer.

4. Approve the Termination of Incentive Rent Agreement by and among the Los Angeles Grand Avenue Authority, the County, the CRA/LA, a Designated Local Authority, and the City of Los Angeles, which will terminate the 2007 Grand Avenue Phase I Incentive Rent Agreement, in light of the termination of the Phase I Developer's obligation to pay Phase I Incentive Rent and the substitution of other Developer payments and provisions, including the creation of a monitoring agreement to ensure the Phase I Developer's implementation of community benefits requirements during construction and operation, at no cost to the Authority or its member agencies, all pursuant to the Fifth Amendment to the Disposition and Development Agreement.

5. Authorize consent to the Amendment of the County – CRA/LA Ground Lease to conform to the Authority - Developer First Amended Ground Lease implementing the Fifth Amendment to the Disposition and Development Agreement.

6. Approve an update to the Subordination/Non-Disturbance and Attornment Agreement originally approved in 2007 among the County, CRA/LA, a Designated Local Authority, Los Angeles Grand Avenue Authority, and Phase I Developer to confirm each party's interest as fee owner, lessee, sub-lessee, or sub-sublessee as applicable, and to ensure that the Los Angeles Grand Avenue Authority Phase I Developer Ground Lease will not be terminated or otherwise disturbed in the event the County–CRA/LA lease or CRA/LA-Authority lease is terminated, in substantially the form attached, after approval as to form by County Counsel.

7. Approve the County's Estoppel Certificate, relating to the County-CRA/LA Ground Lease, in substantially the form attached, after approval as to form by County Counsel.

8. Approve the escrow instructions which address delivery of County original signatures into escrow, and set forth the conditions precedent for release of the signed documents from escrow, in substantially the form attached, after approval as to form by County Counsel.

9. Approve a one year extension to update the ground lease deadlines applicable to project parcels not under lease, as provided in the Third Amendment to the Joint Exercise of Powers Agreement between the County of Los Angeles and the CRA/LA, a Designated Local Authority, as recommended by the Authority, to complete negotiation of a subsequent amendment to the Disposition and Development Agreement to update and coordinate schedules and requirements for the Authority parcels other than
Parcel Q.

10. Authorize the Chief Executive Officer, or her designee, to execute all related documents to the

Grand Avenue Project Phase I, after execution/approval by the Los Angeles Grand Avenue Authority and take other actions, consistent with implementation of these approvals, including the approval and grant of an easement to the Authority at its request, if the Developer exercises its easement option consistent with the Fifth Amendment.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The recommended actions seek the Board's approval of a proposed revision to the Grand Avenue Project (Project) Phase I Scope of Development, and approval of the form and substance of terms in a Fifth Amendment to the Disposition and Development Agreement (DDA) between the Grand Avenue Authority and the Phase I Developer, CORE/Related Grand Ave Owner, LLC, a Delaware limited liability company, to allow the implementation of the updated design and refinement of previously approved terms relative to a mixed-use development on County owned "Parcel Q", located at 100 South Grand Avenue, in the Bunker Hill Redevelopment Project Area.

The County is not a party to the Fifth Amendment to the DDA between the Grand Avenue Authority and the Developer, but its consent is required for a DDA amendment and for the included revisions to the Scope of Development.

Background

The Los Angeles Grand Avenue Authority (Authority), a California Joint Powers Authority is a separate legal entity created in September 2003, through a Joint Powers Authority (JPA) Agreement, between the County and the Community Redevelopment Agency of the City of Los Angeles (CRA), now CRA/LA, a Designated Local Authority (CRA/LA), which selected The Related Companies, L.P. (Related) as the developer for the Project in September 2004 after a public process.

In February 2007, August 2010, May 2011, December 2012, and January 2014, the Board approved various actions relative to the phased development of the Project. Among those actions were the approvals, in form and substance, of the First, Second, Third, and Fourth Amendments to the DDA between the Authority and Grand Avenue, L.A., LLC, (GALA), a subsidiary of Related (Developer), which:

1) outlined the terms and conditions for development and lease of the Bunker Hill Properties owned by the County and CRA; 2) approved the change in Scope of Development to permit construction of the Broad Museum as Grand Avenue Project Phase IIA; 3) divided the balance of Phase II of the Grand Avenue Project into Phases IIB and IIC; 4) approved the modification in Scope of Development to permit construction of a residential tower, including affordable housing, as part of the Grand Avenue Project Phase IIB (Parcel M); 5) approved the revised concept plan, change in Scope of Development to permit the construction of the redesigned mixed-use development including a repositioned residential tower to be located on Second Street between Grand Avenue and Olive Street, and a repositioned hotel tower to be located on the corner of Grand Avenue and First Street, along with a public plaza, retail/commercial spaces, and various streetscape and site landscaping improvements.

All previous and anticipated revisions must incorporate the previously approved general standards and design guidelines to ensure that the resulting project is of the same high quality envisioned for the originally approved project on this unique site.

Fifth Amendment to the Disposition and Development Agreement (Attachment A)

Scope of Development (Exhibit A to Fifth Amendment of the DDA)

In July 2015, Related provided Authority staff with drawings/renderings that illustrate a further revised concept design for the entire Parcel Q plan, together with revised Phase I Project description/project formulation documents.

Phase I consists of a total of approximately 950,000 gross square feet of retail, hotel, and residential uses, comprised of two high-rise towers, one including a hotel, and one including residential apartments and condominium units, and low-rise structures containing restaurant, retail and banquet/meeting room space.

The proposed hotel tower (Tower 1) will consist of an approximately 305 key, 4-star Equinox hotel with meeting space and ancillary hotel amenities.

The proposed residential tower (Tower 2) will combine approximately 215 market rate apartments with approximately 86 (20 percent) rental Affordable Housing Units and approximately 128 market rate condominiums.

The Fifth Amendment to DDA provides that not less than 15 percent of the affordable rental units will be reserved for occupancy by households that do not exceed forty percent of median income and the balance, approximately 85 percent of the affordable units will be for households that do not exceed fifty percent of median income. As an example of estimated rental rates for the income restricted affordable units, effective as of March 28, 2016, the California Tax Credit Allocation Committee range of permitted rents for projects placed in service on or after March 28, 2016, reflect that the affordable rent ranges for units restricted to 50 percent of median income would be $760-$977 depending on the size of the unit, and for units restricted to 40 percent, it would be $608-$782.

The CRA's original support of public improvements and affordable housing on Parcel Q have been determined by the State Department of Finance to be enforceable obligations of CRA/LA, the successor agency.

Tower 1 and Tower 2 will flank plazas and courtyards with outdoor seating and dining areas that will connect Grand Avenue to Hill Street. Phase I will include approximately 215,000 square feet of dining and entertainment venues, with uses to include, but not be limited to a health club, restaurants, several signature retailers, and a series of small shops.

Streetscape improvements on Grand Avenue adjacent to Parcel Q between 1st and 2nd Streets, and public space improvements and a public plaza at the Grand Avenue Street level will also be implemented in conjunction with Phase I.

The proposed changes to the Parcel Q Project Plan from the Parcel Q Project Plan approved in the Fourth Amendment to the DDA include:

1. Total net residential units will decrease from approximately 450 units to approximately 429 units.

2. Total hotel keys will increase slightly from approximately 300 keys to up to 305 keys.

3. Office space will decrease from approximately 47,000 square feet to 0 square feet.

4. Total retail/commercial square footage will increase from approximately 200,000 square feet to

approximately 215,000 square feet.

5. Parking spaces will continue to be approximately 1,350, but there will be an additional capacity of 150 vehicles from valet assisted parking in order to be able to accommodate a total of 1,500 vehicles.

Schedule of Performance (Exhibit B to Fifth Amendment to DDA)

In order to facilitate the design, development, financing, and construction of the revised Phase I Project by Phase I Developer, the proposed Fifth Amendment includes changes to the Phase I Schedule of Performance. In particular, the deadline for Commencement of Construction would be changed from November 30, 2017 to November 1, 2018 (subject to day-for-day extension by delays in the Delivery Date or Amendment Effective Date, as defined in the Schedule of Performance), and the deadline for completion of construction of Phase I Project would be changed from January 31, 2021 to 38 months after Commencement of Construction.

Additionally, the Fifth Amendment requires the Phase I Developer within three business days after the Amendment Effective Date to pay the Authority the sum of $3 million as the initial payment of the Extension Fee required pursuant to the Fourth Amendment. Within 60 days after the Amendment Effective Date, the Phase I Developer shall pay Authority the balance of the Extension Fee in the amount of $4 million, for a total Extension Fee of $7 million. The Authority shall allocate and distribute the $7 million Extension Fee to the Phase I Developer for construction of Public Improvements and/or affordable housing on the Parcel Q.

Phase I Incentive Rent and Community Benefits Monitoring (Attachment B)

At the time of approval of the Fourth Amendment to the DDA, the CEO reported that a future Board action would be required to conclude a definitive renegotiation on issues relating to potential incentive rent from Phase I as provided in the DDA. The Fifth Amendment concludes that negotiation.

In 2007, the Authority, City, County, and CRA/LA entered into the"Incentive Rent Agreement", which provides that the Authority will pay the City the Incentive Rent received by the Authority from the Phase I Developer for the Phase I hotel and retail components, until the City receives an amount equal to the amount of funds paid by the Community Taxing District formed by the City to Phase I Developer to assist in the development of the Phase I hotel component, while the Authority would retain any Incentive Rent pertaining to the Phase I residential component plus any residual Incentive Rent on the Phase I hotel and retail components remaining after the City receives the required reimbursement.

The Fifth Amendment terminates Related's obligation to pay Incentive Rent for Phase I to Authority. The Authority waived its right to receive any future Incentive Rent from the Phase I Developer in exchange for the City's agreement to undertake the responsibility on behalf of the Authority to act as the Governing Entity responsible for specified community benefit monitoring compliance by the Phase I Developer during construction and operation, at no cost to the Authority, the County, or the CRA/LA.

Pursuant to a Monitoring Agreement between the Authority and the City, the City will undertake the responsibility on behalf of the Authority to act as the Governing Entity responsible for monitoring compliance by the Phase I Developer with specified monitoring requirements in the Fifth Amendment and the First Amendment to the Phase I Ground Lease, including but not limited to Local Hiring

requirements for both construction workers and permanent workers, Prevailing Wages; Living Wages; Contracting Procedures; Contractor Responsibility Program; Service Contractor Retention Policy; Arts policy compliance and Affordable Housing. The Phase I Developer shall pay directly to the City an annual monitoring fee, as determined by the City from time to time, for the City's monitoring of Phase I.

The Monitoring Agreement also provides that at this time the Authority will retain responsibility for monitoring, oversight, and approvals of Phase I Developer's compliance with Community Access; Welcoming Public Space; Retail Space-Inclusive and Affordable; Retail Space-Local Business; and Maintenance of Public Art. The Authority may designate one or more other Governing Entities to undertake these responsibilities in the future.

The Phase I Developer previously paid the Authority a non-refundable $1 million as the stipulated net present value of certain Incentive Rent related to a portion of the residential and retail improvements for Phase I. According to the Fifth Amendment to DDA, the Authority will make the $1 million payment available to the Phase I Developer to reimburse the Phase I Developer for the costs of design and construction of Public Space Improvements.

Amendment to Phase I Ground Lease and Option for an Easement (Attachment C)

As part of the Authority's recommended approvals at its next meeting, the Authority and Phase I Developer, will execute an amendment to the 2007 Phase I Ground Lease, which amends such ground lease to conform to the Fifth Amendment and provides for the consent to the conforming amendment of the other ground leases from the County and the CRA/LA.

The existing 2007 Phase I Ground Lease term commenced on or about March 5, 2007 for a term that is two days short of the 99th anniversary of such commencement date.

The Phase I Developer has requested the right to provide the tenants and owners of the Phase I Project with the ability to remain on the Phase I Parcel for a full 99 years after the earlier of (A) the outside date for Completion of Construction of Phase I set forth on the Schedule of Performance, or (B) the actual date of Substantial Completion of the Phase I Project (Easement Commencement Date) despite the earlier expiration of the Phase I Ground Lease term. As an accommodation to the Phase I Developer and in consideration for its undertakings under the Fifth Amendment, the Authority has requested the right to receive an air rights or similar easement over the Phase I parcel (Easement) from the County, which the Authority would then assign or issue to the Phase I Developer if the Developer exercises its option to acquire the easement.

The Easement would have a term of 99 years (Easement Term) commencing on the Easement Commencement Date. The Easement Term would terminate concurrent with any early termination of the Ground Lease Term prior to its expiration date; provided, however, that the Easement would continue in effect for its full Easement Term if the Ground Lease Term expires on its expiration date.

If the Phase I Developer timely exercises its Option, its additional consideration for the Easement will be $1 million to be paid, at the request of the Authority, to the County in five annual installments of $200,000 each over five years, with the first installment of the Easement Fee to be paid on the recordation of the Grant of Easement and the subsequent installments to be paid on each anniversary of the recordation of the Grant of Easement.

The recommendations include approval of an update to the Subordination/Non-Disturbance and Attornment Agreement (SNDA) (Attachment D) originally approved in 2007 among the County,

CRA/LA, Authority, and Developer to confirm each party's interest as fee owner, lessee, sub-lessee, or sub-sublessee as applicable, and to ensure that the Authority-Developer ground lease or the Developer/Operator lease will not be terminated or otherwise disturbed in the event the County–CRA lease or CRA-Authority lease is terminated.

An Estoppel Certificate also is required and provided in a form approved by County Counsel to verify the status of the original 2007 ground lease between the County and the CRA/LA Escrow Instructions (Attachment E).

The Letter Regarding Escrow Instructions addresses delivery of Related, Authority, CRA/LA, City, and County original signatures into escrow, and sets forth the conditions precedent for release of the signed documents from escrow. The escrow opened with the deposit of Phase I Developer's and related entity required signatures of original signed documents with Commonwealth Land Title Insurance Company. Once all four Governing Entities deposit their original signed documents into escrow, and all conditions in the instructions are met, escrow will be closed, and the Fifth Amendment to DDA will be fully executed and effective.

Third Amendment to the Joint Powers Authority Agreement (Attachment F)

The Third Amendment to JPA Agreement (JPA) updates the JPA provisions so that the Developer wil be subject to the City's most current Living Wage, Equal Benefits, Service Worker Retention/Hiring and Contractor Responsibility policies.

The Third Amendment also provides a one year extension to update the ground lease deadlines applicable to project parcels not under lease, as provided in the Third Amendment to the Joint Exercise of Powers Agreement between the County of Los Angeles and the CRA/LA, a Designated Local Authority, as recommended by the Authority, to complete negotiation of a subsequent amendment to the Disposition and Development Agreement to update and coordinate schedules and requirements for the Authority parcels other than Parcel Q.

Technical Changes to DDA

A number of changes to the DDA under the proposed Fifth Amendment to DDA are technical in nature and intended to amend the DDA to permit Phase I to assign its development and leasehold rights with respect to Phase I of the Grand Avenue Project to the Phase I Developer; ensure that there is sufficient net worth of the Phase I Developer and that there are sufficient guaranties of completion in place during construction; protect the Authority's rights and remedies; and provide a means for the Authority to ensure that Phase I is well-managed, insured, and maintained after construction of the initial Phase I Improvements.

It is recommended that the Board approve all of the foregoing items to facilitate the objectives of the Project for Phase I.

## FISCAL IMPACT/FINANCING

Financing

The proposed Phase I of the Grand Avenue Project is estimated to cost a total of $950 million. The Phase I Developer agrees pursuant to the Fifth Amendment that the Project is economically feasible as described.

In order to assist in the funding of Phase I development, Related has secured an equity investment from a Chinese investor. Related has formed the Phase I Developer as a new single-purpose entity to facilitate investment in Phase I.

Project Economic Analysis (Attachment G)

A project economic analysis, including the projection of jobs to be created, both in construction and operation, and government revenues was prepared at the time of the Grand Avenue Project approvals in 2006 and 2007 by the Grand Avenue Committee and other participants. An updated analysis was prepared in 2014 by the Los Angeles County Economic Development Corporation (LAEDC) for the Phase I Developer, which includes projections for all components of the Grand Avenue Project. An additional updated report on Phase I was prepared by Rosenow Spevacek Group, Inc., (RSG) for the City of Los Angeles in December 2015 in the context of its evaluation of hotel incentives.

The economic analyses generally conclude that Project development would have a net positive effect on the local economy and be a catalyst for downtown development while generating construction and permanent jobs and net new revenues to local governments.

## FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Authority, CRA/LA, and the City will all be considering approval of the terms of the Fifth Amendment to the DDA. The Authority has scheduled approvals for the Grand Avenue Project Parcel Q for November 28, 2016. Subsequent meetings will be scheduled by both the CRA/LA and the City.

It is anticipated that future Board actions will be required to review and approve, or disapprove the Schematic Design Drawings for Phase I, and to conclude negotiations on the balance of the JPA parcels, Phase IIC (Parcel L ), and Phase III ( Parcel W2).

## ENVIRONMENTAL DOCUMENTATION

The recommended actions are within the scope of the previously certified Final Environmental Impact Report (Final EIR), and the First and Second Addenda to the Final EIR.

In November 2006, acting as the responsible agency for purposes of the California Environmental Quality Act (CEQA), the Authority certified the Grand Avenue Project Environmental Impact Report (EIR) for the Project, a mixed–use development on Parcels Q and W-23, L, and M-2, and potentially W-1, along with a revitalized and expanded civic park, now known as Grand Park.

In 2010 and 2014, acting as the responsible agency, the Authority approved a First and Second Addendum respectively to the Final EIR. The Second Addendum (http://file.lacounty.gov/SDSInter/bos/supdocs/84503.pdf), which was approved in 2014 for the Fourth Amendment to the DDA, provided updated environmental documentation for the revised concept plan for Parcel Q Phase I as designed by architect Frank Gehry, established as the re-formulated project description in January 2014.

The Final EIR with its addenda includes in its scope of potential impacts analyzed the currently recommended scope of development for the Phase I Parcel Q mixed-use site with two towers

repositioned as approved in 2014 and a mix of residential, retail, and hotel uses consistent with those analyses. No further environmental review is required based on the record of the Project because since certification of the Final EIR and approval of the First and Second Addenda, there have been no changes to the project, or substantial changes in circumstances, or new information that would warrant subsequent environmental analysis in accordance with CEQA, including but not limited to California Public Resources Section 21166 and State CEQA Guidelines Sections 15162, 15163, and 15164.

The mitigation measures and related conditions of approval from the certified Final EIR applicable to the Phase I project as revised have been reviewed and will be required and monitored for compliance.

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

No impact on current services.

**CONCLUSION**

Please return one adopted copy of this Board letter to the Chief Executive Office, Capital Programs Division.

Respectfully submitted,

Sachi A. Hamai

SACHI A. HAMAI
Chief Executive Officer

SAH:JJ:DPH:BMB
CY:CF:AC:zu

Enclosures

c: Executive Office, Board of Supervisors
County Counsel

# FIFTH AMENDMENT
# TO DISPOSITION AND DEVELOPMENT AGREEMENT
# (GRAND AVENUE)

**THIS FIFTH AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT** (this "**Amendment**") is entered into as of _____, 2016 by and among THE LOS ANGELES GRAND AVENUE AUTHORITY, a California joint powers authority ("**Authority**"), GRAND AVENUE L.A., LLC, a Delaware limited liability company ("**GALA**"), and CORE/RELATED GRAND AVE OWNER, LLC, a Delaware limited liability company ("**Phase I Developer**"), a wholly-owned subsidiary of CORE/RELATED GRAND AVE JV, LLC, a Delaware limited liability company ("**CORE/Related JV**"), with reference to the following facts and objectives:

## RECITALS

A. Authority and GALA are parties to that certain Disposition and Development Agreement (Grand Avenue) dated as of March 5, 2007 (the "**Original DDA**"). Authority, GALA, and The Broad Collection, a California nonprofit public benefit corporation ("**Broad**"), are parties to that certain First Amendment to Disposition and Development Agreement (Grand Avenue) dated as of August 23, 2010 (the "**First Amendment**"). Authority, GALA and Broad are parties to that certain Second Amendment to Disposition and Development Agreement (Grand Avenue) dated as of May 31, 2011 (the "**Second Amendment**"). Authority, GALA, Broad and Grand Avenue M Housing Partners, LLC, a California limited liability company ("**Housing Partners**") are parties to that certain Third Amendment to Disposition and Development Agreement (Grand Avenue) dated as of December 10, 2012 (the "**Third Amendment**"). Authority, GALA and Housing Partners are parties to that certain Fourth Amendment to Disposition and Development Agreement (Grand Avenue) dated as of January 21, 2014 (the "**Fourth Amendment**"). The Original DDA, as amended by the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment is referred to herein as the "**Amended DDA**". Capitalized terms used and not otherwise defined herein shall have the meaning ascribed to such terms in the Amended DDA.

B. The sole member of Phase I Developer is CORE/Related JV. The only members of CORE/Related JV are (i) RELATED GRAND AVENUE, LLC, a Delaware limited liability company ("**Related Grand Avenue**"), the indirect parent company of GALA and a wholly owned subsidiary of The Related Companies, L.P. ("**Related**"), which owns 11% of the capital and profits and is the Managing Member of Core/Related JV, and (ii) CORE (USA) GRAND AVENUE LLC, a Delaware limited liability company (together with any Affiliate thereof which is a permitted assignee of CORE Grand Avenue LLC's membership interest in CORE/Related JV, "**CORE LA**"), which owns 89% of the capital and profits. CORE LA is a wholly-owned subsidiary of CORE (USA) Investment Holding, LLC, a Delaware limited liability company ("**CORE US**"), which, in turn, is a wholly-owned subsidiary of CCCG Overseas Real Estate Pte. Ltd, a Singapore entity ("**CORE**"). CORE is majority owned and controlled by CCCG Real Estate Group Co. Ltd., a Beijing entity ("**CCCG Real Estate**"), which, in turn, is a wholly-owned subsidiary of China Communications Construction Group, a Beijing entity ("**CCCG**").

C. Concurrently with the execution hereof, pursuant to that certain Partial Assignment of Disposition and Development Agreement dated on or about the date hereof between GALA and Phase I Developer (the "**Phase I Assignment Agreement**"), GALA is assigning to Phase I Developer all of its rights and obligations under the Amended DDA with respect to Parcel Q (Phase I Parcel), and Phase I Developer is assuming such rights and obligations so that Phase I Developer can develop the Phase I Improvements under the Amended DDA.

D. With respect to Phase I, Authority and GALA are parties to that certain Ground Lease (Phase I – Parcel Q) dated as of March 5, 2007 (the "**Phase I Ground Lease**") pursuant to which GALA ground leases the premises described therein, known as "Parcel Q" of the Redevelopment Plan, and defined as the "Phase I Parcel" in the Original DDA. Concurrently with the execution hereof, pursuant to that certain Assignment and Assumption of Ground Lease dated on or about the date hereof between GALA and Phase I Developer ("**Ground Lease Assignment**"), GALA is assigning all of its rights and obligations under the Phase I Ground Lease to Phase I Developer, and Phase I Developer is assuming the obligations of GALA thereunder. The Phase I Ground Lease will be amended concurrently with the execution hereof to conform the Phase I Ground Lease to the changes made in this Amendment with respect to Phase I.

E. GALA and Phase I Developer have requested approval by the required Governing Entities of the assignment by GALA of its rights and obligations with respect to Parcel Q (Phase I Parcel) to Phase I Developer, and the assumption of such obligations by Phase I Developer, pursuant to the Phase I Assignment Agreement and the Ground Lease Assignment, as required by Section 902 (1) of the Amended DDA.

F. Authority acknowledges that pursuant to Section 903(5) of the Original DDA, GALA has the right to assign its rights and obligations under the DDA with respect to each of Phases II and III to an Affiliate (as defined in the Original DDA) of GALA, subject to the conditions set forth in said Section 903(5) of the Original DDA.

G. In the Fourth Amendment, Authority and County approved a revised overall plan for Phase I including drawings illustrating in detail the ground floor public circulation and the architectural character of the plaza and the Grand Avenue, Olive and First Street frontages, as well as conceptual elevations of the upper floor tower elements, as set forth on Exhibit "A" attached to the Fourth Amendment (the "**Parcel Q Design Plan**") and the Governing Entities approved an amended and restated Phase I Scope of Development.

H. Phase I Developer has requested approval of further changes to the approved Parcel Q Design Plan and the Phase I Scope of Development. Phase I Developer has also requested certain other changes to the Amended DDA in connection with Phase I in order to facilitate its development, financing and construction.

I. CRA/LA, a Designated Local Authority, a public body formed under Health & Safety Code Section 34173(d)(3) as successor to the Community Redevelopment Agency of the City of Los Angeles ("**CRA/LA**"), is the successor to the CRA under the Amended DDA and the parties desire to further amend the Amended DDA to reflect the change in the role of CRA/LA

and to provide for the assumption of certain responsibilities of the CRA under the Amended DDA by other Governing Entities.

J. The Authority has agreed to certain requested modifications to the Amended DDA with respect to Phase I as set forth herein. An amendment to the Scope of Development and the other changes to the Amended DDA require approval of the Governing Entities. The amendment of the Amended DDA on the terms set forth herein in order to further the development of Parcel Q is in the vital and best interests of the City and the County and the health, safety, morals and welfare of their residents, and consistent with the public purposes and provisions of the applicable federal, state and local laws and requirements.

NOW, THEREFORE, in consideration of the foregoing Recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Authority, GALA and Phase I Developer hereby agree as follows, effective upon the later of (i) the date that this Amendment has been fully executed and delivered by Authority, GALA and Phase I Developer and approved by the Governing Entities, as evidenced by their execution of the consents attached hereto and (ii) the satisfaction of the conditions set forth in Sections 5(b), 18.2 and 18.5 hereof to the effectiveness of this Amendment (such later date is referred to herein as the "**Amendment Effective Date**"):

1. **Recitals Incorporated by Reference.** The foregoing Recitals A through J are hereby incorporated into and made a part of this Amendment.

2. **Amendment of Definitions**. The following definitions are hereby added to Section 110 of the Original DDA:

(1) "**Amended DDA**" means the Disposition and Development Agreement (Grand Avenue) dated as of March 5, 2007 ("**Original DDA**") as amended by the First Amendment dated as of August 23, 2010, the Second Amendment dated as of May 31, 2011, the Third Amendment dated as of December 1, 2012 and the Fourth Amendment dated as of January 21, 2014.

(2) "**CORE**" means CCCG Overseas Real Estate Pte, Ltd., a Singapore entity, which is the parent company of CORE US.

(3) "**CORE/Related JV**" means CORE/Related Grand Ave JV, LLC, a Delaware limited liability company.

(4) "**Fifth Amendment**" means the Fifth Amendment to Disposition and Development Agreement (Grand Avenue) dated as of _____, 2016.

(5) "**Governing Documents**" means the Amended DDA, as amended by the Fifth Amendment and the Phase I Ground Lease, as amended.

(6) "**Phase I Developer**" means CORE/Related Grand Ave Owner, LLC, a Delaware limited liability company.

(7) "**Related Grand Avenue**" means Related Grand Avenue, LLC, a Delaware limited liability company.

(8) "**Related**" means The Related Companies, L.P.

3. **Transfers and Consents**.

(a) GALA represents and warrants to Authority that (i) the members of GALA are Grand Avenue LA Owner, LLC, Grand Avenue LA Hotel, LLC, Grand Avenue LA Affordable Housing, LLC and Related Grand Avenue II, LLC (a wholly owned subsidiary of Related) (collectively, the "**Developer Members**") and (ii) immediately prior to the Amendment Effective Date, Related has acquired all of the direct or indirect interests of Istithmar Building FZE ("**Istithmar**") in GALA (other than a *de minimis* passive profits interest).

(b) GALA and Phase I Developer represent and warrant to Authority that the ownership of Phase I Developer and CORE/Related JV is accurately described in Recital B of this Amendment and is accurately shown in the Organizational Chart of the Phase I Developer, which is attached hereto as Schedule 1501 in lieu of Schedule 1501 attached to the Original DDA. GALA and Phase I Developer acknowledge that Authority is relying on the provisions of this Amendment, including Sections 7 and 8 hereof, as well as the accuracy and completeness of the Recitals and the representations in Section 18.1 hereof, in entering into this Amendment.

(c) As of the Amendment Effective Date, Authority and County hereby consent to the Transfer of GALA's rights and obligations under the Amended DDA as to Parcel Q (Phase I Parcel) and the Phase I Ground Lease to Phase I Developer pursuant to the Phase I Assignment Agreement and the Ground Lease Assignment, and to the Transfer of the interests held by Istithmar in GALA to Related. The foregoing consent does not waive or release GALA from any obligations under the DDA or the Phase I Ground Lease that first arose prior to the Amendment Effective Date.

(d) Pursuant to two Partial Assignments of Disposition and Development Agreement dated on or about the date hereof between GALA and Grand Avenue Parcel IIC Owner, LLC, a Delaware limited liability company and Grand Avenue Parcel III Owner, LLC, a Delaware limited liability company (each a "**Related Affiliate**"), each a wholly-owned subsidiary Affiliate of Related, GALA has transferred all of its rights and obligations under the Amended DDA with respect to each of Phase II and Phase III to such Related Affiliates, respectively, and such Related Affiliates have assumed all such rights and obligations with respect to Phase II and Phase III, respectively, for the benefit of Authority. Related acknowledges the requirements of Section 903(5) of the Original DDA apply to such assignment and assumption and Related shall cause the Related Affiliate to comply with the same. Authority hereby acknowledges such assignment and assumption of the rights and obligations with respect to Phase II and Phase III, provided that the requirements of Section 903(5) of the Original DDA are satisfied.

4. **Development of Phase I (Parcel Q); Ownership Division.**

4.1 **Phase I Scope of Development.** Parts II and IIA of the Scope of Development attached to the Fourth Amendment are hereby amended and restated in their entirety as to Phase I

as set forth in Exhibit "A" attached hereto. All references in the Amended DDA, as amended hereby, to the Phase I Scope of Development shall be deemed to refer to the Phase I Scope of Development attached hereto as Exhibit "A".

4.2 **Phase I Schedule of Performance.** The Parcel Q Schedule of Performance attached hereto as Exhibit "B" is hereby approved as the Schedule of Performance of Phase I and supersedes any prior Schedule of Performance for Parcel Q. All references in the Amended DDA, as amended hereby, to the Schedule of Performance for Phase I shall be deemed to refer to the Parcel Q Schedule of Performance attached hereto as Exhibit "B".

4.3 **Completion Guaranty.** Section 417 of the Original DDA is hereby amended by deleting the first two sentences thereof and by substituting the following sentences in lieu thereof:

> "Prior to the Commencement of Construction of each Phase, Developer shall deliver to Authority a completion guaranty in a form reasonably acceptable to Authority and executed by a third party guarantor satisfactory to Authority guarantying that construction of the applicable Improvements will be substantially completed in accordance with the approved Project Documents by the date required by the Schedule of Performance for completion of such Phase (a "**Completion Guaranty**"). Authority hereby approves Related as the guarantor of such Completion Guaranty, provided that Related maintains a net worth (to be defined in the Completion Guaranty) of at least $300,000,000 throughout the period prior to the issuance of a Certificate of Completion for all of the Components of the applicable Phase, and Authority agrees to approve a guarantor that has been approved by Developer's construction lender for the issuance of a completion guaranty to such lender. Authority will approve the form of the Completion Guaranty if it is substantially the same as the form attached hereto as Exhibit "T"."

4.4 **Ownership Division.** As contemplated in the Phase I Ground Lease and in Section 205 of the Amended DDA, the parties recognize that Phase I will be comprised of discrete Components and anticipate that Phase I will eventually undergo an Ownership Division (as defined in the Phase I Ground Lease) whereby the Components will be owned separately by, from time to time, one or more Operators under Operator Ground Leases (or similar instruments for subdividing the ownership of Phase I). The parties acknowledge that not all of the covenants, obligations, and responsibilities that are imposed on Phase I Developer hereunder or under the Phase I Ground Lease (collectively, "**Phase I Obligations**") prior to such Ownership Division will be applicable or allocable to all Operators following such Ownership Division and, accordingly, certain Phase I Obligations will need to be allocated to one or more specific Operators in Phase I as may be applicable to the relevant Component(s) of Phase I. The CAM Agreement contemplated by the Phase I Ground Lease, which shall be subject to the approval of the Authority as provided therein, shall establish a Master Association (as defined in the Phase I Ground Lease) which will have the right and obligation to monitor, govern and enforce compliance by the Operators of, the respective obligations of the Operators under the CAM Agreement. In consideration of the foregoing, the parties hereby agree that, notwithstanding anything to the contrary contained in this Agreement, to the extent pursuant to the approved CAM Agreement, any Phase I Obligation hereunder is deemed several, or otherwise specifically allocable, to one or more Operators (each such Operator, a "**Responsible Operator**"), including

without limitation, the Phase I Obligations set forth in Sections 11.4, 11.5 and 11.6 hereof, then any failure or breach of such Phase I Obligation shall be deemed a failure or breach by such Responsible Operator(s) only, and shall only give rise to recourse to, and remedies against, such Responsible Operator(s) (and not any other Operator that was not obligated to comply with such breached Phase I Obligation or which had otherwise performed its allocable share of such Phase I Obligation, in each case, as may be provided for pursuant to the approved CAM Agreement).

5. **Incentive Rent**. GALA has previously paid Authority the sum of One Million Dollars ($1,000,000) ("**$1,000,000 Payment**") as the stipulated net present value of certain Incentive Rent related to a portion of the residential and retail improvements for Phase I. Notwithstanding the waiver of further Incentive Rent payments pursuant to this Section 5, the $1,000,000 Payment is non-refundable to GALA under any circumstances.

(a) Authority will make available the $1,000,000 Payment amount to Phase I Developer solely to reimburse Phase I Developer for the costs of design and construction of Public Space Improvements (as defined in Section 301(1) of the Original DDA). Authority will reimburse Phase I Developer for such Public Space Improvements design and construction costs, up to the amount of the $1,000,000 Payment, following delivery by Phase I Developer to Authority of a cost certification signed by a senior executive of Phase I Developer and prepared by a certified public accountant or licensed architect specifying the amounts expended for Public Space Improvements in reasonable and sufficient detail for Authority to confirm the expenditures were made for approved Public Space Improvements . Such cost certification may be submitted to Authority at any time prior to the issuance of a Certificate of Completion for the Phase I Project. Authority shall have thirty (30) days from receipt of the signed cost certification required by the prior sentence in which to approve or disapprove the same, provided that Authority will not unreasonably withhold approval of the cost certification if the costs shown on such cost certification were actually incurred for improvements that are approved Public Space Improvements.

(b) Authority, County, City and CRA/LA are parties to that certain Grand Avenue Phase I Incentive Rent Agreement signed in 2007 ("**Incentive Rent Agreement**") pursuant to which Incentive Rent on the Phase I Hotel Component and the Phase I Retail Component received from GALA by Authority were to be paid by Authority to the City until the City received an amount of payments thereunder equal to the amount of funds paid by the Community Taxing District formed by the City to Phase I Developer to assist in the development of the Phase I Hotel Component, while Authority was to retain any Incentive Rent paid by GALA on the Phase I Residential Component plus any residual Incentive Rent on the Phase I Hotel Component and the Phase I Retail Component (as such terms are defined in the Incentive Rent Agreement) after the City had received the required amount thereunder. Authority agrees, subject to the terms hereof, to (i) waive the requirement for payment of Incentive Rent to Authority in order to assist Phase I Developer in the economic feasibility of Phase I and (ii) terminate the Incentive Rent Agreement. As provided in Section 18.2 hereof, City and Phase I Developer are required to enter into the City Agreements (as defined in Section 18.2) in connection with implementing the Revised MOU, which City Agreements shall provide for certain payments by Phase I Developer (or its successors) directly to the City, as described on Schedule 18.2 attached hereto, in consideration for City's agreement to (i) waive the requirement for payment of any Incentive Rent to the City and (ii) terminate the Incentive Rent Agreement.

Therefore, concurrent with the execution of the City Agreements and as a condition to the Amendment Effective Date, the parties to the Incentive Rent Agreement shall enter into and deliver an agreement terminating the Incentive Rent Agreement as a condition to and effective on the Amendment Effective Date ("**IR Termination Agreement**").

(c) Upon the effective date of the IR Termination Agreement, (i) Section 204 B. II ("Residential Incentive Rent"), Section 204 C. II ("Retail Incentive Rent") and Section 204 D. II ("Hotel Incentive Rent") of the Original DDA shall be deleted from the Amended DDA so that Phase I Developer shall have no further obligation to pay Residential Incentive Rent, Retail Incentive Rent or Hotel Incentive Rent to Authority with respect to the Phase I Project under the Amended DDA or the Phase I Ground Lease and (ii) any reference in the Amended DDA to "Incentive Rent" shall be deemed to be deleted. The Phase I Ground Lease shall also be amended to delete therefrom Sections 4.2.2, 4.3.2, 4.3.3, 4.3.4 and 4.5 dealing with Incentive Rent. Phase I will have no Office Improvements and no Office Incentive Rent will be payable with respect to Phase I.

6. **Transfer Restrictions-Phase I.** Section 906 of the Original DDA is hereby amended and restated in its entirety with respect to Phase I of the Project as follows:

"906 Transfers of Interests in Phase I Developer; Replacement of Related Key Personnel.

(1) Organizational Documents. GALA and Phase I Developer acknowledge that Authority has relied on Phase I Developer's Limited Liability Company Agreement dated on or about the Amendment Effective Date ("**Phase I Developer's LLC Agreement**"), and on Core/Related JV's Limited Liability Company Agreement dated on or about the Amendment Effective Date ("**CORE/Related JV LLC Agreement**") which have been provided to Authority for its review and approval, and on the ownership and management structure of Phase I Developer recited herein and depicted on Exhibit "A" attached to the Fifth Amendment, in entering into this Agreement. Authority hereby approves the Phase I Developer's LLC Agreement and the CORE/Related JV LLC Agreement to the extent such approval is required by the Amended DDA, as amended by the Fifth Amendment. There shall be no amendment to either Phase I Developer's LLC Agreement or the CORE/Related JV LLC Agreement that changes the terms and conditions governing the removal of Related Grand Avenue as the manager and developer of Phase I, without the prior written consent of Authority, which consent shall be given or withheld in the sole discretion of the Authority.

Notwithstanding anything to the contrary in the Governing Documents, but subject to the penultimate sentence of this Section 906 below, prior to the issuance of a Certificate of Completion with respect to the Phase I Project in accordance with Section 507 of the Original DDA, the following terms and conditions shall control with respect to Transfers of interests in Phase I Developer, CORE/Related JV and their respective constituent owners, it being agreed and acknowledged that any such Transfers which do not violate the express terms of this Section 906 shall be freely permitted under the Amended DDA, as amended by the Fifth Amendment and under the other Governing Documents. For the avoidance of doubt, the provisions of this Section 906 shall govern with respect to any conflict or inconsistency between the provisions of this Section 906, on the one hand, and any other provision of the Amended DDA as amended by

the Fifth Amendment. Any Transfer that would violate the terms and conditions set forth in this Section 906 shall be subject to the prior consent and approval by Authority in writing, which consent and approval (unless otherwise stated below) may be withheld in Authority's sole discretion:

(i) no new member or manager shall be admitted into CORE/Related JV or into Phase I Developer; provided, however, that:

(A) Authority will not unreasonably withhold its consent to the admission of a so-called preferred equity member into Phase I Developer in connection with the structuring of a financing for the Phase I Project, so long as such admission does not (i) materially dilute or modify the rights or interests of CORE/Related JV in Phase I Developer, or (ii) provide the holder of such interest with any rights to vote or control Phase I Developer or the Phase I Project, except to the extent that, in either case, the same is consistent with rights and restrictions customarily afforded to a construction lender and/or other preferred equity members in similar transactions, as reasonably demonstrated by Phase I Developer; and

(B) the Authority's consent will not be required for the admission of one or more so-called "independent" and/or "springing" member, manager and/or director (each, an "**Independent Director**") into Phase I Developer and/or CORE/Related JV that is required by the lender in connection with the structuring of construction financing for the Phase I Project, so long as such admission does not, other than granting voting, consent and/or approval rights to such Independent Director(s) with respect to decisions to file for relief, respond to and/or consent to matters under applicable bankruptcy laws (a) dilute or modify the rights or interests of Related Grand Avenue and CORE LA in CORE/Related JV, or the rights or interests of CORE/Related JV in Phase I Developer, as applicable, or (b) provide such Independent Director(s) with any rights to vote or control the Phase I Developer or the Phase I Project, in either case, in the absence of an event of default under the construction financing for the project that would otherwise permit the lender to foreclose on the interests of Phase I Developer in the Phase I Project. Additionally, CORE/Related JV shall remain the sole member and manager of Phase I Developer; provided, however, without the consent of Authority, CORE/Related JV may form a wholly-owned subsidiary or subsidiaries of CORE/Related JV, so long as CORE/Related JV is the sole member and manager of one such subsidiary, and any other subsidiaries are ultimately indirectly wholly owned and managed by CORE/Related JV, and one of such other subsidiaries is the sole member and manager of Phase I Developer in place of CORE/Related JV;

(ii) the consent of CORE LA, as a member of CORE/Related JV, shall be required for any proposed Transfer by Related Grand Avenue of its interest in CORE/Related JV;

(iii) without limiting CORE LA's right to remove Related (or its applicable Affiliate) as Managing Member of the CORE/Related JV and as developer of the Project, without limitation, as a result of a Permitted Removal Event (defined below) pursuant to Section 906(2) or otherwise in accordance with Section 21 of the Fifth Amendment, any direct or indirect Transfer of Related Grand Avenue's interest in CORE/Related JV, even if approved by Authority under Section 904, will also require Authority's prior approval of a replacement developer, in Authority's sole discretion (subject to the provisions below governing the removal of Related

Grand Avenue (and its applicable Affiliates) as the Managing Member of CORE/Related JV and as developer of the Project under certain specified limited circumstances);

(iv) a Transfer of CORE LA's direct membership interest in CORE/Related JV to a non-Affiliate will require the prior consent of Authority, provided that Authority shall not unreasonably withhold its approval of a Transfer of CORE LA's direct interest in CORE/Related JV if the replacement member has a net worth and liquidity (or provides a binding guaranty of capital contributions from a creditworthy Affiliate of such transferee) reasonably adequate to permit such replacement member to contribute its share of the capital required for the development of Phase I. For the avoidance of doubt, this clause (iv) governs solely Transfers of CORE LA's direct membership interest in CORE/Related JV and all Transfers of direct or indirect interests in CORE LA shall be governed by clause (v) below;

(v) any and all prohibitions, conditions or restrictions on Transfers of interests in CORE/Related JV set forth in the Amended DDA (as amended by the Fifth Amendment) or in the other Governing Documents shall not apply to Transfers of direct or indirect interests in CORE LA and any and all such Transfers of direct or indirect interests in CORE LA shall be freely permitted without the consent of Authority so long as the guaranties of funding capital or completing the Project that were given by CORE LA and/or Affiliates of CORE LA pursuant to the CORE/Related JV LLC Agreement remain in full force and effect without any reduction in the creditworthiness or obligations of such guarantors as a result of such Transfers (or replacement guaranties of comparable or better creditworthiness, as reasonably determined by Authority, are delivered to Authority), provided that Authority shall have the right to reasonably withhold its consent to such Transfer if (i) affiliates of CORE no longer control such transferee and (ii) the purpose of such Transfer was a subterfuge to avoid the Authority's consent to the same;

(vi) Related Grand Avenue, or another wholly-owned subsidiary of Related, shall be the sole Managing Member of CORE/Related JV at all times unless Related Grand Avenue (or such other wholly-owned subsidiary of Related) is removed as the Managing Member of CORE/Related JV in compliance with the Amended DDA, as amended by the Fifth Amendment, including, without limitation, as a result of a Permitted Removal Event or otherwise under Section 21 of the Fifth Amendment;

(vii) William Witte, Stephen M. Ross and Kenneth A. Himmel (collectively, the "**Related Key Personnel**"), unless one or more of them is deceased or disabled, will continue to be the executives in charge of Phase I for CORE/Related JV, as the sole manager and member of Phase I Developer, in accordance with and subject to any limitations set forth in the CORE/Related JV LLC Agreement, with a substantial financial interest in Phase I, unless and until Authority approves a change in any such Related Key Personnel in its sole discretion; provided, however, that in the event of the departure (to the extent not resulting from death) or disability of only one (but not more than one) of such Related Key Personnel, Authority shall use its reasonable discretion in considering the approval of a replacement or change in such Related Key Personnel if such replacement person has a level of expertise and experience in the development of mixed-use projects comparable to the Project that is similar to the experience and expertise of the departed, deceased or disabled member of the Related Key Personnel; provided, further, however, that in the event of the death or disability of one or more of such

Related Key Personnel, such death or disability shall not constitute a default or violation of the provisions hereunder provided that Phase I Developer can demonstrate to the reasonable satisfaction of Authority that (a) Phase I Developer continues to employ personnel with experience and expertise reasonably adequate to carry out the development of the Phase I Project, or (b) Phase I Developer is otherwise using commercially reasonable efforts to find a replacement for such deceased or disabled Related Key Personnel with a level of experience and expertise sufficient to oversee the successful completion of the Phase I Project; and

(viii) subject to clause (vii) above, the Related Key Personnel must devote significant time and commitment to Phase I.

(2) Removal of Related Grand Avenue as Managing Member. It is of critical importance to Authority that Related Grand Avenue (or another wholly-owned subsidiary of Related) be in control of the development of Phase I through the completion of the Phase I Improvements and the issuance of a Certificate of Completion for Phase I. However, Authority recognizes that under certain circumstances it may be necessary for CORE LA to remove Related Grand Avenue (or any other subsidiary of Related) as the Managing Member of CORE/Related JV, to remove Related (or its applicable Affiliate) as the developer of the Project, and/or to terminate Related Grand Avenue's (or such other Related subsidiary's) membership interest in CORE/Related JV prior to the full completion of the Phase I Improvements. The only events that will permit such removal of Related Grand Avenue (or any Affiliate of Related) as Managing Member or as a member of CORE/Related JV (and the concurrent termination of any development services agreement between the Phase I Developer and Related or any of its Affiliates) prior to full completion of the Phase I Improvements and the issuance of the Certificate of Completion as to Phase I, without the consent of Authority (each , a "**Permitted Removal Event**"), are:

(a) fraud with respect to CORE/Related JV, Phase I Developer, any Subsidiary of the foregoing, or misappropriation of CORE/Related JV's, Phase I Developer's, or any such Subsidiary's funds by Related Grand Avenue or its Affiliates (as defined in the CORE/Related JV LLC Agreement);

(b) gross negligence or willful misconduct by Related Grand Avenue or any of its Affiliates in connection with CORE/Related JV or Phase I;

(c) Related Grand Avenue or any of its Affiliates is convicted of any felony or crime that involves moral turpitude or any civil violation of any state or federal securities laws in each case in connection with CORE/Related JV, Phase I Developer, any Subsidiary of the foregoing, or Phase I, subject to the cure rights set forth in the CORE/Related JV LLC Agreement;

(d) A Bankruptcy/Dissolution Event occurs as to Related Grand Avenue or any Affiliate of Related that is guaranteeing the obligations of Related Grand Avenue under the CORE/Related JV, if any;

(e) Related Grand Avenue fails to fund, or cause to be funded, its required portion of any Capital Call (as defined in the CORE/Related JV LLC Agreement) after ten (10) Business Days' notice from CORE LA to Related Grand Avenue;

(f) any material default by Related Grand Avenue under the CORE/Related JV LLC Agreement which is not cured within ten (10) days after Related Grand Avenue receives written notice thereof from CORE LA; provided that such period shall be extended to sixty (60) days in the event such breach or default is not reasonably susceptible of cure within ten (10) days so long as Related Grand Avenue continues to use commercially reasonable and diligent efforts to continue such cure; provided, however, that Related Grand Avenue's failure to deliver the Put Price (as defined in the CORE/Related JV LLC Agreement) as and when required pursuant to the terms thereof shall be an immediate Permitted Removal Event;

(g) any material default by Related or any Affiliate thereof in any material respect under the Development Agreement (as defined in the CORE/Related JV LLC Agreement), subject to applicable notice and cure periods set forth therein;

(h) the Phase I Project has, without CORE LA's express consent, materially deviated from agreed upon parameters set forth in the Approved Business Plan (as defined in the CORE/Related JV LLC Agreement), subject to any applicable notice and cure periods set forth in the CORE/Related JV LLC Agreement; or

(i) if Authority delivers a Notice of Default to Phase I Developer under the Amended DDA, as amended by the Fifth Amendment, or the Phase I Ground Lease and if Related Grand Avenue fails to cure such default, violation, failure or non-performance within the applicable notice and cure period under the Amended DDA, as amended by the Fifth Amendment, or the Phase I Ground Lease, then if CORE LA elects to cure such default on behalf of Phase I Developer as contemplated under Section 21 of the Fifth Amendment, and the effectuation of such cure requires that CORE LA be in control of CORE/Related JV as the sole member, developer and/or manager of Phase I Developer, CORE LA may limit or assume the rights of, or otherwise remove, Related Grand Avenue (or its applicable Affiliate) as Managing Member and/or as developer of the Project, to the extent reasonably required for CORE LA to cure such default or violation on behalf of Phase I Developer.

For avoidance of doubt, it is in the intent of the foregoing provisions that upon the occurrence of a Permitted Removal Event, CORE LA shall have the right to remove Related Grand Avenue (or applicable Affiliate of Related) as the Managing Member, developer of the Project, or as a member of CORE/Related JV without the prior written consent of Authority.

If Related Grand Avenue or any other subsidiary of Related is removed as the Managing Member of CORE/Related JV and/or as the developer for Phase I Developer in accordance with the terms and conditions in the CORE/Related JV LLC Agreement for any of the foregoing Permitted Removal Events:

(A) CORE LA shall use commercially reasonable efforts to present to Authority one or more proposed substitute developers (which may include an Affiliate of CORE) to replace Related Grand Avenue (or its Affiliate) as the developer of Phase I (and, if so elected by CORE LA, as a new Managing Member of CORE/Related JV), subject to and in accordance with the process set forth directly below:

Process Regarding Procurement of Substitute Developer or Professional Team. Any substitute developer proposed by CORE LA (or its Affiliate) in accordance with Section 906(2)(A) must have at least ten (10) years of experience in the development and operation of high rise, first class, mixed-use projects in the United States of America, a net worth of at least One Hundred Million Dollars ($100,000,000), a fully staffed office in Los Angeles, California for the executives and staff of the developer involved in the Phase I Project, and have no record of litigation adverse to any of the Governing Entities ("**Qualified Developer**"). If CORE LA presents a Qualified Developer to Authority, Authority will notify CORE LA, within thirty (30) days after such submission, if such proposed developer is acceptable to Authority, which consent shall not be unreasonably withheld. If Authority disapproves any proposed developer, CORE LA will use its commercially reasonable efforts to find and present to Authority other Qualified Developers for the Authority's reasonable approval subject to the foregoing 30-day time period. Authority may also, in its sole discretion, propose one or more potential Qualified Developers for CORE LA to consider that would be acceptable to Authority and CORE LA will consider (in its sole and absolute discretion) approaching and negotiating with such third party developers as potential developers for Phase I. If, within six (6) months following the removal of Related, CORE LA has not procured a Qualified Developer to replace Related on terms mutually acceptable to CORE LA and such Qualified Developer or Authority has not approved a Qualified Developer in accordance with the foregoing, then CORE LA shall have the right to hire or engage one or more development professionals, who, individually or collectively, have experience in developing first class, high-rise, mixed-use projects in major cities in the United States and are located in Los Angeles, California (collectively, "**Qualified Professional Team**"). If CORE LA has hired the requisite Qualified Professional Team, then Phase I Developer may continue to proceed with Phase I in accordance with the terms of the Amended DDA, as amended by the Fifth Amendment, and the Phase I Ground Lease, without the need to engage a separate Qualified Developer for so long as such Qualified Professional Team remains in control of the development of the Phase I Project in the role previously filled by Related as the developer. If CORE LA complies with the foregoing process for procuring a new Qualified Developer approved by Authority or, if applicable, hiring a Qualified Professional Team, CORE LA may continue to proceed with Phase I in accordance with the terms of the Amended DDA, as amended by the Fifth Amendment, and the Phase I Ground Lease, and neither the removal of Related Grand Avenue (or other Affiliate of Related) nor the existence of any defaults precipitating such removal shall constitute a default under the Amended DDA, as amended by the Fifth Amendment, or the Phase I Ground Lease, so long as, subject to CORE's rights under Section 21 below with respect to Non-CORE Defaults, Phase I Developer is not otherwise in material default of any other terms or provisions thereof beyond applicable notice and cure periods.

(B) pending the approval of a Qualified Developer by Authority, or the engagement by CORE LA of a Qualified Professional Team in accordance with the provisions above, CORE LA will have the temporary authority to take steps on behalf of CORE/Related JV, as the sole member and manager of Phase I Developer, to continue to develop, construct, protect and preserve Phase I; and

(C) as a condition to proceeding with Phase I, CORE shall provide Authority with a direct commitment to fund any portion of the capital required for the development of Phase I that would otherwise have been funded by Related Grand Avenue or any other Affiliate of Related as a member pursuant to the CORE/Related JV LLC Agreement.

Notwithstanding anything to the contrary contained in the Amended DDA, as amended by the Fifth Amendment, or any of the other Governing Documents, any and all prohibitions, restrictions or conditions on Transfers of direct or indirect interests in the Phase I Developer, the CORE/Related JV or the Project, or on the removal and/or replacement of Related as the developer of the Phase I Project and/or managing member of the CORE/Related JV, in each case under the Amended DDA, as amended by the Fifth Amendment, shall terminate upon completion of the Phase I Improvements and the issuance of a Certificate of Completion with respect thereto. After such termination, all such Transfers with respect to Phase I shall no longer be subject to the terms, conditions or restrictions set forth in the Amended DDA, as amended by the Fifth Amendment but such Transfers must comply with the provisions of the Phase I Ground Lease. For the avoidance of doubt, the foregoing is not intended to abrogate the rights and obligations of the members of the CORE/Related JV under the CORE/Related JV Agreement with respect to Transfers and Managing Member Removal Events (as defined in the CORE/Related JV Agreement); provided, however, to the extent the applicable provisions of the CORE/Related JV Agreement purport to condition any Transfers or Managing Member removal on compliance with the Amended DDA, as amended by the Fifth Amendment, after the issuance of a Certificate of Completion with respect to the Phase I Improvements, such condition shall be void and shall not apply.

The provisions of this Article 9 relating to CORE LA and CORE are personal as to CORE LA and CORE, their Affiliates and expressly permitted successors and assigns and such provisions may not be exercised by any other successor thereto without the approval of Authority."

7. **Phase I Developer Additional Obligations**.

7.1 **Developer Expenditures**. Between October 1, 2013 and the date upon which Phase I Developer submits 80% Construction Documents for Phase I to Authority for review, Phase I Developer, together with GALA as its predecessor, shall expend at least Fifteen Million Dollars ($15,000,000) for architecture and engineering, consultant fees, legal fees, and other costs in connection with the design, engineering and preparation for construction of improvements on Parcel Q. Phase I Developer shall submit reasonable documentation of the amount of such expenditures by Phase I Developer (and GALA) within twenty (20) days after written request from Authority from time to time.

7.2 **Extension Fee**. Within three (3) business days after the Amendment Effective Date, Phase I Developer shall pay to Authority the sum of $3,000,000 as the initial payment of the Extension Fee required pursuant to the Fourth Amendment. Within sixty (60) days after the Amendment Effective Date, Phase I Developer shall pay Authority the balance of the Extension Fee in the amount of Four Million Dollars ($4,000,000), for a total Extension Fee of Seven Million Dollars ($7,000,000). The payment of the full amount of the Extension Fee is a material consideration for Authority to enter into this Amendment. The Extension Fee shall be placed by

Authority in an interest-earning account with County. Authority shall allocate and distribute the Extension Fee, but excluding any interest earned thereon (collectively, the "**Phase I Assistance Funds**") to Phase I Developer for construction of Public Improvements and/or affordable housing on the Phase I Parcel. Authority shall have sole discretion with respect to the allocation (among the uses permitted under this Section 7.2) and timing of disbursement of the Phase I Assistance Funds, which allocation, manner and timing, shall take into account Phase I Developer's construction budget, provided, however, (i) all determinations as to the allocation and timing of disbursement of the Phase I Assistance Funds shall be made prior to Phase I Developer's Commencement of Construction of Phase I, and (ii) all Phase I Assistance Funds shall be distributed to Phase I Developer prior to Completion of Construction of Phase I (subject to a 10% retention reserve, which shall be disbursed to Phase I Developer upon the lien free completion of all improvements in Phase I and on or prior to the delivery by Authority of a Certificate of Completion as to Phase I). For avoidance of doubt, if Phase I Developer does not Commence Construction of Phase I for any reason or if a Terminating Event with respect to Phase I occurs for any reason, Phase I Developer shall have no right to any allocation or distribution, or to any refund or return of the Extension Fee or any portion thereof, which Extension Fee shall be the sole property of Authority, together with any interest earned thereon. Notwithstanding the foregoing, Phase I Developer shall be entitled to retain any portion of the Phase I Assistance Funds that, prior to the date of the Terminating Event, has been distributed by Authority to Phase I Developer and paid by Phase I Developer to a third-party in furtherance of construction of Phase I Improvements.

8. **Release and Waiver of Claims**. Phase I Developer, GALA and Related, each on behalf of itself and its respective members, officers, agents and employees (collectively, "**Developer Parties**"), hereby fully, finally and forever releases and waives 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 Parties, or any of them, 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 and their predecessors or successors arising out of or in connection with the Amended DDA, as amended by this Fifth Amendment, the Ground Leases, the Civic Park Design Agreement dated as of March 20, 2006, as amended, and each of the letter agreements and other documentation between and among GALA, Related, Phase I Developer, Phase IIC Developer, Phase III Developer and Authority 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 hereof; provided, however, that the foregoing release and waiver expressly excludes any contractual benefits to which any of the Developer Parties is expressly entitled with respect to Phase I, Phase IIC or Phase III pursuant to the terms and conditions of the Grand Avenue Documents. Without limiting the generality of the foregoing waiver and release, Developer Parties hereby acknowledge and agree that under no circumstance, whether past, present or future, is any of the Developer Parties 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, the Leasehold Acquisition Fee, the Extension Fee, the Quarterly Payments and the $1,000,000 Payment, or (ii) any costs and expenses that have been incurred or expended by any of the Developer Parties relating to the entitlement, design, construction, processing or otherwise in connection with the Grand Avenue Project. The Developer Parties

acknowledge 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.

With respect to the matters released herein, the parties acknowledge that there is a possibility that, after the execution of this Amendment, a party will discover facts or claims, or discover that he or it has sustained losses or damages, that were unknown or unsuspected at the time this Amendment was executed, and which if known by it at that time might have materially affected that party's decision to agree. The Developer Parties acknowledge and agree that by reason of the releases and waivers contained in this Section, they are assuming any risk of such unknown facts and such unknown and unsuspected claims, losses or damages. The parties have been advised by their respective counsel of the existence of Section 1542 of the California Civil Code, which provides:

> "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."

| _____ | _____ | _____ |
|---|---|---|
| GALA | Related | Phase I Developer |

The Developer Parties 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. The Developer Parties shall execute and deliver a reaffirmation of the foregoing release and waiver under this Article 8 in the form attached hereto as Exhibit "C" upon the Commencement of Construction of Phase I.

9. **Future Amendments.** The consent of Phase IIA Developer, Phase IIB Developer, Phase IIC Developer and Phase III Developer are not required for future amendments to the Amended DDA, as amended by this Amendment, that are solely with respect to Phase I. The consent of Phase IIC Developer is not required for future amendments to the Amended DDA, as amended by this Amendment, that are solely with respect to Phase III. The consent of Phase III Developer is not required for future amendments to the Amended DDA, as amended by this Amendment, that are solely with respect to Phase IIC. The consent of Phase I Developer is not required for future amendments to the Amended DDA, as amended by this Amendment, that are solely with respect to Phase IIA, Phase IIB, Phase IIC or Phase III.

10. **Ground Lease.** The parties shall, concurrently with the execution of this Amendment, execute and deliver the First Amendment to Phase I Ground Lease in the form attached hereto as Exhibit "G-1".

11. **Expanded Community Benefits**.

11.1 **Neutrality Agreement.** Phase I Developer hereby confirms to Authority that Phase I Developer has entered into a binding Card Check Neutrality Agreement with UNITE HERE ("**Neutrality Agreement**") with respect to the Phase I Project.

11.2 **Workforce Development-Construction Jobs**. The parties acknowledge the continued application of the Local Hiring Responsibilities of Construction Employers Working on the Grand Avenue Project pursuant to Exhibit S (Part 1) as originally attached to the Original DDA and as amended and restated in its entirety by this Amendment.

11.3 **Workforce Development-Permanent Jobs**. The parties acknowledge the continued application of the Local Hiring Responsibilities of Permanent Employers on the Grand Avenue Project pursuant to Exhibit S (Part 2) as originally attached to the Original DDA and as hereby amended and restated in its entirety in the form attached to this Amendment.

11.4 **Community Access; Welcoming Public Space**.

(a) Authority and/or County may elect in the future to form a Grand Avenue/Civic Center District task force, or equivalent ("**District Task Force**") to coordinate programming, promote diversity of programs, public access, public safety, maintenance and homeless outreach in the area. It is anticipated that such District Task Force may include the key stakeholders/organizations in the Grand Avenue/Civic Center area, including property owners, tenants and cultural institutions in the area. If and when such District Task Force is formed, Phase I Developer and any subsequent owners of the Phase I Project (provided that, following the Ownership Division and subject to the terms of the approved CAM Agreement, solely the Responsible Operators and their successors) will participate in the District Task Force and will promote and encourage key commercial tenants in the Phase I Project to participate as well. It is anticipated that the District Task Force would have a term commencing on its formation and continuing for the first 10 years of operation of the Project after the Grand Opening, unless extended by the agreement of the members of the District Task Force.

(b) Authority and/or County may elect in the future to form a Hospitality and Tourism Jobs task force, or equivalent ("**Hospitality Task Force**") to promote the City's hotel, retail, food and beverage, creative economy and lifestyle sectors. It is anticipated that the Hospitality Task Force may include key stakeholders/organizations such as the Los Angeles Tourism & Convention Board, LA Fashion Week, LA Food Policy Council, Los Angeles County Metropolitan Transportation Authority and other organizations. If and when such Hospitality Task Force is formed, Phase I Developer and any subsequent owners of the Phase I Project (provided that, following the Ownership Division and subject to the terms of the approved CAM Agreement, solely the Responsible Operators and their successors) will participate in the Hospitality Task Force and will promote and encourage key commercial tenants in the Phase I Project to participate as well. It is anticipated that the Hospitality Task Force would have a term commencing on its formation and continuing for the first 10 years of operation of the Project after the Grand Opening, unless extended by the agreement of the members of the Hospitality Task Force.

(c) Throughout the term of the Phase I Ground Lease (and during the balance of the term of the Easement if the Option is exercised pursuant to Section 20 hereof), Phase I

Developer and future owners of the Phase I Project (provided that, following the Ownership Division and subject to the terms of the approved CAM Agreement, solely the Responsible Operators and their successors) will commit to provide regular public programming in the plaza to be located in the center of the Phase I Project ("**Plaza**") that is easily accessible and appealing to a broad cross-section of the general public and which showcases Los Angeles as a center of creativity, diversity and hospitality. There will be a minimum of six (6) programs per calendar year in the Plaza that are free and open to the general public, including live music, art exhibitions, workshops, themed festivals, stage performances and similar events, including, but not be limited to, programs featuring (i) fashion trends and local fashion firms in partnership with Fashion Week; (ii) local creative industry firms (i.e., furniture, digital media, etc.); and (iii) local affordable, healthy food trends, vendors, and products in coordination with LA Food Policy Council and/or other Authority or County approved organizations. The foregoing obligations of Phase I Developer are in addition to the Developer-led Arts Program to be undertaken pursuant to the provisions of Section 420 of the Original DDA as amended by this Amendment.

(d) Throughout the term of the Phase I Ground Lease (and during the balance of the term of the Easement if the Option is exercised pursuant to Section 20 hereof), Phase I Developer and future owners of the Phase I Project (provided that, following the Ownership Division and subject to the terms of the approved CAM Agreement, solely the Responsible Operators and their successors) will conduct community outreach to local schools and community based art programs to bring in local groups to be part of the programming in the Plaza, such as high school bands or choirs, community-based theater and local artist exhibitions. Authority will assist the Phase I Developer and future owners of the Project (and/or the Responsible Operator(s) of the applicable Component(s)) to identify specific organizations or groups to invite to participate in such programming for the Plaza.

(e) Phase I Developer and future owners of the Phase I Project (provided that, following the Ownership Division and subject to the terms of the approved CAM Agreement, solely the Responsible Operators and their successors) will provide semi-annual reports to Authority on the attendance and participation in the public programmed events in the Plaza, including available demographic information, such as whether the attendees are residents of the County and the distance travelled to attend the event, similar to the information compiled by The Broad Museum and the Los Angeles Music Center in connection with events located on their premises. Such reports shall conform to the format reasonably requested by the District Task Force (if and when formed) in order to demonstrate that Phase I Developer and future owners of the Project, or the Responsible Operator(s), as applicable, are using their good faith best efforts to reach out to the community and promote attendance at the public events.

(f) Notwithstanding anything to the contrary contained in this Section 11.4, the parties acknowledge and agree that, following the Ownership Division, and subject to the terms of the approved CAM Agreement, (i) the provisions of this Section 11.4 shall only be binding on and enforceable against the applicable Components and Responsible Operator(s) thereof, and shall otherwise not apply to Phase I Developer and any other Operators and (ii) all references to "Phase I Developer" in this Section 11.4 shall be deemed a reference to the applicable "Responsible Operator(s)".

11.5 **Retail Space-Inclusive and Affordable**. Phase I Developer will seek to incorporate a mixture of retail tenants in the Phase I Project with products and offerings in a range of price points, particularly in the food and beverage categories, with the goal of providing employees of retail tenants and occupants in the Civic Center buildings with a range of options for lunch in the Project, which will include at least some lunch options for a price of $10.00 (plus taxes) per meal (as such amount may be increased each year by the same percentage increase as the then applicable increase in the CPI Index from and after the Amendment Effective Date). Phase I Developer will submit to Authority a retail plan for the Phase I Project on or before the Commencement of Construction that will define the specific goals for the inclusive retail mix and set forth the efforts that Phase I Developer will undertake to achieve the goals. The plan will specify the steps and actions that Phase I Developer will commit to take to seek to achieve the goal of an inclusive retail mix with a range of price points so that Authority can understand and monitor the process that Phase I Developer is undertaking. Notwithstanding the foregoing, in no event shall the selection of any specific tenants, the location of the space or terms of the lease to a specific tenant in the Phase I Project be subject to any right of approval by Authority, with all such decisions being solely in the discretion of Phase I Developer.

(a) During the initial lease-up of the Retail Improvements in the Phase I Project and continuing for the first two (2) years of operation of the Retail Improvements, Phase I Developer shall provide Authority with quarterly reports setting forth the results of the efforts to achieve an inclusive retail mix and describing the commercially reasonable efforts undertaken by Phase I Developer to achieve such retail mix. Authority shall have thirty (30) days after receipt of each such quarterly report to review the report and provide feedback to Phase I Developer on whether the Phase I Developer has been deficient in its efforts to achieve the goal of an inclusive retail mix. If Authority determines that such efforts have been deficient, it will request that Phase I Developer provide an action plan to Authority in the next succeeding quarterly report that will detail the commercially reasonable efforts to be undertaken by Phase I Developer to achieve an inclusive retail mix.

(b) After the first two (2) years of operation of the Retail Improvements and continuing until the tenth ($10^{th}$) anniversary of the official opening of the Retail Improvements for business, Phase I Developer shall submit annual reports to Authority setting forth the same information as was provided in the quarterly reports. Notwithstanding anything to the contrary contained in this Section 11.5, the parties acknowledge and agree that, following the Ownership Division, upon the creation of an Operator Ground Lease for the Retail Improvements Component of Phase I pursuant to the terms of Section 11.3 of the Ground Lease, and subject to the approved CAM Agreement, (i) the provisions of this Section 11.5 shall not apply to Phase I Developer and instead shall be binding only upon the applicable Operator of the Retail Improvements Component (such Operator, the "**Retail Operator**") and (ii) all references to "Phase I Developer" in this Section 11.5 shall be deemed a reference to the "Retail Operator".

11.6 **Retail Space-Local Business**. Phase I Developer (provided that, following the Ownership Division and subject to the terms of the approved CAM Agreement, solely the Retail Operator and its successors) shall use good faith commercially reasonable efforts to lease at least 10,000 square feet of the retail and food and beverage space in the Phase I Project to Local Businesses on an ongoing basis during the Phase I Ground Lease. For purposes hereof, "**Local Businesses**" mean (i) a business with its headquarters in the County and/or (ii) a business that

was formed in the County that has the majority of its locations in California and the majority of whose employees are residents of the County. The selection of one or more Local Businesses as tenants in the Retail Improvements, and the terms and conditions of the leases to such tenants shall be in the sole discretion of Phase I Developer and any subsequent owners of the Retail Improvements Component and shall not be subject to approval by Authority. Notwithstanding anything to the contrary contained in this Section 11.6, the parties acknowledge and agree that, following the Ownership Division, upon the creation of an Operator Ground Lease for the Retail Improvements Component of Phase I pursuant to the terms of Section 11.3 of the Ground Lease, and subject to the approved CAM Agreement, (i) the provisions of this Section 11.6 shall not apply to Phase I Developer and instead shall be binding only upon the Retail Operator and (ii) all references to "Phase I Developer" in this Section 11.6 shall be deemed a reference to the "Retail Operator".

(a) Phase I Developer shall also use good faith commercially reasonable efforts to lease at least 2,000 square feet of retail and/or food and beverage space in the Phase I Project (out of the at least 10,000 square feet of retail space targeted for Local Businesses) to Made in LA Tenants. For purposes hereof, "**Made in LA Tenants**" are local businesses and entrepreneurs that are identified by County or Authority as representative of the creative economy, local food and beverage trends or local retailers that promote the County and City as a source of innovation and job creation. Phase I Developer shall lease up to an aggregate of 2,000 square feet to one or more Made in LA Tenants identified by County or Authority (by staff or through a third party consultant to be engaged at the cost of County or Authority) on the following terms and conditions: (i) the location of the spaces in the Phase I Project to be leased to such tenants is in the sole discretion of Phase I Developer, provided that signage for such space will clearly denote any such tenant as a Made in LA Tenant, (ii) the gross lease rent charged to any such tenant shall be a total amount of $1.00 per year (plus any charges for utilities used by such tenant in the premises but with no other fees or charges) (iii) the term of each such lease will be at least two (2) years, provided, however, that the rents during any portion of the lease term beyond 2 years may be at market rents as determined by Phase I Developer in its discretion; (iv) Phase I Developer will provide tenant improvements to the Made in LA Tenants of $25.00 per square foot of space (and the tenant will have no obligation to expend any additional amounts for tenant improvements); (v) if all or any portion of the 2,000 square feet identified by Phase I Developer as available for Made in LA Tenants remains vacant without an identified tenant for more than 90 consecutive days after the opening of the Phase I Project (or for more than 60 consecutive days during the term of any lease with a Made in LA Tenant as a result of the failure of such tenant to occupy the space or a default by such tenant under the terms of its lease), then Phase I Developer shall be entitled to lease such vacant space to other tenants on market terms as determined in the sole discretion of Phase I Developer (and Phase I Developer will have no further obligation to lease such space to Made in LA Tenants) and (vi) the Made in LA Tenants identified by County or Authority must sign and comply with Phase I Developer's standard form of retail lease, including the co-tenancy and exclusivity covenants of Phase I Developer with its other retail tenants, and the Phase I Project rules and regulations as a condition to their occupancy of the space.

(b) Commencing 12 months prior to the scheduled Grand Opening of the Retail Improvements in the Phase I Project, Phase I Developer shall seek qualified Local Businesses to lease space in the Project. Phase I Developer shall provide Authority with a

monthly marketing report identifying the target Local Businesses being pursued by Phase I Developer. Authority will provide any input on prospective Local Businesses that Phase I Developer should add to its list, but the selection of the tenants for the Project is in the sole discretion of Phase I Developer. Phase I Developer shall provide sufficient information in its monthly reports to Authority on its marketing efforts in order to demonstrate it is using good faith commercially reasonable efforts to lease at least 10,000 square feet in the Phase I Project Retail Improvements to Local Businesses (including the 2,000 square feet for Made in LA Tenants) .

(c) Commencing on the Grand Opening of the Retail Improvements in the Phase I Project and continuing for two (2) years thereafter, Phase I Developer will provide Authority with quarterly leasing reports documenting the results of its efforts to lease space to Local Businesses, including the specific efforts made to identify qualified Local Businesses. Authority shall have thirty (30) days after receipt of each such quarterly report to review the report and provide feedback to Phase I Developer on whether the Phase I Developer has been deficient in its efforts to achieve the goal of leasing to Local Businesses. If Authority determines that such efforts have been deficient, it will request that Phase I Developer provide an action plan to Authority in the next succeeding quarterly report that will detail the actions to be taken by Phase I Developer to continue its commercially reasonable efforts to reaching the goal of leasing at least 10,000 square feet in the Phase I Project retail space to Local Businesses (including the 2,000 square feet for Made in LA Tenants).

(d) After the first two (2) years of operation of the Retail Improvements and continuing until the tenth ($10^{th}$) anniversary of the opening of the Retail Improvements, Phase I Developer shall submit annual leasing reports to Authority setting forth the same information as was provided in the quarterly leasing reports.

(e) If Phase I Developer is unable to lease the 10,000 square feet of Retail Improvements to Local Businesses despite using its good faith commercially reasonable efforts to do so, Phase I Developer will not be in breach of its obligations hereunder and it shall be permitted to lease any such space to such other tenants (whether or not they are Local Businesses) and on such terms and conditions as Phase I Developer determines in its sole discretion.

12. **Section 419-Prevailing Wages**. Section 419 of the Original DDA is hereby amended by deleting each reference therein to the "CRA's Prevailing Wage and Equal Opportunity Standards" and the "CRA's Policy on Payment of Prevailing Wages by Private Redevelopers or Owners- Participants" and replacing each such reference with "the State of California laws, policies and standards for payment of prevailing rates of wages, including without limitation, Sections 33423-33426 of the California Health and Safety Code and Sections 1770-1861 of the California Labor Code applicable to the construction of the improvements in any Phase of the Project." In addition, the following subparagraphs of Section 419 of the Original DDA are hereby amended as follows:

(a) Subparagraph (4) is amended to provide that the Developer shall contact the BCA to schedule a pre-construction orientation meeting since Authority is delegating this responsibility to the City;

(b) Subparagraph (5) is amended to provide that the BCA may take the actions provided for therein in lieu of Authority, since Authority has delegated these actions to the City; and

(c) Subparagraph (8) is amended to provide that representatives of Authority and City will have the right of access and inspection contemplated therein and the CRA will no longer be referenced therein.

13. **Section 420-Art Policy**. Section 420 of the Original DDA, as amended by Section 9.3 of the First Amendment, is hereby further amended with respect to Phase I as follows:

(a) The CRA Art Policy attached to the Original DDA as Exhibit "N" is hereby deleted and the City Art Policy attached to this Fifth Amendment is hereby substituted in its place. Each reference in the Amended DDA to the "CRA Art Policy" or Exhibit "N" shall be deemed to refer to the City Art Policy attached as Exhibit "N" hereto.

(b) Phase I Developer shall calculate the art fee with respect to Phase I in accordance with City laws and ordinances and, in accordance with Section 9.3 of the First Amendment, will pay 20% of such Phase I art fee to Phase IIA Developer; Phase I Developer will provide evidence of the payment of such 20% portion of the art fee to Phase IIA Developer by giving copies of the transmittal to City, with copies to CRA/LA, the City Department of Cultural Affairs and Authority. Phase I Developer and the City Department of Cultural Affairs will jointly develop an agreement regarding the use on the Phase I Parcel of the 80% balance of the Phase I art fee. This agreement is referred to as the "Developer-led Arts Program" at the Department of Cultural Affairs and shall be governed by Exhibit "N" attached hereto. In accordance with the Monitoring Agreement, the City Department of Cultural Affairs shall be responsible for the approval of and monitoring the implementation of, the Arts Program for Phase I.

14. **Section 703- Affirmative Action in Employment and Contracting Procedures, Including Utilization of Minority, Women and Other Businesses**. Section 703 of the Original DDA is hereby deleted in its entirety and the following is hereby inserted in lieu thereof:

"Developer and Authority acknowledge and agree that it is the policy of Authority to promote and ensure economic advancement of minorities and women as well as other economically disadvantaged persons through employment and in the award of contracts and subcontracts for construction in redevelopment project areas. Developer shall use commercially reasonable efforts to employ or select employees, contractors and subcontractors possessing the necessary skill, expertise, cost level and efficiency for the development of the Improvements. Monitoring of the requirements of this Section 703 will be performed by the City's Bureau of Contract Administration, or another appropriate City agency authorized to undertake such monitoring (referred to herein collectively as "**BCA**").

(1) Utilization of Minority-Owned, Women-Owned, and Other Businesses (M/W/OBE). The City's current Business Inclusion Program considers, in addition to MBE and WBE, businesses that are Small Business Enterprises (SBE), Emerging Business Enterprises

(EBE), Disabled Veteran Business Enterprises (DVBE), as well as all Other Business Enterprises (OBE); the term OBE as used herein shall be considered to include SBE, EBE and DVBE as well as other business enterprises.

(a) Developer shall use its best efforts to the greatest extent feasible to seek out and award and require the award of contracts and subcontracts for development of the Project to contracting firms which are located or owned in substantial part by persons residing in the Project Area and to promote outreach to minority-owned, women-owned and other businesses. This requirement applies to both the construction and operations phases of the Project.

(b) This paragraph shall require the commercially reasonable efforts of Developer and its contractors, but shall not require the hiring of any person, unless such person has the experience and ability and, where necessary, the appropriate trade union affiliation, to qualify such person for the job.

(2) Utilization of Project Area Residents. The Community Outreach Plan will address the obligations of Developer regarding the use of residents in and around the Project Area for the labor force for the construction of the Project.

(3) Community Outreach Plan.

(a) Submission of Plan – By the time set forth in the Schedule of Performance, Developer shall meet with the BCA and representatives of Authority to hold a preconstruction meeting. During the preconstruction meeting, Developer shall be provided with the policies and procedures of the City regarding the MBE, WBE and OBE outreach efforts. By the time set forth in the Schedule of Performance and prior to Commencement of Construction of each Phase, Developer shall submit to the BCA and Authority, for approval (not to be unreasonably withheld), the Community Outreach Plan for the Project. The Community Outreach Plan shall set forth the methods Developer will use to comply with this Section 703. Upon receipt of the Community Outreach Plan, Developer and the Authority and City shall work together and review the Community Outreach Plan and the BCA and Authority shall, within thirty (30) days after receipt thereof, approve or disapprove the Community Outreach Plan, or provide to Developer a statement of actions required to be taken in order for the Community Outreach Plan to be approved. Developer shall meet and confer with the BCA and the Authority to address such recommended actions. Upon a resolution, Developer shall promptly modify such Plan to respond to the specific concerns raised by Authority or BCA and submit the revised Community Outreach Plan to Authority and City for review and approval. If either or both the BCA or Authority fails to respond to the originally submitted Plan within thirty (30) days after submission, or to the resubmitted Plan within fifteen (15) days after resubmission (the combined 30 day and 15 day review periods are referred to herein, collectively, as the "**Review Period**"), the Community Outreach Plan shall be deemed disapproved by the BCA or Authority, as applicable. Developer shall not Commence Construction of any Phase unless the Community Outreach Plan has been approved by the BCA and Authority, except to the extent provided below. Recognizing that approval of the Community Outreach Plan prior to Commencement of Construction is necessary for Developer to implement the Plan in advance of construction, if BCA or Authority approval of the Plan is not obtained within the foregoing Review Period (and provided that the Community Outreach Plan was timely submitted to both the BCA and

Authority in accordance with the Schedule of Performance, and that Developer has responded to all comments received in a timely manner), then the deadline for Developer to Commence Construction under the Schedule of Performance shall be extended by the number of days after the lapse of such Review Period until such approval by the BCA and Authority is received; provided that Developer shall have the right to proceed with construction while utilizing those portions of the Plan that have been approved by the BCA and Authority, and BCA and Authority shall use good faith efforts to expedite any additional comments or approvals on the balance of the Plan.

(b) Contents of the Community Outreach Plan - The Community Outreach Plan shall include, at a minimum:

1. Estimated total dollar amount (by trade) of all contracts and subcontracts to be let by Developer or its prime contractor for the Improvements;

2. List of all proposed M/W/OBEs that will be awarded a contract by Developer or the prime contractor(s);

3. Estimated dollar value of all proposed M/W/OBE contracts;

4. Evidence of M/WBE Certification by the City or other agencies recognized by the City of all firms listed as MBE or WBE in the Plan;

Firms purporting to be M/WBE do not require M/WBE Certification if their contract amount is less than $25,000. Any firm for which the contract amount exceeds $25,000 and which is not certified by the City or other agencies recognized by the City may not be considered an MBE or WBE for purposes of this Agreement. Self-Certification is not allowed.

5. Description of the actions to be taken to meet the Project Area resident and business utilization objectives.

6. Such other information and documentation with respect to the foregoing objectives as the BCA or Authority may reasonably deem necessary in connection with the Community Outreach Plan.

(4) General Information.

(a) During the construction of the Improvements, Developer shall provide to the BCA and Authority such information and documentation as reasonably requested by the BCA or Authority in connection with the Community Outreach Plan.

(b) Developer shall monitor and enforce the affirmative outreach and equal opportunity requirements imposed by this Section 703 and the Community Outreach Plan, with the assistance of the BCA. If Developer fails to monitor or enforce these requirements, Authority may declare the Developer in default of this Agreement (subject to the notice and cure rights provided in this Agreement) and thereafter pursue any of the remedies available under this Agreement.

(c) As requested, Authority and BCA shall provide such technical assistance necessary to implement the approved Community Outreach Plan.

15. **Section 706- Living Wage; Contractor Responsibility Program; Service Contractor Retention Policy**. Section 706 of the Original DDA is hereby deleted in its entirety and the following is hereby inserted in lieu thereof:

"Unless approved for an exemption by both Authority and City, Developer agrees to comply with the City Living Wage, Contractor Responsibility Program and Service Contractor Worker Retention ordinances, copies of which are attached to the Fifth Amendment as Exhibit "O"; provided, however, that the exemption in Section 10.37.15 of the City Living Wage (LAMC Ordinance 184318) from the definition of "Employer" for small business and non-profit organizations shall not be applicable to the Project unless such exemption is expressly approved by both Authority and City. City shall be responsible for monitoring Developer's compliance with all such policies and ordinances. The Ground Leases (and Operator Ground Leases) shall each provide that the Operators thereunder are subject to the City's Living Wage, Contractor Responsibility Program and Service Contractor Worker Retention ordinances as described herein unless approved for an exemption thereunder by both Authority and City. As a matter of clarification, (i) the City Contractor Responsibility Program ordinance shall only be applied to contracts for public funds expended for the Project, and (ii) in the event of a determination by City, as the monitoring agency, of non-responsibility of a bidder under such City Contractor Responsibility Program, such determination will be appealable to the Authority Board for final determination."

16. **Section 707-Affordable Housing**. Section 707 of the Original DDA currently provides, in part, "Developer shall set aside no fewer than twenty percent (20%) of the total number of housing units developed on the Development Site for Affordable Housing Units. At least twenty percent (20%) of the total number of housing units developed in Phase I shall be Affordable Housing Units. No less than thirty-five percent (35%) of the Affordable Housing Units in Phase I shall be reserved for occupancy by Extremely Low Income Households. The balance of the Affordable Housing Units in Phase I shall be reserved for occupancy by Sixty Percent Households."

The foregoing provisions of Section 707 of the Original DDA are hereby deleted and are hereby replaced with the following provisions:

"Developer shall set aside no fewer than twenty percent (20%) of the total number of housing units developed on the Development Site for Affordable Housing Units. At least twenty percent (20%) of the total number of housing units developed in Phase I shall be Affordable Housing Units. No less than fifteen percent (15%) of the Affordable Housing Units in Phase I shall be reserved for occupancy by Forty Percent Households, as defined in the Third Amendment. The balance of the Affordable Housing Units in Phase I shall be reserved for occupancy by households with an adjusted income that does not exceed fifty percent (50%) of the Median Income, adjusted for household size. Phase I Developer (or, following the Ownership Division, the Responsible Operator) shall pay directly to the City an annual monitoring fee, as determined by the City from time to time, for the City's monitoring of Phase I Developer's compliance with this Section 707. Notwithstanding anything to the contrary

contained in this Section 707, the parties acknowledge and agree that, following the Ownership Division, upon the creation of an Operator Ground Lease for the Phase I Residential Rental Improvements Component pursuant to Section 205 of this DDA and Section 11.3 of the Ground Lease, and subject to the approved CAM Agreement, (i) the provisions of this Section 707 as to Phase I shall not apply to Developer and instead shall be binding only upon the Phase I Residential Rental Improvements Component Operator and (ii) all references to "Developer" in this Section 707 with respect to Phase I shall be deemed a reference to the Phase I "Residential Rental Improvements Component Operator"."

17. **Section 709 –ADA Compliance**. Section 709 of the Original DDA is hereby deleted in its entirety, along with Exhibit "P" to the original DDA which is referenced therein, and the following new Section 709 is hereby inserted in lieu thereof:

"Phase I Developer hereby certifies that it will comply with the Americans with Disabilities Act, 42, U.S.C. Section 12101 et seq., and its implementing regulations. Phase I Developer will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the Americans with Disabilities Act. Phase I Developer will not discriminate against persons with disabilities nor against persons due to their relationship to or association with a person with a disability. Any contract or agreement entered into by Phase I Developer relating to the Project, to the extent allowed hereunder, shall be subject to the provisions of this Section 709."

18. **Additional Amendments and Modifications to Amended DDA**.

18.1 **Representations, Warranties and Covenants of Developer.**GALA, Phase I Developer and Related, where indicated below, hereby represent, warrant and covenant to Authority as follows:

(a) Organization of Phase I Developer. Phase I Developer and CORE/Related JV is each a limited liability company, duly formed, validly existing under the laws of the State of Delaware and Phase I Developer is qualified to conduct business in the State of California, with full power and authority to conduct its business as presently conducted and to execute, deliver and perform its obligations under this Amendment and the Amended DDA and Other Agreements with respect to Phase I. As of the Amendment Effective Date and subject to Phase I Developer's Transfer rights under the Amended DDA, as amended hereby, Phase I Developer's sole Member is CORE/Related JV and the sole Members of CORE/Related JV are (a) Related Grand Avenue (a wholly owned subsidiary of Related) and (b) CORE LA which is an Affiliate of CORE. Schedule 1501 attached to the Original DDA is hereby replaced with the organizational chart showing the current ownership structure of Phase I Developer and its Members attached to this Amendment as Exhibit "A". Phase I Developer shall not make or permit to be made any change to the structure shown on Exhibit "A" without the prior written consent of Authority, which may be withheld in Authority's sole discretion.

(b) Reserved.

(c) Authorization. Phase I Developer has taken all necessary action to authorize its execution, delivery and, subject to the conditions set forth herein, performance of its obligations under this Amendment and the Amended DDA. Upon such execution and delivery, this Amendment shall constitute a legal, valid and binding obligation of Phase I Developer enforceable against it in accordance with its terms.

(d) No Conflict. The execution, delivery and performance of this Amendment by Phase I Developer does not and will not conflict with, or constitute a violation or breach of, or a default under, (a) the operating agreement and/or other formation documents of Phase I Developer, (b) any applicable law, rule or regulation binding upon or applicable to Phase I Developer, or (c) any material agreements to which Phase I Developer is a party.

(e) No Litigation. Except as otherwise disclosed in writing to Authority prior to the date hereof, there is no existing or, to Phase I Developer's or Related's knowledge, pending or threatened litigation, suit, action or proceeding before any court or administrative agency affecting Phase I Developer that would, if adversely determined, adversely affect Phase I Developer, the Project or such party's ability to perform its obligations hereunder or under the Project Documents.

(f) No Defaults. As a representation by Related only, (i) Related and Phase I Developer are not in default in respect of any of their respective obligations or liabilities pertaining to the Development Site, and there is no state of facts, circumstances, conditions, or events which, after notice, lapse or time, or both, would constitute or result in any such default; and (ii) Phase I Developer is not and will not be in default with respect to any agreements, obligations or liabilities that could adversely affect Phase I Developer's ability to perform its obligations hereunder.

(g) Financial Statements. Phase I Developer has previously delivered to Authority or made available for inspection by Authority and its representatives true and accurate audited (or if audited statements are not available, reviewed and certified as accurate by the Chief Financial Officer or equivalent financial officer of the relevant entity) financial statements dated within 6 months of the date hereof with respect to Phase I Developer, CORE/Related JV and Related, and Chinese Communications Construction Group ("**CCCG**") (collectively, "**Credit Constituent Entities**"), which financial statements were prepared in accordance with generally accepted accounting principles ("**GAAP**") and fairly and accurately represent the financial condition and results of operations of such Credit Constituent Entities, as of the date or dates thereof; provided, however, that the financial statements for CCCG were prepared in accordance with generally accepted accounting standards in China, consistently applied. No material adverse change has occurred in the financial condition of any such Credit Constituent Entities between the date or dates of such financial statements and the date hereof. At the request of Authority from time to time Phase I Developer shall make available for inspection by Authority such additional financial statements (audited if available or if unaudited, then reviewed and certified as accurate by the Chief Financial Officer or equivalent financial officer of the relevant entity) and information concerning the financial condition and results of operations of Phase I Developer and CORE/Related JV, or such Credit Constituent Entities, as Authority shall reasonably request.

(h) Net Worth. Phase I Developer represents to Authority that the total projected development cost of Phase I is expected to be approximately $965,000,000 (including a portion of the Phase I Leasehold Acquisition Fee) and that Developer expects to borrow a construction loan for approximately $600,000,000; therefore, the initial Net Worth of Phase I Developer will be approximately $360,000,000. Phase I Developer shall maintain, at all times prior to completion of the Phase I Improvements, a minimum Net Worth equal to the greater of (i) $200,000,000 or (ii) 20% of the total projected development cost of Phase I. After completion of the Phase I Improvements and issuance of the Certificate of Completion with respect thereto the foregoing minimum Net Worth shall no longer be applicable and the constituent owners of CORE/Related JV shall not be required under the Amended DDA, as amended by the Fifth Amendment, to guaranty, commit or otherwise fund new capital to the CORE/Related JV, Phase I Developer, any subsidiaries thereof or otherwise into the Project. The parties acknowledge that CORE/Related JV and/or Phase I Developer shall have the right to form one or more wholly-owned subsidiaries to directly own Components (each subsidiary, a "**Subsidiary Component Owner**"). If, at any time (a) any Subsidiary Component Owner that is still owned directly or indirectly by CORE/Related JV or Phase I Developer ("**Delinquent Subsidiary Component Owner**") does not have sufficient cash flow from its applicable Component to pay any of its then outstanding expenses and obligations, and (b) at such time, CORE/Related JV or any other Component Owner which is still owned, directly or indirectly, by CORE/Related JV or Phase I Developer receives excess cash flow generated by another Component, then CORE/Related JV shall make such excess cash flow available to such Delinquent Subsidiary Component Owner to the extent of any then outstanding expenses and obligations due and payable by such Delinquent Subsidiary Component Owner; provided that the same shall be structured to ensure compliance with the requirements of any lender to the applicable Subsidiary Component Owners, including those relating to special purpose entity provisions applicable to such Subsidiary Component Owners; and provided, further, that the foregoing is not intended to require CORE/Related JV or any Subsidiary Component Owner to retain excess cash or reserves to fund potential future cash shortfalls of any Subsidiary Component Owner.

(i) For purposes of this Section 18.1(h), "**Net Worth**" shall mean the value of Phase I Developer's assets minus its liabilities (as such terms are defined by GAAP). Phase I Developer's assets shall include for all purposes its interest in the Phase I Ground Lease of Parcel Q, any notes or cash contributed by its member, capital commitments from its direct or indirect members (including the guaranty to be provided by CCCG pursuant to the CORE/Related JV LLC Agreement) and other similar guaranties or obligations of the direct or indirect members (or their Affiliates) to contribute capital to Phase I Developer as such capital is required for the acquisition, development and construction of Phase I. Authority shall have the right to approve such guaranties and notes obtained by Phase I Developer to achieve the minimum net worth required hereby; Authority acknowledges that it has approved the initial capitalization of Phase I Developer, based on the forms of the CORE/Related JV LLC Agreement and the Phase I Developer's LLC Agreement and the guaranties required to be provided thereunder.

(ii) Phase I Developer shall deliver evidence reasonably satisfactory to Authority that Phase I Developer continues to meet the minimum Net Worth requirements set forth in this Section 18.1 on at least an annual basis, commencing on the anniversary of this

Amendment and continuing through the issuance of a Certificate of Completion with respect to Phase I, including through the delivery of financial statements (audited if available, or if unaudited, then reviewed and certified as accurate by the Chief Financial Officer of Phase I Developer or its sole member, CORE/Related JV), copies of the guaranties used for the capitalization of the Project and other similar information. Phase I Developer's failure to maintain the minimum Net Worth at all times prior to the issuance of the Certificate of Completion for the Phase I Improvements as required by this Section 18.1(h) shall constitute a default under the Amended DDA, as amended by this Amendment, subject to the notice and cure provisions of Article 13 of the Original DDA.

18.2 **Financial Feasibility of Project**.

(a) City of Los Angeles Parking and Hotel Tax Rebates. Section 101(7) of the Original DDA, which addresses Parking and Hotel Tax Rebates, continues to be in full force and effect. The City has entered into an amended Memorandum of Understanding adopted on May 20, 2016 ("**Revised MOU**") with Phase I Developer under which the City will provide Phase I Developer with Parking and Hotel Tax Rebates based on EQX Hotel Management LLC (operator of Equinox Hotels) as the Hotel Operator and the Scope of Development of Phase I. The City will enter into an Amended and Restated Implementation Agreement ("**Implementation Agreement**") with Phase I Developer on or about the Amendment Effective Date to effectuate the Parking and Hotel Tax Rebates set forth in the Revised MOU (the Revised MOU and the Implementation Agreement are referred to herein, collectively, as the "**City Agreements**"). Phase I Developer is required by the Implementation Agreement to pay the amounts set forth on Schedule 18.2 attached hereto to the City in consideration for City's and Authority's execution of the IR Termination Agreement. The City Agreements must be fully executed and delivered by City and Phase I Developer, and the IR Termination Agreement must be fully executed and delivered by the parties thereto, as a condition to the Amendment Effective Date.

(b) Financial Feasibility. Phase I Developer represents to Authority that it has determined that Phase I is financially feasible, assuming the availability of the Public Infrastructure Investment pursuant to the Amended DDA, as amended by this Amendment, and the Parking and Hotel Tax Rebates set forth in the Revised MOU, and that Phase I Developer has sources of the required equity and financing sufficient to fund the development of Phase I.

(c) Leasehold Acquisition Fee. The Phase I Leasehold Acquisition Fee is $44,780,000, which amount has been paid in full by Related or its Affiliate prior to the date hereof and is non-refundable.

18.3 **Quarterly Payments**. Phase I Developer shall continue to pay Authority on a quarterly basis until the earlier of (i) termination of the Amended DDA, as amended by this Amendment, 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 Parcel Q. Quarterly Payments are non-refundable when paid and shall not be credited against, reduce or offset any other payments owed by GALA

or Phase I Developer, or their respective affiliates, to the Authority, CRA/LA, the City or the County, whether past, present or future.

18.4 **Reimbursement**. Phase I Developer shall reimburse Authority for all out-of-pocket costs incurred by it in connection with (i) the discussion, negotiation and drafting of this Amendment and other documents related to the Grand Avenue Project, and (ii) any changes to the Grand Avenue Documents requested by Phase I 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.

18.5 **Authority Designees**. All references in the Governing Documents to any prospective approval or consent by the CRA/LA under any of the Sections referenced in the following sentence shall be deemed from and after the date hereof to refer to a consent or approval by the Authority, or by any of the Governing Entities which is designated by Authority, with the consent of such Governing Entity, to have responsibility or authority with respect to giving the specific consent or approval under such provision of the Governing Documents. As a condition to the Amendment Effective Date, Authority and City will enter into a separate agreement ("**Monitoring Agreement**") whereby City will undertake the responsibility on behalf of the Authority to act as the Governing Entity responsible for monitoring compliance by Phase I Developer with the requirements of (i) the following sections of the Amended DDA, as they may be amended by this Amendment: 419 (Prevailing Wages), 702 (Non-Discrimination During Construction: Equal Opportunity), 703 (Affirmative Action in Employment and Contracting Procedures; Including Utilization of Minority, Women and Other Businesses), 706 (Living Wages; Contractor Responsibility Program; Service Contractor Retention Policy), 707 (Affordable Housing), 710 (CRA Local Hiring Requirements; Developer Public Benefit Contribution), and Sections 11.2 and 11.3 of this Amendment and (ii) the following sections of the Phase I Ground Lease, as they may be amended, which correspond to the foregoing Sections of the Amended DDA as amended hereby: 2.1.12 (Prevailing Wages), 17.3 (Affirmative Action in Employment and Contracting Procedures; Including Utilization of Minority, Women and Other Businesses), 17.6 (Living Wages; Contractor Responsibility Program; Service Contractor Retention Policy), 17.7 (Affordable Housing) and 17.10 (CRA Local Hiring Requirements). Authority will retain responsibility for monitoring, oversight and approvals in connection with Phase I Developer's compliance with Sections 11.4, 11.5 and 11.6 of this Amendment, without limiting Authority's right to designate one or more other Governing Entities to undertake such responsibilities in the future. Phase I Developer covenants to pay to the City the costs of the monitoring undertaken by City pursuant to the Monitoring Agreement, which shall be documented by a separate agreement between City and Phase I Developer.

18.6 **Pre-Construction Reports**. No later than the ten (10) days prior to the end 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 Amended 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.

19. **Hotel Operating Standard.**

19.1 The City Agreements shall provide that the operator of the Hotel must operate and maintain the Hotel as a Four Star Lodging Establishment ("**Four Star Standard**") (as rated by the Forbes Travel Guide or by an alternative nationally recognized hotel rating service, collectively "**Rating System**"). The initial Four Star Standard rating, as published by the Rating System, must be achieved within twenty-four (24) months after the Grand Opening of the Hotel (i.e., when the Hotel is open for business to the general public). The parties acknowledge that if the Hotel has not achieved the Four Star Standard rating from the Rating System by the expiration of twenty-four (24) months after the Hotel Opening, or thereafter fails to maintain its Four Star Standard rating by the Rating System (each, a "**Rating Failure**"), default provisions and remedies as specified in the City Agreements shall apply (collectively, the "**City Remedies**"). Authority hereby confirms its approval of EQX Hotel Management LLC (operator of Equinox Hotels) as the Hotel Operator and its approval of the Hotel Management Agreement between Phase I Developer and EQX Hotel Management LLC presented to Authority for its approval and being executed and delivered by the parties thereto concurrent with the Amendment Effective Date. If Phase I Developer replaces EQX Hotel Management LLC with another hotel operator, Authority will not have a separate right to approve such replacement hotel operator if it is approved by the City under the Implementation Agreement; provided that if such replacement of the hotel operator occurs after the expiration or termination of the City Agreements, then Authority will have the right to approve such hotel operator using the same standards as were set forth in the Implementation Agreement for approval of a change in the identity of the hotel operator by the City during the term thereof.

19.2 The Amendment to Phase I Ground Lease attached to this Amendment provides that, if, at any time during the term of the Phase I Ground Lease, the City Agreements are no longer in effect (or if the City Agreements no longer include the City Remedies referenced above and Authority has not consented to such change in the City Remedies), the Authority shall have the following rights under the Phase I Ground Lease in the case of a Rating Failure regarding the Hotel that will apply in lieu of the City Remedies: Following any such Rating Failure, Authority may give notice at any time to Phase I Developer of such Rating Failure ("**Authority Notice**"). Phase I Developer shall attempt to cure any such Rating Failure by taking one or more of the following efforts and/or other measures (collectively, the "**Efforts to Cure**"):

(i) Phase I Developer may initiate specific steps to address the matters identified by the Rating Agency as to the reasons for the Rating Failure and seek to obtain the Four Star Standard rating from the Rating Agency following resolution of such matters;

(ii) Phase I Developer may obtain a review of the Hotel by an alternative Rating System that is a nationally recognized hotel rating service to meet the Four Star Standard;

(iii) Phase I Developer may enforce its rights under the Hotel Management Agreement to cause the Hotel Operator to achieve and maintain the Four Star Standard for the Hotel; and/or

(iv) Phase I Developer may elect to replace Hotel Operator with another hotel operator that meets the Four Star Standard for the Hotel.

Within sixty (60) days after receipt of the Authority Notice, Phase I Developer shall notify Authority of the specific Efforts to Cure being undertaken by Phase I Developer and the time frame for resolving the Rating Failure. If such Efforts to Cure have not resulted in a Four Star Standard for the Hotel within twelve (12) months after the Authority Notice, then Authority shall have the right to receive a payment from Phase I Developer, as liquidated damages for its failure to comply with the Four Star Standard, equal to (i) 1% of gross room revenues from the Hotel during the prior calendar year for the first 12 months that the Hotel fails to maintain the Four Star Standard and (ii) 2% of gross room revenues from the Hotel during the prior calendar year for each subsequent 12 month period that the Hotel fails to maintain the Four Star Standard, which shall be prorated for any partial periods (the "**Ratings Failure Liquidated Damages**"). If such Ratings Failure Liquidated Damages become payable following the lapse of the 12 month cure period, then such Ratings Failure Liquidated Damages will be payable on an annual basis within 30 days after written demand by Authority. Phase I Developer shall provide Authority with an accounting of gross room revenues from the Hotel as reasonably requested by Authority. If the Hotel fails to maintain the Four Star Standard for more than three (3) consecutive calendar years (or if the Rating Failure occurs more than two times every five (5) calendar years during the Phase I Ground Lease term), as such time periods may be extended for the additional time reasonably required for Phase I Developer to cause the Hotel Operator to cure the Rating Failure, provided Phase I Developer is diligently and in good faith pursuing the Efforts to Cure during such extended period, then the Authority shall have the right to recover its actual damages (excluding any consequential or punitive damages and which shall take into account all payments of Ratings Failure Liquidated Damages theretofore made to Authority) arising from such Rating Failure ("**Ratings Failure Actual Damages**") or to seek specific performance by Phase I Developer of its obligation to cause the Hotel to comply with the Four Star Standard (and the Authority shall not have the right to terminate the Phase I Ground Lease as a result of a Rating Failure). Upon the rendering of a judgment for Ratings Failure Actual Damages in favor of Authority, Phase I Developer shall no longer be obligated to pay Ratings Failure Liquidated Damages. As a matter of clarification, if the Hotel Improvements have been separated from the balance of the Phase I Project by a separate Operator Ground Lease between Authority and the Operator that owns the Hotel Improvements, then any Rating Failure as to the Hotel shall not affect or give rise to any remedies of Authority as to the balance of the Phase I Project, including any Component of the Phase I Project that may be subject to a separate Operator Ground Lease.

Authority and Phase I Developer stipulate that actual damages caused by Phase I Developer's failure to comply with the Four Star Standard are extremely difficult to determine and that the foregoing liquidated damages are a reasonable estimate by the parties of the damages that Authority will suffer if Phase I Developer fails to comply with the Four Star Standard. The parties stipulate and agree to the amounts of liquidated damages set forth above on the advice of their own counsel and neither party shall bring any action seeking to set aside such stipulated liquidated damages.

_____ _____

Authority Initials Phase I Developer Initials

The covenants under this Article 19 shall continue in effect following the issuance of a Certificate of Completion for the Phase I Project pursuant to Section 507 of the Original DDA and such Certificate of Completion shall expressly acknowledge the continued effectiveness of this Article 19.

20. **Option Re: Easement**. Phase I Developer has requested the right to provide the tenants and owners of the Phase I Project with the ability to remain on the Phase I Parcel for a full 99 years after the earlier of (A) the outside date for Completion of Construction of Phase I set forth on the Schedule of Performance, or (B) the actual date of Substantial Completion of the Phase I Project (said earlier date is referred to herein as the "**Easement Commencement Date**"). As an accommodation to Phase I Developer and in consideration for its undertakings under this Fifth Amendment, Authority hereby grants Phase I Developer an option ("**Option**") to acquire an exclusive air rights or similar easement ("**Easement**") over the Phase I Parcel for a term of 99 years ("**Easement Term**") commencing on the Easement Commencement Date. The Easement Term shall terminate concurrent with any early termination of the Ground Lease Term prior to its expiration date; provided, however, that the Easement will continue in effect for its full Easement Term if the Ground Lease Term (as defined in the Phase I Ground Lease) expires on its expiration date. For purposes hereof, "**Substantial Completion**" of the Phase I Project means that (i) the construction of the Phase I Improvements has been substantially completed, other than typical punch list items and (ii) certificates of occupancy have been issued by the applicable Governing Entity for all of the Phase I Improvements described in the Scope of Development, excluding any retail space that is not leased to tenants as of the completion of the Hotel in Tower 1 and the condominiums and apartments in Tower 2. The Easement shall be subordinate to the Phase I Ground Lease and the CRA-Authority Lease of the Phase I Parcel. Without limiting or modifying in any way the terms and conditions of the Phase I Ground Lease, the Easement shall permit the owners and tenants in the Phase I Improvements to continue to occupy and use all of the Phase I Improvements located on the Phase I Parcel as of the Easement Commencement Date, as such Improvements may be modified, repaired, altered or otherwise changed over the course of the Term of the Phase I Ground Lease, provided that the Easement will not permit any expansion of the Phase I Improvements after the expiration of the Phase I Ground Lease Term and during the balance of the Easement Term.

(a) If Phase I Developer exercises the Option, it shall give notice of such exercise to Authority at any time up to the date that is at least 60 days before the Easement Commencement Date. If timely notice of the exercise of the Option is not given to Authority, the Option will automatically lapse.

(b) If Phase I Developer does give Authority timely notice of the exercise of the Option, then in consideration for the Easement, Phase I Developer shall pay One Million Dollars ($1,000,000) ("**Easement Fee**") in five annual installments of $200,000 each over 5 years, with the first installment of the Easement Fee to be paid on the recordation of the Grant of Easement and the subsequent installments to be paid on each anniversary of the recordation of the Grant of Easement.

(c) Upon timely exercise of the Option and prior to the Easement Commencement Date, Authority and Phase I Developer shall work in good faith to agree on the form of the Grant of Easement and to ensure that such Grant of Easement is acceptable to the Phase I Project

Lender and that the Easement is insurable by the Project's Title Company; provided, however, that the final form of the Grant of Easement must also be acceptable to and approved by County, which approval shall not be unreasonably withheld. The Grant of Easement shall include provisions that are customary and reasonable for easements, including typical lender protection provisions. Upon timely exercise of the Option and agreement by Phase I Developer, Authority and County on the form of the Grant of Easement, County shall grant an easement to Authority in the form of the approved Grant of Easement so that Authority can then grant or convey the Easement to Phase I Developer as provided above. Authority hereby directs Phase I Developer to pay the Easement Fee payments directly to County, in consideration for County's agreement to grant the easement to Authority.

(d) The Option is solely for the benefit of Phase I Developer and its lenders and is not assignable to any other party without the approval of Authority in its sole discretion; provided that if Phase I Developer timely exercises the Option, the Easement shall be expressly for the benefit of each Qualified Owner of a Component of the Phase I Project, including the individual owners of condominium units in the Phase I Project. Upon the creation of any one or more Operator Ground Leases for one or more Components of the Phase I Project, and following the recordation of the Grant of Easement, at the request of a Qualified Owner, Authority shall grant a separate easement to any such Qualified Owner that owns a Component of the Project in the same form as the initial Grant of Easement, or Authority may elect to approve a recorded assignment of the Grant of Easement to such Qualified Owner to confirm the Grant of Easement is for the benefit of such Qualified Owner, so that such Qualified Owner shall be entitled to the benefits of such easement as to the Component of the Phase I Project owned by such Qualified Owner without regard to any other Component(s).

21. **CORE Cure Rights**. Notwithstanding anything to the contrary contained in any of the Governing Documents, if Authority believes that any events or circumstances have occurred which constitute, a default, non-performance, breach, violation, or which otherwise give rise to Authority's rights or remedies, in each case, under any of the Governing Documents (a "**Default**"), including, without limitation, the right to terminate the Amended DDA, as amended by this Amendment, or the Phase I Ground Lease, Authority shall deliver notice of such Default ("**Default Notice**") to CORE at the address provided herein or otherwise provided to Authority by CORE in a written notice to Authority (and if the address provided herein or in a subsequent written notice is not accurate, then Authority shall be deemed to have provided a copy of such Default Notice to CORE so long as same was sent to such inaccurate address in accordance with the notice provisions hereof). If the Default Notice describes a default, breach, violation, event or circumstance that was not caused by CORE's improper acts or omissions (where CORE is obligated to act, such as a failure to fund capital as required by the CORE/Related JV LLC Agreement or the failure of CCCG, CORE or their Affiliate to fund amounts required under any guaranty provided by CCCG, CORE or any such Affiliate) ("**Non-CORE Default**"), CORE shall have the right to remedy and cure such Non-CORE Default or cause the same to be remedied and cured. As long as CORE is diligently, continuously and expeditiously seeking to remedy and cure the Non-CORE Default or, in the event such Non-CORE Default is not susceptible of cure, CORE is diligently seeking to mitigate the damage from such Non-CORE Default and has otherwise indemnified Authority from and against any and all actual damages (excluding consequential, special or punitive damages) arising from such Non-CORE Default, Authority shall not exercise its rights and remedies under the Governing Documents arising out

of such Non-CORE Default (without limiting Authority's rights and remedies with respect to any other default thereunder), including, without limitation, the right to terminate the Governing Documents; provided, however, that Authority's right to exercise its remedies for such Non-CORE Default under the Governing Documents, shall be reinstated if and only if (i) CORE fails to remedy a Non-CORE Default caused by the failure to pay money due and owing to Authority or a third party that can be cured by the payment of money to Authority or other third party ("**Monetary Default**") within fifteen (15) business days after the later of (x) the lapse of the initial cure period for Phase I Developer under the Governing Documents and (y) receipt by CORE from Authority of the applicable Default Notice, or (ii) CORE fails to remedy a Non-CORE Default that is not a Monetary Default and which continues for more than sixty (60) days after the later of (x) the lapse of the initial cure period for Phase I Developer under the Governing Documents and (y) receipt by CORE from Authority of the applicable Default Notice (unless by the nature of such Non-CORE Default, such Non-CORE Default cannot reasonably be remedied by CORE (as opposed to Related Grand Avenue) within such extended cure period, in which case such cure period shall be extended for an additional period that would be reasonably required for a Qualified Developer under the circumstances to cure and/or adequately mitigate such Non-CORE Default). Subject to the foregoing, Authority agrees to accept any remedy and/or performance by CORE of any Phase I Developer obligations under the Governing Documents with the same force and effect as though performed by Phase I Developer itself, provided that the foregoing provisions shall not be construed to require Authority to accept any remedy or performance by CORE or Phase I Developer that is inconsistent with the requirements of the Governing Documents.

If Authority has delivered a Default Notice as to a Non-CORE Default by Phase I Developer under the Governing Documents, in addition to the rights that CCCG LA has under Section 906(2) of the Amended DDA, as amended hereby, CORE shall have the right to exercise any and all rights and remedies under the CORE/Related JV LLC Agreement or under the Amended DDA, as amended hereby, to the extent required for CORE to effectuate a cure of such Non-CORE Default. Authority acknowledges that such rights and remedies may include the right to remove Related Grand Avenue as Managing Member of CORE/Related JV and to terminate Related or any of its Affiliates under the Development Agreement, any property management agreement or other contracts between Phase I Developer and Related or its Affiliates. If the removal of Related Grand Avenue as Managing Member of CORE/Related JV is required in order for CORE to cure such Non-CORE Default or such Non-CORE Default shall otherwise constitute a Permitted Removal Event hereunder, then CORE (or its Affiliate) shall have the right to replace Related Grand Avenue as the Managing Member of CORE/Related JV. The replacement of Related or its Affiliate as the Phase I developer following such Non-CORE Default will be governed by Section 906(2) of the Amended DDA, as amended by this Amendment and pending the approval of such replacement developer by Authority or the engagement by CORE of a Qualified Professional Team, CORE or its Affiliate shall have the right to carry on the development and construction of Phase I as the replacement Managing Member of CORE/Related JV.

In no event shall a default or event in connection with Phase IIC or Phase III cause or result in any default by Phase I Developer under the Governing Documents or affect Phase I Developer's rights and obligations thereunder.

22. **Addresses for Notices**. Section 1601 of the Original DDA is hereby amended by adding the following to the end thereof:

"From and after the Amendment Effective Date of the Fifth Amendment to this Disposition and Development Agreement, any formal notices, demands or communications from Authority to Developer shall also be addressed to CORE and its counsel at the following addresses (and any notice to be given directly to CORE pursuant to any provision of the Fifth Amendment shall require delivery of such notice to the following addresses):

CCCG Overseas Real Estate Pte. Ltd
15th Floor, Hopson Fortune Plaza, No. 43 Deshengmenwai Street
Xicheng District, Beijing 100088, China
Attention: Ren Hongpeng, President
Facsimile: +86-10-62426801
Email: renhongpeng@cccgore.com

with a copy to:

Paul Hastings LLP
200 Park Avenue
New York, NY 10166
Attention: Peter C. Olsen, Esq.
Facsimile: (212) 230-7756
Email: peterolsen@paulhastings.com

23. **Exhibits**. The Exhibits to the Amended DDA are hereby modified as follows:

(a) Exhibit D- Legal Descriptions. Exhibit D attached to the Original DDA is hereby amended to insert a new legal description for Parcel Q in the form of Exhibit D attached hereto.

(b) Exhibit E- Memorandum of Disposition and Development Agreement. Exhibit E attached to the Original DDA is hereby replaced by the form of Exhibit E attached hereto.

(c) Exhibit G-Form of Ground Lease. Exhibit G attached to the Original DDA is hereby supplemented with respect to Phase I by the insertion of the Amendment to Ground Lease attached hereto as Exhibit G-1.

(d) Exhibit H- Anchor Tenants. Exhibit H attached to the Original DDA is hereby deleted.

(e) Exhibit K- Concept Design Drawings. The site plans of Development Sites and the Model Photos attached as Exhibit K to the Original DDA are hereby replaced with respect to Phase I by Exhibit "A" attached to the Fourth Amendment.

(f) Exhibit N- CRA Art Policy. Exhibit N to the Original DDA is hereby deleted and is hereby replaced by the new Exhibit N attached hereto.

(g) Exhibit O- Living Wage Policy. Exhibit O to the Original DDA is hereby deleted and is hereby replaced by the new Exhibit O attached hereto.

(h) Exhibit P- CRA/LA Standard Requirements. Exhibit P to the Original DDA is hereby deleted.

(i) Exhibit Q- Description of Upper Second Street Work. Exhibit Q to the Original DDA is hereby deleted since the work in question has been completed.

(j) Exhibit R- Minimum Floor Area (by Phase). Exhibit R to the Original DDA is hereby modified as to Phase I by Exhibit R-1 attached hereto.

(k) Exhibit S (Part 1) Local Hiring Responsibilities of Construction Employers Working on the Grand Avenue Project and Exhibit S (Part 2) Local Hiring Responsibilities of Permanent Employers on the Grand Avenue Project. Exhibit S (Part 1) and Exhibit S (Part 2) are hereby deleted and are hereby replaced by the new Exhibit S (Part 1) and Exhibit S (Part 2) attached hereto.

(l) Exhibit T- Form of Completion Guaranty. The new Exhibit T attached hereto is hereby added to the Amended DDA.

(m) Schedule 1501 (Ownership Chart of Developer). Schedule 1501 attached to the Original DDA is hereby deleted and is hereby replaced by the new Schedule 1501 attached hereto.

(n) Schedule 906 (Section 3.3(B) of Developer's Operating Agreement). Schedule 906 attached to the Original DDA is hereby deleted.

24. **General Provisions**.

24.1 **Binding Agreement.** This Amendment shall be binding upon and inure to the benefit of the parties hereto, their legal representatives, successors and permitted assigns.

24.2 **Ratification; Conflicts.** Except as specifically amended or modified herein, each and every term, covenant, and condition of the Amended DDA is hereby ratified and shall remain in full force and effect. In the event of a conflict between the Amended DDA and this Amendment, this Amendment shall prevail.

24.3 **Counterparts.** This Amendment may be executed in one or more counterparts, and each set of duly delivered identical counterparts which includes all signatories shall be deemed to be one original document.

*[Remainder of page intentionally left blank; signatures on following pages]*

IN WITNESS WHEREOF, Authority, Phase I Developer and GALA have executed this Amendment as of the day and year first above written.

**"AUTHORITY"**

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

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

Michael N. Feuer
City Attorney

By:_____
Timothy Fitzpatrick
Deputy City Attorney
Authority Counsel

APPROVED AS TO FORM:

Mary C. Wickham
County Counsel

By:_____
Helen S. Parker
Principal Deputy County Counsel
Authority Counsel

ATTACHMENT A

"**PHASE I DEVELOPER**"

CORE/RELATED GRAND AVE OWNER, LLC,
a Delaware limited liability company

By: CORE/RELATED GRAND AVE JV, LLC,
a Delaware limited liability company
Its: Sole Member

By: RELATED GRAND AVENUE, LLC,
a Delaware limited liability company
Its: Managing Member

By: _____
Name: _____
Title: _____

**"GALA"**

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

By: RELATED GRAND AVENUE, LLC,
a Delaware limited liability company,
Its Manager

By: THE RELATED COMPANIES, L.P.,
a New York limited partnership,
Its Managing Member

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

By: _____
Name: _____
Title: _____

ATTACHMENT A

The undersigned hereby joins in the foregoing Fifth Amendment to Disposition and Development Agreement to confirm its agreement with and acknowledgement of the releases and waivers in Section 8 and the representations made in Section 18.1 of the Amendment.

RELATED GRAND AVENUE, LLC,
a Delaware limited liability company,

By: THE RELATED COMPANIES, L.P.,
a New York limited partnership,
Its Managing Member

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

By: _____
Name: _____
Title: _____

ATTACHMENT A

The undersigned hereby approves and consents to the foregoing Fifth Amendment to Disposition and Development Agreement.

Dated: _____

"CRA"

CRA/LA, a Designated Local Authority,
a public body formed under Health & Safety Code Section 34173(d)(3)
as successor to the Community Redevelopment Agency of the City of Los Angeles

By: _____
Estevan Valenzuela
Chief Executive Officer

Approved as to form:

GOLDFARB & LIPMAN LLP

By: _____
Thomas Webber
CRA/LA Special Counsel

ATTACHMENT A

The undersigned hereby approves and consents to the foregoing Fifth Amendment to Disposition and Development Agreement. In addition, the undersigned hereby acknowledges and agrees to comply with the provisions of Section 20 "Option Re: Easement" of the foregoing Fifth Amendment to Disposition and Development Agreement in the event that Phase I Developer exercises the Option described therein.

Dated: _____

"County"

THE COUNTY OF LOS ANGELES
a subdivision of the State of California

By: _____
Its: _____

Approved as to form:

Mary C. Wickham
County Counsel

By: _____
Helen S. Parker
Principal Deputy County Counsel

ATTACHMENT A

The undersigned hereby approves and consents to the foregoing Fifth Amendment to Disposition and Development Agreement.

Dated: _____

"City"

THE CITY OF LOS ANGELES

By: _____
Its: _____

Approved as to form:

Michael N. Feuer
City Attorney

By: _____
Timothy Fitzpatrick
Deputy City Attorney

ATTACHMENT A

# EXHIBIT "A"

## PHASE I SCOPE OF DEVELOPMENT

1. Part II of the Scope of Development attached to the Amended DDA is hereby amended as to Phase I so that the revised Scope of Development in Part IIA below supersedes the description of Phase I in Part II attached to the Amended DDA.

2. Part IIA of the Scope of Development is hereby amended and restated in its entirety to provide as follows:

"A. Phase I (Parcel Q)

Phase I will be built on Bunker Hill Redevelopment Parcel Q, an approximately 140,263 square foot parcel known as Lot 1 of Tract No. 28761, Bk. 926 Pgs. 5 through 8, comprising a rectangular area generally bounded by Grand Avenue, First Street, Olive Street, and Upper Second Street, directly east across the street from the Walt Disney Concert Hall. Phase I will comprise approximately 950,000 gross square feet of retail, hotel, and residential uses. Phase I will consist of two high-rise towers, one including an Equinox hotel and one including residential apartments and condominium units, and low-rise structures containing restaurant, retail and banquet/meeting room space.

Tower 1, a distinctive high rise tower at the corner of First and Grand, will house an Equinox hotel (with a Forbes Travel Guide rating of at least 4 stars) of up to 305 rooms, meeting space and ancillary hotel amenities. At Second and Olive Streets, a residential tower (Tower 2) will combine approximately 215 market rate apartments with 86 rental Affordable Housing Units and approximately 128 market rate condominiums on the upper floors. Recreational amenities such as pools and spas will be available to residents and hotel guests. A health club will be available to hotel guests, residents and the general public. Altogether, Phase I will contain approximately 429 residential units and 20% of the final number of residential units will be rental Affordable Housing Units.

Tower 1 and Tower 2 will flank plazas and courtyards with outdoor seating and dining areas that will connect Grand Avenue to Hill Street. Phase I will include approximately 215,000 square feet of dining and entertainment venues, with uses to include but not be limited to a health club, restaurants, several signature retailers and a series of small shops. Most structures will be designed with outdoor dining areas, terraces and roof decks that provide views to the Walt Disney Concert Hall and surrounding areas. The Phase I site, which

slopes quickly downhill from Grand Avenue to the east, will allow for a mixture of entertainment, dining and shopping uses to be spread over several integrated levels as well as create activity along all street edges. Phase I will provide for approximately 1,350 parking spaces, with an additional capacity of 150 spaces from valet assisted parking in order to be able to accommodate a total of 1,500 vehicles.

A table summarizing an example of the Phase I program in both gross square feet and leasable square feet/saleable square feet is provided below (note these square footage numbers correlate to project budget estimates and are within the maximum Floor Area square footage approved in the City entitlement documents).

In addition, Grand Avenue Streetscape improvements on Grand Avenue adjacent to Parcel Q between 1st and 2nd Streets, Public Space Improvements and a public plaza at the Grand Avenue street level which meets the requirements of the Amended DDA, will be implemented in conjunction with Phase I.

| PHASE I - PARCEL Q | | | | | |
|---|---|---|---|---|---|
| Projected Program | | Example GSF | Example LSF / SSF | | Example Units/Spaces |
| Hotel - Tower 1 | | 269,191 | 269,191 | | 305 |
| | | | | | |
| Retail/Food/ Beverage | *Tower 1* | *TBD* | *TBD* | | *N/A* |
| | *Tower 2* | *TBD* | *TBD* | | *N/A* |
| | Retail Subtotal | 213,683 | 184,683 | | N/A |
| | | | | | |
| Residential - Tower 2 | | | | | |
| | *Market Rate - Condos* | *215,039* | *160,887* | | *128* |
| | *Market Rate - Apartments* | *310,152* | *237,259* | * | *215* |
| | *Affordable - Apartments* | | | | *86* |
| | Residential Subtotal | *525,191* | *398,146* | | *429* |
| | | | | | |
| Parking** | | | | | 1,350 |
| | | | | | |
| **Phase I Totals** | | **1,008,065** | **852,020** | | |

* Total square footage includes both market rate and affordable apartments.

** Approximate number of parking spaces. The parking will have the potential capacity approx. 1,500 vehicles (including valet assisted spaces).

Note: An additional component of the Grand Avenue Project, the 16-acre Civic Park, now known as Grand Park, completed pursuant to the Civic Park Design Agreement and Civic Park Development Agreement, opened in 2012.

As required by Section 3.4 of the Fourth Amendment to the DDA ("**Fourth Amendment**"), Developer shall develop Parcel Q such that the resulting Phase I project is of the same quality as the original approved project contemplated by the Original DDA (as determined by the Authority and the County Board in their sole discretion), recognizing that Parcel Q is a unique full city block directly across

the street from The Walt Disney Concert Hall, a world-recognized architectural structure, and adjacent to the Music Center of Los Angeles County, the Broad Art Museum, the Colburn School of Performing Arts and the Civic Center. In preparing the plans for the Phase I project, Developer will consider, to the extent reasonable and feasible, and in consultation with the Los Angeles Department of City Planning, the Downtown Street Standards, Citywide Mobility Plan 2035, Downtown LA Streetcar Project, and Downtown Design Guidelines. The Authority is seeking well-designed buildings which create architectural landmarks, encourage pedestrian activity and interaction with neighboring residential, cultural and commercial land uses and contribute to the vitality of the Grand Avenue corridor, and has determined that the Parcel Q Design Plan complies with these requirements. Not in limitation of the foregoing, with respect to the development of Parcel Q, Developer shall comply with all standards and guidelines applicable to the Phase I Parcel and development thereon set forth in the Original DDA, the Phase I Ground Lease, and the Parcel Q Design Plan, including (A) the design guidelines set forth in paragraphs A through P of Section III in Exhibit A to the Original DDA, which are attached to the Fourth Amendment as Exhibit "F" and (B) the document dated October 2003 entitled "Reimagining Grand Avenue" which is attached to the Fourth Amendment as Exhibit "G; provided that in the event of any inconsistency between Exhibit "F" to the Fourth Amendment and Exhibit "G" to the Fourth Amendment, Exhibit "F" shall control.

**EXHIBIT "B"**

**PARCEL Q SCHEDULE OF PERFORMANCE**

(Attached to Fifth Amendment to DDA)

| Requirement | Deadlines |
|---|---|
| Preliminary Management Agreement and Confirmation as to Schematic Design Drawings. Developer shall:<br>(a) submit to Authority's counsel, Gilchrist & Rutter, for confidential review, a copy of an executed preliminary management agreement with the proposed hotel operator, and<br>(b) confirm to Authority whether the Schematic Design Drawings submitted to Authority prior to October 31, 2014 are final or are subject to change. | June 12, 2015 (Completed) |
| Initial Approval of Hotel Operator. If a new hotel operator has been proposed by Developer by a submission to Authority Board on or before April 27, 2015, Authority shall notify Developer of its approval or disapproval of such proposed operator, in its sole discretion. | July 31, 2015 (Completed) |
| Final Approval of Hotel Operator. If Authority approves the proposed new hotel operator subject to conditions to be satisfied by Developer and/or hotel operator, Authority shall approve final conditions to such approval ("**Hotel Operator Conditional Approval**"). | September 8, 2015 (Completed) |
| Meet and Confer - Public Space Improvements. Developer and Authority to meet and confer regarding Public Space Improvements per Section 4.4(b) of the Fourth Amendment to DDA. | A 30-day period beginning on the earlier of (i) 15 days after CRA/LA receives a determination from the Department of Finance regarding availability of the Public Infrastructure Investment (as defined in the Fourth Amendment to DDA), or (ii) May 31, 2015. (Completed) |
| Previously Scheduled $1M Payment. Developer shall pay Authority the amount of $1,000,000 per Section 4.3 of the Fourth Amendment to DDA. See also Section 3(i) of the September 28, 2015 Letter Agreement. | September 30, 2015 (Completed) |

| Requirement | Deadlines |
|---|---|
| Executed Letter of Intent with Proposed Equity Investor. Developer shall submit to Authority's counsel, Gilchrist & Rutter, for confidential review, an executed Letter of Intent for an Equity Investment Agreement with Developer's proposed Equity Investor in Phase I ("**Equity Letter of Intent**") reflecting (i) an equity investment of at least $250 million; (ii) approval of Equinox Hotels as the hotel operator; and (iii) approval of a development (including construction cost) budget for Phase I of at least $950 million and the allocation of capital to the Hotel consistent with a Four Star Hotel (as defined in the Original DDA). The Equity Letter of Intent will confirm that the Phase I improvements will be generally consistent with both the design principles contained in the DDA Design Guidelines and "Reimagining Grand Avenue" (both included as Exhibits to the Fourth Amendment to the Original DDA), and, in particular, that the quality and orientation of the public spaces, pedestrian access, streetscape, and open space elements will be substantially in conformance with the Concept Plans previously approved by the Authority. The Equity Letter of Intent may provide that the Equity Investor's investment is subject to confirmation of the Authority Assistance (as defined in Article 3 of the Original DDA) ("**Authority Investment Confirmation**"), the City Parking and Hotel Tax Rebates, and any other project funding sources. Submittal of the Equity Letter of Intent is subject to Authority's right to approve the Equity Investor as a Transfer under Section 904 of the Original DDA. When such approval is requested, Developer will provide the additional information required in connection with such a request (collectively, the "**Transfer Approval Process**"). | October 15, 2015 (Completed) |
| Satisfaction of Conditions of Approval. Confirmation from Authority that the executed Equity Letter of Intent is consistent with the Authority's Hotel Operator Conditional Approval. | Within fifteen (15) days after submission of executed Equity Letter of Intent (Completed) |

| Requirement | Deadlines |
|---|---|
| Form of Definitive Hotel Management Agreement. Developer shall submit to Authority's counsel, Gilchrist & Rutter, for confidential review, a definitive form of Hotel Management Agreement with the Authority-approved Hotel Operator. Authority counsel shall provide comments within 10 business days following such submittal, including any changes to the extent required to conform the definitive Hotel Management Agreement with the material terms of the preliminary management agreement previously reviewed by Authority. | Within fifteen (15) days after confirmation from Authority that the executed Equity Letter of Intent is consistent with the Authority's Hotel Operator Conditional Approval (Completed) |
| Executed Definitive Hotel Management Agreement. Following Authority's review and provision of comments, if any, on the previously provided form of agreement, Developer shall consider the comments of Authority counsel (including discussions as to such comments as needed) and finalize and execute the definitive Hotel Management Agreement with the approved Hotel Operator and provide copies of such executed agreement to the Authority through the escrow process set forth below. | Executed Hotel Management Agreement shall be delivered concurrent with delivery to escrow of Developer-executed definitive Equity Investment Agreement and Developer-executed signature pages to Fifth Amendment to DDA, as provided below |
| Form of Definitive Equity Investment Agreement. Developer shall submit to Authority's counsel, Gilchrist & Rutter, for confidential review, a definitive form of Equity Investment Agreement with the Equity Investor consistent with the Equity Letter of Intent, which shall be subject to the Transfer Approval Process. Authority counsel shall provide comments within 30 days following such submittal.<br>In addition, Developer shall provide Authority with the information as to its proposed Equity Investor required for the Transfer Approval Process under Section 904 of the DDA. | December 18, 2015 (Completed) |
| Authority Approval of Transfer to Proposed Equity Investor. Authority shall determine whether to approve or disapprove the proposed Equity Investor (approval of the Equity Investor is referred to as "**Transfer Approval**"). | To be provided as part of fully approved and executed Fifth Amendment to DDA |

| Requirement | Deadlines |
|---|---|
| Executed Definitive Equity Investment Agreement. Following Authority's review and provision of comments, if any, on the previously provided form of agreement, and recognizing that the Authority is still in the process of completing the Transfer Approval, Developer (and its successor in interest as provided pursuant to the Transfer Approval, which successor in interest shall be included hereafter in the term Developer) shall finalize and execute the definitive Equity Investment Agreement (which may include the requirement for Authority Assistance, the City Parking and Hotel Tax Rebates, and any other project funding sources to be confirmed by the investor), and shall deliver it to escrow and provide evidence of such delivery in a confidential communication to Authority's counsel. | Developer-executed Equity Investment Agreement shall be delivered to escrow concurrent with delivery by Developer of executed Hotel Management Agreement and Developer-executed signature pages to Fifth Amendment to DDA and First Amendment to Phase I Ground Lease, as provided below |
| Deposit of Documents into Escrow by Developer. Developer shall deposit into escrow with an Escrow Agent acceptable to Developer and Authority the fully executed copies of (i) Hotel Management Agreement, and (ii) Equity Investment Agreement and (iii) Developer's signature on the Fifth Amendment to DDA and First Amendment to Phase I Ground Lease. | November 15, 2016 ("**Delivery Date**") provided that in the event of a mutually agreed upon extension of the Delivery Date, the Commencement of Construction deadline set forth below shall be extended day for day by the number of days of such extension |

| Requirement | Deadlines |
|---|---|
| Deposit of Documents into Escrow by Authority; Release of Documents from Escrow. Upon approval of the Fifth Amendment to DDA and First Amendment to Phase I Ground Lease by the Governing Entities, Authority shall deliver signed copies of the Fifth Amendment to DDA and First Amendment to Phase I Ground Lease with signatures of Authority and each Governing Entity to the Escrow Agent. Upon receipt by Escrow Agent of fully signed copies of (i) Fifth Amendment to DDA, (ii) First Amendment to Phase I Ground Lease, (iii) IR Termination Agreement (as defined in the Fifth Amendment) and (iv) Monitoring Agreement (as defined in the Fifth Amendment), Authority shall instruct the Escrow Agent to deliver the fully signed Fifth Amendment and Phase I Ground Lease Amendment to Phase I Developer and Authority, to deliver to Authority copies of the signed Hotel Management Agreement and Equity Investment Agreement and to deliver to the parties thereto the IR Termination Agreement and Monitoring Agreement. The date of such release of the documents and such other documents as are held in escrow that are released concurrently from escrow is the "Amendment Effective Date", as defined in the Fifth Amendment. | Forty-five (45) days after the Delivery Date; provided, however, that if the Governing Entities are unable to process the approvals of the Fifth Amendment to DDA and First Amendment to Phase I Ground Lease within said 45 day period, said deadline will be extended to up to ninety (90) days after the Delivery Date, and further provided that the Commencement of Construction deadline below shall be extended day for day by the number of days of such extension of the 45 day period. |
| Meet and Confer Regarding Retail Component. Authority staff and Developer shall meet and confer regarding the anticipated retail mix in the Project to address Authority's goals of maximizing public access to the Project, promoting local hiring by retailers, and including community serving retail uses to the extent feasible. | A thirty (30) day period commencing within fifteen (15) days after the Amendment Effective Date |
| Commencement of Updated Schematic Design Process. Following the Amendment Effective Date Developer shall commence the process of updated Schematic Design and shall confirm such commencement to Authority by written notice and such other information as Authority may reasonably request to confirm the updated Schematic Design process is underway. | Confirmation of such commencement no later than five (5) business days following the Amendment Effective Date shall be provided to Authority's counsel |
| Initial Extension Fee Payment. Developer shall pay Authority an initial installment of the Extension Fee in the amount of $3,000,000, which will be credited against Extension Fee owed pursuant to Section 4.2.2 of the Fourth Amendment to DDA. | Within three (3) business days after the Amendment Effective Date |

| Requirement | Deadlines |
|---|---|
| Balance of Extension Fee Payment. Developer to pay the $4,000,000 balance of the Extension Fee per Section 4.2.2 of the Fourth Amendment to DDA. | Within sixty (60) days after the Amendment Effective Date |
| Staff Progress Briefing as to Updated Plans. Developer shall coordinate its first meeting with Authority staff to discuss progress of the updated Schematic Design Drawings prior to this date, and shall then schedule additional meetings prior to submittal at the Developer's initiative and/or upon request of Authority staff. | Within three (3) months after commencement of updated Schematic Design process |
| Submittal of Updated Schematic Design Drawings. Developer shall submit the updated Schematic Design Drawings to Authority . | Six (6) months following commencement of updated Schematic Design process |
| Review and Approval – Schematic Design Drawings. Authority and the County Board shall review and approve or disapprove the Schematic Design Drawings. | Seventy-five (75) days after the date on which Developer submits revised Schematic Design Drawings |
| Submission of Proposed Permanent Jobs Coordinator to the City and Authority. Developer will submit proposed Permanent Jobs Coordinator to City Bureau of Contract Administration for approval | Prior to commencement of Design Development Drawings |
| Staff Progress Briefing as to Design Development Drawings and Preliminary Landscape Plans. Developer will schedule a briefing with Authority Staff at the point of 50 percent completion of Design Development Drawings, and shall then schedule additional meetings prior to submittal at the Developer's initiative and/or upon request of Authority staff. | On the earlier of (A) 50 percent completion of Design Development Drawings or (B) four (4) months following Authority and County approval of Schematic Design Drawings (provided that in the event Authority has requested extensive changes, Developer will work with Authority and confer with the project architect to confirm necessary time required) |
| Submission - Design Development Drawings and Preliminary Landscape Plans. Developer shall prepare and submit to Authority Design Development Drawings and Preliminary Landscape Plans for Phase I. | Seven (7) months following Authority and County approval (provided that in the event Authority has requested extensive changes to Design Development Drawings during Staff Progress Briefings, Developer will work with Authority and confer with the project architect to confirm necessary time required) |

| Requirement | Deadlines |
|---|---|
| Submission - Concept Art Plan. Developer shall prepare and submit to Authority its Concept Art Plan for Phase I Improvements. | Concurrently with submittal to the Authority of the Design Development Drawings for Phase I |
| Refreshed Letter of Interest re Financing. Developer to obtain and provide to Authority refreshed letters of interest for financing for Phase I. | Concurrently with Design Development Drawings |
| Review and Approval - Design Development Drawings. Authority shall review and approve or disapprove the Design Development Drawings and Preliminary Landscape Plans. | Within forty-five (45) days of receipt of Design Development Drawings |
| Review and Approval - Concept Art Plan. Authority shall review the Concept Art Plan for Phase I Improvements. | Within forty-five (45) days after receipt by Authority |
| Submit Proposed Jobs Coordinator to the City and Authority. Developer will submit proposed Jobs Coordinator to City Bureau of Contract Administration for approval | At least twelve (12) months prior to Commencement of Construction |
| Delivery of Local Hiring Implementation Plan by Jobs Coordinator to Authority and City. Developer will cause the Jobs Coordinator to design and deliver to Authority and City Bureau of Contract Administration an implementation plan to achieve Local Hiring Goals | At least 6 months prior to Commencement of Construction |
| Submission – 80% Construction Documents and Final Landscape Plans. 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. | Within two hundred forty (240) days of Authority Approval of Design Development Drawings and Preliminary Landscape Plans |
| Review and Approval – 80% Construction Documents and Landscape Plans. Authority shall review and approve or disapprove the 80% Construction Documents and Landscape Plans as provided in Section 405 of the DDA.<br><br>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. | Within thirty (30) days of receipt of 80% Construction Documents and Final Landscape Plans |
| Confirmation of Financing Plan. Authority and Developer to meet to confirm sources of financing pursuant to Section 4.4(b) of the Fourth Amendment to DDA. | Within sixty (60) days of Submission of 80% Construction Documents |

| Requirement | Deadlines |
|---|---|
| Executed Term Sheets. Developer to obtain and provide to Authority executed term sheets for financing for Phase I. | Within sixty (60) days of Submission of 80% Construction Documents |
| Orientation. 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 |
| Submission – Construction Budget Based on 80% Construction Documents. Developer shall provide Authority with a proposed construction budget for Phase I based on the 80% Construction Documents. | Within sixty (60) days of submission of 80% Construction Documents |
| Submission – Final Construction Documents. Developer shall submit Final Construction Documents for the Phase I Improvements. | Within ninety (90) days of Authority Approval of 80% Construction Documents |
| Review and Approval – Construction Budget Based on 80% Construction Documents. 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 forty-five (45) days of receipt of Construction Budget |
| Preconstruction Meeting Re: Community Outreach. Developer shall meet with the Authority and City designated representatives to discuss community outreach as required by Section 703(3) of the DDA. | At least sixty (60) days prior to commencement of grading |
| Submission – Community Outreach Plan. Developer shall submit the Community Outreach Plan required by Section 703(3) of the DDA to the City Bureau of Contract Administration and Authority | At least ninety (90) days prior to commencement of grading |
| Review and Approval – Community Outreach Plan. Authority and City Bureau of Contract Administration shall approve or disapprove the Community Outreach Plan. | Within thirty (30) days after receipt by Authority and City; or within 15 days following resubmission of proposed plan after initial comments |
| Review and Approval – Final Construction Documents. Authority shall review and approve or disapprove the Final Construction Documents. | Within thirty (30) days of receipt of Final Construction Documents |

| Requirement | Deadlines |
|---|---|
| Commencement of Construction. The Commencement of Construction of the Phase I Improvements shall have occurred. | November 1, 2018 (subject to day for day extensions by delays in the Delivery Date or Amendment Effective Date as provided above) |
| Construction Sign. 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 |
| Submission - Final Art Budget. 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 |
| Completion of Construction. Developer shall submit certificate of substantial completion from Developer's Architect, with respect to the Phase I Improvements. | Thirty-eight (38) months after the Commencement of Construction |
| Permanent Jobs Coordinator Commences Coordination and Communication Services. Developer shall cause the Permanent Jobs Coordinator to commence its coordination and communications services with Permanent Employers and Designated Training Programs. | At least twelve (12) months prior to date on which Phase I Project (or any Component thereof) is officially open for business to the general public |
| Final Inspection. Authority shall conduct a final inspection of all improvements. | Within thirty (30) days after request by Developer |
| Issuance of Authority Certificate (or Partial Certificate) of Completion. Authority shall issue in recordable form the Certificate of Completion (or Partial Certificate of Completion, as appropriate). | Within thirty (30) days after receipt by Authority of Developer's written request, provided all requirements for issuance have been met |
| Architect's Assignment. 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. | Within thirty (30) days after City issuance of Certificate of Occupancy |

# EXHIBIT "C"

## FORM OF WAIVER

CORE/Related Grand Ave Owner, LLC, a Delaware limited liability company ("**Phase I Developer**"), as successor in interest to Grand Avenue L.A., LLC, a Delaware limited liability company ("**GALA**") is a party to that certain Disposition and Development Agreement (Grand Avenue) dated as of March 5, 2007 (the "**Original DDA**") with The Los Angeles Grand Avenue Authority, a California joint powers authority ("**Authority**"), as amended by that certain First Amendment to Disposition and Development Agreement dated as of August 23, 2010, that certain Second Amendment to Disposition and Development Agreement dated as of May 31, 2011, that certain Third Amendment to Disposition and Development Agreement dated as of December 1, 2012, that certain Fourth Amendment to Disposition and Development Agreement dated as of January 21, and that certain Fifth Amendment to Disposition and Development Agreement dated as of _____, 2016 (collectively, the "**Amended DDA**"). All capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Amended DDA.

Phase I Developer, GALA and Related, each on behalf of itself and its respective members, officers, agents and employees (collectively, "**Developer Parties**"), hereby fully, finally and forever releases and waives 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 Parties, or any of them, 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 and their predecessors or successors arising out of or in connection with the Amended DDA, the Phase I Ground Lease, the Civic Park Design Agreement dated as of March 20, 2006, as amended, and each of the letter agreements and other documentation between and among GALA, Related, Phase I Developer, Phase IIC Developer, Phase III Developer and Authority 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 hereof; provided, however, that the foregoing release and waiver expressly excludes any contractual benefits to which any of the Developer Parties is expressly entitled with respect to Phase I, Phase IIC or Phase III pursuant to the terms and conditions of the Grand Avenue Documents.

Without limiting the generality of the foregoing waiver and release, Developer Parties hereby acknowledge and agree that under no circumstance, whether past, present or future, is any of the Developer Parties 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, the Leasehold Acquisition Fee, the Extension Fee, the Quarterly Payments and the $1,000,000 Payment, or (ii) any costs and expenses that have been incurred or expended by any of the Developer Parties relating to the entitlement, design, construction, processing or otherwise in connection with the Grand Avenue Project. The Developer Parties acknowledge 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.

With respect to the matters released herein, the parties acknowledge that there is a possibility that, after the execution of this Waiver, a party will discover facts or claims, or discover that he or it has

sustained losses or damages, that were unknown or unsuspected at the time this Waiver was executed, and which if known by it at that time might have materially affected that party's decision to agree. The Developer Parties acknowledge and agree that by reason of the releases and waivers contained in this Waiver, they are assuming any risk of such unknown facts and such unknown and unsuspected claims, losses or damages. The parties have been advised by their respective counsel of the existence of Section 1542 of the California Civil Code, which provides:

> "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."

| _____ | _____ | _____ |
|---|---|---|
| GALA | Related | Phase I Developer |

The Developer Parties 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.

The Developer Parties, after consultation with counsel, 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.

Executed this ___ day of _____, 201_.

"**PHASE I DEVELOPER**"

CORE/RELATED GRAND AVE OWNER, LLC,
a Delaware limited liability company

By: CORE/RELATED GRAND AVE JV, LLC,
a Delaware limited liability company
Its: Sole Member

By: RELATED GRAND AVENUE, LLC,
a Delaware limited liability company
Its: Managing Member

By: _____
Name: _____
Title: _____

**"GALA"**

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

By: RELATED GRAND AVENUE, LLC,
a Delaware limited liability company,
Its Manager

By: THE RELATED COMPANIES, L.P.,
a New York limited partnership,
Its Managing Member

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

By: _____
Name: _____

Title: _____

RELATED GRAND AVENUE, LLC,
a Delaware limited liability company,

By: THE RELATED COMPANIES, L.P.,
a New York limited partnership,
Its Managing Member

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

By: _____
Name: _____
Title: _____

# EXHIBIT D

## LEGAL DESCRIPTION OF PHASE I PARCEL

All of that certain real property situated in the County of Los Angeles, State of California, described as follows:

Lot 1 of Tract No. 28761 in the City of Los Angeles, County of Los Angeles, State of California, as per Map recorded in Book 926, Pages 5 through 8, inclusive of Maps, in the office of the County Recorder of said county;

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

Also excepting therefrom certain oil, gas and mineral substances reserved in the deeds recorded November 5, 1963 in Book D2245, Page 28 of Official Records, May 19, 1961 in Book D1226, Page 873 of Official Records and on September 29, 1961 in Book D1371, Page 761 of Official Records.

APN: 5149-010-949

**EXHIBIT "E"**

**Memorandum of Disposition and Development Agreement.**

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

The Los Angeles Grand Avenue Authority
c/o Gilchrist & Rutter Professional Corp.
1299 Ocean Avenue, 9th Floor
Santa Monica, CA 90401
Attn: Paul S. Rutter, Esq.

(Space Above For Recorder's Use)

**MEMORANDUM OF AMENDED DISPOSITION AND DEVELOPMENT AGREEMENT**

THIS MEMORANDUM OF AMENDED DISPOSITION AND DEVELOPMENT AGREEMENT (this "**Memorandum**") dated as of _____, 201_ is entered into by and by and among THE LOS ANGELES GRAND AVENUE AUTHORITY, a California joint powers authority ("**Authority**"), GRAND AVENUE L.A., LLC, a Delaware limited liability company ("**GALA**"), and CORE/RELATED GRAND AVE OWNER, LLC, a Delaware limited liability company ("**Phase I Developer**").

WHEREAS, Authority and Phase I Developer are parties to that certain Disposition and Development Agreement (Grand Avenue) dated as of March 5, 2007, a Memorandum of which was recorded July 6, 2007 in the Official Records of Los Angeles County, California as Instrument Number 20071611469 (the "**Original DDA**"). Authority, GALA, and The Broad Collection, a California nonprofit public benefit corporation ("**Broad**"), are parties to that certain First Amendment to Disposition and Development Agreement (Grand Avenue) dated as of August 23, 2010 (the "**First Amendment**"). Authority, GALA and Broad are parties to that certain Second Amendment to Disposition and Development Agreement (Grand Avenue) dated as of May 31, 2011 (the "**Second Amendment**"). Authority, GALA, Broad and Grand Avenue M Housing Partners, LLC, a California limited liability company ("**Housing Partners**") are parties to that certain Third Amendment to Disposition and Development Agreement (Grand Avenue) dated as of December 1, 2012 (the "**Third Amendment**"). Authority, GALA and Housing Partners are parties to that certain Fourth Amendment to Disposition and Development Agreement (Grand Avenue) dated as of January 21, 2014 (the "**Fourth Amendment**"). Authority, GALA and Phase I Developer are parties to that certain Fifth Amendment to Disposition and Development Agreement (Grand Avenue) dated as of _____, 2016 (the "**Fifth Amendment**"). The Original DDA, as amended by the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment and the Fifth Amendment is referred to herein as the "**Amended DDA**."

WHEREAS, the Amended DDA concerns, among other things, certain real property (which is a part of the real property covered by the Original DDA) to be developed by Phase I Developer as more particularly described on Exhibit "1" attached (the "**Phase I Parcel**").

WHEREAS, the terms, provisions and covenants of the Amended DDA are incorporated herein by reference, and the Amended DDA and this Memorandum shall be deemed to constitute a single instrument or document.

WHEREAS, this Memorandum is prepared for recordation purposes only, and it in no way modifies the terms, conditions, provisions and covenants of the Amended DDA. In the event of any inconsistency between the terms, conditions, provisions and covenants of this Memorandum of DDA and the Amended DDA, the terms, conditions and covenants of the Amended DDA shall prevail. This Memorandum may be executed in counterparts, each of which shall be deemed an original and all such counterparts, when taken together, shall constitute one and the same instrument.

[Signatures on Following Pages]

NOW, THEREFORE, Authority, GALA and Phase I Developer have caused this Memorandum to be executed and recorded in the Official Records of Los Angeles County to provide constructive notice of the Amended DDA.

**"AUTHORITY"**

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

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

Michael N. Feuer
City Attorney

By: _____
Timothy Fitzpatrick
Deputy City Attorney
Authority Counsel

APPROVED AS TO FORM:

Mary C. Wickham
County Counsel

By: _____
Helen S. Parker
Principal Deputy County Counsel
Authority Counsel

**"GALA"**

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

By: RELATED GRAND AVENUE, LLC,
a Delaware limited liability company,
its Manager

By: THE RELATED COMPANIES, L.P.,
a New York limited partnership,
its Managing Member

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

By: _____
Name: _____
Title: _____

"**PHASE I DEVELOPER**"

CORE/RELATED GRAND AVE OWNER, LLC,
a Delaware limited liability company

By: CORE/RELATED GRAND AVE JV, LLC,
a Delaware limited liability company
Its: Sole Member

By: RELATED GRAND AVENUE, LLC,
a Delaware limited liability company
Its: Managing Member

By: _____
Name: _____
Title: _____

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, _____, a 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 _____ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

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, _____, a 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 _____ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

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, _____, a 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 _____ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

**EXHIBIT 1 to Exhibit E**

**LEGAL DESCRIPTION OF PHASE I PARCEL**

All of that certain real property situated in the County of Los Angeles, State of California, described as follows:

Lot 1 of Tract No. 28761 in the City of Los Angeles, County of Los Angeles, State of California, as per Map recorded in Book 926, Pages 5 through 8, inclusive of Maps, in the office of the County Recorder of said county;

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

Also excepting therefrom certain oil, gas and mineral substances reserved in the deeds recorded November 5, 1963 in Book D2245, Page 28 of Official Records, May 19, 1961 in Book D1226, Page 873 of Official Records and on September 29, 1961 in Book D1371, Page 761 of Official Records.

APN: 5149-010-949

**EXHIBIT "G-1"**

**Form of Phase I Ground Lease Amendment**

**See attached**

# EXHIBIT "N"

## City Art Policy

## EXHIBIT N-1

## CITY ARTS DEVELOPMENT FEE

**91.107.4.6. Arts Development Fee.**

**91.107.4.6.1. Arts Fee.** The owner of a development project for a commercial or industrial building shall be required to pay an arts fee in accordance with the requirements of this section.

**91.107.4.6.2. Fee Amount.** The Department of Building and Safety shall collect an arts fee in the following amount:

1. **Office or research and development**. For an office or research and development building, the arts fee shall be $1.57 per square foot.

2. **Retail**. All retail establishments shall pay an arts fee of $1.31 per square foot.

3. **Manufacturing**. For a manufacturing building, the arts fee shall be $0.51 per square foot.

4. **Warehouse**. For a warehouse building, the arts fee shall be $0.39 per square foot.

5. **Hotel**. For a hotel building, the arts fee shall be $0.52 per square foot.

In no event shall the required arts fee exceed either $1.57 per gross square foot of any structure authorized by the permit or one percent of the valuation of the project designated on the permit, whichever is lower, as determined by the Department of Building and Safety. Where there are combined uses within a development project or portion thereof, the arts fee shall be the sum of the fee requirements of the various uses listed above. The Cultural Affairs Department shall revise the arts fee annually by an amount equal to the Consumer Price Index for Los Angeles as published by the United States Department of Labor. The revised amount shall be submitted to Council for adoption by ordinance.

**91.107.4.6.3. Time of Collection**. Except as provided in Section 91.107.4.6, the Department of Building and Safety shall collect an arts fee before issuance of a building permit for commercial and industrial buildings required by this code.

**91.107.4.6.4. EXCEPTIONS:**

The arts fee required by Section 91.107.4.6 shall not be assessed for the following projects or portions thereof:

1. Any project for which the total value of all construction or work for which the permit is issued is $500,000 or less.

2. The repair, renovation or rehabilitation of a building or structure that does not alter the size or occupancy load of the building.

3. The repair, renovation or rehabilitation of a building or structure for the installation of fire sprinklers pursuant to Division 9.

4. The repair, renovation or rehabilitation of a building or structure that has been made to comply with Division 88 (Earthquake Hazard Reduction in Existing Buildings) subsequent to a citation of noncompliance with Division 88.

5. The repair, renovation or rehabilitation of a building or structure for any handicapped facilities pursuant to this code.

6. All residential buildings or portion thereof. This exception does not include hotels.

**91.107.4.6.5. Use of Arts Fees Acquired Pursuant to Section 91.107.4.6**. Any arts fee collected by the Department of Building and Safety shall be deposited in the Arts Development Fee Trust Fund. Any fee paid into this fund may be used only for the purpose of providing cultural and artistic facilities, services and community amenities which will be available to the development project and its future employees. Any cultural and artistic facilities, services and community amenities provided shall comply with the principles and standards set forth in the Cultural Master Plan when adopted.

At or about the time of collection of any fee imposed by this section, the Cultural Affairs Department shall identify the use to which the arts fee is to be put, and if the use is financing public facilities, the facilities shall be identified.

**91.107.4.6.6. Projects Covered by Ordinance 164,243. (Ord. No. 173,300, Eff. 6/30/00, Oper. 7/1/00.)** In 1988, the City enacted Ordinance 164,243 which states in part:

> "This ordinance is an interim measure while the City of Los Angeles is giving consideration to the enactment of an Arts Development Fee Ordinance. The owners of a development project shall be obligated to pay an Arts Development Fee if such fee is adopted in the future by the city. The fee will not exceed one percent (1%) of the total value of work and construction authorized by the building permit issued to a development project. This fee would be used to provide adequate cultural and artistic facilities, services and community amenities for the project."

By enacting Section 91.107.4.6 (previously Section 91.0304(b)(11)), the City has adopted the Arts Development Fee referred to by Ordinance 164,243. Accordingly, an arts fee shall be paid to the City of Los Angeles by owners of development projects which received building

permits between and including January 15, 1989, and the effective date of this section. This arts fee described in this section shall be paid within 60 days of receipt of a request for payment of an arts fee. All exceptions listed in Section 91.107.4.6.4 shall apply to owners of development projects subject to Ordinance 164,243.

The Office of Finance shall bill and collect the Arts Development Fee owed by those persons to whom notice was given pursuant to this paragraph for the period January 15, 1989, through May 7, 1991. The amount due shall be paid in full within 60 days of the billing date unless an agreement to pay in installments pursuant to this paragraph is approved by the Office of Finance. Persons indebted to the City of Los Angeles for Arts Development Fees may, upon approval by the Office of Finance, enter into an agreement with the City of Los Angeles to pay such fees in installments over a period not to exceed one year. The Office of Finance shall collect a service fee of $10.00 on each monthly installment to recover the cost to the city of processing installment payments. The Cultural Affairs Department is hereby authorized to negotiate and accept payment in kind for the Arts Development Fee owed by those persons to whom notice was given pursuant to this paragraph for the period January 15, 1989, through May 7, 1991. The Cultural Affairs Department shall provide notice to the Office of Finance of the name of the person on whose account such in kind payment was accepted, and whether the in kind payment constitutes payment in full or only a specified portion of the Arts Development Fee owed.

The Office of Finance is authorized to record payment in full, without further notification to the person billed, for cash or in kind Arts Development Fee payments received that are within $3.00 of the amount owed.

**EXHIBIT N-2**

**CITY ARTS DEVELOPMENT POLICY AND SAMPLE DOCUMENTS**

DEPARTMENT OF CULTURAL AFFAIRS
City of Los Angeles

**Arts Development Fee Introduction**
**and Sample Documents**

Please contact the Public Arts Division at **213-202-5555** *prior to pulling permits* if you have incurred an Arts Development Fee.

Arts Development Fee staff will provide a full explanation of the attached sample documents and facilitate the process with developers interested in completing a project for compliance credit.

## Arts Development Fee/Private Percent for Art Program

The following information provides an introduction regarding the Arts Development Fee (ADF). For further information and details regarding the program, please contact the Department of Cultural Affairs, Public Arts Division at 213.202.5555.

**Arts Development Fee Ordinance Summary (Municipal Code 91.107.4.6.):**

The owner of a development project for a commercial or industrial building for which the total value of all construction or work for which the permit is issued is $500,000 or more, is required to pay an arts fee.

The amount of the fee is calculated by the Department of Building & Safety using the following formulas:

1. **Office or research and development**. For an office or research and development building, the arts fee shall be $1.57 per square foot.

2. **Retail**. All retail establishments shall pay an arts fee of $1.31 per square foot.

3. **Manufacturing**. For a manufacturing building, the arts fee shall be $0.51 per square foot.

4. **Warehouse**. For a warehouse building, the arts fee shall be $0.39 per square foot

5. **Hotel**. For a hotel building, the arts fee shall be $0.52 per square foot.

In no event shall the required arts fee exceed either $1.57 per gross square foot of any structure authorized by the permit or one percent of the valuation of the project designated on the permit, whichever is lower, as determined by the Department of Building and Safety. Where there are combined uses within a development project or portion thereof, the arts fee shall be the sum of the fee requirements of the various uses listed above. Developers should contact their Department of Building & Safety Plan Checker regarding Arts Development Fee calculations.

**Developer's Options for Arts Development Fee Compliance**

The Arts Development fee process permits two options for developers. At the time the developer is assessed an Arts Development Fee by Department of Building and Safety, they have the option of either paying the fee at the plan check counter at Department of Building and Safety when they pull their building permit, or entering into an **advance** agreement with the Department of Cultural Affairs that a department approved art program or project will be executed for the amount of the fee.

**Option One, Paying the Fee at Building & Safety:**

A developer can fulfill the Arts Development Fee requirement by paying the fee at the Department of Building & Safety when he or she pays other permit fees, and "pulls" the building permit.

In the event that a developer has decided to pay their Arts Development Fee at the counter at Department of Building and Safety, **there will be no opportunity for a subsequent refund**. By paying their fee, the developer has performed the full and final satisfaction of the Arts Development Fee for the development.

Fees paid at the counter are deposited into a special Department of Cultural Affairs fund and play an important part in allowing us the ability to provide arts and cultural services to the community. Arts Development Fee funds are used to support arts projects, facilities and arts educational programs available to the end-users of the development site. They are not added to the general city fund.

**Option Two, Entering into an Advance Agreement with the Department of Cultural Affairs:**

Developers have the option of completing a Department of Cultural Affairs approved arts project for the value of the Arts Development Fee obligation. The Department of Cultural Affairs will meet with the developer to ascertain their project interest and assist in formulating a project for fee compliance.

When a developer is contemplating and pursuing permits for construction on a building, the developer works with a Plan Checker at the Department of Building & Safety. The Plan Checker will calculate any pertinent fees and then will supply this calculation to the developer. There is a period of time (which can vary from a few days to months) in which the developer is aware of the fees (including the Arts Development Fees) prior to the payment of those fees at Building & Safety.

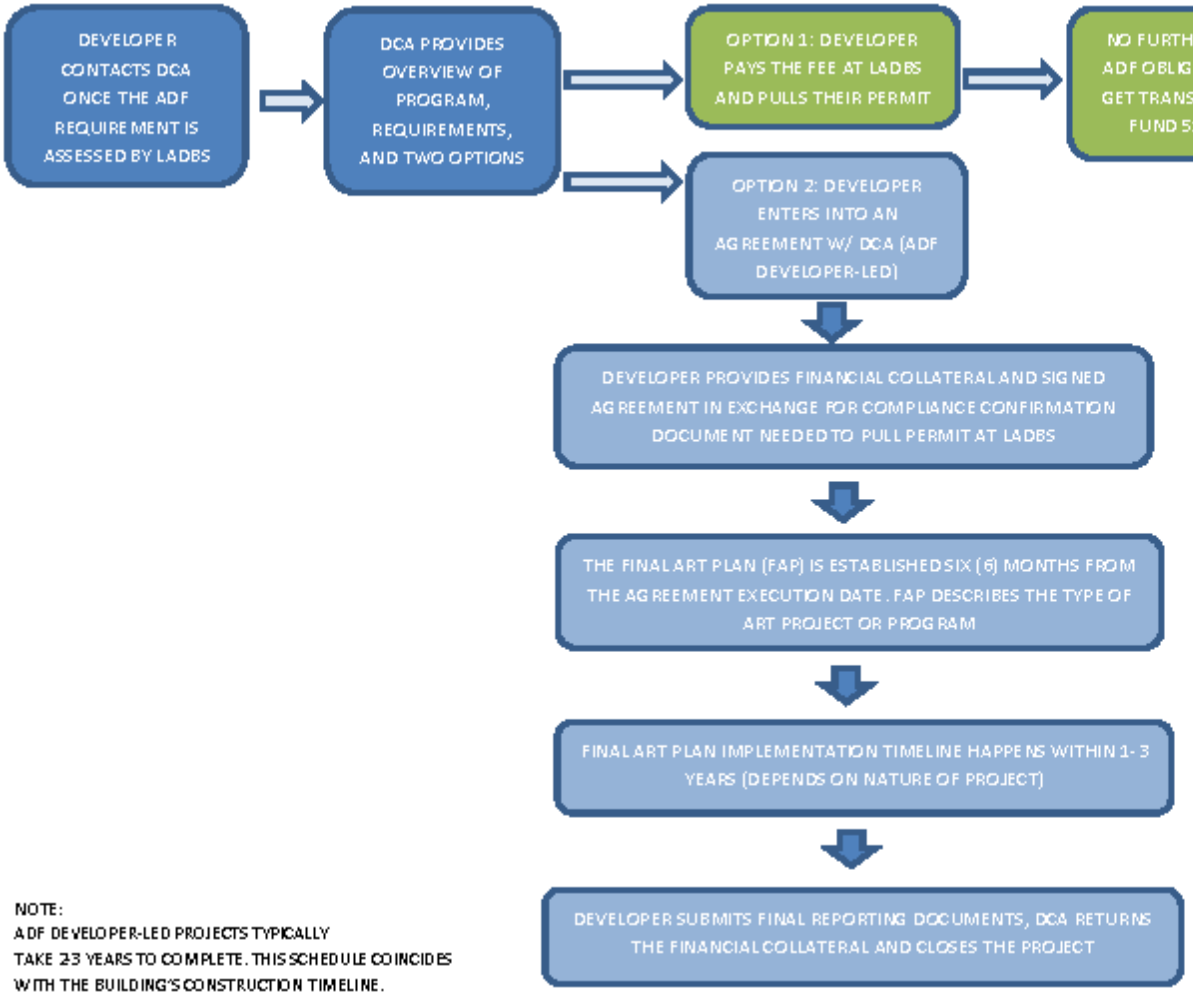
It is during this period that the Department of Cultural Affairs has the opportunity to work with the developer to enter into an advance agreement and issue compliance paperwork, which can be given to Building & Safety when the other fees are paid at the counter. In this case, Building & Safety will accept the compliance paperwork as proof of fee compliance. The developer will then not pay the fee at that time.

In order for the Department of Cultural Affairs to issue the compliance paperwork, the developer must enter into a prior agreement that a project **approved in advance** by the Department of Cultural Affairs will be executed. The developer must also provide the Department of Cultural Affairs with copies of the Permit Application and a financial security in the form of a Letter of Credit or Certificate of Deposit for the amount of the fee. The department will keep this security, to be returned to the developer after the timely completion of the project. Once these steps have been completed, the department will issue the developer with fee compliance paperwork to be given to Building and Safety when pulling their permit.

After the permit has been pulled, the Department of Cultural Affairs will work with the developer to ascertain their interest, and create a Final Art Plan detailing the project to be completed for Arts Development Fee compliance.

**Who is considered an artist?** An artist is an individual or group who has professional, academic, vocational, or apprentice training in the arts. Their peers recognize this individual or group as a professional of serious intent, has a record of solo and/or group exhibitions with documented examples, or representatives of past work.

DEPARTMENT OF CULTURAL AFFAIRS
ARTS DEVELOPMENT FEE PROGRAM
DEVELOPER OPTION FLOW CHART



(Created by DCA)
(SAMPLE)

**AGREEMENT SECURED BY A [LETTER OF CREDIT OR CERTIFICATE OF DEPOSIT]**

This Agreement Secured by a [Financial Security] is effective upon the execution date of this document by and between the City of Los Angeles (hereinafter "CITY") through its Department of Cultural Affairs (hereinafter "DCA") and [Developer ] (hereinafter "OWNER").

WHEREAS OWNER desires to construct a [description of building as per permit application] at [development address], as described by City Of Los Angeles Permit Application: PCIS #[Plan Check Number] (hereinafter "DEVELOPMENT"); and

WHEREAS the Los Angeles Municipal Code Section 91.107.4.6 and Los Angeles Administrative Code Section 22.118 require that prior to issuance of a building permit, a developer shall either pay an Arts Development Fee (hereinafter "FEE") to the Arts Development Fee Trust Fund, or guarantee to the satisfaction of the Department of Cultural Affairs (hereinafter "DCA") that an Arts Development Fee Project equal in value to the FEE will be included in the DEVELOPMENT, or that the OWNER will provide an Arts Project or Program valued at less than the total FEE and pay the remainder of the Arts Development Fee into the Arts Development Fee Trust Fund; and

WHEREAS the OWNER desires to develop as part of the DEVELOPMENT an Arts Project or Program; and

WHEREAS the above-mentioned Art Project or Program cannot be installed or implemented prior to the issuance of a building permit for the DEVELOPMENT.

NOW THEREFORE it is agreed between the OWNER and CITY as follows:

(1) That OWNER agrees to create a Final Art Plan within six (6) months from the Agreement execution date that will describe the Art Project or Program; and

(2) That OWNER agrees to implement an Art Project or Program, as described in the Final Art Plan, and as approved in advance by DCA; provided, however, in no event shall the Final Art Plan, DCA require OWNER to incur costs exceeding an amount equal to the FEE in the design, development, and implementation/installation; and

(3) That OWNER, CITY, and DCA agree no changes to the Final Art Plan will be made unless such changes are mutually agreed to in advance by written amendment to this Agreement executed by both OWNER and DCA; and

(4) That a [Financial Security] (hereinafter "Letter of Credit" or "Certificate of Deposit") is hereby secured and assigned to the City of Los Angeles, Department of Cultural Affairs in the amount of $[ADF dollar amount] (hereinafter "LOC or CD Amount"); and

(5) That the CITY may collect the full [LOC or CD Amount] if the Art Project or Program is not implemented/installed, in place, with Final Reporting Documents (defined below) submitted as stipulated by the OWNER'S Final Art Plan and in place no later than [2-3 years from executed Agreement as per art fabrication and installation schedule]; and

(6) That the OWNER agrees to keep the [Financial Security] current and enforceable through the date of completion of the implementation/installation of the Art Project or Program, as reasonably determined by DCA; and

(7) That the OWNER understands that the Final Reporting Documents to be provided under the Final Art Plan for release of the financial security may include the following items depending on the nature of the project and to be detailed in the Final Art Plan (collectively, the "Final Reporting Documents"): financial statement detailing project expenditures, project documentation, promotional materials giving credit to the Arts Development Fee Program, final artist report(s), copies of OWNER/Artist agreement(s), Covenant and Agreement, Statement of Indemnification, maintenance questionnaire, 5-10 digital photographs in JPEG format and on a CD (OWNER agrees that CITY may utilize photo documentation for non-commercial purposes), or other documents identified in the Final Art Plan and determined by the OWNER and DCA as being appropriate to the scope of the Final Art Plan; and

(8) During only the one (1) year period immediately following the issuance of DCA's letter confirming completion of all terms and conditions associated with the Final Art Plan (hereinafter "Release of All Claims, Project Completion Letter"), DCA shall have the right, upon not less than ten (10) days written notice to OWNER, and through any duly authorized representative, to access, examine and conduct an audit and re-audit of any pertinent books, documents or other records of the OWNER to the extent pertaining to the costs incurred by OWNER in designing, developing and implementing/installing the Art Project or Program; and

(9) If, as the result of the CITY's audit, the amount expended on the Arts Development Project upon completion is determined by the CITY to be less than the FEE, the remainder of the FEE for the project shall be paid to DCA by the OWNER within thirty (30) days of the OWNER's receipt of the CITY's written deficiency notice; and

(10) This Agreement shall inure to the benefit of the CITY and shall be binding on the OWNER'S successors-in-interest and assign until the date that is one (1) year from issuance to the OWNER of DCA's Release of All Claims, Project Completion Letter.

SIGNATURES TO FOLLOW:

Date: _____ _____

[Legal Signatory]
[Developer Name]

Approved by: City of Los Angeles, Department of Cultural Affairs by:

Date: _____

_____
General Manager
Department of Cultural Affairs

(Bank Letterhead)
(SAMPLE)

Certificate of Deposit
Automatic Renewal

Not Negotiable

Not Transferable

This certifies that _____(Depositor)

Has deposited in _____(Bank), the amount of $_____ principle payable to **CITY OF LOS ANGELES DEPARTMENT OF CULTURAL AFFAIRS** (Required) upon presentation and surrender of this certificate, properly endorsed, at the office of issue. The maturity of this certificate is _____(number of days) from date, and will be automatically renewed for similar periods unless within 10 days after a maturity date this certificate is presented for redemption.

This deposit bears interest at the rate of _____% per annum.

[Area for Bank policy related to renewal term, early withdrawal, etc.]

_____ _____
(Authorized Signature) (Date)

(Bank Letterhead)

(SAMPLE)
(Letter of Credit language)

PAGE 1 OF 2
ISSUE DATE:

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER:

BENEFICIARY: **CITY OF LOS ANGELES, DEPARTMENT OF CULTURAL AFFAIRS** (Required)
201 N. FIGUEROA, SUITE 1400
LOS ANGELES, CALIFORNIA 90012

APPLICANT:

AMOUNT:

EXPIRY DATE AND PLACE:

GENTLEMEN:
WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT IN YOUR FAVOR AVAILABLE FOR PAYMENT BY YOUR DRAFT (S) AT SIGHT DRAWN ON _____ BANK, (Los Angeles, CA), AND ACCOMPANIED BY DOCUMENTS AS SPECIFIED BELOW:

1. THIS ORIGINAL STANDBY LETTER OF CREDIT, AND AMENDMENT (S), IF ANY.

2. THE BENEFICIARY'S SIGNED AND DATED STATEMENT WORDED AS FOLLOWS:

"THE UNDERSIGNED, AN AUTHORIZED REPRESENTATIVE FOR THE CITY OF LOS ANGELES, CULTURAL AFFAIRS, STATE THAT (Developer) IS IN DEFAULT OF PERFORMANCE AND/OR COMPLIANCE UNDER THE INSTRUMENT DATED (date), TITLED „AGREEMENT SECURED BY A LETTER OF CREDIT.. THEREFORE, WE ARE DRAWING UNDER (Bank) LETTER OF CREDIT NUMBER _____."

SPECIAL CONDITIONS:

1. PARTIAL DRAWINGS ARE or ARE NOT ALLOWED.

2. THIS LETTER OF CREDIT IS NON-TRANSFERABLE.

3. IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE DEAMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR A PERIOD OF ONE (1) YEAR FROM THE EXPIRY DATE HEREOF OR ANY FUTHUR EXPIRY DATE, UNLESS AT LEAST THIRTY (30) DAYS PRIOR TO ANY EXPIRATION DATE, WE SHALL NOTIFY YOU BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, AT THE BENEIFIIARY'S ADDRESS AS STATED IN THIS LETTER OF CREDIT, THAT WE ELECT NOT TO EXTEND THIS LETTER OF CREDIT FOR ANY SUCH ADDITIONAL PERIOD.

EACH DRAFT MUST STATE, "DRAWN UNDER STANDBY LETTER OF CREDIT NO. _____ OF (Bank), (Los Angeles, CA)."

WE HEREBY ENGAGE WITH YOU THAT ALL DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS CREDIT SHALL BE DULY HONORED IF PRESENTED FOR PAYMENT AT THE OFFICE OF CITY IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER _____.

SUCH PRESENTATION FOR PAYMENT MAY BE ACCOMPLISHED BY DELIVERY TO THE BANK OF THE DOCUMENTS SPECIFIED ABOVE BY MAIL, COURIER OR MESSENGER, WHICH DELIVERY SHALL HAVE OCCURRED UPON THE PHYSICAL RECEIPT BY THE BANK OF ALL SUCH DOCUMENTS AT ITS OFFICE AT (Bank Address) DURING THE BANK'S REGULAR BUSINESS HOURS AT SUCH ADDRESS.

(Bank name and address) ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT.

THIS LETTER OF CREDIT IS SUBJECT TO AND GOVERNED BY THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 1993 REVISION, OF THE INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500.

_____ _____

AUTHORIZED SIGNATURE AUTHORIZED SIGNATURE

# EXHIBIT N-3

## DDA ARTS FEE PROVISIONS

GRAND AVENUE PHASE I ART PLAN

I. Cultural Facilities

Credits are given dollar-for-dollar for the cost attributed to a Cultural Facility. The Broad Museum has been approved as an eligible Cultural Facility for contributions. Because a Cultural Facility has been incorporated into the Grand Avenue Project through Phase IIA, the Broad Museum, the Developer has agreed to contribute 20% of the total Art Budget to this Cultural Facility as set forth in Section 420 of the Fifth Amendment to the DDA.

II. Developer Options for Satisfying the Art Obligation:

A developer has the option of proposing an Art Plan incorporating on-site art. The remaining 80% of the total Art Budget will be spent for On-Site Art, to ensure that adequate funding is available to meaningfully impact the project.

On-Site Art: An artist or artists may be hired to participate in design and execution of artwork for the development project.

A. Art Plan - On-Site Art Option

Any developer electing to meet the public art requirement by preparing and carrying out an Art Plan for on-site art will be instructed that such plan should evolve as an integral part of the project program and should be the responsibility of the project artist working collaboratively with the full design team. The Art Plan will be reviewed at two stages, schematic and final, and will be subject to review and approval in accordance with a Schedule of Performance.

The Art Plan for on-site art, through the various stages, will describe:

- The artist-selection process, including the method of artist identification, and evidence that culturally diverse, male and female artists, and artists from the region have been considered.

- The biographical and professional experience of the artist(s), demonstrating that the artist is qualified to participate in the project.

- The interrelationship of the Art Plan to the development project plan, including the artist's contribution to the development of project program and design.

- The relationship and significance of the Art Plan to the site, to the neighborhood in which it is located, and to its place in the city.

- The location of the artwork within the project and evidence that the location is accessible to the general public at least 12, but preferably 18 hours a day.

- The Art Budget showing only eligible costs and limiting administrative fees to a maximum of 10% of the total.

B. Review and Evaluation of Art Plans

Developer Art Plans will be submitted to and reviewed by Art Program staff and may be presented to an Art Advisory Panel at two stages of design, schematic and final. The City Department of Cultural Affairs shall approve Art Plans at the schematic stage, but not before the artist's ideas are well developed and good visual representations of the artwork in relation to the project are available. Staff will use the following criteria for evaluating an Art Plan for On-Site Art:

- Artwork design is of high quality and has artistic merit;

- Art Plan is appropriate in terms of scale, material and components relative to the development's architecture;

- Artwork is located within the development project in a location or locations with adequate public accessibility;

- Artwork has long-term durability against vandalism, weather and theft; and

- Artist's achievements, experience, education, and recognition are consistent with the scale and complexity of the artwork design.

No part of this review and approval process shall operate to restrict or prohibit any ideological, political or non-commercial message which is a part of any Art Plan submitted by the Developer.

C. Covenant for Long-Term Artwork Maintenance

During the Certificate of Completion process for the development project, the Developer will be required to enter into a covenant agreement obligating the Developer to maintain the artwork over the life of the artwork unless otherwise negotiated and approved by Cultural Affairs.. The covenant will be for the benefit of, and be approved by, both the City and the Authority.

# EXHIBIT "O"

## (Attached to Fifth Amendment to DDA)

In the event of a conflict between the provisions of this Exhibit "O" and the provisions of the Amended DDA, as amended by the Fifth Amendment to DDA, the provisions of the DDA, as amended, shall govern.

## ARTICLE 11
## LIVING WAGE

Section

**Sec. 10.37. Legislative Findings.**

The City awards many contracts to private firms to provide services to the public and to City government. Many lessees or licensees of City property perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City also provides financial assistance and funding to other firms for the purpose of economic development or job growth. The City expends grant funds under programs created by the federal and state governments. These expenditures serve to promote the goals established for the grant programs and for similar goals of the City. The City intends that the policies underlying this article serve to guide the expenditure of such funds to the extent allowed by the laws under which such grant programs are established.

Experience indicates that procurement by contract of services has all too often resulted in the payment by service contractors to their employees of wages at or slightly above the minimum required by federal and state minimum wage laws. The minimal compensation tends to inhibit the quantity and quality of services rendered by those employees to the City and to the public. Underpaying employees in this way fosters high turnover, absenteeism and lackluster performance. Conversely, adequate compensation promotes amelioration of these undesirable conditions. Through this article, the City intends to require service contractors to provide a minimum level of compensation which will improve the level of services rendered to and for the City.

The inadequate compensation typically paid also fails to provide service employees with resources sufficient to afford life in Los Angeles. Contracting decisions involving the expenditure of City funds should not foster conditions that place a burden on limited social services. The City, as a principal provider of social support services, has an interest in promoting an employment environment that protects such limited resources. In requiring the payment of a higher minimum level of compensation, this article benefits that interest.

In comparison with the wages paid at San Francisco International Airport, the wage for Los Angeles airport workers is often lower even though the airports are similar in the number of passengers they serve and have similar goals of providing a living wage to the airport workforce. Therefore, the City finds that a higher wage for airport employees is needed to reduce turnover and retain a qualified and stable workforce.

Nothing less than the living wage should be paid by employers that are the recipients of City financial assistance. Whether they be engaged in manufacturing or some other line of business, the City does not wish to foster an economic climate where a lesser wage is all that is offered to the working poor. The same adverse social consequences from such inadequate compensation emanate just as readily from manufacturing, for example, as service industries.

The City holds a proprietary interest in the work performed by many employees of City lessees and licensees and by their service contractors and subcontractors. In a very real sense, the success or failure of City operations may turn on the success or failure of these enterprises, for the City has a genuine stake in how the public perceives the services rendered for them by such businesses. Inadequate compensation of these employees adversely impacts the performance by

the City's lessee or licensee and thereby hinders the opportunity for success of City operations. A proprietary interest in providing a living wage is important for various reasons, including, but not limited to: 1) the public perception of the services or products rendered to them by a business; 2) security concerns related to the location of the business or any product or service the business produces; or 3) an employer's industry-specific job classification which is in the City's interest to cover by the living wage. This article is meant to cover all such employees not expressly exempted.

Requiring payment of the living wage serves both proprietary and humanitarian concerns of the City. If an employer does not comply with this article, the City may: 1) declare a material breach of the contract; 2) declare the employer non-responsible and limit its ability to bid on future City contracts, leases or licenses; and 3) exercise any other remedies available.

SECTION HISTORY
Article and Section Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16.

**Sec. 10.37.1. Definitions.**

The following definitions shall apply throughout this article:

(a) "**Airport**" means the Department of Airports and each of the airports which it operates.

(b) "**Airport Employer**" means an Employer, as the term is defined in this section, at the Airport.

(c) "**Airport Employee**" means an Employee, as the term is defined in this section, of an Airport Employer.

(d) "**Awarding Authority**" means that subordinate or component entity or person of the City (such as a department) or of the financial assistance recipient that awards or is otherwise responsible for the administration of a Service Contract, Public Lease or License, or, where there is no such subordinate or component entity or person, then the City or the City Financial Assistance Recipient.

(e) "**City**" means the City of Los Angeles and all awarding authorities thereof, including those City departments which exercise independent control over their expenditure of funds.

(f) "**City Financial Assistance Recipient**" means any person who receives from the City discrete financial assistance for economic development or job growth expressly articulated and identified by the City, as contrasted with generalized financial assistance such as through tax legislation, in accordance with the following monetary limitations. Assistance given in the amount of $1,000,000 or more in any 12-month period shall require compliance with this article for five years from the date such assistance reaches the $1,000,000 threshold. For assistance in any 12-month period totaling less than $1,000,000 but at least $100,000, there shall be

compliance for one year, with the period of compliance beginning when the accrual of continuing assistance reaches the $100,000 threshold.

Categories of assistance include, but are not limited to, bond financing, planning assistance, tax increment financing exclusively by the City and tax credits, and shall not include assistance provided by the Community Development Bank. City staff assistance shall not be regarded as financial assistance for purposes of this article. A loan at market rate shall not be regarded as financial assistance. The forgiveness of a loan shall be regarded as financial assistance. A loan shall be regarded as financial assistance to the extent of any differential between the amount of the loan and the present value of the payments thereunder, discounted over the life of the loan by the applicable federal rate as used in 26 U.S.C. §§ 1274(d) and 7872(f). A recipient shall not be deemed to include lessees and sublessees.

A recipient shall be exempted from application of this article if:

(1) it is in its first year of existence, in which case the exemption shall last for one year;

(2) it employs fewer than five Employees for each working day in each of 20 or more calendar weeks in the current or preceding calendar year; or

(3) it obtains a waiver as a recipient who employs the long-term unemployed or provides trainee positions intended to prepare Employees for permanent positions.

The recipient shall attest that compliance with this article would cause an economic hardship and shall apply in writing to the City department or office administering the assistance. The department or office shall forward the waiver application and the department's or office's recommended action to the City Council. Waivers shall be effected by Council resolution.

(g) "**Contractor**" means any person that enters into:

(1) a Service Contract with the City;

(2) a Service Contract with a proprietary lessee or licensee or sublessee or sublicensee; or

(3) a contract with a City Financial Assistance Recipient to assist the recipient in performing the work for which the assistance is being given. Vendors, such as service Contractors, of City Financial Assistance Recipients shall not be regarded as Contractors except to the extent provided in Subsection (i).

(h) "**Designated Administrative Agency (DAA)**" means the Department of Public Works, Bureau of Contract Administration, which shall bear administrative responsibilities under this article.

(i) "**Employee**" means any person who is not a managerial, supervisory or confidential employee and who is working for the Contractor in the United States:

(1) as a service Employee of a Contractor or Subcontractor on or under the authority of one or more Service Contracts and who expends any of his or her time thereon, including, but not limited to: hotel Employees; restaurant, food service or banquet Employees; janitorial Employees; security guards; parking attendants; nonprofessional health care Employees; gardeners; waste management Employees; and clerical Employees;

(2) as a service Employee of one of the following: a public lessee or licensee, or a sublessee or sublicensee of a public lessee or licensee; a service Contractor or Subcontractor of a public lessee or licensee; or sublessee or sublicensee working on the leased or licensed premises;

(3) as an Employee of a City Financial Assistance Recipient who expends at least half of his or her time on the funded project; or

(4) as an Employee of a service Contractor or Subcontractor of a City Financial Assistance Recipient and who expends at least half of his or her time on the premises of the City Financial Assistance Recipient directly involved with the activities funded by the City.

(j) "**Employer**" means any person who is a City Financial Assistance Recipient, Contractor, Subcontractor, public lessee, public sublessee, public licensee or public sublicensee.

(k) "**Person**" means any individual, proprietorship, partnership, joint venture, corporation, limited liability company, trust, association or other entity that may employ individuals or enter into contracts.

(l) "**Public Lease or License**" means, except as provided in Section 10.37.15, a lease or license of City property (including, but not limited to, Non-Exclusive License Agreements, Air Carrier Operating Permits and Certified Service Provider License Agreements) on which services are rendered by Employees of the public lessee or licensee or sublessee or sublicensee, or of a Contractor or Subcontractor, but only where any of the following applies:

(1) The services are rendered on premises at least a portion of which is visited by members of the public (including, but not limited to, airport passenger terminals, parking lots, golf courses, recreational facilities);

(2) Any of the services feasibly could be performed by City employees if the City had the requisite financial and staffing resources; or

(3) The DAA has determined in writing as approved by the Board of Public Works that coverage would further the proprietary interests of the City. Proprietary interest includes, but is not limited to:

(i) the public perception of the services or products rendered to them by a business;

(ii) security concerns related to the location of the business or any product or service the business produces; or (iii) an Employer's industry-specific job classifications as defined in the regulations.

(m) "**Service Contract**" means a contract let to a Contractor by the City primarily for the furnishing of services to or for the City (as opposed to the purchase of goods or other property or the leasing or renting of property) and that involves an expenditure in excess of $25,000 and a contract term of at least three months, but only where any of the following applies:

(1) at least some of the services are rendered by Employees whose work site is on property owned or controlled by the City;

(2) the services feasibly could be performed by City employees if the City had the requisite financial and staffing resources; or

(3) the DAA has determined in writing as approved by the Board of Public Works that coverage would further the proprietary interests of the City. Proprietary interest includes, but is not limited to:

(i) the public perception of the services or products rendered to them by a business;

(ii) security concerns related to the location of the business or any product or service the business produces; or (iii) an Employer's industry-specific job classifications as defined in the regulations.

(n) "**Subcontractor**" means any person not an Employee who enters into a contract (and who employs Employees for such purpose) with:

(1) a Contractor or Subcontractor to assist the Contractor in performing a Service Contract; or

(2) a Contractor or Subcontractor of a proprietary lessee or licensee or sublessee or sublicensee to perform or assist in performing services on the leased or licensed premises. Vendors, such as service Contractors or Subcontractors, of City Financial Assistance Recipients shall not be regarded as Subcontractors except to the extent provided in Subsection (i).

(o) "**Willful Violation**" means that the Employer knew of its obligations under this article and deliberately failed or refused to comply with its provisions.

SECTION HISTORY
Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (e), Ord. No. 176,155, Eff. 9-22-04; Subsec. (e), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; Subsecs. (a) through (l) re-lettered (d) through (o), respectively and new Subsecs. (a), (b), and (c) added, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16.

**Sec. 10.37.2. Payment of Minimum Compensation to Employees.**

(a) **Wages.** An Employer shall pay an Employee for all hours worked on a City contract a wage of no less than the hourly rates set under the authority of this article.

(1) On July 1, 2016, Employee wages shall be no less than $11.27 per hour with health benefits and no less than $12.52 per hour without health benefits. On July 1, 2016, the wage for Airport Employees shall be no less than $11.68 with health benefits and no less than $16.73 without health benefits. On July 1, 2017, the wage for Airport Employees shall be no less than $12.08 per hour with health benefits and no less than $17.26 without health benefits, unless the annual increase provided in Section 10.37.2(a)(2) is higher. On July 1, 2018, the annual increase will continue as provided in Section 10.37.2(a)(2).

(2) The hourly rate with health benefits to be paid to all Employees and the hourly rate without health benefits to be paid to Airport Employees shall be adjusted annually to correspond with adjustments, if any, to retirement benefits paid to members of the Los Angeles City Employees Retirement System (LACERS), made by the LACERS Board of Administration under Section 4.1022. The City Administrative Officer shall so advise the DAA of any such change by June 1 of each year and of the required new hourly rates, if any. On the basis of such report, the DAA shall publish a bulletin announcing the adjusted rates, which shall take effect on July 1 of each year.

(3) An Employer may not use tips or gratuities earned by an Employee to offset the wages required under this article.

(4) Regulations promulgated by the DAA shall establish the framework and procedures for payment of wages.

(b) **Compensated Time Off.** An Employer shall provide at least 96 compensated hours off per year for sick leave, vacation or personal necessity at the Employee's request. An Employer may not unreasonably deny an Employee's request to use the accrued compensated time off. The DAA, through regulations, will determine what is unreasonable.

(1) A full-time Employee is someone who works at least 40 hours a week or in accordance with the Employer's policy, if the Employer's established policy is overall more generous.

(2) A part-time Employee must accrue compensated hours off in increments proportional to that accrued by someone who works 40 hours a week.

(3) General Rules for Compensated Time Off.

(i) An Employee must be eligible to use accrued paid compensated time off after the first 90 days of employment or consistent with company policies, whichever is sooner.

(ii) An Employer may not unreasonably deny an Employee's request to use the accrued compensated time off. The DAA, through regulations, will determine what is unreasonable.

(iii) The DAA may allow an Employer's established compensated time off policy to remain in place even though it does not meet these requirements, if the DAA determines that the Employer's established policy is overall more generous.

(iv) Unused accrued compensated time off will carry over until time off reaches a maximum of 192 hours, unless the Employer's established policy is overall more generous.

(v) After an Employee reaches the maximum accrued compensated time off, an Employer shall provide a cash payment once every 30 days for accrued compensated time off over the maximum. An Employer may provide an Employee with the option of cashing out any portion of, or all of, the Employee's accrued compensated time off, but, an Employer shall not require an Employee to cash out any accrued compensated time off. Compensated time off cashed out shall be paid to the Employee at the wage rate that the Employee is earning at the time of cash out.

(vi) An Employer may not implement any unreasonable employment policy to count accrued compensated time off taken under this article as an absence that may result in discipline, discharge, suspension or any other adverse action.

(vii) Regulations promulgated by the DAA shall establish the framework and procedures for calculations of compensated time off.

(c) **Uncompensated Time Off.** Employers shall also permit full-time Employees to take at least 80 additional hours per year of uncompensated time to be used for sick leave for the illness of the Employee or a member of his or her immediate family where the Employee has exhausted his or her compensated time off for that year.

(1) A full-time Employee is someone who works at least 40 hours a week or in accordance with the Employer's policy, if the Employer's established policy is overall more generous.

(2) A part-time Employee must accrue uncompensated hours off in increments proportional to that accrued by someone who works 40 hours a week.

(3) General Rules for Uncompensated Time Off.

(i) An Employee must be eligible to use accrued uncompensated time off after the first 90 days of employment or consistent with company policies, whichever is sooner.

(ii) An Employer may not unreasonably deny an Employee's request to use the accrued uncompensated time off. The DAA, through regulations, will determine what is unreasonable.

(iii) Unused accrued uncompensated time off will carry over until the time off reaches a maximum of 80 hours, unless the Employer's established policy is overall more generous.

(iv) An Employer may not implement any unreasonable employment policy to count accrued uncompensated time off taken under this article as an absence that may result in discipline, discharge, suspension or any other adverse action.

(v) Regulations promulgated by the DAA shall establish the framework and procedures for calculations of uncompensated time off.

SECTION HISTORY
Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (a), Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Subsec. (a), Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16.

**Sec. 10.37.3. Health Benefits.**

(a) **Health Benefits**. The health benefits required by this article shall consist of the payment by an Employer of at least $1.25 per hour to Employees towards the provision of health care benefits for Employees and their dependents. On July 1, 2016, the health benefit rate for Airport Employees shall be $5.05 per hour. On July 1, 2017, the health benefit rate for Airport Employees shall be at least $5.18 per hour, unless the annual increase provided in Section 10.37.3(a)(5) is higher. On July 1, 2018, the annual increase will continue as provided in Section 10.37.3(a)(5).

(1) Proof of the provision of such benefits must be submitted to the Awarding Authority to qualify for the wage rate in Section 10.37.2(a) for Employees with health benefits.

(2) Health benefits include health coverage, dental, vision, mental health and disability income. For purposes of this article, retirement benefits, accidental death and dismemberment insurance, life insurance and other benefits that do not provide medical or health related coverage will not be credited toward the cost of providing Employees with health benefits.

(3) If the Employer's hourly health benefit payment is less than that required under this article, the difference shall be paid to the Employee's hourly wage.

(4) Health benefits are not required to be paid on overtime hours.

(5) Consistent with and as shall be reflected in the hourly rates payable to an Airport Employee as provided in 10.37.2(a) above, the amount of payment for health benefits by an Airport Employer shall be adjusted annually to correspond with adjustments, if any, to retirement benefits paid to members of the Los Angeles City Employees Retirement System (LACERS), made by the LACERS Board of Administration under Section 4.1022. The City Administrative Officer shall so advise the DAA of any such change by June 1 of each year and of the required new hourly

payments, if any. On the basis of such report, the DAA shall publish a bulletin announcing the adjusted payment, which shall take effect on July 1 of each year.

(6) Regulations promulgated by the DAA shall establish any framework and procedures associated with the administration of this article.

(b) **Periodic Review.** At least once every three years, the City Administrative Officer shall review the health benefit payment by Airport Employers set forth in Section 10.37.3(a) to determine whether the payment accurately reflects the cost of health care and to assess the impacts of the health benefit payment on Airport Employers and Airport Employees and shall transmit a report with its findings to the Council.

SECTION HISTORY
Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16.

**Sec. 10.37.4. Employer Reporting and Notification Requirements.**

(a) An Employer shall post in a prominent place in an area frequented by Employees a copy of the Living Wage Poster and the Notice Regarding Retaliation, both available from the DAA.

(b) An Employer shall inform an Employee of their possible right to the federal Earned Income Credit (EIC) under Section 32 of the Internal Revenue Code of 1954, 26 U.S.C. § 32, and shall make available to an Employee forms informing them about the EIC and forms required to secure advance EIC payments from the Employer.

(c) An Employer is required to retain payroll records pertaining to its Employees for a period of at least four years, unless more than four years of retention is specified elsewhere in the contract or required by law.

(d) Contractors, public lessees and licensees, and City Financial Assistant Recipients are responsible for notifying all Subcontractors, sublessees, and sublicensees of their obligation under this article and requiring compliance with this article. Failure to comply shall be a material breach of the contract.

SECTION HISTORY
Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16.

**Sec. 10.37.5. Retaliation Prohibited.**

Neither an Employer, as defined in this article, nor any other person employing individuals shall discharge, reduce in compensation, or otherwise discriminate against any Employee for complaining to the City with regard to the Employer's compliance or anticipated compliance with this article, for opposing any practice proscribed by this article, for participating in proceedings related to this article, for seeking to enforce his or her rights under this article by any lawful means, or for otherwise asserting rights under this article.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16.

**Sec. 10.37.6. Enforcement.**

(a) An Employee claiming violation of this article may bring an action in the Superior Court of the State of California against an Employer and may be awarded:

(1) For failure to pay wages required by this article, back pay shall be paid for each day during which the violation occurred.

(2) For failure to comply with health benefits requirements pursuant to this article, the Employee shall be paid the differential between the wage required by this article without health benefits and such wage with health benefits, less amounts paid, if any, toward health benefits.

(3) For retaliation the Employee shall receive reinstatement, back pay or other equitable relief the court may deem appropriate.

(4) For Willful Violations, the amount of monies to be paid under Subsections (1) - (3), above, shall be trebled.

(b) The court shall award reasonable attorney's fees and costs to an Employee who prevails in any such enforcement action and to an Employer who prevails and obtains a court determination that the Employee's lawsuit was frivolous.

(c) Compliance with this article shall be required in all City contracts to which it applies. Contracts shall provide that violation of this article shall constitute a material breach thereof and entitle the Awarding Authority to terminate the contract and otherwise pursue legal remedies that may be available. Contracts shall also include an agreement that the Employer shall comply with federal law proscribing retaliation for union organizing.

(d) The DAA may audit an Employer at any time to verify compliance. Failure by the Employer to cooperate with the DAA's administrative and enforcement actions, including, but not limited to, requests for information or documentation to verify compliance with this article, may result in a DAA determination that the Employer has violated this article.

(e) An Employee claiming violation of this article may report the claimed violation to the DAA, which shall determine whether this article applies to the claimed violation.

(1) If the claimed violation is valid, the DAA will perform an audit the scope of which will not exceed four years from the date the complaint was received.

(2) If the claimed violation is filed after a contract has expired, and information needed for the review is no longer readily available, the DAA may determine this article no longer applies.

(3) In the event of a claimed violation of requirements relating to compensated time off, uncompensated time off or wages, the DAA may require the

Employer to calculate the amount the Employee should have earned and compensate the Employee.

Nothing shall limit the DAA's authority to evaluate the calculation.

(i) If the DAA determines that an Employer is in violation of Section 10.37.2(b), the time owed must be made available immediately. At the Employer's option, retroactive compensated time off in excess of 192 hours may be paid to the Employee at the current hourly wage rate.

(ii) If the DAA determines that an Employer is in violation of Section 10.37.2(c), the Employer shall calculate the amount of uncompensated time off that the Employee should have accrued. This time will be added to the uncompensated time off currently available to the Employee and must be available immediately.

(f) Where the DAA has determined that an Employer has violated this article, the DAA shall issue a written notice to the Employer that the violation is to be corrected within ten days or other time period determined appropriate by the DAA.

(g) In the event the Employer has not demonstrated to the DAA within such period that it has cured the violation, the DAA may then:

(1) Request the Awarding Authority to declare a material breach of the Service Contract, Public Lease or License, or financial assistance agreement and exercise its contractual remedies thereunder, which are to include, but not be limited to: (i) termination of the Service Contract, Public Lease or License, or financial assistance agreement; (ii) the return of monies paid by the City for services not yet rendered; and (iii) the return to the City of money held in retention (or other money payable on account of work performed by the Employer) when the DAA has documented the Employer's liability for unpaid wages, health benefits or compensated time off.

(2) Request the Awarding Authority to declare the Employer non-responsible from future City contracts, leases and licenses in accordance with the Contractor Responsibility Ordinance (LAAC Section 10.40*et seq*.) and institute proceedings in a manner that is consistent with law.

(3) Impose a fine payable to the City in the amount of up to $100 for each violation for each day the violation remains uncured.

(4) Exercise any other remedies available at law or in equity.

(h) Notwithstanding any provision of this Code or any other law to the contrary, no criminal penalties shall attach for violation of this article.

SECTION HISTORY
Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (d), Para. (1), Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16.

**Sec. 10.37.7. Administration.**

The City Council shall, by resolution, designate a department or office which shall promulgate rules for implementation of this article and otherwise coordinate administration of the requirements of this article (Designated Administrative Agency - DAA). The DAA shall monitor compliance, including the investigation of claimed violations, and shall promulgate implementing regulations consistent with this article. The DAA shall also issue determinations that persons are City Financial Assistance Recipients, that particular contracts shall be regarded as "Service Contracts" for purposes of Section 10.37.1(m), and that particular leases and licenses shall be regarded as "Public Leases" or "Public Licenses" for purposes of Section 10.37.1(l), when it receives an application for a determination of noncoverage or exemption as provided for in Section 10.37.14 and 10.37.15.

The DAA may require an Awarding Authority to inform the DAA about all contracts in the manner described by regulation. The DAA shall also establish Employer reporting requirements on Employee compensation and on notification about and usage of the federal Earned Income Credit referred to in Section 10.37.4. The DAA shall report on compliance to the City Council no less frequently than annually.

During the first, third and seventh years of this article's operation since May 5, 1997, and every third year thereafter, the City Administrative Officer and the Chief Legislative Analyst shall conduct or commission an evaluation of this article's operation and effects. The evaluation shall specifically address at least the following matters:

(a) how extensively affected Employers are complying with the article;

(b) how the article is affecting the workforce composition of affected Employers;

(c) how the article is affecting productivity and service quality of affected Employers;

(d) how the additional costs of the article have been distributed among Employees, their Employers and the City.

SECTION HISTORY
Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16.

**Sec. 10.37.8. City is a Third Party Beneficiary of Contracts Between an Employer and Subcontractor for Purposes of Enforcement.**

Any contract an Employer executes with a Subcontractor, as defined in Section 10.37.1(n), shall contain a provision wherein the Subcontractor agrees to comply with this article and designates the City as an intended third party beneficiary for purposes of enforcement directly against the Subcontractor, as provided for in Section 10.37.6, of this article.

SECTION HISTORY
Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 184,318, Eff. 7-7-16.

**Sec. 10.37.9. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.**

This article shall not be construed to limit an Employee's right to bring legal action for violation of other minimum compensation laws.

SECTION HISTORY
Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16.

**Sec. 10.37.10. Expenditures Covered.**

This article shall apply to the expenditure - whether through aid to City Financial Assistance Recipients, Service Contracts let by the City or Service Contracts let by its Financial Assistance Recipients - of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds.

SECTION HISTORY
Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16.

**Sec. 10.37.11. Timing of Application.**

The provisions of this article shall become operative 90 days following the effective date of the ordinance and are not retroactive.

SECTION HISTORY
Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (b), Subsec. (c) Added, Ord. No. 173,747, Eff. 2-24-01; Subsec. (d) Added, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16.

**Sec. 10.37.12. Supersession by Collective Bargaining Agreement.**

Parties subject to this article may by collective bargaining agreement provide that such agreement shall supersede the requirements of this article. An Employer seeking supersession must submit the required documentation to the DAA.

SECTION HISTORY
Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16.

**Sec. 10.37.13. Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage.**

The definitions of "**City Financial Assistance Recipient**" in Section 10.37.1(f), of "**Public Lease or License**" in Section 10.37.1(l), and of "**Service Contract**" in Section 10.37.1(m) shall be liberally interpreted so as to further the policy objectives of this article. All City Financial Assistance Recipients meeting the monetary thresholds of Section 10.37.1(f), all City leases and licenses (including subleases and sublicenses) where the City is the lessor or licensor, and all City contracts providing for services shall be presumed to meet the corresponding definition mentioned above, subject, however, to a determination by the DAA of

non-coverage or exemption on any basis allowed by this article, including, but not limited to, non-coverage for failure to satisfy such definition. The DAA shall by regulation establish procedures for informing persons engaging in such transactions with the City of their opportunity to apply for a determination of non-coverage or exemption and procedures for making determinations on such applications.

SECTION HISTORY
Added by Ord. No. 172,336, Eff. 1-14-99.
Amended by: Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16.

**Sec. 10.37.14. Contracts, Employers and Employees Not Subject to this Article.**

The following contracts are not subject to the Living Wage Ordinance. An Awarding Authority, after consulting with the DAA, may determine whether contracts and/or Employers are not subject to the Living Wage Ordinance due to the following:

(a) a contract where an employee is covered under the Prevailing Wage requirements of Division 2, Part 7, of the California Labor Code unless the total of the Basic Hourly Rate and hourly Health and Welfare payments specified in the Director of Industrial Relations' General Prevailing Wage Determinations are less than, and are not paid more than, the minimum hourly rate as required by Section 10.37.2(a)(1) of this article.

(b) a contract with a governmental entity, including a public educational institution or a public hospital.

(c) a contract for work done directly by a utility company pursuant to an order of the Public Utilities Commission.

SECTION HISTORY
Added by Ord. No. 184,318, Eff. 7-7-16.

**Sec. 10.37.15. Exemptions.**

Upon the request of an Employer, the DAA may exempt compliance with this article. An Employer seeking an exemption must submit the required documentation to the DAA for approval before the exemption takes effect.

(a) **Small Business.** A Public Lessee or Licensee shall be exempt from the requirements of this article subject to the following limitations:

(1) The lessee or licensee employs no more than seven people total on and off City property. A lessee or licensee shall be deemed to employ no more than seven people if the company's entire workforce worked an average of no more than 1,214 hours per month for at least three-fourths of the previous calendar year;

(2) To qualify for this exemption, the lessee or licensee must provide proof of the number of people it employs in the company's entire workforce to the Awarding Authority as required by regulation;

(3) Public Leases and Licenses shall be deemed to include public subleases and sublicenses; and

(4) If a Public Lease or License has a term of more than two years, the exemption granted pursuant to this section shall expire after two years, but shall be renewable in two-year increments upon meeting the requirements therefor at the time of the renewal application or a period established by regulation.

(b) **Non-Profit Organizations.** Corporations organized under Section 501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. § 501(c)(3), whose chief executive officer earns a salary which, when calculated on an hourly basis, is less than eight times the lowest wage paid by the corporation, shall be exempted as to all Employees other than child care workers. The Employer must submit documentation to the DAA.

(c) **Students.** High school and college students employed in a work study or employment program lasting less than three months shall be exempt. Other students participating in a work-study program shall be exempt if the Employer can verify to the DAA that:

(1) The program involves work/training for class or college credit and student participation in the work-study program is for a limited duration, with definite start and end dates; or

(2) The student mutually agrees with the Employer to accept a wage below this article's requirements based on a training component desired by the student.

(d) Nothing in this article shall limit the right of the City Council to waive the provisions herein.

(e) Nothing in this article shall limit the right of the DAA to waive the provisions herein with respect to and at the request of an individual Employee who is eligible for benefits under a health plan in which the Employee's spouse, domestic partner or parent is a participant or subscriber to another health plan. An Employee who receives this waiver shall not be entitled to the hourly rate without health benefits pursuant to Section 10.37.2.

SECTION HISTORY
Added by Ord. No. 184,318, Eff. 7-7-16.

**Sec. 10.37.16. Severability.**

If any subsection, sentence, clause or phrase of this article is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this section, and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION HISTORY
Added by Ord. No. 172,336, Eff. 1-14-99.
Amended by: In Entirety, Ord. No. 184,318, Eff. 7-7-16.
Los Angeles Charter and Administrative Code

## ARTICLE 14
## CONTRACTOR RESPONSIBILITY PROGRAM

Section



**Sec. 10.40. Purpose.**

Each year the City spends millions of dollars contracting for the delivery of products and services from private sector contractors.

The prudent expenditure of public dollars requires that the City's procurement process result in the selection of qualified and responsible contractors who have the capability to perform the contract. This includes, but is not limited to, contractors who demonstrate responsibility with respect to Employees by following all federal, state and City wage and labor laws, including but not limited to the Los Angeles Minimum Wage Ordinance, Los Angeles Municipal Code, Article 7, of Chapter XVIII or the Los Angeles Municipal Code, Article 8 of Chapter XVIII. Further, many lessees or licensees of City property perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City also provides financial assistance and funding to others for a variety of purposes. The City expends grant funds under programs created by federal and state government. The City intends that the procurement procedures set forth in this article guide the expenditure of federal and state grant funds to the extent permitted by federal or state procurement regulations.

SECTION HISTORY
Article and Section Added by Ord. No. 173,677, Eff. 1-14-01.
Amended by: Ord. No. 183,613, Eff. 7-19-15.

**Sec. 10.40.1. Definitions.**

(a) "**Awarding Authority**" means any Board or Commission of the City of Los Angeles, or any employee or officer of the City of Los Angeles, that is authorized to award or enter into any contract as defined herein, on behalf of the City of Los Angeles, and shall include departments having control of their own funds and which adopt policies consonant with the provisions of this article.

(b) "**Contract**" means any agreement for the performance of any work or service, the provision of any goods, equipment, materials or supplies, or the rendition of any service to the City or to the public, or the grant of City financial assistance or a public lease or license, which is let, awarded or entered into by or on behalf of the City of Los Angeles. Contracts for services and for purchasing goods and products that involve a value in excess of twenty-five thousand dollars ($25,000) and a term in excess of three months are covered by this Article. Construction contracts are covered by this Article without regard to contract amount and term.

(c) "**Contractor**" means any person, firm, corporation, partnership, association or any combination thereof, which enters into a Contract with any awarding authority of the City of Los Angeles and includes a recipient of City financial assistance and a public lessee or licensee.

(d) "**Subcontractor**" means any person not an employee who enters into a contract with a contractor to assist the contractor in performing a contract, including a contractor or subcontractor of a public lessee or licensee or sublessee or sublicensee, to perform or assist in performing services on the leased or licensed premises. The term subcontractor does not include vendors or suppliers to City purchasing contractors, unless the purchasing contract is for the purchase of garments such as uniforms or other apparel.

(e) "**Bidder**" means any person or entity that applies for any contract whether or not the application process is through an Invitation for Bid, Request for Proposal, Request for Qualifications or other procurement process.

(f) "**Bid**" means any application submitted by a bidder in response to an Invitation for Bid, Request for Proposal or Request for Qualifications or other procurement process.

(g) "**Invitation for Bid**" means the process through which the City solicits Bids including Requests for Proposals and Requests for Qualifications.

(h) "**City Financial Assistance Recipient**" means any person who receives from the City discrete financial assistance in the amount of One Hundred Thousand Dollars ($100,000.00) or more for economic development or job growth expressly articulated and identified by the City, as contrasted with generalized financial assistance such as through tax legislation.

Categories of such assistance shall include, but are not limited to, bond financing, planning assistance, tax increment financing exclusively by the City, and tax credits, and shall not include assistance provided by the Community Development Bank. City staff assistance shall not be regarded as financial assistance for purposes of this article. A loan shall not be regarded as financial assistance. The forgiveness of a loan shall be regarded as financial assistance. A loan shall be regarded as financial assistance to the extent of any differential between the amount of the loan and the present value of the payments thereunder, discounted over the life of the loan by

the applicable federal rate as used in 26 U.S.C. Sections 1274(d), 7872(f). A recipient shall not be deemed to include lessees and sublessees.

(i) "**Public Lease or License**" means a lease or license of City property as defined in the Living Wage Ordinance, Section 10.37 et seq. of Article 11, Chapter 1 of Division 10 of the Los Angeles Administrative Code.

(j) "**Designated Administrative Agency (DAA)** " means the Department of Public Works, Bureau of Contract Administration who shall bear administrative responsibilities under this article.

SECTION HISTORY
Added by Ord. No. 173,677, Eff. 1-14-01.
Amended by: Subsec. (j), Ord. No. 176,155, Eff. 9-22-04; Subsec. (j), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22- 04; Subsec. (b), Ord. No. 176,292, Eff. 1-1-05.

**Sec. 10.40.2. Determination of Contractor Responsibility.**

(a) Prior to awarding a contract, the City shall make a determination that the prospective contractor is one that has the necessary quality, fitness and capacity to perform the work set forth in the contract. Responsibility will be determined by each awarding authority from reliable information concerning a number of criteria, including but not limited to: management expertise; technical qualifications; experience; organization, material, equipment and facilities necessary to perform the work; financial resources; satisfactory performance of other contracts; satisfactory record of compliance with relevant laws and regulations; and satisfactory record of business integrity.

(b) Every bidder for a City contract must complete and submit with its bid a questionnaire developed by the DAA which will provide information the awarding authority needs in order to determine if the bidder meets the criteria set forth in Paragraph (a) of this section. If no bid is required, the prospective contractor must submit a questionnaire. The response to the questionnaire must be signed under penalty of perjury. If, after execution of a contract, the City learns that the contractor submitted false information on the questionnaire, the City may terminate the contract and pursue the remedies set forth in Section 10.40.6 of this article. The contractor shall be obligated to update its responses to the questionnaire during the term of the contract within thirty calendar days after any change to the responses previously provided if such change would affect contractor's fitness and ability to continue performing the contract. The City may consider failure of the contractor to update the questionnaire with this information as a material breach of the contract and invoke the remedies set forth in Section 10.40.6 of this article.

(c) Questionnaires will be public records and information contained therein will be available for public review, except to the extent that such information is exempt from disclosure pursuant to applicable law. The awarding authority may rely on responses to the questionnaire, information from compliance and regulatory agencies and/or independent investigation to determine bidder responsibility.

(d) Before being declared non-responsible, a bidder shall be notified of the proposed determination of non-responsibility, served with a summary of the information upon which the

awarding authority is relying and provided with an opportunity to be heard in accordance with applicable law. At the responsibility hearing, the bidder will be allowed to rebut adverse information and to present evidence that it has the necessary quality, fitness and capacity to perform the work. The bidder must exercise its right to request a hearing within five calendar days after receipt of such notice. Failure to submit a written request for a hearing within the time frame set forth in this section, will be deemed a waiver of the right to such a hearing and the awarding authority may proceed to determine whether or not the award of the contract should be made to another bidder or whether or not the bidder is non-responsible for this and future contracts. The determination by an awarding authority that the bidder is non-responsible shall be final and constitute exhaustion of the bidder's administrative remedies.

(e) A list of individuals and entities which have been determined to be non-responsible by the City shall be maintained by the DAA. After two years from the date the individual or entity has been determined to be non-responsible, the individual or entity may request removal from the list by the awarding authority. If the individual or entity can satisfy the awarding authority that it has the necessary quality, fitness, and capacity to perform work in accordance with the criteria set forth in Paragraph (a) of this section, its name shall be removed from the list. Unless otherwise removed from the list by the awarding authority, names shall remain on the list for five years from the date of being declared non-responsible.

(f) Contractors shall ensure that their subcontractors meet the criteria for responsibility as set forth in Paragraph (a) of this section, unless the subcontract is below the threshold requirements for contracts contained in Section 10.40.1(b).

SECTION HISTORY
Added by Ord. No. 173,677, Eff. 1-14-01.
Amended by: Subsec. (c), Ord. No. 176,292, Eff. 1-1-05.

**Sec. 10.40.3. Compliance with All Laws.**

(a) Contractors shall comply with all applicable federal, state and local laws in the performance of the contract, including but not limited to laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees.

(b) Contractors shall notify the awarding authority within thirty calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the contractor is not in compliance with Paragraph (a) of this section. Initiation of an investigation is not, by itself, a basis for a determination of non-responsibility by an awarding authority.

(c) Contractors shall notify the awarding authority within thirty calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated Paragraph (a) of this section.

(d) Upon award of a contract, contractors shall complete a Pledge of Compliance attesting under penalty of perjury to compliance with Paragraph (a) of this section. Whenever any contract, which was not initially subject to this article is amended, the contractor shall

complete a Pledge of Compliance attesting under penalty of perjury to compliance with Paragraph (a) of this section.

(e) Contractors shall ensure that their subcontractors complete a Pledge of Compliance attesting under penalty of perjury to compliance with Paragraph (a) of this section, unless the subcontract is below the threshold requirements for Contracts contained in Section 10.40.1(b).

(f) Contractors shall ensure that their subcontractors comply with Paragraphs (b) and (c) of this section, unless the subcontract is below the threshold requirements for contracts contained in Section 10.40.1(b).

SECTION HISTORY
Added by Ord. No. 173,677, Eff. 1-14-01.

**Sec. 10.40.4. Exemptions.**

(a) In order to promote the purposes of this article and to protect the City's interests, the following contracts are exempt from its application:

(1) Contracts with a governmental entity such as the United States of America, the State of California, a county, city or public agency of such entities, or a public or quasi-public corporation located therein and declared by law to have such public status.

(2) Contracts for the investment of trust moneys or agreements relating to the management of trust assets.

(3) Banking contracts entered into by the Treasurer pursuant to California Government Code Section 53630 *et seq*.

(b) In order to promote the purposes of this article and to protect the City's interests, the following contracts are exempt from application of Section 10.40.2 of this article:

(1) Contracts awarded on the basis of exigent circumstances whenever any awarding authority finds that the City would suffer a financial loss or that City operations would be adversely impacted unless exempted from the provisions of Section 10.40.2 of this article. This finding must be approved by the DAA prior to contract execution.

(2) Contracts awarded on the basis of urgent necessity in accordance with Charter Section 371(e)(5).

(3) Contracts entered into pursuant to Charter Section 371(e)(6).

(4) Contracts entered into pursuant to Charter Section 371(e)(7).

(5) Contracts entered into pursuant to Charter Section 371(e)(8).

(6) Contracts where the goods or services are proprietary or only available from a single source.

SECTION HISTORY
Added by Ord. No. 173,677, Eff. 1-14-01.

**Sec. 10.40.5. Administration.**

(a) The DAA shall promulgate rules and regulations for implementation of this Article.

(b) The DAA shall develop a questionnaire to be used by awarding authorities for determining bidder responsibility within sixty days after the effective date of this Ordinance.

(c) The DAA shall monitor compliance with this article including investigation of alleged violations.

SECTION HISTORY
Added by Ord. No. 173,677, Eff. 1-14-01.
Amended by: Subsec. (a), Ord. No. 176,292, Eff. 1-1-05.

**Sec. 10.40.6. Enforcement.**

(a) Contracts shall provide that violation of this article shall constitute a material breach thereof and entitle the City to terminate the contract and otherwise pursue legal remedies that may be available.

(b) Compliance with Section 10.40.3 of this article shall be required in contract amendments, if the initial contract was not subject to the provisions of this article. Contract amendments shall provide that violation of Section 10.40.3 shall constitute a material breach thereof and entitle the City to terminate the contract and otherwise pursue legal remedies that may be available.

(c) Violations of this article may be reported to the DAA which shall investigate such complaint. Whether based upon such complaint or otherwise, if the DAA has determined that the contractor has violated any provision of this article, the DAA shall issue a written notice to the contractor that the violation is to be corrected within ten calendar days from receipt of notice. In the event the contractor has not corrected the violation, or taken reasonable steps to correct the violation within ten calendar days, then the DAA may:

1. Request the awarding authority to declare a material breach of the contract and exercise its contractual remedies thereunder, which are to include but not be limited to termination of the contract.

2. Request the awarding authority to declare the contractor to be non-responsible in accordance with the procedures set forth in Section 10.40.2 of this article.

SECTION HISTORY
Added by Ord. No. 173,677, Eff. 1-14-01.

**Sec. 10.40.7. Application of This Article.**

(a) This article shall be applicable to Invitations for Bids issued after the rules and regulations have been adopted by City Council.

(b) This article shall be applicable to contracts entered into after the rules and regulations have been adopted by City Council, unless the contract is awarded pursuant to an Invitation for Bid issued prior to adoption of the rules and regulations by City Council.

(c) Section 10.40.3 of this article shall be applicable to contract amendments, entered into after the rules and regulations have been adopted by City Council if the initial contract was not subject to the provisions of this article.

SECTION HISTORY
Added by Ord. No. 173,677, Eff. 1-14-01.

**Sec. 10.40.8. Consistency with Federal or State Law.**

The provisions of this article shall not be applicable to those instances in which its application would be prohibited by federal or state law or where the application would violate or be inconsistent with the terms or condition of a grant or contract with an agency of the United States, the State of California or the instruction of an authorized representative of any such agency with respect to any such grant or contract.

SECTION HISTORY
Added by Ord. No. 173,677, Eff. 1-14-01.

**Sec. 10.40.9. Severability.**

If any provision of this article is declared legally invalid by any court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

SECTION HISTORY
Added by Ord. No. 173,677, Eff. 1-14-01.
Los Angeles Charter and Administrative Code

## ARTICLE 10
## SERVICE CONTRACTOR WORKER RETENTION

Section



**Sec. 10.36. Findings and Statement of Policy.**

The City awards many contracts to private firms to provide services to the public and to City government. The City also provides financial assistance and funding to other firms for the purpose of economic development or job growth. At the conclusion of the term of a service contract with the City or with those receiving financial assistance from the City, a different firm often receives the successor contract to perform the City services.

The City obtains benefits achieved through the competitive process of entering into new contracts. It is the experience of the City that reasons for change do not necessarily include a need to replace workers presently performing services who already have useful knowledge about the workplace where the services are performed.

Incumbent workers have invaluable existing knowledge and experience with the work schedules, practices and clients. Replacing these workers with workers without these experiences decreases efficiency and results in a disservice to the City and City financed or assisted projects.

Retaining existing service workers when a change in contractor occurs reduces the likelihood of labor disputes and disruptions. The reduction of the likelihood of labor disputes and disruptions results in the assured continuity of services to City constituents and visitors who receive services provided by the City or by City financed or assisted projects.

Contracting decisions involving the expenditure of City funds should avoid a potential effect of creating unemployment and the consequential need for social services. The City, as a principal provider of social support services, has an interest in the stability of employment under

contracts with the City or by those receiving financial assistance from the City. The retention of existing workers benefits that interest.

SECTION HISTORY
Article and Section Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Article and Section, Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184, 293, Eff. 6-27-16.

**Sec. 10.36.1. Definitions.**

The following definitions shall apply throughout this article:

(a) "**Awarding Authority**" means that subordinate or component entity or person of the City (such as a department) or of the City Financial Assistance Recipient that awards or is otherwise responsible for the administration of a Service Contract or, if none, then the City or the City Financial Assistance Recipient.

(b) "**City**" means the City of Los Angeles and all Awarding Authorities thereof.

(c) "**City Financial Assistance Recipient**" means any person who receives from the City in any 12-month period discrete financial assistance for economic development or job growth expressly articulated and identified by the City totaling at least $100,000; provided, however, that corporations organized under Section 501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. § 501(c)(3), with annual operating budgets of less than $5,000,000, or that regularly employ homeless persons, persons who are chronically unemployed, or persons receiving public assistance, shall be exempt.

Categories of such assistance include, but are not limited to, bond financing, planning assistance, tax increment financing exclusively by the City, and tax credits, and shall not include assistance provided by the Community Development Bank. City staff assistance shall not be regarded as financial assistance for purposes of this article. A loan at market rate shall not be regarded as financial assistance. The forgiveness of a loan shall be regarded as financial assistance. A loan shall be regarded as financial assistance to the extent of any differential between the amount of the loan and the present value of the payments thereunder, discounted over the life of the loan by the applicable federal rate as used in 26 U.S.C. §§ 1274(d) and 7872(f). A recipient shall not be deemed to include lessees and sublessees. Service Contracts for economic development or job growth shall be deemed providing such assistance once the $100,000 threshold is reached.

(d) "**Contractor**" means any person that enters into a Service Contract with the City or a City Financial Assistance Recipient. Governmental entities, including public educational institutions and public hospitals, are not Contractors and are not subject to this article.

(e) "**Designated Administrative Agency (DAA)**" means the Department of Public Works, Bureau of Contract Administration, which shall bear administrative responsibilities under this article.

(f) "**Employee**" means any person employed as a service Employee of a Contractor or Subcontractor earning no more than twice the hourly wage without health benefits available under the Living Wage Ordinance, Los Angeles Administrative Code Section 10.37*et seq.*,

whose primary place of employment is in the City on or under the authority of a Service Contract.

Examples of Employee includes: hotel Employees; restaurant, food service or banquet Employees; janitorial Employees; security guards; parking attendants; nonprofessional health care Employees; gardeners; waste management Employees; and clerical Employees. Employee does not include a person who is a managerial, supervisory or confidential Employee. An Employee must have been employed by a terminated Contractor for the preceding 12 months or longer.

(g) "**Person**" means any individual, proprietorship, partnership, joint venture, corporation, limited liability company, trust, association or other entity that may employ individuals or enter into contracts.

(h) "**Service Contract**" means a contract let to a Contractor by the City or a City Financial Assistance Recipient primarily for the furnishing of services to or for the City or City Financial Assistance Recipient (as opposed to the purchase of goods or other property) and that involves an expenditure or receipt in excess of $25,000 and a contract term of at least three months.

(i) "**Subcontractor**" means any person not an Employee who enters into a contract with a Contractor to assist the Contractor in performing a Service Contract and who employs Employees for such purpose.

(j) "Successor Service Contract" means a Service Contract where the services to be performed are substantially similar to the Service Contract recently terminated. Termination includes, but is not limited to: (1) the completion of the Service Contract; (2) early termination of the Service Contract in whole or in part; and (3) an amendment that reduces services provided under the Service Contract, in whole or in part.

SECTION HISTORY
Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (c), Ord. No. 172,843, Eff. 11-4-99; Subsec. (j) added, Ord. No. 176,155, Eff. 9-22-04; Subsec. (j), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; In Entirety, Ord. No. 184,293, Eff. 6-27-16.

**Sec. 10.36.2. Transition Employment Period.**

(a) Where an Awarding Authority has given notice that a Service Contract has been terminated, or where a Contractor has given notice of termination, upon receiving or giving the notice the terminated Contractor shall within ten days thereafter provide to the Contractor with a Successor Service Contract the name, address, date of hire, and employment occupation classification of each Employee in employment, of itself or Subcontractors, at the time of contract termination. If the terminated Contractor has not learned the identity of the Contractor with a Successor Service Contract, if any, by the time that notice was given of contract termination, the terminated Contractor shall obtain such information from the Awarding Authority. If a Successor Service Contract has not been awarded by the end of the ten-day period, the employment information referred to earlier in this subsection shall be provided to the Awarding Authority. Where a subcontract of a Service Contract has been terminated prior to the

termination of the Service Contract, the terminated Subcontractor shall for purposes of this Article be deemed a terminated Contractor.

(1) Where a Service Contract or Contracts are being let where the same or similar services were rendered under multiple Service Contracts, the Awarding Authority shall pool the Employees, ordered by seniority within job classification, under the prior contracts. The successor Contractor shall provide written notice to the Awarding Authority and the DAA that the Awarding Authority's pool list will be used. The notice must include the following:

(A) the reason why pooling is necessary;

(B) the total number of Employees required under the Successor Service Contract;

(C) a breakdown of the number of Employees required within each job classification and seniority within each class; and

(D) an indication as to which Employees within each job classification shall be offered employment under this article.

The written notice must be provided no later than ten days after the successor Contractor receives the listing of the terminated Contractor's Employees. The DAA shall notify the successor Contractor whether pooling will be permitted.

(2) Where the use of Subcontractors has occurred under the terminated Service Contract or where the use of Subcontractors is to be permitted under the Successor Service Contract, or where both circumstances arise, the Awarding Authority shall pool, when applicable, the Employees, ordered by seniority within job classification, under such prior Service Contracts or subcontracts where required by, and in accordance with, rules authorized by this article. The successor Contractor or Subcontractor shall provide written notice to the Awarding Authority and the DAA that the Awarding Authority's pool list will be used. The DAA shall notify the successor Contractor or Subcontractor whether pooling will be permitted.

(b) If work-related requirements for a particular job classification under the Successor Service Contract differ from the terminated Service Contract, the successor Contractor (or Subcontractor, where applicable) shall give notice to the Awarding Authority and the DAA and provide an explanation including:

(1) the different work-related requirements needed; and

(2) the reason why the different work-related requirements are necessary for the Successor Service Contract.

(c) Within ten days of receipt of the list of Employees from the terminated Contractor, the Successor Contractor shall make written offers for a 90-day transition employment period to the eligible Employees by letters sent certified mail. The letters shall ask an Employee to return the offers to the successor Contractor with the Employee's signature

indicating acceptance or rejection of the offer of employment. The letters should state that if an Employee fails to return a written acceptance of the offer within ten days of the date of mailing of the successor Contractor's certified letter, then the Employee will be presumed to have declined the offer.

The successor Contractor shall provide copies of the letters offering employment to the Awarding Authority and proof of mailing.

(d) A successor Contractor shall retain Employees for a 90-day transition employment period. Where pooling of Employees has occurred, the successor Contractor shall draw from such pools in accordance with rules established under this article. During such 90-day period, Employees so hired shall be employed under the terms and conditions established by the successor Contractor (or Subcontractor) or as required by law.

(e) If at any time the successor Contractor determines that fewer Employees are required to perform the new Service Contract than were required by the terminated Contractor (and Subcontractors, if any), the successor Contractor shall retain Employees by seniority within job classification. The successor Contractor shall give notice to the Awarding Authority and the DAA and provide an explanation including:

(1) the reason that fewer Employees will be needed;

(2) the total number of Employees required under the Successor Service Contract;

(3) a breakdown of the number of Employees required within each job classification;

(4) a listing of the terminated Contractor's Employees by job classification and seniority within each class; and

(5) an indication as to which Employees within each job classification shall be offered employment under this article.

The notice must be provided no later than ten days after the successor Contractor receives the list of the terminated Contractor's Employees pursuant to Section 10.36.2(a).

Letters offering employment shall be made by seniority within each job classification. If an Employee in a job classification declines an offer of employment or fails to respond within ten days pursuant to Section 10.36.2(a), the successor Contractor shall issue a letter offering employment to the next Employee in that job classification. The successor Contractor shall continue to offer employment in this manner until all required positions are filled for the Successor Service Contract or until all Employees have been offered employment.

(f) During such 90-day transition employment period, the successor Contractor (or Subcontractor, where applicable) shall maintain a preferential hiring list of eligible covered Employees not retained by the successor Contractor (or Subcontractor) from which the successor Contractor (or Subcontractor) shall hire additional Employees, if needed.

(g) During such 90-day transition employment period, the successor Contractor (or Subcontractor, where applicable) shall not discharge without cause an Employee retained pursuant to this article. "Cause" for this purpose shall include, but not be limited to, the definition in California Labor Code Section 2924.

(h) At the end of such 90-day transition employment period, the successor Contractor (or Subcontractor, where applicable) shall perform a written performance evaluation for each Employee retained pursuant to this article. If the Employee's performance during such 90-day period is satisfactory, the successor Contractor (or Subcontractor) shall offer the Employee continued employment under terms and conditions established by the successor Contractor (or Subcontractor)or as required by law.

(i) If the City or a City Financial Assistance Recipient enters into a Service Contract for the performance of work that prior to the Service Contract was performed by the City's or the City Financial Assistance Recipient's own service Employees, the City or the City Financial Assistance Recipient shall be deemed to be a terminated Contractor within the meaning of this article and the Contractor under the Service Contract shall be deemed to be a Contractor with a Successor Service Contract within the meaning of this article.

SECTION HISTORY
Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (g) Added, Ord. No. 172,349, Eff. 1-29-99; In Entirety, Ord. No. 184,293, Eff. 6-27-16.

**Sec. 10.36.3. Enforcement.**

(a) An Employee who has been discharged in violation of this article by a successor Contractor or its Subcontractor may bring an action in the Superior Court of the State of California against the successor Contractor and, where applicable, its Subcontractor, and may be awarded:

(1) Back pay for each day during which the violation continues, which shall be calculated at a rate of compensation not less than the higher of:

(A) The average regular rate of pay received by the Employee during the last three years of the Employee's employment in the same occupation classification; or

(B) The final regular rate received by the Employee.

(2) Costs of benefits the successor Contractor would have incurred for the Employee under the successor Contractor's (or Subcontractor's, where applicable) benefit plan.

(b) If the Employee is the prevailing party in any such legal action, the court shall award reasonable attorney's fees and costs as part of the costs recoverable.

(c) Compliance with this article shall be required in all City contracts to which it applies, and the contracts shall provide that violation of this article shall entitle the City to terminate the contract and otherwise pursue legal remedies that may be available.

(d) If the DAA determines that a Contractor or Subcontractor violated this article, the DAA may recommend that the Awarding Authority take any or all of the following actions:

(1) Document the determination in the Awarding Authority's Contractor Evaluation required under Los Angeles Administrative Code Section 10.39 *et seq.*;

(2) Require that the Contractor or Subcontractor document the determination in each of the Contractor's or Subcontractor's subsequent Contractor Responsibility Questionnaires submitted under Los Angeles Administrative Section 10.40 *et seq.*;

(3) Terminate the Service Contract; or

(4) Recommend to the Awarding Authority to withhold payments due to the Contractor or Subcontractor.

(e) Notwithstanding any provision of this Code or any other law to the contrary, no criminal penalties shall attach for any violation of this article.

SECTION HISTORY
Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16.

**Sec. 10.36.4. Exemption for Contractor or Contractor's Prior Employees.**

(a) An Awarding Authority shall, upon application by a Contractor or Subcontractor, exempt from the requirements of this article a person employed by the Contractor or Subcontractor continuously for at least 12 months prior to the commencement of the Successor Service Contract who is proposed to work on the Successor Service Contract as an Employee in a capacity similar to the prior employment, where the application demonstrates that: (a) the person would otherwise be laid off work; and (b) his or her retention would appear to be helpful to the Contractor or Subcontractor in performing the Successor Service Contract. Once a person so exempted commences work under a Successor Service Contract, he or she shall be deemed an Employee as defined in this article.

(b) Nothing in this article shall limit the right of the DAA to waive the provisions herein with respect to a Contractor if it finds it is not in the best interest of the City.

SECTION HISTORY
Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16.

**Sec. 10.36.5. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.**

This article shall not be construed to limit an Employee's right to bring legal action for wrongful termination.

SECTION HISTORY
Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16.

**Sec. 10.36.6. Expenditures Covered by this Article.**

This article shall apply to the expenditure, whether through Service Contracts let by the City or by City Financial Assistance Recipients, of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds. City Financial Assistance Recipients shall apply this article to the expenditure of non-City funds for Service Contracts to be performed in the City by complying with Section 10.36.2(i) and by contractually requiring their Contractors with Service Contracts to comply with this article. Such requirement shall be imposed by the recipient until the City financial assistance has been fully expended.

SECTION HISTORY
Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: Ord. No. 172,337, Eff. 1-14-99; Ord. No. 172,843, Eff. 11-4-99; In Entirety, Ord. No. 184,293, Eff. 6-27-16.

**Sec. 10.36.7. Promulgation of Implementing Rules.**

The DAA shall promulgate rules for implementation of this article and otherwise coordinate administration of the requirements of this article.

SECTION HISTORY
Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: Ord. No. 176,155, Eff. 9-22-04; Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; In Entirety, Ord. No. 184,293, Eff. 6-27-16.

**Sec. 10.36.8. Severability.**

If any subsection, sentence, clause or phrase of this article is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this section, and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION HISTORY
Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: In Entirety, Ord. No. 184,293, Eff. 6-27-16.
Los Angeles Charter and Administrative Code

**Sec. 10.8.2.1. Equal Benefits Ordinance.**

(a) **Legislative Findings.** The City awards many contracts to private firms to provide services to the public and to City government. Many City contractors and subcontractors perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City holds a proprietary interest in the work performed by many employees employed by City contractors and subcontractors. In a very real sense, the success or failure of City operations may turn on the success or failure of these enterprises, for the City has a genuine stake in how the public perceives the services rendered for them by these businesses.

Discrimination in the provision of employee benefits between employees with domestic partners and employees with spouses results in unequal pay for equal work. Los Angeles law

prohibits entities doing business with the City from discriminating in employment practices based on marital status and/or sexual orientation. The City's departments and contracting agents are required to place in all City contracts a provision that the company choosing to do business with the City agrees to comply with the City's nondiscrimination laws.

It is the City's intent, through the contracting practices outlined in this Ordinance, to assure that those companies wanting to do business with the City will equalize the total compensation between similarly situated employees with spouses and with domestic partners. The provisions of this Ordinance are designed to ensure that the City's contractors will maintain a competitive advantage in recruiting and retaining capable employees, thereby improving the quality of the goods and services the City and its people receive, and ensuring protection of the City's property.

(b) **Definitions.** For purposes of the Equal Benefits Ordinance only, the following shall apply.

(1) **Awarding Authority** means any Board or Commission of the City, or any employee or officer of the City, that is authorized to award or enter into any Contract, as defined in this ordinance, on behalf of the City, and shall include departments having control of their own funds and which adopt policies consonant with the provisions of the Equal Benefits Ordinance.

(2) **Benefits** means any plan, program or policy provided or offered by a Contractor to its employees as part of the employer's total compensation package. This includes but is not limited to the following types of benefits: bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits, and travel benefits.

(3) **Cash Equivalent** means the amount of money paid to an employee with a Domestic Partner (or spouse, if applicable) in lieu of providing Benefits to the employee's Domestic Partner (or spouse, if applicable). The Cash Equivalent is equal to the direct expense to the employer of providing Benefits to an employee for his or her Domestic Partner (or spouse, if applicable) or the direct expense to the employer of providing Benefits for the dependents and family members of an employee with a Domestic Partner (or spouse, if applicable).

(4) **City** means the City of Los Angeles.

(5) **Contract** means an agreement the value of which exceeds $25,000. It includes agreements for work or services to or for the City; for public works or improvements to be performed; agreements for the purchase of goods, equipment, materials, or supplies; or grants to be provided, at the expense of the City or to be paid out of monies under the control of the City. The term also includes a Lease or License, as defined in the Equal Benefits Ordinance.

(6) **Contractor** means any person or persons, firm, partnership, corporation, joint venture, or any combination of these, or any governmental entity acting in its proprietary capacity, that enters into a Contract with any Awarding Authority of the City.

The term does not include Subcontractors.

(7) **Designated Administrative Agency (DAA)** means the Department of Public Works, Bureau of Contract Administration.

(8) **Domestic Partner** means any two adults, of the same or different sex, who have registered as domestic partners with a governmental entity pursuant to state or local law authorizing this registration or with an internal registry maintained by the employer of at least one of the domestic partners.

(9) **Equal Benefits Ordinance** means Los Angeles Administrative Code Section 10.8.2.1, *et seq.*, as amended from time to time.

(10) **Equal Benefits** means the equality of benefits between employees with spouses and employees with Domestic Partners, between spouses of employees and Domestic Partners of employees, and between dependents and family members of spouses and dependents and family members of Domestic Partners.

(11) **Lease** or **License** means any agreement allowing others to use property owned or controlled by the City, any agreement allowing others the use of City property in order to provide services to or for the City, such as for concession agreements, and any agreement allowing the City to use property owned or controlled by others.

(12) **Subcontractor** means any person or persons, firm, partnership, corporation, joint venture, or any combination of these, and any governmental entity, that assists the Contractor in performing or fulfilling the terms of the Contract. Subcontractors are not subject to the requirements of the Equal Benefits Ordinance unless they otherwise have a Contract directly with the City.

(c) **Equal Benefits Requirements.**

(1) No Awarding Authority of the City shall execute or amend any Contract with any Contractor that discriminates in the provision of Benefits between employees with spouses and employees with Domestic Partners, between spouses of employees and Domestic Partners of employees, and between dependents and family members of spouses and dependents and family members of Domestic Partners.

(2) A Contractor must permit access to, and upon request, must provide certified copies of all of its records pertaining to its Benefits policies and its employment policies and practices to the DAA, for the purpose of investigation or to ascertain compliance with the Equal Benefits Ordinance.

(3) A Contractor must post a copy of the following statement in conspicuous places at its place of business available to employees and applicants for employment: "During the performance of a Contract with the City of Los Angeles, the Contractor will provide equal benefits to its employees with spouses and its employees with domestic partners." The posted statement must also include a City contact telephone number which will be provided each Contractor when the Contract is executed.

(4) A Contractor must not set up or use its contracting entity for the purpose of evading the requirements imposed by the Equal Benefits Ordinance.

(d) **Other Options for Compliance.** Provided that the Contractor does not discriminate in the provision of Benefits, a Contractor may also comply with the Equal Benefits Ordinance in the following ways:

(1) A Contractor may provide an employee with the Cash Equivalent only if the DAA determines that either:

a. The Contractor has made a reasonable, yet unsuccessful effort to provide Equal Benefits; or

b. Under the circumstances, it would be unreasonable to require the Contractor to provide Benefits to the Domestic Partner (or spouse, if applicable).

(2) Allow each employee to designate a legally domiciled member of the employee's household as being eligible for spousal equivalent Benefits.

(3) Provide Benefits neither to employees' spouses nor to employees' Domestic Partners.

(e) **Applicability.**

(1) Unless otherwise exempt, a Contractor is subject to and shall comply with all applicable provisions of the Equal Benefits Ordinance.

(2) The requirements of the Equal Benefits Ordinance shall apply to a Contractor's operations as follows:

a. Contractor's operations located within the City limits, regardless of whether there are employees at those locations performing work on the Contract.

b. A Contractor's operations on real property located outside of the City limits if the property is owned by the City or the City has a right to occupy the property, and if the Contractor's presence at or on that property is connected to a Contract with the City.

c. The Contractor's employees located elsewhere in the United States but outside of the City limits if those employees are performing work on the City Contract.

(3) The requirements of the Equal Benefits Ordinance do not apply to collective bargaining agreements ("CBA") in effect prior to January 1, 2000. The Contractor must agree to propose to its union that the requirements of the Equal Benefits Ordinance be incorporated into its CBA upon amendment, extension, or other modification of a CBA occurring after January 1, 2000.

(f) **Mandatory Contract Provisions Pertaining to Equal Benefits.** Unless otherwise exempted, every Contract shall contain language that obligates the Contractor to comply with the applicable provisions of the Equal Benefits Ordinance. The language shall include provisions for the following:

(1) During the performance of the Contract, the Contractor certifies and represents that the Contractor will comply with the Equal Benefits Ordinance.

(2) The failure of the Contractor to comply with the Equal Benefits Ordinance will be deemed to be a material breach of the Contract by the Awarding Authority.

(3) If the Contractor fails to comply with the Equal Benefits Ordinance the Awarding Authority may cancel, terminate or suspend the Contract, in whole or in part, and all monies due or to become due under the Contract may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach.

(4) Failure to comply with the Equal Benefits Ordinance may be used as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, *et seq.*, Contractor Responsibility Ordinance.

(5) If the DAA determines that a Contractor has set up or used its Contracting entity for the purpose of evading the intent of the Equal Benefits Ordinance, the Awarding Authority may terminate the Contract on behalf of the City. Violation of this provision may be used as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, *et seq.*, Contractor Responsibility Ordinance.

(g) **Administration.**

(1) The DAA is responsible for the enforcement of the Equal Benefits Ordinance for all City Contracts. Each Awarding Authority shall cooperate to the fullest extent with the DAA in its enforcement activities.

(2) In enforcing the requirements of the Equal Benefits Ordinance, the DAA may monitor, inspect, and investigate to ensure that the Contractor is acting in compliance with the Equal Benefits Ordinance. Contractor's failure to cooperate with the DAA may result in a determination by the DAA that the Contractor is not in compliance with the Equal Benefits Ordinance, which may subject the Contractor to enforcement measures set forth in Section 10.8.2.1(h).

(3) The DAA shall promulgate rules and regulations and forms for the implementation of the Equal Benefits Ordinance.

No other rules, regulations or forms may be used by an Awarding Authority of the City to accomplish this contract compliance program.

(h) **Enforcement.**

(1) If the Contractor fails to comply with the Equal Benefits Ordinance:

a. The failure to comply may be deemed to be a material breach of the Contract by the Awarding Authority; or

b. The Awarding Authority may cancel, terminate or suspend, in whole or in part, the contract; or

c. Monies due or to become due under the Contract may be retained by the City until compliance is achieved;

d. The City may also pursue any and all other remedies at law or in equity for any breach.

e. The City may use failure to comply with the Equal Benefits Ordinance as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, *et seq.*, Contractor Responsibility Ordinance.

(i) **Non-applicability, Exceptions and Waivers.**

(1) Upon request of the Awarding Authority, the DAA may waive compliance with the Equal Benefits Ordinance under the following circumstances:

a. The Contract is for the use of City property, and there is only one prospective Contractor willing to enter into the Contract; or

b. The Contract is for needed goods, services, construction of a public work or improvement, or interest in or right to use real property that is available only from a single prospective Contractor, and that prospective Contractor is otherwise qualified and acceptable to the City; or

c. The Contract is necessary to respond to an emergency that endangers the public health or safety, and no entity which complies with the requirements of the Equal Benefits Ordinance capable of responding to the emergency is immediately available; or

d. The City Attorney certifies in writing that the Contract involves specialized litigation requirements such that it would be in the best interests of the City to waive the requirements of the Equal Benefits Ordinance; or

e. The Contract is (i) with a public entity; (ii) for goods, services, construction of a public work or improvement, or interest in or right to use real property; and (iii) that is either not available from another source, or is necessary to serve a substantial public interest. A Contract for interest in or the right to use real property shall not be considered as not being available from another source unless there is no other site of comparable quality or accessibility available from another source; or

f. The requirements of the Equal Benefits Ordinance will violate or are inconsistent with the terms or conditions of a grant, subvention or agreement with a public agency or the instructions of an authorized representative of the agency with respect to the grant, subvention or agreement, provided that the Awarding Authority has made a good faith attempt to change the terms or conditions of the grant, subvention or agreement to authorize application of the Equal Benefits Ordinance; or

g. The Contract is for goods, a service or a project that is essential to the City or City residents and there are no qualified responsive bidders or prospective Contractors who could be certified as being in compliance with the requirements of the Equal Benefits Ordinance; or

h. The Contract involves bulk purchasing arrangements through City, federal, state or regional entities that actually reduce the City's purchasing costs and would be in the best interests of the City.

(2) The Equal Benefits Ordinance does not apply to contracts which involve:

a. The investment of trust monies, bond proceeds or agreements relating to the management of these funds, indentures, security enhancement agreements (including, but not limited to, liquidity agreements, letters of credit, bond insurance) for City tax-exempt and taxable financings, deposits of City's surplus funds in financial institutions, the investment of City monies in competitively bid investment agreements, the investment of City monies in securities permitted under the California State Government Code and/or the City's investment policy, investment agreements, repurchase agreements, City monies invested in U.S. government securities or pre-existing investment agreements;

b. Contracts involving City monies in which the Treasurer or the City Administrative Officer finds that either:

(i) No person, entity or financial institution doing business in the City, which is in compliance with the Equal Benefits Ordinance, is capable of performing the desired transaction(s); or

(ii) The City will incur a financial loss or forego a financial benefit which in the opinion of the Treasurer or City Administrative Officer would violate his or her fiduciary duties.

(3) The Equal Benefits Ordinance does not apply to contracts for gifts to the City.

(4) Nothing in this Subsection shall limit the right of the City to waive the provisions of the Equal Benefits Ordinance.

(5) The provisions of this Subsection shall apply to the Equal Benefits Ordinance only. The Equal Benefits Ordinance is not subject to the exemptions provided in Section 10.9 of this Code.

(j) **Consistency with Federal or State Law.** The provisions of the Equal Benefits Ordinance do not apply where the application of these provisions would violate or be inconsistent with the laws, rules or regulations federal or state law, or where the application would violate or be inconsistent with the terms or conditions of a grant or contract with the United States of America, the State of California, or the instruction of an authorized representative of any of these agencies with respect to any grant or contract.

(k) **Severability.** If any provision of the Equal Benefits Ordinance is declared legally invalid by any court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

(l) **Timing of Application.**

(1) The requirements of the Equal Benefits Ordinance shall not apply to Contracts executed or amended prior to January 1, 2000, or to bid packages advertised and made available to the public, or any bids received by the City, prior to January 1, 2000, unless and until those Contracts are amended after January 1, 2000 and would otherwise be subject to the Equal Benefits Ordinance.

(2) The requirements of the Equal Benefits Ordinance shall apply to competitively bid Contracts that are amended after April 1, 2003, and to competitively bid Contracts that result from bid packages advertised and made available to the public after May 1, 2003.

(3) Unless otherwise exempt, the Equal Benefits Ordinance applies to any agreement executed or amended after January 1, 2000, that meets the definition of a Contract as defined within Subsection 10.8.2.1(b).

SECTION HISTORY
Added by Ord. No. 172,908, Eff. 1-9-00.
Amended by: Ord. No. 173,054, Eff. 2-27-00; Ord. No. 173,058, Eff. 3-4-00; Ord. No. 173,142, Eff. 3-30-00; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 175,115, Eff. 4-12-03; Subsec. (b)(7), Ord. No. 176,155, Eff. 9-22-04; Subsecs. (b)(5) and (g)(2), Ord. No. 184,294, Eff. 6-27-16.

**EXHIBIT "R-1"**

**MINIMUM FLOOR AREA (BY PHASE)**

| Phase/Parcel(s) | Minimum Gross Sq. Ft. of Development | Example of Maximum Sq. Ft. of Development |
|---|---|---|
| **Phase I/Parcel Q** | 950,000 Sq. Ft. | 1,231,937 Sq. Ft. |
| **Phase II/Parcels L & M2** | 850,000 Sq. Ft. | 930,330 Sq. Ft. |
| **Phase III (Parcel W2 only)** | 700,000 Sq. Ft. | 1,037,733 Sq. Ft. |
| **Total** | 2,550,000 Sq. Ft. | 3,200,000 Sq. Ft. |

Developer shall have the right to develop up to the Maximum Development Site Floor Area of 3,200,000 Sq. Ft. Developer shall be permitted to allocate density on the Development Site between Phases I and III (recognizing that density transfers shall not apply to Phase II since the only component of Phase II still to be developed is Phase IIC) so long as Developer builds the minimum gross square feet in each of Phase I and Phase III and does not exceed the Maximum Development Site Floor Area in total; the project description in the EIR; or the City's maximum permitted FAR.

**EXHIBIT S**
**(Part 1)**

**LOCAL HIRING RESPONSIBILITIES OF CONSTRUCTION EMPLOYERS WORKING ON THE GRAND AVENUE PROJECT**

**I. Purpose**. This document sets forth the responsibilities of Construction Employers related to the hiring of Local Residents, including Local Low Income Residents, in connection with work on the Grand Avenue Project.

**II. Definitions**.

"**At-Risk Individual**" means a Lower Income Individual who has one of the following barriers to employment: is homeless; lacks English language and literacy skills; lacks a GED or high school diploma; is a single parent or a welfare recipient; has history of involvement with criminal justice system; or has significant gaps in work history.

"**Authority**" means The Los Angeles Grand Avenue Authority, a California joint powers authority, as specifically defined in the Disposition and Development Agreement.

"**BCA**" means the City's Bureau of Contract Administration.

"**City**" means the City of Los Angeles, a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State of California.

"**Community Employment Area**" means the area which includes all zip codes located entirely or partly within five (5) miles of the Project.

"**Construction Employer**" means a Developer, Contractor or Subcontractor performing construction-related work on the Project that has a total cost of $250,000 or more.

"**Contractor**" means a general or prime contractor (individual, partnership, corporation, joint venture or other legal entity) awarded a contract by the Developer or the Authority for construction work at the Project.

"**Core Employee**" means an employee whose name appears on a Contractor or Construction Employer's active payroll for sixty (60) of the one hundred (100) working days before award of the contract for work on the Project.

"**Craft Request Form**" means the form to be used by each Construction Employer to request employees for the work on the Project.

"**Developer**" means Phase I Developer, as specifically defined in the Fifth Amendment to the Disposition and Development Agreement. Whenever the term "Developer" is used herein, such term shall include any permitted nominee, transferee or partner, assignee or successor in interest of Developer as provided in the Disposition and Development Agreement.

"**Disposition and Development Agreement**" means the Amended DDA, as specifically defined in the Fifth Amendment to the Disposition and Development Agreement, together with such Fifth Amendment, between the Developer and the Authority relating to the development of the Project and the lease of the Project site.

"**Jobs Coordinator**" means a qualified consultant to be engaged by the Developer, subject to the approval of the BCA and the Authority as set forth in Section IV below, to facilitate implementation of the requirements of this Exhibit S (Part 1) as to Construction.

**"Local Hiring Goals**" refers to the goals for the Construction Employers as set forth in this Exhibit S (Part 1).

"**Local Low-Income Resident**" means: (a) a Lower Income Individual whose primary residence or place of employment is in the Community Employment Area; or (b) an At-Risk Individual whose primary place of residence is within the Community Employment Area.

"**Local Resident**" means: (a) an individual whose primary place of residence is within the Community Employment Area; (b) any Local Low-Income Resident; (c) any At-Risk Individual whose primary place of residence is within the Community Employment Area; or (d) an individual whose primary place of residence is within a Target Zip Code.

"**Lower Income Individual**" means an individual who has a documented annual income at or below 100 percent of the Federal Poverty Level (FPL).

"**Project**" means the project commonly known as the Grand Avenue Project consisting of a mixed use development project located in the vicinity of Grand Avenue and Upper Second Street in downtown Los Angeles, California and undertaken by the Developer pursuant to the Disposition and Development Agreement, as specifically defined in the Disposition and Development Agreement.

"**Subcontractor**" means any entity that contracts with a Contractor to perform construction work on the Project, and any subcontractors of such an entity who perform construction work on the Project.

**"Target Zip Code"** means any zip code within the County where the percentage of households living below 200 percent of the FPL is greater than the County average for such households as of a date 12 months prior to the Commencement of Construction.

**III. Inclusion of Local Hiring Terms in Contracts and Leases**. Each Construction Employer shall include this Exhibit S (Part 1) as a material term of any agreement between the Construction Employer and the Developer or any Contractor or any Subcontractor on the Project.

**IV. Local Hiring Terms**.

In order to help assure compliance with the responsibilities of Construction Employers under this Exhibit S (Part 1), Developer will engage a Jobs Coordinator to design and implement a program to pursue the Local Hiring Goals. At least twelve (12) months prior to the

Commencement of Construction, Developer will identify the Jobs Coordinator and submit the proposed Jobs Coordinator to City and Authority for their approval, such approval not to be unreasonably withheld, conditioned or delayed. City, acting on behalf of Authority, shall monitor the progress of the Construction Employers in meeting the Local Hiring Goals pursuant to the Monitoring Agreement (as defined in Section 18.5 of the Fifth Amendment).

At least six (6) months prior to the Commencement of Construction, Developer shall cause the Jobs Coordinator to develop and deliver to Authority and City an implementation plan to target achievement of the Local Hiring Goals, including coordination with qualified training programs, construction trades, and the Contractor and Subcontractors. Developer and the Authority and City shall work together and review the implementation plan. If Authority or City reasonably objects to any element of the implementation plan, Authority or City shall notify in writing Developer, and Developer shall meet and confer with the City and Authority to resolve such objection. Upon a resolution, Developer shall cause the Jobs Coordinator promptly to modify such plan to respond to the specific concerns raised by Authority or City and to submit the revised implementation plan to Authority and City for review. Once the implementation plan is finalized and approved by all parties, Developer shall cause the Jobs Coordinator to comply with such plan in seeking to achieve the Local Hiring Goals.

**A. Goals**.

1. **Local Hiring Goal**. Construction Employers will have a goal that at least thirty percent (30%) of the total construction workforce will consist of Local Residents, as measured by work hours for each construction trade craft. This Local Residents goal includes a goal that At-Risk Individuals whose primary place of residence is within the Community Employment Area will compose not less than ten percent (10%) total of the construction workforce as measured by work hours, i.e. At-Risk Individuals whose primary place of residence is within the Community Employment Area should make up one third (1/3) of the Local Residents goal set forth in this Section IV.A.1. Construction Employers will continue to use good faith efforts to hire At-Risk Individuals after the ten percent (10%) At-Risk Individual hiring goal has been met. Preference will be given to Local Residents in the following order: (i) those living within a Target Zip Code located within the Community Employment Area; (ii) those living in the Community Employment Area; and (iii) all other Local Residents. The provisions of this Exhibit S (Part 1) do not require the Developer or its contractors to hire any person, who does not have the experience and ability and, where necessary, the appropriate trade union affiliation, to qualify such person for such job.

2. **Local Apprentice Goa**l. Construction Employers will have a goal of at least fifty percent (50%) of the total apprentice construction workforce, as measured by work hours for each construction trade craft, will consist of Local Residents. Apprentice hours may be counted toward the overall local hiring goal in Section IV.A.1. Preference will be given to Local Residents in the following order: (i) those living within a Target Zip Code

within the Community Employment Area; (ii) those living in the Community Employment Area; and (iii) all other Local Residents.

**B. Requirements**.

1. **Maximizing Apprentices**. Construction Employers will utilize the maximum number of apprentices allowed by law.

2. **Coordination with Unions**. The unions shall be the primary source of all craft labor employed on the Project site. Construction Employers will inform any union with whom the Construction Employer has an agreement that the Construction Employer is required to give priority to Local Residents and Local Low-Income Residents and will promptly notify the Jobs Coordinator of any union that fails or refuses to refer Local Residents or Local Low-Income Residents for jobs on the Project. In the event that a Construction Employer has its own core workforce and wishes to employ such Core Employees to perform work on the Project, the number of Core Employees shall be governed by the following procedures. The Construction Employer may hire one (1) Core Employee for each Local Resident hired by the Construction Employer up to a maximum of five (5) Core Employees. Thereafter, the Construction Employer shall use the Job Coordinator/union referral process for selecting and hiring employees for the work on the Project. If the Jobs Coordinator or union is unable to fill the request of a Construction Employer within a forty eight (48) hour period, the Construction Employer shall be free to obtain work persons from any source.

3. **Hiring Preference.** Each Construction Employer will give qualified Local Residents first priority for hiring on available jobs in any project covered by the terms of this Exhibit S (Part 1), subject to the priorities set forth in Section IV.A(i).

4. **Notification**. Each Construction Employer will notify the Jobs Coordinator whenever skilled or unskilled labor is needed on the job site.

5. **Support for Local Low-Income Apprentices**.

a. **Sponsorship Fees**. Each Construction Employer will cover at least 50% of the sponsorship fees for any Local Low-Income Resident hired as an apprentice by that Construction Employer.

b. **Sponsorship of Entry Level Apprentices**. Each Construction Employer will sponsor any qualified Local Low-Income Resident referred by the Jobs Coordinator as an Entry Level Apprentice and will indicate this by sending a letter (or form, as appropriate) to the relevant union or apprenticeship program expressing a commitment to sponsor and to provide on-the-job training for the Local Low-Income Resident in question.

6. **On-the-Job Training**

a. **On-the-Job Training Credit Toward Hiring Goal**. Each Construction Employer who provides on-the-job training in accordance with the requirements of Subsection IV.B.6.b below will receive a credit toward the hiring goal in Subsections IV.A.1 of this Exhibit S (Part 1) equal to twice the number of hours worked by each Local Low-Income Resident receiving such training. No Construction Employer may receive such credit, however, for training provided for a task or position that does not reasonably require such training.

b. **Requirements to Receive On-the –Job Credit.** In order to receive credit described in Subsection IV.B.6.a, a Construction Employer must meet the following requirements. The requirements of this Subsection IV.B.6.b are not otherwise mandatory.

i. **Basic Requirement**. Each Construction Employer will make appropriate on-the-job training available to Local Low-Income Residents hired in connection with the requirements of this Exhibit S (Part 1).

ii. **Training Plan**. Each Construction Employer will adopt a training plan that describes the on-the-job training to be provided in each job category to Local Low-Income Residents hired for that job category.

iii. **Duration**. On-the-job training will be offered for a minimum of six (6) months or the duration of employment, whichever is less, to each Local Low-Income Resident hired by a Construction Employer, in order to enable Local Low-Income Residents to hold positions for which they might not otherwise qualify.

7. **Hiring Liaison.** Each Construction Employer will designate a hiring liaison (the "Hiring Liaison") before commencing operations covered by this Exhibit S (Part 1) to act as a conduit between the Construction Employer and the Jobs Coordinator. This Hiring Liaison will be responsible for providing to the Jobs Coordinator and the Developer all necessary documentation throughout the duration of the Project.

**C.** **Duration**. Each Construction Employer will abide by the terms of this Exhibit S (Part 1) for the lesser of (a) ten (10) years or (b) the duration of the term of the agreement that includes this Exhibit S (Part 1).

## V. Monitoring and Enforcement

**A.** **Review of Compliance**. Construction Employers will keep records of their compliance with this Exhibit S (Part 1), including all Craft Request Forms

submitted to unions and payroll records, and make such records available to the Developer, the Jobs Coordinator, BCA or the Authority upon request. The BCA will make a written finding as to each Construction Employer's compliance with the requirements of Exhibit S (Part 1) and shall report such finding to the Authority.

**B. Non-Compliance, Opportunity to Cure**.

If, during any review of compliance, the BCA finds that a Construction Employer has not complied with any of the requirements of this Exhibit S (Part 1), the BCA shall immediately issue to the Developer and Contractor/Construction Employer a written finding of non-compliance (with a copy to the Authority) and provide a sixty (60) day opportunity to cure. The BCA shall also report to the Authority on the activities during the sixty (60) day period, the efforts to cure and the imposition of any penalties, recognizing the Developer's opportunity to dispute the findings as set forth below.

In order to cure and to avoid the penalties set forth below, the Developer must make a detailed showing to the BCA that:

1. the non-compliant Construction Employer has made diligent use of all reasonable and necessary methods to meet each of the requirements of Section IV.B of this Exhibit S (Part 1) such as submission of Craft Request Forms to the unions, submission of a request to the Jobs Coordinator, outreach programs, advertising, training, distribution of advertising and notices, job fairs programs; or

2. the non-compliant Construction Employer has met the Goals set out in Sec. IV.A of this Exhibit S (Part 1); or

3. the Developer or another compliant Construction Employer with whom the Developer has a contract for work on the Project, having already met the goals in Section IV.A, has, following the initial finding of non-compliance:

   a. made additional new hires of Local Residents in an amount equal to the number of Local Residents by which the non-compliant Construction Employer fell short of the 30% local hiring goal set out in Section IV.A.1; or

   b. made additional new hires of Local Residents in an amount equal to the number of Local Residents by which the non-compliant Construction Employer fell short of the 50% Local Apprentice Goal set out in Section IV.A.2.

In the event the Developer disputes the finding of the BCA that the Developer has not made the showing set forth in Section V.B

above, the Developer shall inform the Authority of such dispute for resolution by the Authority. Following such resolution by the Authority, the Developer may invoke the Dispute Resolution procedures outlined in Article 17 of the DDA.

The Developer may rely only once on each additional hire made by already compliant Construction Employers in its effort to avoid penalties under this Section V.B.

**C. Penalties for Non-Compliance**.

If, prior to the end of the sixty (60) day cure period described in Section V.B above, the Developer has not made the showing set forth in Section V.B, the BCA or Authority may require the Developer to pay to the Authority an amount equal to fifty dollars ($50.00) multiplied by the sum of the number (as calculated on hours worked based on an eight (8) hour day for a full-time position) of Local Residents short of the thirty percent (30%) local hiring goal set out in Section IV.A.1 and the number of Local Residents short of the Local Apprentice Goal set out in Section IV.A.2, per calendar day following the initial finding of non-compliance. The Developer will continue to pay this penalty until:

1. the Developer has made the showing set forth in Section V.B.1, V.B.2; or V.B.3; or

2. the Developer has filed a Notice of Completion for the Phase of the Project with County of Los Angeles.

**EXHIBIT S**
**(Part 2)**

**LOCAL HIRING RESPONSIBILITIES OF PERMANENT EMPLOYERS ON THE GRAND AVENUE PROJECT**

**I. Purpose**. This document sets forth the responsibilities of Permanent Employers at the Grand Avenue Project related to the hiring of Local Residents, including Local Low-Income Residents.

**II. Definitions**.

"**At-Risk Individual**" means a Lower Income Individual who has one of the following barriers to employment: is homeless; lack of English language and literacy skills; lack of a GED or high school diploma; is a single parent or a welfare recipient; history of involvement with criminal justice system; or significant gaps in work history.

"**Authority**" means The Los Angeles Grand Avenue Authority, a California joint powers authority, as specifically defined in the Disposition and Development Agreement.

"**BCA**" means the City's Bureau of Contract Administration.

"**City**" means the City of Los Angeles, a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State of California.

"**Community Employment Area**" means the area which includes all zip codes located entirely or partly within five (5) miles of the Project.

"**Designated Training Programs"** means jobs training programs in operation in the County that provide qualified training for Local Residents, as identified pursuant to the program developed by the Permanent Jobs Coordinator and the City and Authority, with the concurrence of the County, and which may include a Recruitment Organization.

**"Developer**" means Phase I Developer, as specifically defined in the Fifth Amendment to the Disposition and Development Agreement. Whenever the term "Developer" is used herein, such term shall include any permitted nominee, transferee or partner, assignee or successor in interest of Developer as provided in the Disposition and Development Agreement.

"**Disposition and Development Agreement**" means the Amended DDA, as specifically defined in the Fifth Amendment to the Disposition and Development Agreement, together with such Fifth Amendment, between the Developer and the Authority relating to the development of the Project and the lease of the Project site.

"**Local Employer**" means all firms with ten (10) or more employees who spend at least fifty percent (50%) of their total work hours on-site at the Project.

"**Local Low-Income Resident**" means: (a) a Lower Income Individual whose primary residence or place of employment is in the Community Employment Area; or (b) an At-Risk Individual whose primary place of residence is within the Community Employment Area.

"**Local Resident**" means: (a) an individual whose primary place of residence is within the Community Employment Area; or (b) any Local Low-Income Resident; (c) any At-Risk Individual whose primary place of residence is within the Community Employment Area; or (d) an individual whose primary place of residence is in a Target Zip Code.

"**Lower Income Individual**" means an individual who has a documented annual income at or below the Federal Poverty Level (FPL).

"**Permanent Employer**" means a Local Employer that (a) has entered into a lease or contract with the Developer or the Authority to operate a business in the Project or (b) is also a Permanent Employer Subcontractor.

"**Permanent Employer Subcontractor**" means any Local Employer who contracts with a Permanent Employer to perform work on the Project in connection with which the Permanent Employer has a lease or contract with the Developer or the Authority.

"**Permanent Jobs Coordinator**" means a qualified consultant to be engaged by the Developer, subject to the approval of the BCA and Authority as set forth in Section IV below, to provide regular coordination and communications with Permanent Employers and with Designated Training Programs in order to facilitate implementation of the requirements of this Exhibit S (Part 2).

"**Project**" means the project commonly known as the Grand Avenue Project consisting of a mixed use development project located in the vicinity of Grand Avenue and Upper Second Street in downtown Los Angeles, California and undertaken by the Developer pursuant to the Disposition and Development Agreement, as specifically defined in the Disposition and Development Agreement.

"**Recruitment Organization**" means a job recruitment organization located in the Community Employment Area including without limitation government agencies, social service providers and non-profit organizations serving the needs of Local Residents.

**"Target Zip Code"** means any zip code within the County where the percentage of households living below 200 percent of the FPL is greater than the County average for such households as of a date 12 months prior to the Grand Opening.

"**Term**" shall mean the ten (10) year period for each phase of the Project commencing on the date that the first certificate of occupancy is issued by the City of Los Angeles for such Project phase or portion of such Project phase.

**III. Inclusion of Local Hiring Terms in Contracts and Leases**. Each Permanent Employer shall include this Exhibit S (Part 2) as a material term of any agreement between the Permanent Employer and (a) the Developer (b) the Authority or (c) any Permanent Employer Subcontractor.

## IV. Local Hiring Terms.

In addition to the existing requirements of this Exhibit S (Part 2), in order to help assure compliance with the responsibilities of Permanent Employers under this Exhibit S (Part 2), Developer will engage a Permanent Jobs Coordinator to provide regular coordination and communications with Permanent Employers and with Designated Training Programs. Prior to the commencement of Design Development Drawings for Phase I, Developer will identify the Permanent Jobs Coordinator and submit the proposed Permanent Jobs Coordinator to City and Authority for their approval, such approval not to be unreasonably withheld, conditioned or delayed. City, on behalf of Authority, shall monitor the progress of the Permanent Employers in meeting the Local Hiring Goals of this Exhibit S (Part 2) pursuant to a separate Monitoring Agreement between Authority and City. Notwithstanding anything to the contrary contained herein, Developer shall not be required to fund any additional costs for any Designated Training Programs as part of its commercially reasonable efforts to fulfill the Local Hiring Goals of this Exhibit S (Part 2) (without limiting or amending any requirements of the Neutrality Agreement).

Following the designation of the Permanent Jobs Coordinator, Developer shall cause such individual to meet and confer with the designated representatives of the City and Authority for a period of 60 days to jointly establish a preliminary program design and protocols for coordination and reporting, including (where feasible) a process to jointly select one or more Designated Training Programs, with the input and concurrence of the County (the "**Permanent Jobs Plan**"). The Permanent Jobs Plan will include identification by the Permanent Jobs Coordinator of resources and programs for sourcing Local Low Income Residents and At-Risk Individuals, will contemplate the use of the Designated Training Programs to recruit, screen and train Local Low Income Residents for referral to Permanent Employers, and will include a plan for coordination with Permanent Employers to match employment opportunities with qualified Low Income Residents and At-Risk Individuals; recognizing that Permanent Employers will continue in good faith to consider hiring At Risk Individuals after the At-Risk Individual hiring goal in section A below has been met. Such Permanent Jobs Plan will include specific criteria as determined by Developer for qualified recruits for permanent jobs with Permanent Employers and will be supplemented from time to time by requirements from such Permanent Employers. Such Permanent Jobs Plan will be submitted to the Authority, City and County for their approval.

The Permanent Jobs Coordinator and the City and Authority representatives shall develop a plan to coordinate their efforts from the inception of the program and continuing through the Term of the requirements under this Exhibit S (Part 2).

The Permanent Jobs Coordinator will provide its coordination and communications services with Permanent Employers and Designated Training Programs, and coordination with the City and Authority representatives, beginning 12 months prior to the date on which the Phase I Project (or any Component thereof) is officially open for business to the general public ("**Grand Opening**") and continuing for the Term of the requirements under this Exhibit S (Part 2). The Permanent Jobs Coordinator shall provide quarterly reports to the City and Authority documenting the process and efforts to achieve the Local Hiring Goals of this Exhibit S (Part 2). Commencing on the Grand Opening of the Phase I Project, the quarterly reports shall include employment data regarding the achievement of the Local Hiring Goals. Notwithstanding anything contained

herein, if the Local Hiring Goals are not achieved in any calendar quarter, the Permanent Jobs Coordinator and the City and Authority representatives will meet and confer to establish a mutually acceptable protocol and strategy to pursue and achieve the Local Hiring Goals. The County shall have the right to have its representative present at any such meetings to provide its input and assistance in achieving the Local Hiring Goals. The Permanent Jobs Coordinator shall also provide, as part of its quarterly report, information (on a no-name basis), only if and to the extent available and permitted by applicable law to be disclosed, as to which specific criteria for the applicable jobs set forth in the Permanent Jobs Plan were not met by any recruits referred by the Designated Training Programs to Permanent Employers who are not hired by such Permanent Employers.

Section V.B.i of this Exhibit S (Part 2) is hereby modified to provide that if a Permanent Employer has used a Designated Training Program (identified pursuant to the Permanent Jobs Plan developed by the Permanent Jobs Coordinator and the City and Authority, with the concurrence of the County) to achieve its Local Hiring Goals, then even if such Permanent Employer is non-compliant with the requirements of this Exhibit S (Part 2), such Permanent Employer shall be deemed to have made diligent use of all reasonable and necessary methods to meet each of the requirements in Section IV.B of this Exhibit S (Part 2) (without limiting or amending the provisions of the Neutrality Agreement). If the Permanent Jobs Coordinator and City and Authority representatives, with the input of the County, cannot identify one or more operational Designated Training Programs at any time or from time to time during the Term of these Exhibit S (Part 2) requirements, then the Permanent Employers shall not be deemed to be non-compliant with these Exhibit S (Part 2) requirements if they are unable otherwise to meet such requirements. Further, provided that the protocols and good faith efforts that are mutually established by the Permanent Jobs Coordinator and the City and Authority in the Permanent Jobs Plan (including use of available Designated Training Programs) are followed and implemented, Phase I Developer and each Permanent Employer will be deemed to have used commercially reasonable efforts to achieve the Local Hiring Goals under Exhibit S (Part 2) and penalties for non-compliance with such goals will not apply.

At least one time each calendar year, Developer (or any successor owner) shall offer a hiring fair on the site of the Phase I Project with requested participation by the then current Permanent Employers and Designated Training Programs and other key partners designated by the Permanent Jobs Coordinator, with input from the City, Authority and County, to publicize and increase compliance with the Local Hiring Goals for the benefit of Local Low Income Residents and At-Risk Individuals.

Developer (and each successor owner of a component of the Project) shall inform the Permanent Employers, through their lease documents or otherwise, of the provisions of this Exhibit S (Part 2) and the role of the Permanent Jobs Coordinator and the Permanent Jobs Plan.

**A.** **Local Hiring Goal**. Throughout the Term, Permanent Employers shall have a goal that Local Residents will make up not less than thirty percent (30%) of the workforce of each Permanent Employer, as measured by total work hours. This Local Resident goal includes a goal that At-Risk Individuals will compose not less than ten percent (10%) of the total workforce of each Permanent Employer as

measured by total work hours, i.e., At-Risk Individuals should make up one third (1/3) of the Local Residents goal set forth in this Section IV.A.

Preference will be given to Local Residents in the following order: (i) those living within a Target Zip Code located within the Community Employment Area; (ii) those living in the Community Employment Area; and (iii) all other Local Residents.

The provisions of this Exhibit S (Part 2) do not require the Developer or a Permanent Employer to hire any person who does not have the experience and ability to qualify such person for such job.

**B. Requirements**.

1. **Preferential Notification**. In accordance with the Permanent Jobs Plan, each Permanent Employer will notify the Permanent Jobs Coordinator of job opportunities in advance of other hiring outreach efforts and provide a description of job responsibilities and qualifications, including expectations, salary, work schedule, duration of employment, and any special requirements (e.g. language skills, drivers' licenses, etc.).

   a. **Duration**. This preferential notification must be provided for a period of not less than a three (3) week period prior to commencement of the Permanent Employer's operations. After commencement of a Permanent Employer's operations, this preferential notification must be provided for at least a five (5) day period prior to the announcement of any job opportunity. Such preferential notification will take place throughout the period described in Section IV.C below.

2. **Hiring Preferences**. Subject to compliance with the Permanent Jobs Plan and the preferential notification procedures referred to above, all Permanent Employers may at all times consider applicants referred or recruited through any source, and may use normal hiring practices, including interviews, to consider all referred applicants.

   a. **Exclusive Initial Hiring**. When making initial hires for the commencement of the Permanent Employer's operations, the Permanent Employer will hire only Local Low-Income Residents for a three (3) week period following the notification of job opportunities described in subparagraph IV.B.1 above. During such three (3) week period Permanent Employers may hire Local Low-Income Residents recruited or referred through any source. After such period, Permanent Employers shall make good-faith efforts to hire Local Low-Income Residents, but may hire any applicant recruited or referred through any source.

   b. **Ongoing Exclusive Hiring**. When making hires after the commencement of operations, the Permanent Employer will hire only Local Low-Income Residents for a five (5) day period following the

notification of job opportunities. During such five (5) day period Permanent Employers may hire Local Low-Income Residents recruited or referred through any source. After such period, Permanent Employers shall make good-faith efforts to hire Local Low-Income Residents, but may hire any applicant recruited or referred through any source. The Permanent Employers obligations contained in this IV.B.2.b shall continue throughout the Term.

3. **On-the-Job Training**

a. **Credit Toward Hiring Goal**. Each Permanent Employer who provides on-the-job training in accordance with the requirements of Subsection IV.B.3.b below will receive a credit toward the hiring goal in Subsection IV.A of this Exhibit S (Part 2) equal to twice the number of hours worked by each Local Low-Income Resident receiving such training. No Permanent Employer may receive such credit, however, for training provided for a task or position that does not reasonably require such training.

b. **Requirements to Receive Credit**. In order to receive credit toward the hiring goal under Subsection IV.A, a Permanent Employer must meet the following requirements. The requirements of this Subsection IV.B.3.b are not otherwise mandatory.

- **Basic Requirement**. Each Permanent Employer will make appropriate on-the-job training available to Local Low-Income Residents hired in connection with the requirements of this Exhibit S (Part 2).

- **Training Plan**. Each Permanent Employer will adopt a Training Plan that describes the on-the-job training to be provided in each job category to Local Low-Income Residents hired for that job category.

- **Duration**. On-the-job training will be offered for a minimum of six (6) months (or the duration of the employment whichever is less) to each Local Low-Income Resident hired by a Permanent Employer, in order to enable Local Low-Income Residents to hold positions for which they might not otherwise qualify.

4. **Hiring Liaison**. Each Permanent Employer will designate a hiring liaison ("Hiring Liaison") before commencing operations covered by this Exhibit S (Part 2) to act as a conduit between the Permanent Employer and the Jobs Coordinator. This Hiring Liaison will be responsible for providing to the Permanent Jobs Coordinator and the Developer all necessary documentation throughout the duration of the Project.

**C.** **Duration**. Each Permanent Employer will abide by the terms of this Exhibit S (Part 2) for the lesser of (a) ten (10) years from the commencement of operations, or (b) the Term.

## V. Monitoring and Enforcement

**A.** **Review of Compliance**. Throughout the Term, Permanent Employers will keep records of their compliance with this Exhibit S (Part 2), and make such records available to the Developer, the Permanent Jobs Coordinator, the BCA or the Authority upon request. The Developer shall report to the BCA on the fifteenth (15th) day of each quarter during the Term regarding the compliance of Permanent Employers with this Exhibit S (Part 2) during the previous quarter. The BCA shall review each Developer's report of compliance by Permanent Employers. Following each review, the BCA will make a written finding as to each Permanent Employer's compliance with the requirements of this Exhibit S (Part 2). The Developer may appeal any BCA finding of non-compliance by any Permanent Employer to the Authority, which will review such an appeal.

**B.** **Non-Compliance, Opportunity to Cure**. If, during any review of compliance, the BCA finds that a Permanent Employer has not complied with any of the requirements of Exhibit S (Part 2), the BCA shall immediately issue to the Developer and Permanent Employer a written finding of non-compliance and provide a sixty (60) day opportunity to cure.

In order to cure and to avoid the penalties set forth below, the Developer must make a detailed showing to the Authority or the BCA that:

i. the non-compliant Permanent Employer has made diligent use of all reasonable and necessary methods to meet each of the requirements in Section IV.B of this Exhibit S (Part 2); provided that if a Permanent Employer has used a Designated Training Program (identified pursuant to the Permanent Jobs Plan developed by the Permanent Jobs Coordinator and the City and Authority, with the concurrence of the County) to achieve its Local Hiring Goals, then even if such Permanent Employer is non-compliant with the requirements of this Exhibit S (Part 2), such Permanent Employer shall be deemed to have made diligent use of all reasonable and necessary methods to meet each of the requirements in Section IV.B of this Exhibit S (Part 2) (without limiting or amending the provisions of the Neutrality Agreement). If the Permanent Jobs Coordinator and City and Authority representatives, with the input of the County, cannot identify one or more operational Designated Training Programs at any time or from time to time during the Term of these Exhibit S (Part 2) requirements, then the Permanent Employers shall not be deemed to be non-compliant with these Exhibit S (Part 2) requirements if they are unable otherwise to meet such requirements. Further, provided that the protocols and good faith efforts that are mutually established by the Permanent Jobs Coordinator and the City and Authority in the

Permanent Jobs Plan (including use of available Designated Training Programs) are followed and implemented, Phase I Developer and each Permanent Employer will be deemed to have used commercially reasonable efforts to achieve the Local Hiring Goals under Exhibit S (Part 2) and penalties for non-compliance with such goals will not apply; or

ii. the non-compliant Permanent Employer has met the Goals set out in Sec. IV.A of this Exhibit S (Part 2); or

iii. following the initial finding of non-compliance, the Developer or another compliant Permanent Employer with whom the Developer has a contract, has made new hires of Local Residents in an amount equal to the number of Local Residents by which the non-compliant Permanent Employer fell short of the 30% local hiring goal set out in Section IV.A. The Developer may rely only once on each additional hire made by already compliant Permanent Employers in its effort to avoid penalties under this Section V.B.iii.

**C. Penalties for Non-Compliance**.

If, prior to the end of the sixty (60) day cure period described in Section V.B above, the Developer has not made the showing set forth in Section V.B, the Authority or the BCA may require the Developer to pay to the Authority an amount equal to Fifty Dollars ($50.00) multiplied by the sum of the number (as calculated on hours worked based on an eight (8) hour day for a full-time position) of Local Residents short of the 30% local hiring goal set out in Section IV.A, per calendar day following the initial finding of noncompliance. In addition to the payments set forth in this Section V.C, if the Developer has not provided evidence that at least ten percent (10%) of the workforce is comprised of Local Low-Income Residents, the Developer shall pay to the Authority, at the end of each full calendar quarter, an amount equal to One Thousand Two Hundred Fifty Dollars ($1,250.00) multiplied by the sum of the number (as calculated on hours worked based on an eight (8) hour day for a full-time position) of Local Low-Income Residents short of the 10% of the total workforce. The BCA shall reasonably determine the first calendar quarter in which the 10% requirement applies based on the commencement of operations of Permanent Employers. The Developer will continue to pay this penalty until the Developer can make the showing set forth in Section V.B.i, V.B.ii or V.B.iii. The provisions of this Section V.C shall continue throughout the Term.

In the event the Developer disputes the finding of the Authority or the BCA that the Developer has not made the showing set forth in Section V.B above, the Developer may invoke the Dispute Resolution procedures outlined in Article 17 of the DDA.

**EXHIBIT "T"**

**FORM OF COMPLETION GUARANTY**

**(Grand Avenue-Phase I)**

Reference is made to that certain Disposition and Development Agreement (Grand Avenue) dated as of March 5, 2007 (the "**Original DDA**") between The Los Angeles Grand Avenue Authority, a California joint powers authority ("**Authority**") and Grand Avenue L.A., LLC, a Delaware limited liability company ("**GALA**"), as amended by that certain First Amendment to Disposition and Development Agreement (Grand Avenue) dated as of August 23, 2010 between Authority, GALA and The Broad Collection, a California nonprofit public benefit corporation ("**Broad**") (the "**First Amendment**"), that certain Second Amendment to Disposition and Development Agreement (Grand Avenue) dated as of May 31, 2011 between Authority, GALA and Broad (the "**Second Amendment**"), that certain Third Amendment to Disposition and Development Agreement (Grand Avenue) dated as of December 1, 2012 between Authority, GALA, Broad and Grand Avenue M Housing Partners, LLC, a California limited liability company ("**Housing Partners**") (the "**Third Amendment**"), that certain Fourth Amendment to Disposition and Development Agreement (Grand Avenue) dated as of January 21, 2014 between Authority, GALA and Housing Partners (the "**Fourth Amendment**"), and that certain Fifth Amendment to Disposition and Development Agreement (Grand Avenue) dated as of _____, 2016 between Authority, GALA and CORE/RELATED GRAND AVE OWNER, LLC, a Delaware limited liability company (referred to herein as "**Developer**") (the "**Fifth Amendment**"). The Original DDA, as amended by the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment and the Fifth Amendment is referred to herein as the "**Amended DDA**". Capitalized terms used and not otherwise defined herein shall have the meaning ascribed to such terms in the Amended DDA.

Developer and Authority are parties to that certain Phase I Ground Lease dated as of March 5, 2007, as amended by that certain First Amendment to Ground Lease (Phase I – Parcel Q) dated as of _____, 2016 (collectively, the "**Phase I Parcel Ground Lease**"). In order to develop the Phase I Improvements as provided in the Amended DDA and the Phase I Parcel Ground Lease, Developer has obtained construction financing (the "**Construction Loan**") in the amount of $_____, from _____ (together with its successors and assigns, individually and collectively, as the context may require, the "**Construction Lender**")[1]. The Construction Loan is evidenced by [insert description of promissory notes, deed of trust, pledge, etc.] (collectively, the "**Construction Loan Documents**").

As required by the Amended DDA and the Phase I Parcel Ground Lease, The Related Companies, L.P., a New York limited partnership (hereinafter, "**Guarantor**"), has agreed to guaranty the Guaranteed Obligations (as defined in Section 2 below) by execution and delivery of this guaranty ("**Guaranty**"). Guarantor's execution and delivery of this Guaranty is a condition precedent to Developer's right to construct the Phase I Improvements. Guarantor acknowledges that it will directly benefit from Developer's construction of the Phase I Improvements, in that Guarantor is the owner of a direct or indirect interest in Developer.

[1] Note: This may include senior and mezzanine lenders

Therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby agrees as follows:

1. Guarantor shall perform its obligations under this Guaranty promptly and in good faith.

2. Guarantor hereby unconditionally, absolutely and irrevocably guarantees as primary obligor and not merely as surety, for the benefit of Authority:

(i) the full and reasonably continuous construction and Substantial Completion of the Phase I Improvements (meaning that the requirements for a Certificate of Completion to be issued, as set forth in Section 507(1) of the Amended DDA, have been satisfied) subject to and in substantial accordance with the Project Documents approved by the Authority, the applicable requirements of the Amended DDA and the requirements of the Phase I Parcel Ground Lease including, without limitation, the revised Parcel Q Schedule of Performance attached to the Fifth Amendment (the "**Building Completion Obligation**");

(ii) that any and all liens or claims of any persons furnishing materials, labor or services in connection with the design and/or construction of the Phase I Improvements filed with respect to the Premises (as defined in the Phase I Parcel Ground Lease) and the Authority's and Developer's respective interests therein, shall be removed by bonding or otherwise discharged within the time periods required in the Construction Loan Documents, subject to Developer's right to contest such liens or claims in accordance with the terms and conditions set forth in the Phase I Parcel Ground Lease (the "**Lien Discharge Obligation**");

(iii) the payment in full to Authority of all sums and charges due to the Authority under the Amended DDA or Phase I Parcel Ground Lease relating to the design and construction of the Phase I Improvements, if any (the "**Payment Obligation**");

(iv) the payment of, or reimbursement to the Authority and other Governing Entities for, all reasonable costs and expenses, including reasonable legal fees and costs, incurred by Authority or such other Governing Entities in connection with their enforcement of the Building Completion Obligation, Lien Discharge Obligation and Payment Obligation (such costs and expenses, "**Enforcement Costs**"), including enforcement undertaken directly against Developer pursuant to the Amended DDA or Phase I Parcel Ground Lease (but only to the extent that the obligations being enforced against Developer are the obligations of Developer and are the subject of this Guaranty), where such enforcement is brought either against the Guarantor or in a combined action against both the Guarantor and Developer and Authority (or other Governing Entities) are the substantially prevailing party with respect thereto (the "**Enforcement Costs Obligation**").

The obligations which are set forth in clauses (i) through (iv) above are hereinafter collectively referred to as the "**Guaranteed Obligations**".

3. Notwithstanding the foregoing provisions of Section 2 hereof, the Guarantor's aggregate liability from time to time for the Building Completion Obligation and Lien Discharge Obligation (including any self-help action undertaken by Authority, including, without limitation, any such action constituting a Payment Obligation) with respect to such Guaranteed Obligations shall be limited to the following (collectively, the "**Cap**"): (i) one hundred fifteen percent (115%) of

the hard costs of construction, including hard cost contingency, of the Phase I Improvements as set forth in the line items constituting "hard cost" in the construction budget for the Phase I Improvements on which the Construction Loan is based as of the closing date of the Construction Loan (the "**Lender-Approved Budget**") (Guarantor's obligation pursuant to this clause (i) is referred to as the "**Hard Costs Obligation**"), plus (ii) architectural, engineering and survey costs for the Phase I Improvements to the extent not paid prior to the effective date of this Guaranty (such costs, the "**Construction Period Soft Costs**") and Guarantor's obligation for such Construction Period Soft Costs, the "**Construction Period Soft Costs Obligation**"), less (iii) amounts funded or to be funded by the Construction Lender under the Construction Loan for the entire Phase I Improvements, but with no deduction for (x) any amounts to be funded but not yet advanced to Developer pursuant to the Construction Loan or otherwise by any other party described in the Ownership Chart of Developer attached to the Fifth Amendment as having a direct or indirect interest in Developer, or such party's respective Affiliates (each, an "**Equity Member**") and (y) amounts which are not funded by the Construction Lender under the Construction Loan by reason of any default by Developer thereunder (including without limitation by reason of Developer's failure to satisfy its obligations under the Construction Loan Documents which are conditions to loan funding). The following equity contributions or debt contributions that are funded to Developer by an Equity Member and expended by Developer for construction of the Phase I Improvements shall be credited against the Cap for purposes of determining the maximum liability of Guarantor under this Guaranty for the Building Construction Obligation and the Lien Discharge Obligation at any particular time (such equity contributions, the "**Credited Equity**"): (1) equity or debt contributions which are applied to the Hard Costs Obligation but excluding additional equity funded to cover hard cost overruns or budget increases not included in the Lender-Approved Budget (as the same existed at the closing of the Construction Loan) and (2) equity or debt contributions which are applied to Construction Period Soft Costs. For avoidance of doubt, it is agreed that any equity or debt funded by Developer or Guarantor on account of hard costs which represent cost overruns or increases in the Lender-Approved Budget subsequent to the date of the closing of the Construction Loan, whether or not such increases are approved by the Construction Lender as modifications to the Lender-Approved Budget, shall be in addition to the Cap and shall not be treated as Credited Equity.

4. Guarantor shall maintain a net worth of at least Three Hundred Million Dollars ($300,000,000) until the issuance of a Certificate of Completion for the Phase I Improvements. For purposes hereof, "**net worth**" shall mean the value of Guarantor's assets minus its liabilities (as such terms are defined by generally accepted accounting principles (GAAP)). Guarantor shall deliver evidence reasonably satisfactory to Authority that Guarantor continues to meet the foregoing minimum net worth requirement on at least an annual basis, commencing on the first anniversary of the date of this Guaranty and continuing until the issuance of a Certificate of Completion for the Phase I Improvements. Such evidence of net worth may be provided through the delivery of financial statements (audited if available, or if unaudited, then reviewed and certified as accurate by the Chief Financial Officer of Guarantor) and other similar information.

5. Notwithstanding any other provision of this Guaranty, with respect to any enforcement of its remedies that Authority may otherwise be entitled to pursue hereunder, Authority shall in each instance (A) not enforce its remedies under this Guaranty so long as the Construction Lender is actively and with reasonable diligence completing construction of the Phase I Improvements in accordance with its rights under the completion guaranty provided to the Construction Lender in connection with the Construction Loan, and (B) defer enforcement of its

remedies hereunder until each of the following conditions have been satisfied: (i) a notice of default, if required to be provided under the Construction Loan Documents, has been provided to Developer, (ii) all applicable cure periods under the Construction Loan Documents with respect to such default have lapsed; and (iii) provided the Construction Lender delivers notice to Authority within twenty (20) days after the cure period specified in the preceding clause (ii) that the Construction Lender will itself undertake completion of the construction, the Construction Lender has had an additional sixty (60) days (beyond the cure period specified in the preceding clause (ii)) to pursue completion of the Phase I Improvements in accordance with the completion guaranty provided to the Construction Lender in connection with the Construction Loan (as such period may be extended (a) by litigation between Developer and the Construction Lender regarding the enforcement of such completion guaranty and (b) such reasonable time as is required for Construction Lender to complete any enforcement action under the Construction Loan Documents).

6. Guarantor shall fully pay and perform all of the Guaranteed Obligations notwithstanding that the Amended DDA or the Phase I Parcel Ground Lease may be void or voidable as against Developer or any of Developer's creditors, including a trustee in bankruptcy of Developer, by reason of any fact or circumstance including, without limiting the generality of the foregoing, failure by any person to file any document or to take any other action to make the Amended DDA or the Phase I Parcel Ground Lease enforceable in accordance with its terms. Guarantor hereby waives any right it may have to claim that the underlying obligations of Developer under the Amended DDA or the Phase I Parcel Ground Lease are unenforceable.

7. This Guaranty is a continuing one and shall terminate only on full payment and performance of all of the Guaranteed Obligations.

8. Guarantor authorizes Authority and Developer, without notice or demand, and without affecting Guarantor's liability hereunder, from time to time to:

(a) change the amount, time, or manner of payment of sums owed by Developer;

(b) amend, modify or change any of the covenants, conditions, or provisions of the Amended DDA or the Phase I Parcel Ground Lease; and

(c) take and hold security for the performance of the obligations of Developer and enforce, waive, and release any such security.

9. No failure or delay on Authority's part in exercising any power, right or privilege hereunder shall impair or be construed as a waiver of any such power, right or privilege.

10. Authority may, without notice, assign this Guaranty in whole or in part in conjunction with an assignment of Authority's interest in the Amended DDA or the Phase I Parcel Ground Lease. Guarantor may not assign this Guaranty without the prior written consent of Authority in its sole discretion; and no assignment of this Guaranty made without the consent of Authority shall waive or release any obligation of Guarantor hereunder.

11. If Developer fails to pay or perform any of the Guaranteed Obligations when payment or performance, as applicable, is due, then upon the expiration of the applicable cure period, if any, Authority, in its sole discretion, may proceed directly against Guarantor under this Guaranty with

respect to such Guaranteed Obligations without first proceeding against Developer or exhausting any of its rights or remedies against Developer. Guarantor waives and relinquishes all rights and remedies accorded by applicable law (and agrees not to assert or take advantage of any such rights or remedies) to require Authority to:

(a) proceed against Developer or any person;

(b) proceed against or exhaust any security held from Developer or pursue any other remedy in Authority's power before proceeding against Guarantor; or

(c) notify Guarantor of any default by Developer in the payment of any sums which are a part of the Guaranteed Obligations.

12. Guarantor waives:

(a) any defense arising by reason of any disability or other defense of Developer or by reason of the cessation from any cause whatsoever of the liability of Developer, excepting only a termination of the Guaranteed Obligations;

(b) the defense of the statute of limitations in any action hereunder or in any action by Authority under the Amended DDA or the Phase I Parcel Ground Lease;

(c) any defense that may arise by reason of the incapacity, lack of authority, death or disability of any other person or persons or the failure of Authority to file or enforce a claim against the estate (in administration, bankruptcy or any other proceeding) of any other person or persons;

(d) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal;

(e) any right to plead that it is the alter ego of Developer as a defense to its liability hereunder or the enforcement of this Guaranty;

(f) any duty on the part of Authority to disclose to Guarantor any facts Authority may now or hereafter know about Developer, regardless of whether Authority has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor or has a reasonable opportunity to communicate such facts to Guarantor, it being understood and agreed that Guarantor is fully responsible for being and keeping informed of the financial condition of Developer and of all circumstances bearing on the risk of non-payment or non-performance of any obligations hereby guaranteed; and

(g) any defense arising because of Authority's election, in any proceeding instituted under the Bankruptcy Code, of the application of Section 1111(b)(2) of the Bankruptcy Code.

Without limiting the generality of the foregoing or any other provisions hereof, Guarantor expressly waives any and all benefits which might otherwise be available to Guarantor under California Civil Code Sections 2809, 2810, 2819, 2839 (except only upon full performance by Developer of all of the Guaranteed Obligations), 2845, 2847, 2848, 2849, 2850, 2899 and 3433. Until the payment of all amounts and the performance of all obligations required to be kept, observed or performed by Developer, Guarantor shall have no right of subrogation, and Guarantor hereby waives any right to enforce any remedy which Authority now has or may hereafter have against Developer, and waives any benefit of, and any right to participate in any security now or hereafter held by Authority. Guarantor waives all presentments, demands for performance, notices of nonperformance, protests, notices of protests, notices of dishonor, and notices of acceptance of this Guaranty.

13. Guarantor represents and warrants to Authority that it has the power, capacity and authority to execute and deliver this Guaranty and to perform its obligations pursuant to this Guaranty.

14. Guarantor does not intend by any provision of this Guaranty to confer any right, remedy or benefit upon any person, firm or entity other than Authority and its successors and assigns under the Amended DDA and the Phase I Parcel Ground Lease, and no person, firm or entity other than Authority and its successors and assigns under the Amended DDA and the Phase I Parcel Ground Lease shall be entitled to enforce or otherwise acquire any right, remedy or benefit by reason of any provision of this Guaranty.

15. Guarantor shall pay the Enforcement Costs incurred in enforcing this Guaranty as provided in Section 2 hereof.

16. The obligations of Guarantor under this Guaranty are independent of the obligations of Developer. A separate action or actions may be brought and prosecuted against Guarantor, whether or not an action is brought against Developer or whether Developer is joined in any such action or actions.

17. This Guaranty shall inure to the benefit of Authority, its successors and assigns, and shall be binding on the successors and assigns of Guarantor.

18. This Guaranty shall be governed by and interpreted according to the laws of the State of California. In any action brought under or arising out of this Guaranty, Guarantor hereby consents to the jurisdiction of any competent court within the State of California and consents to service of process by any means authorized by California law. Except as provided in any other written agreement now or at any time hereafter in force between Authority and Guarantor, this Guaranty shall constitute the entire agreement of Guarantor with Authority with respect to the subject matter hereof, and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon Authority unless expressly stated herein.

19. If any provision or portion of this Guaranty is declared or found by a court of competent jurisdiction to be unenforceable or null and void, such provision or portion thereof shall be deemed stricken and severed from this Guaranty, and the remaining provisions and portions thereof shall continue in full force and effect.

20. All notices, statements, reports or other communications required or permitted hereunder (individually, a "**Notice**") shall be in writing and shall be given to Guarantor at its address set forth below or such address as Guarantor may hereafter specify for the purpose by notice to Authority as specified below. Each Notice shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by certified or registered mail, return receipt requested, deposited with the United States mail with first-class postage prepaid, seventy-two (72) hours after such Notice is deposited with the United States mail, (c) if given by overnight courier with courier charges prepaid, twenty-four (24) hours after delivery to said overnight courier, or (d) if given by any other means, upon delivery when delivered at the address specified below.

If to Guarantor:

Related Companies, LP
60 Columbus Circle, 19th Floor
New York, NY 10023
Attention: President

If to Authority:

c/o County of Los Angeles,
Office of the Chief Executive Officer
500 West Temple Street Suite 754
Los Angeles, CA 90012
Attention: Chief Executive Officer
of the County of Los Angeles

21. This Guaranty constitutes the entire and exclusive agreement between Authority and Guarantor, and may be amended, modified or revoked only by an instrument in writing signed by Authority and Guarantor. All prior or contemporaneous oral understandings, agreements or negotiations relative to the guaranty are merged into and revoked by this instrument.

22. GUARANTOR HEREBY ACKNOWLEDGES THAT GUARANTOR HAS BEEN AFFORDED THE OPPORTUNITY TO READ THIS DOCUMENT CAREFULLY AND TO REVIEW IT WITH AN ATTORNEY OF GUARANTOR'S CHOICE BEFORE SIGNING IT. GUARANTOR ACKNOWLEDGES HAVING READ AND UNDERSTOOD THE MEANING AND EFFECT OF THIS DOCUMENT BEFORE SIGNING IT.

IN WITNESS WHEREOF, the undersigned has duly executed this Completion Guaranty as of _____.

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: _____
Title: _____

## SCHEDULE 18.2

## SCHEDULE OF PAYMENTS BY PHASE I DEVELOPER TO CITY

Phase I Developer shall make the following payments to the City pursuant to the City Agreements (or any substitute or replacement for such City Agreements entered into between Phase I Developer and City):

1. One Million Five Hundred Thousand Dollars ($1,500,000) to be paid on or before issuance of the initial structural building permit for the Hotel;

2. One Million Dollars ($1,000,000) to be paid on or before the Hotel Opening (i.e., the date on which the Hotel is officially open for business to the public);

3. One Hundred Thousand Dollars ($100,000) per year on or before the first through tenth anniversaries of the Hotel Opening, for a total of $1,000,000;

4. Five Million Dollars ($5,000,000) to be paid on or before the Tenth ($10^{th}$) anniversary of the Hotel Opening;

5. Five Million Dollars ($5,000,000) to be paid on the Fifteenth ($15^{th}$) anniversary of the Hotel Opening;

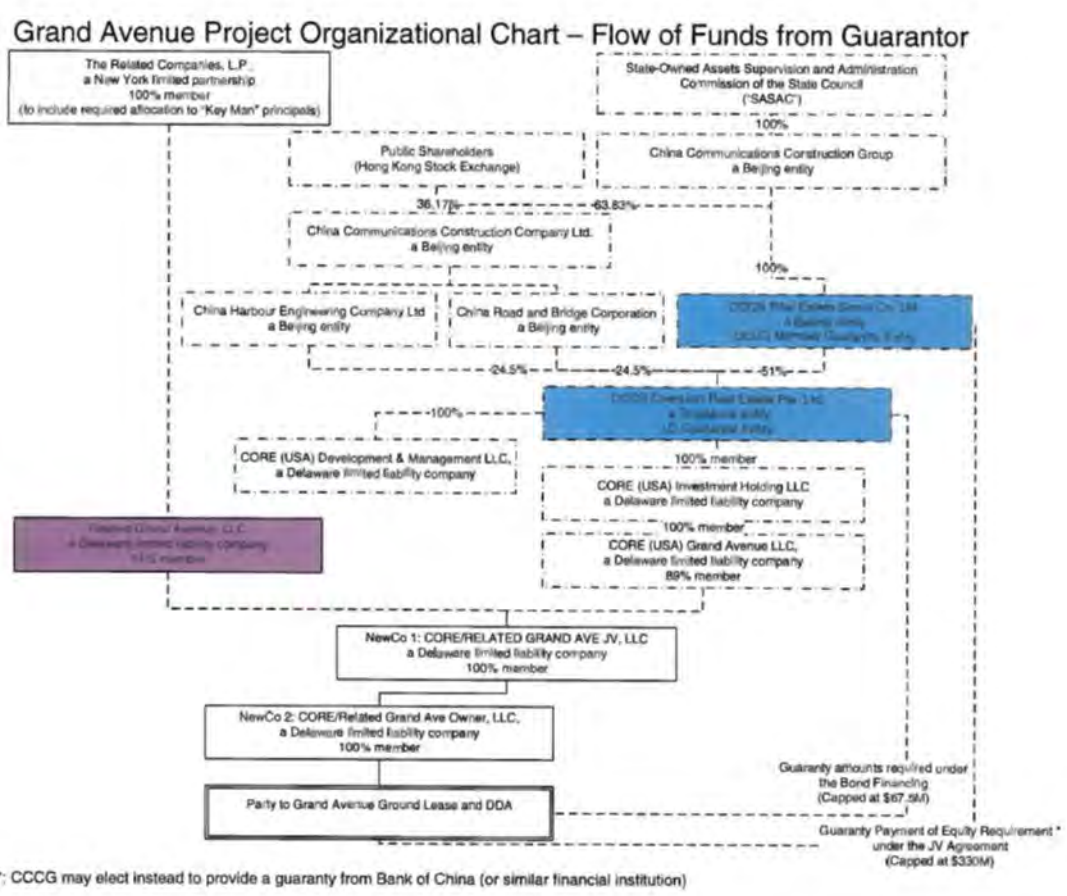
6. Five Million Dollars ($5,000,000) to be paid on the Twentieth ($20^{th}$) anniversary of the Hotel Opening; and

7. Five Million Dollars ($5,000,000) to be paid on the Twenty-fifth ($25^{th}$) anniversary of the Hotel Opening.

It is the intent of the parties that the foregoing payments will equate to a net present value of approximately $6,124,000 using a stipulated 10% discount rate.

# SCHEDULE 1501

# ORGANIZATIONAL CHART OF PHASE I DEVELOPER



# TERMINATION OF INCENTIVE RENT AGREEMENT

THIS TERMINATION OF INCENTIVE RENT AGREEMENT (this "**Agreement**") is made and entered into as of _____, 2016, by and among the City of Los Angeles, a municipal corporation (the "**City**"); CRA/LA, a Designated Local Authority, a public body formed under Health & Safety Code Section 34173(d)(3), as successor to the Community Redevelopment Agency of the City of Los Angeles (the "**Agency**"); the County of Los Angeles, a political subdivision of the State of California (the "**County**"); and The Los Angeles Grand Avenue Authority, a California joint powers authority (the "**Authority**") with reference to the following facts and objectives:

## RECITALS

A. The City, Agency, County and Authority are parties to that certain Grand Avenue Phase I Incentive Rent Agreement signed in 2007 (the "**Incentive Rent Agreement**"), a copy of which is attached hereto as Schedule 1, pertaining to the real property known as Parcel Q of the Bunker Hill Redevelopment Project Area in downtown Los Angeles, California, which is referred to in the Incentive Rent Agreement as the "Phase I Parcel." The Phase I Parcel is subject to the Authority DDA. Capitalized terms used and not otherwise defined herein shall have the meaning ascribed to such terms in the Incentive Rent Agreement.

B. The Incentive Rent Agreement provides that Incentive Rent from the Phase I Hotel Component and the Phase I Retail Component received from Developer by the Authority shall be paid by the Authority to the City until the City receives an amount of payments thereunder equal to the amount of funds paid by the Community Taxing District formed by the City to Developer to assist in the development of the Phase I Hotel Component, while Authority shall retain any Incentive Rent paid by the Developer on the Phase I Residential Component plus any residual Incentive Rent on the Phase I Hotel Component and the Phase I Retail Component remaining after the City receives the required amount thereunder.

C. The Authority and Developer are entering into or have entered into a Fifth Amendment to Disposition and Development Agreement (Grand Avenue) (the "**Fifth Amendment**") which amends the Authority DDA. Among other things, the Fifth Amendment terminates the obligation of Developer to pay Incentive Rent for the Phase I Parcel in consideration for certain obligations to be undertaken by Developer, including Developer's payment of the amounts set forth on Schedule 13.2 attached to the Fifth Amendment to the City pursuant to the City Agreements (as defined in the Fifth Amendment). The Fifth Amendment contemplates that the parties hereto will enter into this Agreement to terminate the Incentive Rent Agreement in light of the termination of the Incentive Rent obligations of Developer as to the Phase I Parcel.

## TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and conditions herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Termination of Incentive Rent Agreement**. The Incentive Rent Agreement is hereby terminated, and shall be of no further force and effect as of the date hereof.

2. **Miscellaneous**. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of its provisions. This Agreement shall be governed by and interpreted under and pursuant to the laws of the State of California. Nothing in this Agreement is intended to or does establish the parties as partners, co-venturers, or principal and agent with one another. This Agreement may be executed in counterparts and multiple originals. The parties can amend this Agreement only by means of a writing signed by all parties.

*SIGNATURES ON THE FOLLOWING PAGES*

IN WITNESS WHEREOF, the Agency, the County, the City and the Authority have executed this Agreement as of the day and year first above written.

**"AUTHORITY"**

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

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

Mike N. Feuer
City Attorney

By: _____
Timothy Fitzpatrick
Deputy City Attorney
Authority Counsel

APPROVED AS TO FORM:

Mary C. Wickham
County Counsel

By: _____
Helen S. Parker
Principal Deputy County Counsel
Authority Counsel

**"AGENCY"**

CRA/LA, a Designated Local Authority**,** a public body formed under Health & Safety Code Section 34173(d)(3), as successor to the Community Redevelopment Agency of the City of Los Angeles

By: _____
Steven Valenzuela
Chief Executive Officer

APPROVED AS TO FORM:

GOLDFARB & LIPMAN LLP

By: _____
Thomas Webber
CRA/LA Special Counsel

**"COUNTY"**

THE COUNTY OF LOS ANGELES,
a subdivision of the State Of California

By:_____
Name:_____
Title:_____

APPROVED AS TO FORM:

Mary C. Wickham
County Counsel

By: _____
Helen S. Parker
Principal Deputy County Counsel

**"CITY"**

CITY OF LOS ANGELES,
a municipal corporation

By:_____
Name:_____
Title:_____

APPROVED AS TO FORM:

Michael N. Feuer
City Attorney

By: _____
Timothy Fitzpatrick
Deputy City Attorney

## SCHEDULE 1

## INCENTIVE RENT AGREEMENT

To be attached.

**FIRST AMENDMENT TO GROUND LEASE (PHASE I – PARCEL Q)**

THIS FIRST AMENDMENT TO PHASE I GROUND LEASE (this "**Amendment**"), dated and effective as of [_____], 2016, is made and entered into by and between **THE LOS ANGELES GRAND AVENUE AUTHORITY**, a California joint powers authority ("**Authority**"), and **CORE/RELATED GRAND AVE OWNER, LLC**, a Delaware limited liability company ("**Lessee**") a wholly-owned subsidiary of CORE/Related Grand Ave JV, LLC, a Delaware limited liability company ("**CORE/Related JV**"). All capitalized terms not defined herein shall have the meanings given to such terms in the Existing Lease (as hereinafter defined).

**WITNESSETH:**

WHEREAS, on March 5, 2007 (i) the County of Los Angeles ("**County**"), as the fee owner of the Premises, entered into that certain Ground Lease with CRA/LA, a Designated Local Authority, an independent public body formed under California Health & Safety Code Section 34173(d)(3), as successor to the Community Redevelopment Agency of The City of Los Angeles ("**CRA**") pursuant to which the County ground leased the Premises to the CRA, (ii) the CRA entered into that certain Ground Lease with Authority pursuant to which the CRA sub-ground leased the Premises to Authority, and (iii) Authority and Grand Avenue L.A., LLC, a Delaware limited liability company ("**Original Lessee**"), entered into that certain Phase I Ground Lease ("**Existing Lease**", and together with this Amendment, collectively, the "**Lease**"), pursuant to which Authority sub-sub-ground leased the Premises described on Exhibit "A", attached hereto, together with all rights and benefits appurtenant thereto, to Original Lessee.

WHEREAS, substantially concurrently with this Amendment (i) with the consent of Authority, among other parties, Original Lessee assigned to Lessee, and Lessee assumed from Original Lessee, all of Original Lessee's right, title and interest in, to and under the Lease to Lessee pursuant to that certain Assignment and Assumption of Ground Lease, and (ii) Authority, Original Lessee, and Lessee have entered into that certain Fifth Amendment to Disposition and Development Agreement (Grand Avenue) (the "**5th DDA Amendment**").

WHEREAS, the parties desire to amend the Existing Lease on the terms and conditions set forth in this Amendment, among other things, to include certain of the matters set forth in the 5th DDA Amendment in the Existing Lease.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby conclusively acknowledged, Authority and Lessee hereby agree as follows:

A. **Amendment to Existing Lease**. The Existing Lease is hereby amended as follows:

1. **Definitions; Defined Terms**.

a. The definition of "CRA" in Section 1.2 is hereby deleted in its entirety and replaced with (and each reference in the Lease shall be deemed to refer to) the following:

"CRA/LA, a Designated Local Authority, a public body formed under Health & Safety Code Section 34173(d)(3) as successor to the Community Redevelopment Agency of the City of Los Angeles."

b. The definition of the term "DDA" in Section 1.2 is hereby deleted in its entirety and replaced with (and each reference thereto in the Lease shall be deemed to refer to) the following:

"That certain Disposition and Development Agreement (Grand Avenue), dated as of March 5, 2007, by and between Original Lessee and Authority, as amended by that certain First Amendment to Disposition and Development Agreement (Grand Avenue), dated as of August 23, 2010, by and among Authority, Original Lessee, and The Broad Collection, a California nonprofit public benefit corporation ("Broad"), as further amended by that certain Second Amendment to Disposition and Development Agreement (Grand Avenue), dated as of May 31, 2011, by and among Authority, Original Lessee, and Broad, as further amended by that certain Third Amendment to Disposition and Development Agreement (Grand Avenue), dated as of December 1, 2012, by and among Authority, Original Lessee, Broad and Grand Avenue M Housing Partners, LLC, a California limited liability company ("Housing Partners"), as further amended by that certain Fourth Amendment to Disposition and Development Agreement (Grand Avenue), dated as of January 2, 2014, by and among Authority, Original Lessee, and Housing Partners, and as further amended by that certain Fifth Amendment to Disposition and Development Agreement (Grand Avenue), dated as of [_____,] 2016, by and among the Authority, Lessee, and Original Lessee, as the same may be further amended, modified and/or supplemented from time to time."

c. The following defined term is hereby added to Section 1.2:

"**Certificate of Completion**" shall mean a certificate issued by the Authority in accordance with Section 507 of the DDA with respect to the Phase I Improvements."

d. The definition of "Director" in Section 1.2 is hereby modified by adding the following to the end thereof:

"Unless otherwise specified by Authority at any time and from time to time, the Director shall be the Chief Executive Officer of the County of Los Angeles or his or her designee."

e. The definition of "Mortgage" in Section 1.2 is hereby amended to add the following to the end thereof:

"A mortgage or deed of trust granted from Lessee in favor of a lender that is a Chinese government-owned bank or that is otherwise affiliated with the People's Republic of China (such as the Bank of China) shall be considered a valid Mortgage for purposes of this Lease notwithstanding that one of the members of Lessee is CORE LA (as defined below), which is directly or indirectly owned and controlled by CCCG (defined below), which is an entity owned and controlled by the government of the People's Republic of China."

f. The definition of the term "Related Key Personnel" in Section 1.2 is hereby deleted in its entirety and replaced with (and each reference thereto in the Lease shall be deemed to refer to) the following:

"collectively, William Witte, Stephen M. Ross and Kenneth A. Himmel."

g. The words "Tower 1 or Tower 2" on the fifth line of Paragraph (5) of Section 3.2, and each and every other reference thereto, are hereby deleted and replaced with "the Premises".

h. The words "Frank Gehry Architects" on the final line of Section 5.6 are hereby deleted and replaced with the words "Gehry Partners, LLP".

2. **Term**. Section 2.1 is hereby amended to delete the existing last sentence thereof and to insert the following at the end thereof:

"Authority and Lessee hereby confirm that Commencement Date for purposes of this Lease is March 7, 2007. If the Possession Delivery Date has not occurred by the deadline for Commencement of Construction set forth in the Schedule of Performance attached to this Lease (as such Schedule of Performance may be revised by Authority pursuant to this Lease and the DDA), Authority shall have the right to terminate this Lease by written notice delivered to Lessee at any time prior to the actual Possession Delivery Date, subject to and without limiting Section 13.9 of this Lease."

3. **Prevailing Wages.** Section 2.1.12 is hereby amended by deleting each reference therein to the "CRA's Prevailing Wage and Equal Opportunity Standards" and the "CRA's Policy on Payment of Prevailing Wages by Private Redevelopers or Owners- Participants" and replacing each such reference with "the State of California laws, policies and standards for payment of prevailing rates of wages, including without limitation, Sections 33423-33426 of the California Health and Safety Code and Sections 1770-1861 of the California Labor Code applicable to the construction of the improvements in the Project". In addition, the following subparagraphs of Section 2.1.12 of the Lease are hereby amended as follows:

(a) Subparagraph (4) is amended to provide that the Developer shall contact the BCA to schedule a pre-construction orientation meeting since Authority is delegating this responsibility to the City;

(b) Subparagraph (5) is amended to provide that the BCA may take the actions provided for therein in lieu of Authority, since Authority has delegated these actions to the City; and

(c) Subparagraph (8) is amended to provide that representatives of Authority and City will have the right of access and inspection contemplated therein and the CRA will no longer be referenced therein.

4. **Art Policy.** Section 2.1.13 is hereby amended as follows:

(a) The CRA Art Policy attached to the Original DDA as Exhibit "B" is hereby deleted and the City Art Policy attached to this Amendment is hereby substituted in its place. Each reference in the Lease to the "CRA Art Policy" or Exhibit "B" shall be deemed to refer to the City Art Policy attached as Exhibit "B" hereto**.**

(b) Lessee shall calculate the art fee with respect to the Project in accordance with City laws and ordinances and will pay 20% of such Project art fee to The Broad Collection, a California non-profit public benefit corporation; Lessee will provide evidence of the payment of such 20% portion of the art fee to The Broad Collection by giving copies of the transmittal to City, with copies to CRA/LA, the City Department of Cultural Affairs and Authority. Lessee and the City Department of Cultural Affairs will jointly develop an agreement regarding the use on the Premises of the 80% balance of the Project art fee. This agreement is referred to as the "Developer-led Arts Program" at the Department of Cultural Affairs and shall be governed by Exhibit "B" attached hereto. In accordance with the Monitoring Agreement, the City Department of Cultural Affairs shall be responsible for the approval of and monitoring the implementation of, the Arts Program for the Project.

5. **Parking Management Plan**. Prior to the commencement of construction of the Phase I Improvements and pursuant to Section 3.6, Lessee shall deliver to Authority a parking management plan reflecting that a third party operator will be engaged and will charge market rates for parking. Said parking management plan shall be subject to the approvals of the Governing Entities as set forth in Section 3.6, which approvals shall not be unreasonably withheld, delayed or conditioned.

6. **Reservations**. Section 3.7 is hereby amended to add the following new sentence after the last sentence thereof:

> "Notwithstanding the foregoing, under no circumstances shall the rights of the Governing Entities under this Section 3.7 (including, without limitation, the right to install or construct utilities, roads, drains or otherwise alter the Project) materially adversely impact or materially interfere with the intended use or operation of the Improvements or any Component."

7. **Lease Consideration**. Section 4.2 is hereby deleted and replaced with the following:

"The Leasehold Acquisition Fee of Forty-Four Million Seven Hundred Eighty Thousand Dollars ($44,780,000) has been paid in full by Lessee and is not subject to any adjustment. As a matter of clarification, no further Incentive Rent shall be payable by Lessee under the Lease and any reference to Incentive Rent in the Lease is hereby deleted."

8. **Timing of Lease Consideration Payments**. Section 4.3 is hereby deleted in its entirety.

9. **Payment and Late Fees**. Section 4.4 is hereby modified to delete each reference therein to "Incentive Rent".

10. **Lessee's Books and Records**. Section 4.5 is hereby deleted in its entirety.

11. **Completion Guaranty.** Section 5.4.4 is hereby amended to delete the first two sentences thereof and to substitute the following sentences in lieu thereof:

"Lessee shall have delivered to Authority a Completion Guaranty in a form reasonably acceptable to Authority, provided that Authority will approve the form of Completion Guaranty if it is substantially the same as the form attached to the 5th DDA Amendment as Exhibit "T". Authority hereby approves Related as the guarantor, provided that Related maintains a net worth (as defined in the Completion Guaranty) of at least $300,000,000 until completion of the applicable Alterations, and Authority agrees to approve a guarantor that has been approved by Lessee's construction lender."

12. **Posting Notices**. Section 5.8.1 is hereby amended to replace the reference to "January 1, 2008" with "January 1, 2018".

13. **Subsequent Renovations**. Section 5.9 is hereby amended to the following new sentence after the last sentence thereof:

"Notwithstanding the foregoing, the first Subsequent Renovation shall be performed twenty-five (25) years following the completion of Phase I and issuance of the Certificate of Completion with respect thereto."

14. **Net Awards and Payments Distributions Waterfall**. Paragraph "First" of Section 6.7.3 of the Existing Lease is hereby deleted in its entirety.

15. **Net Worth; Keep Well Obligations; Subsidiary Component Owners**. Sections 7.1.1 and 7.1.2 of the Existing Lease are hereby deleted in their entirety and replaced with the following:

"7.1.1 Lessee shall maintain, at all times prior to completion of the Phase I improvements, a minimum Net Worth equal to the greater of (i) $200,000,000 or (ii) 20% of the total projected development cost of Phase I. After completion of Phase I and issuance of the Certificate of Completion with

respect thereto the foregoing minimum Net Worth shall no longer be applicable and the constituent owners of CORE/Related JV shall not be required under the DDA or this Lease, to guaranty, commit or otherwise fund new capital to the CORE/Related JV, Lessee, any subsidiaries thereof or otherwise into the Project. The parties acknowledge that, pursuant to Section 11.3 hereof, CORE/Related JV shall have the right to form one or more wholly-owned subsidiaries to directly own Components (each subsidiary, a "**Subsidiary Component Owner**"). If, at any time (a) any Subsidiary Component Owner that is still then owned directly or indirectly by CORE/Related JV ("**Delinquent Subsidiary Component Owner**") does not have sufficient cash flow from its applicable Component to pay any of its then outstanding expenses and obligations, and (b) at such time, CORE/Related JV or any other Subsidiary Component Owner which is still owned, directly or indirectly, by CORE/Related JV receives excess cash flow generated by another Component, then CORE/Related JV shall make such excess cash flow available to such Delinquent Subsidiary Component Owner to the extent of any then outstanding expenses and obligations due and payable by such Delinquent Subsidiary Component Owner, provided that the same shall be structured to ensure compliance with the requirements of any lender to the applicable Subsidiary Component Owners, including those relating to special purpose entity provisions applicable to such Subsidiary Component Owners; and provided, further, that the foregoing is not intended to require CORE/Related JV or any Subsidiary Component Owner to retain excess cash or reserves to fund potential future cash shortfalls of any Subsidiary Component Owner.

For purposes of this Section 7.1.1, "Net Worth" shall mean the value of Lessee's assets minus its liabilities (as such terms are defined by GAAP). Lessee's assets shall include for all purposes its interest in this Lease, any notes or cash contributed by its member, capital commitments from its direct or indirect members (including the guaranty to be provided by China Communications Construction Group, a Beijing entity ("**CCCG**"), pursuant to that certain Limited Liability Company Agreement of CORE/Related JV, dated on or about the Amendment Effective Date, as defined in the 5th DDA Amendment (the "**CORE/Related JV LLC Agreement**")) and other similar guaranties or obligations of the direct or indirect members (or their Affiliates) to contribute capital to Lessee as such capital is required for the acquisition, development and/or construction of Phase I. Authority shall have the right to approve such guaranties and notes obtained by Lessee to achieve the minimum net worth required hereby; Authority acknowledges that it has approved the initial capitalization of Lessee, based on the forms of the CORE/Related JV LLC Agreement and the Lessee's Limited Liability Company Agreement dated on or about the Amendment Effective Date ("**Lessee's LLC Agreement**") and the guaranties required to be provided thereunder."

16. **Disbursement of Insurance and Condemnation Proceeds**. Section 9.3 of the Existing Lease is hereby amended such that, in addition the provisions thereof with respect to insurance proceeds, the same shall apply to Awards with the same force and effect as if Section 9.3 referenced "and/or Awards" after each reference to "insurance proceeds" therein.

17. **Transfer Restrictions and Procedures**. Section 11.1.1 of the Existing Lease is hereby deleted in its entirety and replaced with the following:

"Rationale. Lessee represents that it is entering into this Lease for the purpose of the redevelopment of the Premises in accordance with the DDA and not for speculation in land holding. Lessee further recognizes that, in view of the importance of the redevelopment of the Premises to the general welfare of the community, the qualifications and identity of Lessee, and its respective principals and personnel, are of particular concern to Authority. Among such qualifications are the financial resources of The Related Companies, L.P., a New York limited partnership ("**Related**") and CORE (USA) GRAND AVENUE LLC, a Delaware limited liability company ("**CORE LA**") and the reputation and experience of Related and its principals and personnel in the development of world class projects. Lessee represents and warrants to Authority that, as of the date hereof and subject to Lessee's Transfer rights under this Lease, CORE LA and Related Grand Avenue, L.L.C. ("**Related Grand Avenue**"), which is wholly owned by Related, are Lessee's sole members. It is because of such qualifications and identity that Authority is entering into this Lease and the DDA. Therefore, no voluntary or involuntary successor-in-interest of Lessee shall acquire any rights or powers under this Lease or in the Premises except as specifically set forth herein."

18. **Prohibition on Transfers**. Section 11.1.2 of the Existing Lease is hereby deleted in its entirety and replaced with the following:

"Prohibition on Transfers.

a. Prior to the issuance of a Certificate of Completion for the Phase I Improvements and except as specifically permitted herein, Lessee shall not cause or permit any sale, transfer, conveyance, assignment, lease, sublease, hypothecation, Mortgage or pledge (each of the foregoing being referred to in this Lease as a "**Transfer**") of the Improvements or of the Premises or Components of Phase I or any interest therein, or of any interest in this Lease, or of any ownership interest in Lessee relating to Phase I, without the prior written consent of Authority, which consent maybe granted or withheld in Authority's sole discretion. Lessee acknowledges that the consent to a Transfer by Authority shall also be subject to Authority obtaining the prior consent to such Transfer by the County as and to the extent set forth in the Phase I County Ground Lease and the DDA.

b. After the issuance of a Certificate of Completion for Phase I and except as specifically permitted herein, any Transfer of this Lease or of the Premises or the Improvements, or any Components, or any interest therein, shall not require the consent of the Authority and shall be governed by the terms of Section 11.3.

c. The term "Transfer", as defined in Section 11.1.2(2), shall also include (i) with respect to a partnership or limited liability company, the withdrawal or change, voluntary, involuntary or by operation of law, of twenty-five percent (25%) or more of the partners or members, or transfer of twenty-five percent or more of partnership or membership interests, within a twelve (12)-month period, or the dissolution of the partnership or limited liability company without immediate reconstitution thereof, and (ii) with respect to a closely held corporation (i.e., whose stock is not publicly held and not traded through an exchange or over the counter), (A) the dissolution, merger, consolidation or other reorganization of such corporation or, (B) the sale or other transfer of more than an aggregate of twenty-five percent (25%) of the voting shares of the corporation (including to immediate family members by reason of gift or death) within a twelve (12)-month period, or (C) the sale, mortgage, hypothecation or pledge of more than an aggregate of twenty-five percent (25%) of the value of the unencumbered assets of the corporation with a twelve (12)-month period. The term "Transfer" shall also include a change in Control (as defined in Section 1.2 above) of the subject entity.

19. **Transfers of Interests in Lessee; Replacement of Related Key Personnel**. Sections 11.2.1 and 11.2.2 of the Existing Lease are hereby deleted in their entirety and replaced with the following

**"**11.2.1 Lessee's Operating Agreement. Authority and Lessee acknowledge that Authority has relied on Lessee's LLC Agreement, and on the CORE/Related JV LLC Agreement which have been provided to Authority for its review and approval, and on the ownership and management structure of Lessee recited herein and depicted on Exhibit "A" attached to the 5th DDA Amendment, in entering into this Agreement. Authority hereby approves Lessee's LLC Agreement and CORE/Related JV LLC Agreement. Prior to full completion of the Phase I Improvements and the issuance of the Certificate of Completion as to Phase I, there shall be no amendment to either Lessee's LLC Agreement or the CORE/Related JV LLC Agreement that changes the terms and conditions governing the removal of Related Grand Avenue as the manager and developer of Phase I, without the prior written consent of Authority, which consent shall be given or withheld in the sole discretion of Authority.

a. Notwithstanding anything to the contrary in this Lease or the DDA, but subject to the penultimate sentence of this paragraph, prior to the issuance of a Certificate of Completion with respect to the Phase I Improvements in accordance with Section 507 of the DDA, the following terms and conditions shall control with respect to Transfers of interests in Lessee,

CORE/Related JV and their respective constituent owners, it being agreed and acknowledged that any such Transfers which do not violate the express terms of this Section 11.1.2 shall be freely permitted under this Lease and that, after the issuance of the Certificate of Completion with respect to the Phase I Improvements, this Section 11.2.1 shall no longer apply and all Transfers shall be freely permitted subject to compliance with Section 11.3 hereof. For the avoidance of doubt, the provisions of this Section 11.2.1 shall govern with respect to any conflict or inconsistency between the provisions of this Section 11.2.1, on the one hand, and any other provision of this Lease (other than Section 11.3 hereof). Any Transfer that would violate the terms and conditions set forth in this Section 11.2.1 or Section 11.3 hereof shall be subject to the prior consent and approval by Authority in writing, which consent and approval (unless otherwise stated below) may be withheld in Authority's sole discretion:

1) no new member or manager shall be admitted into CORE/Related JV or into Lessee without Authority's prior consent; provided, however, that (1) Authority will not unreasonably withhold its consent to the admission of a so-called preferred equity member into Lessee in connection with the structuring of financing for the Phase I improvements, so long as such admission does not (a) materially dilute or modify the rights or interests of CORE/Related JV in Lessee, or (b) provide the holder of such interest with any rights to vote or control the Phase I improvements, except to the extent that, in either case, same is consistent with rights and restrictions customarily afforded to a construction lender and/or other preferred equity members in similar transactions; and (2) Authority's consent shall not be required for the admission of one or more so-called "independent" and/or "springing" member, manager and/or director (each, an "**Independent Member**") into Lessee and/or CORE/Related JV that is required by the lender in connection with the structuring of construction financing for the Phase I improvements, so long as such admission does not, other than granting voting, consent and/or approval right to such Independent Member(s) with respect to decisions to file for relief, respond to and/or consent to matters, under applicable bankruptcy laws (a) dilute or modify the rights or interests of Related Grand Avenue and CORE LA in CORE/Related JV, and CORE/Related JV in Lessee, as applicable, or (b) provide such Independent Member(s) with any rights to vote or control Lessee or Phase I, in either case, in the absence of an event of default under the construction financing for the Project that would otherwise permit the lender to foreclose on the interests of Lessee in Phase I. Additionally, CORE/Related JV shall remain the sole member and manager of Lessee; provided, however, without the consent of Authority, CORE/Related JV may form one or more wholly-owned subsidiary or subsidiaries of CORE/Related JV, so long as CORE/Related JV is the

sole member and manager of one such subsidiary, and any other subsidiaries are ultimately indirectly wholly owned and managed by CORE/Related JV, and one of such other subsidiaries is the sole member and manager of Lessee in place of CORE/Related JV;

2) the consent of CORE LA, as member of CORE/Related JV, shall be required for any proposed Transfer by Related Grand Avenue of its interest in CORE/Related JV;

3) without limiting CORE LA's right to remove Related (or its applicable Affiliate) as Managing Member of the CORE/Related JV and as developer of the Project, without limitation, as a result of a Permitted Removal Event (defined below) pursuant to Section 11.2.2 or otherwise in accordance with Section 13, any direct or indirect Transfer of Related Grand Avenue's interest in CORE/Related JV even if approved by Authority under Section 11.1.4, will also require Authority's prior approval of a replacement developer, in Authority's sole discretion (subject to the provisions below governing the removal of Related Grand Avenue (and its applicable Affiliates) as the Managing Member of CORE/Related JV and as developer of the Project under certain specified limited circumstances);

4) a Transfer of CORE LA's direct membership interest in CORE/Related JV to a non-Affiliate will require the prior consent of Authority, provided that Authority shall not unreasonably withhold its approval of a Transfer of CORE LA's direct interest in CORE/Related JV if the replacement member has a net worth and liquidity (or provides a binding guaranty of capital contributions from a creditworthy Affiliate of such transferee) reasonably adequate to permit such replacement member to contribute its share of the capital required for the development of Phase I. For the avoidance of doubt, this clause (iv) governs solely Transfers of CORE LA's direct membership interest in CORE/Related JV and all Transfers of direct or indirect interests in CORE LA shall be governed by clause (5) below;

5) any and all prohibitions, conditions or restrictions on Transfers of interests in CORE/Related JV set forth in the Lease or in the DDA shall not apply to Transfers of direct or indirect interests in CORE LA and any and all such Transfers of direct or indirect interests in CORE LA shall be freely permitted without the consent of Authority so long as the guaranties of funding capital or completing the Project that were given by CORE LA and/or Affiliates of CORE LA pursuant to the CORE/Related JV LLC Agreement remain in full force and effect without any reduction in the creditworthiness or obligations of such guarantors as a result of such Transfers (or replacement guaranties of comparable or better creditworthiness, as reasonably determined by Authority, are delivered to Authority), provided that Authority shall

have the right to reasonably withhold its consent to such Transfer if affiliates of CCCG no longer control CORE LA (or any successor member of the CORE/Related JV) following such Transfer;

6) Related Grand Avenue, or another wholly-owned subsidiary of Related, shall be the sole Managing Member of CORE/Related JV at all times unless Related Grand Avenue (or such other wholly-owned subsidiary of Related) is removed as the Managing Member of CORE/Related JV in compliance with this Lease, including, without limitation, as a result of a Permitted Removal Event or otherwise under Section 13 of this Lease;

7) Related Key Personnel, unless one or more of them is deceased or disabled, will continue to be the executives in charge of Phase I for CORE/Related JV, as the sole manager and member of Lessee, in accordance with and subject to any limitations set forth in the CORE/Related JV LLC Agreement, with a substantial financial interest in Phase I, unless and until Authority approves a change in any such Related Key Personnel in its sole discretion; provided, however, that in the event of the departure (to the extent not resulting from death) or disability of only one (but not more than one) of such Related Key Personnel, Authority shall use its reasonable discretion in considering the approval of a replacement or change in such Related Key Personnel if such replacement person has a level of expertise and experience in the development of mixed-use projects comparable to the Project that is similar to the experience and expertise of the departed, deceased or disabled member of the Related Key Personnel; provided, further, however, that in the event of the death or disability of one or more of such Related Key Personnel, such death or disability shall not constitute a default or violation of the provisions hereunder provided that Lessee can demonstrate to the reasonable satisfaction of Authority that (a) Lessee continues to employ personnel with experience and expertise reasonably adequate to carry out the development of the Phase I Improvements, or (b) Lessee is otherwise using commercially reasonable efforts to find a replacement for such deceased or disabled Related Key Personnel with a level of experience and expertise sufficient to oversee the successful completion of the Phase I Improvements; and

8) subject to clause (7) above, the Related Key Personnel must devote significant time and commitment to Phase I."

"11.2.2 Removal of Related Grand Avenue as Managing Member. It is of critical importance to Authority that Related Grand Avenue (or another wholly-owned subsidiary of Related) be in control of the development of Phase I through the completion of the Phase I Improvements and the issuance of a Certificate of Completion for Phase I. However, Authority recognizes

that under certain circumstances it may be necessary for CORE LA to remove Related Grand Avenue (or any other subsidiary of Related) as the Managing Member of CORE/Related JV, to remove Related (or its applicable Affiliate) as the developer of the Project, and/or to terminate Related Grand Avenue's (or such other Related subsidiary's) membership interest in CORE/Related JV prior to the full completion of the Phase I Improvements. The only events that will permit such removal of Related Grand Avenue (or any Affiliate of Related) as Managing Member or as a member of CORE/Related JV (and the concurrent termination of any development services agreement between the Lessee and Related or any of its Affiliates) prior to full completion of the Phase I Improvements and the issuance of the Certificate of Completion as to Phase I, without the consent of Authority (each, a "**Permitted Removal Event**"), are:

i. fraud with respect to CORE/Related JV, Lessee, any subsidiary of the foregoing, or misappropriation of CORE/Related JV's, Lessee's, or any such subsidiary's funds by Related Grand Avenue or its Affiliates (as defined in the CORE/Related JV LLC Agreement);

ii. gross negligence or willful misconduct by Related Grand Avenue or any of its Affiliates in connection with CORE/Related JV or Phase I;

iii. Related Grand Avenue or any of its Affiliates is convicted of any felony or crime that involves moral turpitude or any civil violation of any state or federal securities laws in each case in connection with CORE/Related JV, Lessee, any subsidiary of the foregoing, or Phase I, subject to the cure rights set forth in the CORE/Related JV LLC Agreement;

iv. A Bankruptcy/Dissolution Event occurs as to Related Grand Avenue or any Affiliate of Related that is guaranteeing the obligations of Related Grand Avenue under the CORE/Related JV, if any;

v. Related Grand Avenue fails to fund, or cause to be funded, its required portion of any Capital Call (as defined in the CORE/Related JV LLC Agreement) after ten (10) Business Days' notice from CORE LA to Related Grand Avenue;

vi. any material default by Related Grand Avenue under the CORE/Related JV LLC Agreement which is not cured within ten (10) days after Related Grand Avenue receives written notice thereof from CORE LA; provided that such period shall be extended to sixty (60) days in the event such breach or default is not reasonably susceptible of cure within ten (10) days so long as Related Grand Avenue continues to use commercially reasonable and diligent efforts to continue such cure; provided, however, that Related Grand Avenue's failure to deliver the Put Price (as defined in the

CORE/Related JV LLC Agreement) as and when required pursuant to the terms thereof shall be an immediate Permitted Removal Event;

vii. any material default by Related or any Affiliate thereof in any material respect under the Development Agreement (as defined in the CORE/Related JV LLC Agreement), subject to applicable notice and cure periods set forth therein;

viii. Phase I has, without CORE LA's express consent, materially deviated from agreed upon parameters set forth in the Approved Business Plan (as defined in the CORE/Related JV LLC Agreement), subject to any applicable notice and cure periods set forth in the CORE/Related JV LLC Agreement; or

ix. if Authority delivers a Notice of Default to Lessee under the DDA or this Lease and if Related Grand Avenue fails to cure such default, violation, failure or non-performance within the applicable notice and cure period under the DDA or this Lease, then if CORE LA elects to cure such default on behalf of Lessee as contemplated under Section 13 of this Lease, and the effectuation of such cure requires that CORE LA be in control of CORE/Related JV as the sole member, developer and/or manager of Lessee, CORE LA may limit or assume the rights of, or otherwise remove, Related Grand Avenue (or its applicable Affiliate) as Managing Member and/or as developer of the Project, to the extent reasonably required for CORE LA to cure such default or violation on behalf of Lessee.

For avoidance of doubt, it is in the intent of the foregoing provisions that upon the occurrence of a Permitted Removal Event, CORE LA shall have the right to remove Related Grand Avenue (or applicable Affiliate of Related) as the Managing Member, developer of the Project, or as a member of CORE/Related JV without the prior written consent of Authority.

If Related Grand Avenue or any other subsidiary of Related is removed as the Managing Member of CORE/Related JV and/or as the developer for Lessee in accordance with the terms and conditions in the CORE/Related JV LLC Agreement for any of the foregoing Permitted Removal Events:

1) CORE LA shall use commercially reasonable efforts to present to Authority one or more proposed substitute developers (which may include an Affiliate of CCCG Overseas Real Estate Pte. Ltd, a Singapore entity ("**CORE**")) to replace Related Grand Avenue (or its Affiliate) as the developer of Phase I (and, if so elected by CORE LA, as a new Managing Member of CORE/Related JV), subject to and in accordance with the process set forth directly below:

Process Regarding Procurement of Substitute Developer or Professional Team. Any substitute developer proposed by CORE LA (or its Affiliate) in accordance with Section 11.2.2(1) above must have at least ten (10) years of experience in the development and operation of high rise, first class, mixed-use projects in the United States of America, a net worth of at least One Hundred Million Dollars ($100,000,000), a fully staffed office in Los Angeles, California for the executives and staff of the developer involved in the Phase I Improvements, and have no record of litigation adverse to any of the Governing Entities ("**Qualified Developer**"). If CORE LA presents a Qualified Developer to Authority, Authority will notify CORE LA, within thirty (30) days after such submission, if such proposed developer is acceptable to Authority, which consent shall not be unreasonably withheld. If Authority disapproves any proposed developer, CORE LA will use its commercially reasonable efforts to find and present to Authority other Qualified Developers for Authority's reasonable approval subject to the foregoing 30-day time period. Authority may also, in its sole discretion, propose one or more potential Qualified Developers for CORE LA to consider that would be acceptable to Authority and CORE LA will consider (in its sole and absolute discretion) approaching and negotiating with such third party developers as potential developers for Phase I. If, within six (6) months following the removal of Related, CORE LA has not procured a Qualified Developer to replace Related on terms mutually acceptable to CORE LA and such Qualified Developer or Authority has not approved a Qualified Developer in accordance with the foregoing, then CORE LA shall have the right to hire or engage one or more development professionals, who, individually or collectively, have experience in developing first class, high-rise, mixed-use projects in major cities in the United States and are located in Los Angeles, California (collectively, "**Qualified Professional Team**"). If CORE LA retains the requisite Qualified Professional Team, then Lessee may continue to proceed with Phase I in accordance with the terms of the DDA and this Lease, without the need to engage a separate Qualified Developer for so long as such Qualified Professional Team remains in control of the development of the Phase Improvements in the role previously filled by Related as the developer. If CORE LA complies with the foregoing process for procuring a new Qualified Developer approved by Authority or, if applicable, hiring a Qualified Professional Team, CORE LA may continue to proceed with Phase I in accordance with the terms of the DDA and the Lease, and neither the removal of Related Grand Avenue (or other Affiliate of Related) nor the existence of any defaults precipitating such removal shall constitute a default under the DDA or this Lease, so

long as, subject to CORE's rights under Section 13.9 below with respect to Non-CORE Defaults, Lessee is not otherwise in material default of any other terms or provisions thereof beyond applicable notice and cure periods.

2) pending the approval of a Qualified Developer by Authority, or the engagement by CORE LA of a Qualified Professional Team in accordance with the provisions above, CORE LA will have the temporary authority to take steps on behalf of CORE/Related JV, as the sole member and manager of Lessee, to continue to develop, construct, protect and preserve Phase I; and

3) as a condition to proceeding with Phase I, CORE shall provide Authority with a direct commitment to fund any portion of the capital required for the development of Phase I that would otherwise have been funded by Related Grand Avenue or any other Affiliate of Related as a member pursuant to the CORE/Related JV LLC Agreement.

Notwithstanding anything to the contrary contained in the DDA or this Lease, any and all prohibitions, restrictions or conditions on Transfers of direct or indirect interests in the Lessee, the CORE/Related JV or Phase I, or on the removal and/or replacement of Related as the developer of the Phase I Improvements and/or managing member of the CORE/Related JV, in each case, shall terminate upon completion of the Phase I Improvements and the issuance of a Certificate of Completion with respect thereto. After such termination, all such Transfers with respect to Phase I shall no longer be subject to the terms, conditions or restrictions set forth in this Lease. For the avoidance of doubt, the foregoing is not intended to abrogate the rights and obligations of the members of the CORE/Related JV under the CORE/Related JV Agreement with respect to Transfers and Managing Member Removal Events (as defined in the CORE/Related JV Agreement); provided, however, to the extent the applicable provisions of the CORE/Related JV Agreement purport to condition any Transfers or Managing Member removal on compliance with this Lease after the issuance of a Certificate of Completion with respect to the Phase I Improvements, such condition shall be void and shall not apply.

The provisions of this Article 11 relating to CORE LA and CORE are personal as to CORE LA and CORE, their Affiliates and expressly permitted successors and assigns and such provisions may not be exercised by any other successor thereto without the approval of Authority."

20. **Transfers After Completion; Components; Operator Ground Leases**. Section 11.3 of the Existing Lease is hereby deleted in its entirety and replaced with the following:

"(a) When Lessee completes construction of (i) the Hotel, (ii) the Residential Condominium Improvements, (iii) the Residential Rental Improvements, (iv) the Parking Garage, or (v) the Retail Improvements (each of such items (i) through (v) being referred to herein each as a "**Component**"), which Component can be legally and practically subdivided, occupied and/or used separate and apart from other portions of Phase I (whether through separate ground leases, ground sublease or master lease, condominiumization, or other means of subdividing the legal and beneficial ownership of various Components of Phase I) and as to which Component a Certificate of Completion has been issued, then, upon notice from Lessee to Authority that Lessee intends to Transfer such completed Component to another Qualified Owner (defined below) and upon satisfaction of the conditions precedent set forth in this Section 11.3, the Authority shall, at Lessee's request, enter into with such Qualified Owner (each, an "**Operator**" and collectively the "**Operators**") a ground lease, sub-ground lease, master lease or such other instrument(s), or consent thereto, as applicable, as may be reasonably requested by Lessee and otherwise reasonably necessary or appropriate (each an "**Operator Ground Lease**" and, collectively, the "**Operator Ground Leases**") for the portion of the Premises occupied by such Component. Additionally, upon completion of all of the Components in Phase I and the issuance of a Certificate of Completion for all of such Components, the Authority will, at Lessee's request, consent to an assignment of this Lease in its entirety to a successor-in-interest to Lessee that is a Qualified Owner. The division of ownership of the Components as described above being referred to herein as the "**Ownership Division**". The Authority understands that Phase I Developer intends to consummate an Ownership Division (and related Transfers of Components to Qualified Owners); the Authority agrees to reasonably cooperate with any such Ownership Division and will not unreasonably withhold, delay or condition its approval of an Ownership Division which is in compliance with this Lease. Authority agrees to review any documents submitted by Phase I Developer in connection therewith, provide comments and input to Phase I Developer on such documents and respond to inquiries from Phase I Developer on the status of the Authority's review and approval process. Phase I Developer waives any right to make a claim against the Authority for damages, including consequential damages or punitive damages, arising from or in connection with Authority's review and approval process relating to any proposed Transfer or Ownership Division.

An Operator or assignee of this Lease shall be deemed to be a "**Qualified Owner**" only if such Operator or assignee (X) has Adequate Capitalization (as defined below) and Adequate Liquidity (as defined below); (Y) has (or retains a management company that has) or has principals and/or parent companies that have at least ten (10) years of experience (or can otherwise demonstrate to the reasonable satisfaction of the Authority having sufficient expertise and experience) in owning and/or operating (whether through affiliates or property management companies) similar first class improvements in a high-rise, mixed use environment in the United States; and (Z) is not in active litigation

with the City or the Authority; provided, however, that Authority may, in its sole discretion, waive any such requirements for a Qualified Owner. For purposes hereof, "**Adequate Capitalization**" shall mean, in respect of an Operator, such Operator (directly or through its constituent owners), immediately upon entering into the applicable Operator Ground Lease, will have equity capital invested into the applicable Component in an amount no less than ten (10%) of the value (i.e., purchase price) of the applicable Component. For the avoidance of doubt, such Operator shall have the right to acquire the applicable Component with debt financing of up to a ninety percent (90%) loan-to-value ratio. For purposes hereof, "**Adequate Liquidity**" shall mean, with respect to an Operator, such Operator shall have immediate access to funds (which may take the form, without limitation, of undrawn loan facilities, unfunded capital commitments of creditworthy constituent partners, shareholders or members, or lender-controlled reserves) in an amount which is no less than the lesser of (x) $2,000,000 and (y) the amount reasonably necessary to maintain the exterior of the Component and the Component's allocable share of public areas (pursuant to the approved CAM Agreement) for the ensuing three (3) years as required under the applicable Operator Ground Lease. Authority hereby agrees and acknowledges that Related Urban Management Company, L.L.C. has sufficient experience in owning and operating similar first class improvements in a high-rise, mixed use environment in an urban core area in a major city in the United States and will have an office in Los Angeles, and is hereby approved as a Qualified Owner. Additionally, Authority hereby approves The Related Companies of California, LLC as a Qualified Owner of the Affordable Housing Units. The Authority hereby acknowledges and agrees that any subsidiary of Lessee shall be deemed a Qualified Owner.

(b) As a condition precedent to the Authority's execution and delivery of any Operator Ground Lease or an assignment of this Lease (unless the initial Operators are affiliates of Lessee), at least sixty (60) days prior to the proposed effective date of the Operator Ground Lease or assignment of this Lease, Lessee shall furnish to Authority (i)) such evidence as Authority may request, in its commercially reasonable discretion, demonstrating that the proposed Operator or assignee is a Qualified Owner (including certified financial statements of and other information concerning the proposed Operator or assignee) and written notice of the proposed Operator Ground Lease or assignment of this Lease (ii) with respect to an Operator Ground Lease, an ALTA survey or such other reasonably appropriate survey or map certified in favor of Authority showing the portion of the Premises on which the Component to be transferred is located (including all improvements in place) and a legal description of such portion of the Premises, together with a title insurance commitment from the Title Company committing to insure title to the ground leasehold in the name of the Operator created under the Operator Ground Lease upon its execution, together with evidence reasonably satisfactory to Authority that such Operator Ground Lease is in compliance with the Subdivision Map Act (to the extent applicable); (iii) an

estoppel certificate from Lessee confirming that to Lessee's knowledge there is no default under this Lease or the DDA, (iv) a release by Lessee of any known suits or claims against Authority under this Lease or under the DDA with respect to such Component or such portion of the Premises, (v) a certificate from the proposed Operator or assignee in favor of Authority setting forth the basis on which such Operator or assignee is a Qualified Owner, (vi) an executed CAM Agreement as required by Section 11.4 below (to the extent the same has not already been entered into); and (vii) evidence of release of such Component from the lien of the Mortgage, or if the Component to be Transferred is not released from the lien of the Mortgage in connection with such Transfer, a written consent from the Institutional Lender holding the Mortgage consenting to the Transfer of such Component to the Operator or the assignment of this Lease and confirming that Lessee is not in default of its obligations under the loan secured by the Mortgage.

(c) Lessee shall pay all third party costs and expenses actually incurred by Authority in reviewing, documenting and negotiating any documentation in connection with an Operator Ground Lease or an assignment of this Lease. Upon full execution and delivery of an Operator Ground Lease with a Qualified Owner for a Component, Lessee will be released from its obligations under this Lease accruing thereafter solely with respect to such Component of the Improvements, and such Component will no longer be a part of the Premises under this Lease, but Lessee shall remain obligated for all other obligations under this Lease and the DDA. Upon an assignment of this Lease to a Qualified Owner, Lessee will be released from its obligations under this Lease, but Lessee shall remain obligated for all other applicable obligations under the DDA, subject to the terms and conditions set forth in the DDA.

(d) Each Operator Ground Lease shall be in substantially the form of this Lease with appropriate modifications to reflect, without limitation, that (i) the Operator is leasing only the portion of the Premises on which its Component is located, (ii) construction of such Component has been completed, (iii) the Adequate Capitalization and Adequate Liquidity requirements of this Section 11.3 supersede any inconsistent requirements of Section 7.1, (iv) each Operator shall be responsible for its pro rata share of common area expenses as more particularly set forth in the CAM Agreement approved by Authority, (v) no default or violation under this Lease (or with respect to any Component that is not covered by or related to the subject Operator Ground Lease) shall constitute a default or violation under the subject Operator Ground Lease, and (vi) no default or violation under the subject Operator Ground Lease (or with respect to the Component covered by such Operator Ground Lease) shall constitute a default or violation under this Lease. For the avoidance of doubt, each Operator Ground Lease shall contain the right of the Operator to freely cause its leasehold interest to be encumbered with mortgage financing and shall contain the rights and protections afforded to mortgagees as contemplated by Article 12 of this Lease. Each Operator Ground Lease

shall restrict Transfers of the Operator's interest thereunder or Transfers of direct or indirect interests in Operator only to the extent necessary to ensure that only a Qualified Owner will acquire the applicable Operator Ground Lease in the same manner required under this Section 11.3. Authority shall have the right to terminate any such Operator Ground Lease if the Operator is in default beyond applicable notice and cure periods, provided that (i) a termination of an Operator Ground Lease will not affect the validity of this Lease or the other Operator Ground Leases for other Components with other Operators, and (ii) Authority shall not exercise such termination right without first providing Lessee (and, if applicable, the Master Association or any other party, as and to the extend provided for under the approved CAM Agreement) with notice and an opportunity to cure such default within the same cure period as the Operator under such Operator Ground Lease (which cure period shall be deemed to have commenced upon actual receipt by Lessee of such Operator Ground Lease default notice), or such longer cure period as may be provided for in the approved CAM Agreement. Authority and Lessee shall use commercially reasonable efforts to agree upon a form of Operator Ground Lease promptly following the Commencement Date, but agreement on such a form shall not be a condition to the effectiveness of this Lease.

(e) Upon written request by an Operator, Authority agrees to enter into a non-disturbance and attornment agreement (an "**Anchor Tenant NDA**") in favor of each Anchor Tenant that leases at least 10,000 square feet of GLA so long as (a) such Anchor Tenant is not affiliated with the Operator, (b) in the reasonable judgment of the Authority, the lease with such Anchor Tenant (the "**Anchor Tenant Lease**") is on fair market terms and conditions, (c) the term of the Anchor Tenant Lease does not extend beyond the term of the applicable Operator Ground Lease for the portion of the Premises leased by such Anchor Tenant, and (d) the Anchor Tenant Lease complies with the terms and provisions of the applicable Operator Ground Lease for the portion of the Premises leased by such Anchor Tenant. Notwithstanding any contrary provision hereof, each Anchor Tenant NDA shall provide that the Authority shall not be:

ii. liable for any act or omission of the Operator or any other person or entity, or obligated to cure any then-existing breach or default by the Operator under the Anchor Tenant Lease;

iii. subject to any offsets, defenses or claims which Anchor Tenant may have under the Anchor Tenant Lease;

iv. liable to Anchor Tenant for any security deposit paid by Anchor Tenant under the Anchor Tenant Lease, except to the extent that such security deposit has been transferred to the Authority;

v. bound by or required to recognize any rent or other amount that Anchor Tenant may have paid under the Anchor Tenant Lease more than thirty (30) days in advance of the date of the attornment; or

vi. bound by any amendment or modification of the Anchor Tenant Lease made without the express prior written consent of the Authority.

(f) Authority will reasonably consider also providing the foregoing non-disturbance protection to Anchor Tenants that occupy less than 10,000 square feet of GLA and non-Anchor Tenants, in each instance, on a case-by-case basis."

21. **Common Area Agreement**. Section 11.4 of the Existing Lease is hereby deleted in its entirety and replaced with the following:

"CAM Agreement. In connection with the Ownership Division as contemplated pursuant to Section 11.3 of this Lease, the parties acknowledge that not all of the covenants, obligations, and responsibilities that are imposed on Lessee in this Lease (collectively, "**Phase I Obligations**") prior to such Ownership Division will be applicable or allocable to all Operators following such Ownership Division and, accordingly, certain such Phase I Obligations will have to be allocated to one or more specific Operators as may be applicable to the relevant Component(s) of Phase I. Additionally, there will be certain common areas, common privileges, and common elements of Phase I (collectively, "**Common Elements**") with respect to which each Operator under Operator Ground Leases, and/or the Lessee and/or a Qualified Owner, as applicable, under this Lease (each such party, a "**CAM Operator**") will, among other things, use, benefit from, enjoy, and contribute to. Accordingly, the parties recognize the need to establish a master owners' association, board of management or similar legal body ("**Master Association**") that will establish, allocate, monitor, coordinate and enforce the respective rights, powers, privileges, responsibilities and obligations (including the Phase I Obligations), on a several basis, among the CAM Operators with respect to Phase I and the Common Elements, including, without limitation, determining the extent to which each such CAM Operator shall be obligated to comply with or perform the Phase I Obligations set forth in this Agreement and collecting from each CAM Operator, such CAM Operator's pro rata share as may be determined by Lessee ("**CAM Pro Rata Share**") of Common Charges (as defined below). Accordingly, as a condition to the Ownership Division, the Lessee will execute and record a Common Area Agreement or similar declaration or instrument (the "**CAM Agreement**") in form and substance contemplated herein and as approved by the Authority (such approval not to be unreasonably withheld, conditioned or delayed), which will be binding on all CAM Operators and all future owners of Phase I (including any Component thereof). The Authority agrees that it will not withhold its approval of the CAM Agreement as long as such CAM Agreement provides for the payment by the CAM Operators of all Common Charges, in the aggregate, provides for the performance of all Phase

I Obligations, including the requirement that all Common Elements, including all public areas of Phase I, are repaired, maintained and operated in a first-class manner at all times, and is otherwise not inconsistent with this Section 11.4. In consideration of the foregoing, the parties hereby agree that, notwithstanding anything to the contrary contained in this Lease, to the extent pursuant to the CAM Agreement, following an Ownership Division any Phase I Obligation hereunder is deemed several, or otherwise specifically allocable, to one or more CAM Operators (each such CAM Operator, a "**Responsible Operator**"), then any failure or breach of such Phase I Obligation under this Lease, shall be deemed a failure or breach by such Responsible Operator(s) only, and shall only give rise to recourse to, and remedies against, such Responsible Operator(s) (and not any other Operator that was not obligated to comply with such breached Phase I Obligation or which had otherwise performed its allocable share of such Phase I Obligation, in each case, as may be provided for pursuant to the CAM Agreement).

CAM Management Agreement. It is further anticipated that the Master Association will delegate to a property manager ("**CAM Manager**") pursuant to a property management agreement ("**CAM Management Agreement**") between the Master Association and such CAM Manager, the responsibilities of, among other things, maintaining, repairing, operating, and managing in a first class condition the Common Elements as required under this Lease and/or to the extent required under the applicable Operator Ground Lease, which responsibilities will include building curtain walls, walkways, sidewalks, exterior lighting, benches, planters, utilities, signs, artwork, streetscape improvements, plazas, Parking Garage, public lobbies in buildings, parking ramps and driveways, stairways, escalators and elevators serving the Parking Garage or public areas, landscaping, and all other exterior improvements and areas in Phase I affecting the value and utility of the Improvements to the public, and the coordination between all elements of the Improvements, including public access to and use of the Public Space Improvements, regardless of any default by an individual Operator under an Operator Ground Lease. Related Urban Management Company, L.L.C. or an affiliate thereof, is hereby approved, and shall serve, as the initial CAM Manager pursuant to the terms hereof and the applicable CAM Management Agreement.

Replacement of CAM Manager. The CAM Agreement will provide each CAM Operator the right to appoint a number of representatives to the Master Association in proportion to such CAM Operator's CAM Pro Rata Share or such proportion as Lessee or the Master Association shall designate. The Master Association, by appropriate vote of its representatives and with the prior approval of the Authority, which approval shall not be unreasonably, withheld, conditioned or delayed, shall have the right, subject to the terms of the applicable CAM Management Agreement, to remove, replace and appoint the CAM Manager and to enter into a new or replacement CAM Management Agreement provided that any such replacement CAM Manager has reasonably sufficient experience in managing similar projects.

Remedies under CAM Agreement. The CAM Agreement shall include adequate rights, procedures and remedies permitting the Master Association to enforce the terms and conditions of the CAM Agreement against any defaulting CAM Operator (a "**Defaulting CAM Operator**"), including without limitation, each CAM Operator's obligation to pay its Pro Rata Share of Common Charges.

Rights and Remedies of the Authority. The Authority shall be an express third party beneficiary of the CAM Agreement and shall be entitled, but not obligated, to enforce the CAM Operators' rights under the CAM Agreement to cause the Master Association to perform (or cause to be performed) the Phase I Obligations. The CAM Agreement shall include self-help rights for the Authority (enforceable by the County or the LA/CRA), lien rights against the Common Elements to the extent of any unpaid costs incurred by and owed to the Authority as a result of its exercise of such self-help rights, and other appropriate remedies expressly set forth in the CAM Agreement in the event the Master Association fails to perform (or cause to be performed) the Phase I Obligations in any material respect. The Authority shall also have the right to exercise remedies against the Defaulting CAM Operator. The Authority hereby agrees that, as long as the Master Association is using commercially reasonable efforts to enforce its rights and remedies under the CAM Agreement against any Defaulting CAM Operator and to otherwise cause any Defaulting CAM Operator to perform its obligations under the CAM Agreement, the Authority will not exercise remedies against the Master Association. In no event will the Authority, on account of a default caused by any Defaulting CAM Operator, hold any non-defaulting CAM Operator in default under its Operator Ground Lease or otherwise hold Lessee (or its successors and assigns) in default under this Lease. Further, if the CAM Manager is in default of or has failed to perform under the CAM Management Agreement, so long as the Master Association is using commercially reasonable efforts to cause the CAM Manager to perform its obligations under the applicable CAM Management Agreement, or otherwise exercising its remedies under such CAM Management Agreement, the Authority will not exercise remedies against the Master Association or otherwise hold the CAM Operators in default under their respective Operator Ground Leases, or Lessee (or its successors and assigns) in default under this Lease; provided that such failure to perform or such default has not continued for longer than a time period to be agreed upon at the time the CAM Agreement is approved and entered into.

For purposes hereof, "**Common Charges**" shall mean the costs of insurance, taxes and other common charges, costs and expenses associated with the Common Elements and the performance of the Phase I Obligations related to the Common Elements, including, without limitation, amounts payable to the CAM Manager pursuant to the CAM Management Agreement.

Nothing in this Section 11.4, or in the CAM Agreement, shall limit the obligations of Lessee under the Public Space Improvements Easement Agreement (as defined in the DDA).

Notwithstanding any other provision hereof, the Parking Garage will not qualify as a separate Component of the Project unless and until Lessee has caused to be recorded on title to the Premises a grant of easements over, on and across the necessary portions of the Parking Garage for the benefit of the Hotel, the Residential Improvements and the Retail Improvements and for Public Parking in a form and content reasonably acceptable to the Director."

22. **Mortgages**. Article 12 is hereby deleted in its entirety and the following new Sections 12.1 through 12.9 are hereby substituted as a new Article 12 in lieu thereof:

"12.1 **Authority Approval Required**.

All Mortgages other than a first priority Mortgage to an Institutional Lender to secure construction or permanent financing for the Project (and any refinancing thereof) shall be subject to the approval of the Authority in accordance with this Section 12.1. Lessee shall provide the Authority with copies of proposed loan documents for construction loans and permanent loans at least 15 days prior to Lessee's desired loan closing date. Authority shall have the right to approve any loan from a non-Institutional Lender or that is secured by a Mortgage that is not a first priority lien on the ground leasehold estate of Lessee on the Premises, such approval not to be unreasonably withheld, conditioned or delayed, provided that such approval shall be limited to (i) confirming that the total loan to value ratio does not exceed eighty-five percent (85%) (including debt secured by pledges of equity interests in Lessee), (ii) reasonably approving any rights of the lender to seek to replace Lessee or replace Related Grand Avenue as the Managing Member of Lessee prior to substantial completion of construction of the Project, and (iii) approving any rights and obligations Authority may have under such loan documents. Lessee shall pay the Authority's review and processing fees, as well as any reasonable legal fees incurred by the Authority with respect to review of such loan documents, within thirty (30) days after written request by Authority.

12.2 **Foreclosure Transfers**.

12.2.1 Definitions. As used herein, a "**Foreclosure Transfer**" shall mean any transfer of the entire leasehold estate under this Lease or of all of the ownership interests in Lessee pursuant to any judicial or non-judicial foreclosure or other enforcement of remedies under or with respect to a Mortgage, or by voluntary deed or other transfer in lieu thereof. A "**Foreclosure Transferee**" shall mean any transferee (including without limitation a Mortgagee) which acquires title to the entire leasehold estate under this Lease or to all of the ownership interests in Lessee pursuant to a Foreclosure Transfer.

12.2.2 Foreclosure Transfer. The consent of Authority shall not be required with respect to any Foreclosure Transfer.

12.2.3 Subsequent Transfer By Mortgagee. For each Foreclosure Transfer in which the Foreclosure Transferee is a Mortgagee, with respect to a single subsequent transfer of this Lease or the ownership interests in Lessee (as applicable) by such Mortgagee to any third party, (i) Authority's consent to such transfer shall be required, but shall not be unreasonably withheld or delayed, and the scope of such consent (notwithstanding anything in this Lease to the contrary) shall be limited to Authority's confirmation (which must be reasonable) that the Lessee following such transfer has sufficient financial capability to perform its remaining obligations under this Lease as they come due, along with any obligation of Lessee for which the Foreclosure Transferee from whom its receives such transfer is released under Section 12.3.1 below, and (ii) such transferee (other than a transferee of ownership interests) shall expressly agree in writing to assume and to perform all of the obligations under this Lease, other than Excluded Defaults (as defined below). For clarification purposes, the right to a single transfer under this Section shall apply to each Foreclosure Transfer in which the Foreclosure Transferee is a Mortgagee, so that there may be more than one "single transfer" under this Section. Notwithstanding anything to the contrary contained herein, Authority's consent shall not be required under this Article 12 if the Foreclosure Transferee, its designee or nominee, or any other transferee is a Qualified Owner.

12.3 Effect of Foreclosure. In the event of a Foreclosure Transfer, the Mortgagee shall forthwith give notice to Authority in writing of such transfer setting forth the name and address of the Foreclosure Transferee and the effective date of such transfer, together with a copy of the document by which such transfer was made.

12.3.1 An Institutional Lender (or its designee or nominee), shall, upon becoming a Foreclosure Transferee (other than a transferee of ownership interests in Lessee), become liable to perform the full obligations of Lessee under this Lease (other than Excluded Defaults as defined below) accruing during its period of ownership of the leasehold. Upon a subsequent transfer of the leasehold in accordance with Section 12.2.3 above, such Institutional Lender shall be automatically released of any further liability with respect to this Lease, other than for (i) property tax payments, reserve account payments and other monetary obligations under specific terms of this Lease that accrue solely during such Institutional Lender's period of ownership of the leasehold, and (ii) Lessee's indemnification obligations under this Lease with respect to matters pertaining to or arising during such Institutional Lender's period of ownership of leasehold title.

12.3.2 Any other Foreclosure Transferee (i.e., other than an Institutional Lender as provided in Section 12.3.1 above) shall, upon becoming a Foreclosure Transferee (other than a transferee of the ownership interests in Lessee), become liable to perform the full obligations of Lessee under this Lease (other than Excluded Defaults).

12.3.3 Following any Foreclosure Transfer which is a transfer of the leasehold interest under this Lease, Authority shall recognize the Foreclosure Transferee as the Lessee under this Lease and shall not disturb its use and enjoyment of the Premises, and the Foreclosure Transferee shall succeed to all rights of Lessee under this Lease as a direct lease between Authority and such Foreclosure Transferee, provided that the Foreclosure Transferee cures any pre-existing Event of Default other than any such pre-existing Event of Default that (i) is a pre-existing incurable non-monetary default, or (ii) is a non-monetary default that can only be cured by a prior lessee (collectively, "**Excluded Defaults**"), and thereafter performs the full obligations of Lessee under this Lease. Pursuant to Section 12.3.6 below, following any Foreclosure Transfer which is a transfer of ownership interests in Lessee, the foregoing rights under this Section 12.3.3 shall also inure to the benefit of the Lessee.

12.3.4 No Mortgagee shall become liable to Authority for any of Lessee's obligations under this Lease unless and until such Mortgagee (or its designee or nominee) becomes a Foreclosure Transferee with respect to Lessee's leasehold interest under this Lease.

12.3.5 No Foreclosure Transfer, and no single subsequent transfer by a Mortgagee following a Foreclosure Transfer pursuant to Section 12.2.3, shall trigger (i) any acceleration of any financial obligation of Lessee under this Lease, (ii) any recapture right on the part of Authority, or (iii) any termination right under this Lease. For clarification purposes, the "single subsequent transfer" referred to in the foregoing sentence applies to each Foreclosure Transfer in which the Foreclosure Transferee is a Mortgagee (as more fully explained in Section 12.2.3), so that there may be more than one "single subsequent transfer" benefited by this Section.

12.3.6 Following a Foreclosure Transfer with respect to all of the ownership interests in Lessee, (i) any and all rights, privileges and/or liability limitations afforded to Foreclosure Transferees in this Article 12 or any other provision of this Lease shall also be afforded to Lessee from and after such Foreclosure Transfer, to the same extent as if the Foreclosure Transferee had acquired the leasehold interest of Lessee directly and became the Lessee under this Lease, and (ii) any and all rights, privileges and/or liability limitations afforded to Foreclosure Transferees who are Mortgagees in this Article 12 or any other provision of this Lease shall also be afforded to Lessee from and after such Foreclosure Transfer, to the same extent as if the Foreclosure Transferee had acquired the leasehold interest of Lessee directly and became the Lessee under this Lease.

12.4 No Subordination. Authority's rights in the Premises and this Lease shall not be subordinated to the rights of any Mortgagee. Notwithstanding the foregoing, a Mortgagee shall have all of the rights set forth in the security instrument creating the Mortgage, to the extent that such rights are not inconsistent with the terms of this Lease, including the right to commence an action against Lessee for the

appointment of a receiver and to obtain possession of the Premises under and in accordance with the terms of said Mortgage, provided that all monetary obligations of Lessee hereunder shall be kept current, and all Events of Default hereunder (other than Excluded Defaults or as otherwise provided herein) shall be cured.

12.5 Mortgagee Protections. Provided that any Mortgagee provides Authority with a conformed copy of each Mortgage that contains the name and address of such Mortgagee, Authority hereby covenants and agrees to faithfully perform and comply with the following provisions with respect to such Mortgage:

(1) No Termination. No action by Lessee or Authority to cancel, surrender, or materially modify the terms of this Lease or the provisions of this Article 12 shall be binding upon a Mortgagee without its prior written consent unless the Mortgagee shall have failed to cure an Event of Default (other than an Excluded Default) within the time frames set forth in this Article 12.

(2) Notices. If Authority shall give any Notice of Default to Lessee hereunder, Authority shall simultaneously give a copy of such Notice of Default to the Mortgagee at the address theretofore designated by it. No Notice of Default given by Authority to Lessee shall be binding upon or affect said Mortgagee unless a copy of said Notice of Default shall be given to Mortgagee pursuant to this Article 12. In the case of an assignment of such Mortgage or change in address of such Mortgagee, said assignee or Mortgagee, by written notice to Authority, may change the address to which such copies of Notices of Default are to be sent. Authority shall not be bound to recognize any assignment of such Mortgage unless and until Authority shall be given written notice thereof, a copy of the executed assignment, and the name and address of the assignee. Thereafter, such assignee shall be deemed to be the Mortgagee hereunder with respect to the Mortgage being assigned. If such Mortgage is held by more than one person, corporation or other entity, no provision of this Lease requiring Authority to give Notices of Default or copies thereof to said Mortgagee shall be binding upon Authority unless and until all of said holders shall designate in writing one of their number to receive all such Notices of Default and copies thereof and shall have given to Authority an original executed counterpart of such designation.

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

(4) Default by Lessee. In the event of a default by Lessee, Authority agrees not to terminate this Lease (1) unless and until Lessee's notice and cure periods have expired and Authority thereafter provides written notice of such default to any Mortgagee and such Mortgagee shall have failed to cure such Event of Default within thirty (30) days of delivery of such notice, and (2) as long as:

(i) In the case of a default which cannot practicably be cured by the Mortgagee without taking possession of the Premises, Mortgagee shall proceed diligently to obtain possession of the Premises as Mortgagee (including possession by receiver) and, upon obtaining such possession, shall proceed diligently to cure such default; and

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

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

(5) No Obligation to Cure. Except as set forth herein, nothing herein contained shall require any Mortgagee to cure any default of Lessee hereunder.

(6) Separate Agreement. Authority shall, upon request, execute, acknowledge and deliver to each Mortgagee, an agreement prepared at the sole cost and expense of Lessee, in form satisfactory to each Mortgagee, between Authority, Lessee and the Mortgagees, agreeing to all of the provisions hereof.

(7) Form of Notice. Any Mortgagee under a Mortgage shall be entitled to receive the notices required to be delivered to it hereunder provided that such Mortgagee shall have delivered to each party a notice substantially in the following form:

The undersigned, whose address is _____, does hereby certify that it is the Mortgagee (as such term is defined in that certain Ground Lease (the "Lease") dated as of [March____, 2007] between Grand Avenue L.A., LLC, and the Los Angeles Grand Avenue Authority, of the parcel of land described on Exhibit "A" attached hereto, which parcel is ground leased by Authority to Grand Avenue L.A., LLC, as predecessor in interest to CORE/Related Grand Ave Owner, LLC, a Delaware limited liability company (the "Party"). In the event that any notice shall be given of a default of the Party under the Lease, a copy thereof shall be delivered to the undersigned who shall have the rights of a Mortgagee to cure the same, as specified in the Lease. Failure to deliver a copy of such notice shall in no way affect the validity of the notice to the Party, but no such notice shall be effective as it relates to the rights of the undersigned under the Lease with respect to the Mortgage, including the commencement of any cure periods applicable to the undersigned, until actually received by the undersigned.

(8) Estoppel Certificate. Authority shall execute an estoppel certificate in form and substance reasonably satisfactory to the Mortgagee at the time of the initial advance in connection with the construction financing for the Project and from time to time thereafter, upon the reasonable request of the Mortgagee, which estoppel certificate shall include, without limitation, representations by the Authority that (i) this Lease (including all Exhibits attached hereto, which are incorporated by reference) is in full force and effect and unmodified except as expressly disclosed in the estoppel certificate, (ii) there are no known uncured defaults by either party under this Lease (including all Exhibits attached hereto, which are incorporated by reference), and/or (iii) after satisfactory completion of any Project Component, confirmation that such Component has been completed in accordance with the requirements of this Lease (including all Exhibits attached hereto, which are incorporated by reference).

(9) Further Assurances. Authority and Lessee agree to cooperate in including in this Lease, by suitable amendment, any provision which may be reasonably requested by the Mortgagee or any proposed Mortgagee for the purpose of (i) more fully or particularly implementing the Mortgagee protection provisions contained herein, (ii) adding mortgagee protections consistent with those contained herein and which are otherwise commercially reasonable, (iii) allowing such Mortgagee reasonable means to protect or preserve the security interest of the Mortgagee in the collateral, including its lien on the Premises and the collateral assignment of this Lease and/or (iv) clarifying terms or restructuring elements of the transactions contemplated hereby; provided, however, in no event shall Authority be obligated to materially modify any of Lessee's obligations or Authority's rights under this Lease in any manner not already contemplated in this Article 12.

12.6 New Lease.

12.6.1 Obligation to Enter Into New Lease. If this Lease is terminated by reasons of bankruptcy, assignment for the benefit of creditors, insolvency or any similar proceedings, operation of law, or an Excluded Default, or if it is rejected in a bankruptcy proceeding, Authority shall, upon the written request of any Mortgagee with respect to Lessee's entire leasehold estate under this Lease or all of the ownership interests in Lessee (according to the priority described below if there are multiple Mortgagees), enter into a new lease (which shall be effective as of the date of termination of this Lease) with the Mortgagee or an affiliate thereof for the then remaining Term of this Lease on the same terms and conditions as shall then be contained in this Lease, provided that the Mortgagee cures all then existing monetary defaults under this Lease, and agrees to commence a cure of all then existing non-monetary Events of Default (other than Excluded Defaults) within thirty (30) days after the new lease is entered into, and thereafter diligently pursues such cure until completion. In no event, however, shall the Mortgagee be obligated to cure any Excluded Defaults. Authority shall notify all of the Mortgagees of a termination described in this Section 12.6 within thirty (30) days after the occurrence of such termination, which notice shall state (i) that this Lease has terminated in accordance with Section 12.6 of this Lease, and (ii) that the most junior of such Mortgagees has thirty (30) days following receipt of such notice within which to exercise its right to a new lease under this Section 12.6, or else it will lose such right. A Mortgagee's election shall be made by giving Authority written notice of such election within thirty (30) days after such Mortgagee has received the above-described written notice from the Authority. Within a reasonable period after request therefor, Authority shall execute and return to the Mortgagee any and all documents reasonably necessary to secure or evidence the Mortgagee's interest in the new lease or the Premises. From and after the effective date of the new lease, the Mortgagee (or its affiliate) shall have the same rights to a single transfer that are provided in Section 12.2.3 above, and shall enjoy all of the other rights and protections that are provided to a Foreclosure Transferee in this Article 12. Any other subsequent transfer or assignment of such new lease shall be subject to the approval of the Authority. If there are multiple Mortgagees, this right shall inure to the most junior Mortgagee in order of priority; provided, however, if such junior Mortgagee shall accept the new lease, the priority of each of the more senior Mortgagees shall be restored in accordance with all terms and conditions of such Mortgages(s). If a junior Mortgagee does not elect to accept the new lease within thirty (30) days of receipt of notice from Authority, the right to enter into a new lease shall be provided to the next most junior Mortgagee, under the terms and conditions described herein, until a Mortgagee either elects to accept a new lease, or no Mortgagee so elects.

12.6.2 Priority of New Lease. The new lease made pursuant to this Section 12.6 shall be prior to any mortgage or other lien, charge or encumbrance on Authority's fee interest in the Premises, and any future fee mortgagee or other future holder of any lien on the fee interest in the Premises is hereby given notice of the provisions hereof.

12.7 Participation in Certain Proceedings and Decisions. Any Mortgagee shall have the right to intervene and become a party in any arbitration, litigation, condemnation or other proceeding affecting this Lease. Lessee's right to make any election or decision under this Lease with respect to any condemnation settlement, insurance settlement or restoration of the Premises following a casualty or condemnation shall be subject to the prior written approval of each then existing Mortgagee. In the event of a casualty to the Project, Authority will consent to an Institutional Lender holding in escrow and administering the application of any insurance proceeds payable under Lessee's insurance policies as a result of such casualty so long as such insurance proceeds are applied to the restoration and repair of the damaged improvements.

12.8 Authority's Mortgages and Encumbrances. Any mortgage, deed of trust or other similar encumbrance granted by Authority upon its subleasehold interest in the Premises shall be subject and subordinate to all of the provisions of this Lease and to all Mortgages.

12.9 No Merger. Without the written consent of each Mortgagee, the leasehold interest created by this Lease shall not merge with the fee interest in all or any portion of the Premises, notwithstanding that the fee and leasehold interests are held at any time by the same person or entity.

23. **Defaults**. Article 13 is hereby amended as follows:

a. Section 13.1.1 is hereby amended to insert the word "material" between the first and second words thereof;

b. Section 13.1.4(2) is hereby amended to insert the following text at the end of the sentence: "(subject to Force Majeure)";

c. A new Section 13.9 is hereby added as follows:

"13.9 Notwithstanding anything to the contrary contained in this Lease, if (A) any (i) Event of Default shall occur for which there is no Cure Period pursuant to the terms of this Lease or (ii) any default or condition under this Lease or Event of Default shall occur, in either case, for which there is a Cure Period, and Lessee fails to cure such default, condition or Event of Default within such Cure Period, or (B) Authority otherwise believes that any events or circumstances have occurred which give rise to Authority's right to immediately exercise remedies under this Lease or (C) Authority has the right to terminate this Lease pursuant to Section 2.1 hereof (each, a "**Default Beyond Cure Periods**"), including, without limitation, the right to terminate this Lease, then Authority shall not exercise any remedies under this Lease without first delivering notice of such Default Beyond Cure Periods ("**CORE Default Notice**") to CORE at the address provided herein or otherwise provided to Authority by CORE in a written notice to Authority (and if the address provided herein or in a subsequent written notice is not accurate, then

Authority shall be deemed to have provided a copy of such CORE Default Notice to CORE so long as same was sent to such inaccurate address in accordance with the notice provisions hereof). If the CORE Default Notice describes a default, breach, violation, event or circumstance that was not caused by CORE's improper acts or omissions (where CORE is obligated to act, such as a failure to fund capital as required by the CORE/Related JV LLC Agreement or the failure of CCCG, CORE or their Affiliate to fund amounts required under any guaranty provided by CCCG, CORE or any such Affiliate) ("**Non-CORE Default**"), then notwithstanding any other provisions of this Lease, CORE shall have the right to remedy and cure such Non-CORE Default or cause the same to be remedied and cured. As long as CORE is diligently, continuously and expeditiously seeking to remedy and cure the Non-CORE Default or, in the event such Non-CORE Default is not susceptible of cure, CORE is diligently seeking to mitigate the damage from such Non-CORE Default and has otherwise indemnified Authority from and against any and all actual damages (excluding consequential, special and punitive damages) arising from such Non-CORE Default, Authority shall not exercise its rights and remedies under this Lease arising out of such Non-CORE Default (without limiting Authority's rights and remedies with respect to any other default thereunder), including, without limitation, the right to terminate this Lease; provided, however, that Authority's right to exercise its remedies for such Non-CORE Default under this Lease, shall be reinstated if and only if (i) CORE fails to remedy a Non-CORE Default caused by the failure to pay money due and owing to Authority or a third party that can be cured by the payment of money to Authority ("**Monetary Default**") within fifteen (15) business days after the later of (x) the lapse of the initial cure period (if any) afforded to Lessee under this Lease and (y) receipt by CORE from Authority of the applicable CORE Default Notice, or (ii) CORE fails to remedy a Non-CORE Default that is not a Monetary Default and which continues for more than sixty (60) days after the later of (A) the lapse of the initial cure period (if any) afforded to Lessee under this Lease, and (B) receipt by CORE from Authority of the applicable CORE Default Notice; provided, however, that, if such Non-CORE Default cannot reasonably be remedied by CORE (as opposed to Related Grand Avenue) within such extended cure period, then such cure period shall be extended for an additional period that would be reasonably required for a Qualified Developer under the circumstances to cure and/or adequately mitigate such Non-CORE Default. Subject to the foregoing, Authority agrees to accept any remedy and/or performance by CORE of any Lessee obligations under this Lease with the same force and effect as though performed by Lessee itself, provided that the foregoing provisions shall not be construed to require Authority to accept any remedy or performance by CORE or Lessee that is inconsistent with the requirements of this Lease.

If Authority has delivered a CORE Default Notice as to a Non-CORE Default by Lessee under this Lease, in addition to the rights that CORE LA has under Section 11.2.2 of this Lease, CORE shall have the right to exercise any and all

rights and remedies under the CORE/Related JV LLC Agreement or this Lease, to the extent required for CORE to effectuate a cure of such Non-CORE Default. Authority acknowledges that such rights and remedies may include the right to remove Related Grand Avenue as Managing Member of CORE/Related JV and to terminate Related or any of its Affiliates under the Development Agreement, any property management agreement or other contracts between Lessee and Related or its Affiliates. If the removal of Related Grand Avenue as Managing Member of CORE/Related JV is required in order for CORE to cure such Non-CORE Default or such Non-CORE Default shall otherwise constitute a Permitted Removal Event hereunder, then CORE (or its Affiliate) shall have the right to replace Related Grand Avenue as the Managing Member of CORE/Related JV in accordance with the provisions of Section 11.2.2. The replacement of Related or its Affiliate as the Lessee following such Non-CORE Default will be governed by Section 11.2.2 of the Lease and pending the approval of such replacement developer by Authority or the engagement by CORE of a Qualified Professional Team, CORE or its Affiliate shall have the right to carry on the development and construction of Phase I as the replacement Managing Member of CORE/Related JV."

24. **Notices**. Section 15.10 is hereby amended to add the following address to the notice address(es) of Lessee:

Any formal notices, demands or communications from Authority to Lessee shall also be addressed to CORE and its counsel at the following addresses (and any notice to be given directly to CORE pursuant to any provision of this Lease shall require delivery of such notice to the following addresses):

CCCG Overseas Real Estate Pte. Ltd
15th Floor, Hopson Fortune Plaza, No. 43 Deshengmenwai Street
Xicheng District, Beijing 100088, China
Attention: Ren Hongpeng, President
Facsimile: +86-10-62426801
Email: renhongpeng@cccgore.com

with a copy to:

Paul Hastings LLP
200 Park Avenue
New York, NY 10166
Attention: Peter C. Olsen, Esq.
Facsimile: (212) 230-7756
Email: peterolsen@paulhastings.com

25. **City Approvals**. Section 15.20 is hereby amended to delete the last sentence therefrom and to substitute the following text in place thereof:

"Authority and Lessee acknowledge that the City has approved and entered into a Revised Memorandum of Understanding with Lessee adopted on May 20, 2016 in full satisfaction of this Section 15.20. The Implementation Agreement between City and Lessee, together with the Revised Memorandum of Understanding are referred to collectively as the "City Agreements. The City Agreements must be fully executed and delivered by Lessee and City prior to the Possession Delivery Date."

26. **Compliance with Applicable Laws and Authority Policies**. Article 17 is hereby amended as follows:

(1) Section 17.3 is hereby deleted in its entirety and the following is hereby substituted as a new Section 17.3 in lieu thereof:

**"Affirmative Action in Employment and Contracting Procedures, Including Utilization of Minority, Women and Other Businesses**. Lessee and Authority acknowledge and agree that it is the policy of Authority to promote and ensure economic advancement of minorities and women as well as other economically disadvantaged persons through employment and in the award of contracts and subcontracts for construction in redevelopment project areas. Lessee shall use commercially reasonable efforts to employ or select employees, contractors and subcontractors possessing the necessary skill, expertise, cost level and efficiency for the development of the Improvements. Monitoring of the requirements of this Section 17.3 will be performed by the City's Bureau of Contract Administration, or another appropriate City agency authorized to undertake such monitoring (referred to herein collectively as "**BCA**").

(1) Utilization of Minority-Owned, Women-Owned, and Other Businesses (M/W/OBE). The City's current Business Inclusion Program considers, in addition to MBE and WBE, businesses that are Small Business Enterprises (SBE), Emerging Business Enterprises (EBE), Disabled Veteran Business Enterprises (DVBE), as well as all Other Business Enterprises (OBE); the term OBE as used herein shall be considered to include SBE, EBE and DVBE as well as other business enterprises.

(a) Lessee shall use its best efforts to the greatest extent feasible to seek out and award and require the award of contracts and subcontracts for development of the Project to contracting firms which are located or owned in substantial part by persons residing in the Project Area and to promote outreach to minority-owned, women-owned and other businesses. This requirement applies to both the construction and operations phases of the Project.

(b) This paragraph shall require the commercially reasonable efforts of Lessee and its contractors, but shall not require the hiring of any person, unless such

person has the experience and ability and, where necessary, the appropriate trade union affiliation, to qualify such person for the job.

(2) Utilization of Project Area Residents. The Community Outreach Plan will address the obligations of Developer regarding the use of residents in and around the Project Area for the labor force for the construction of the Project.

(3) Community Outreach Plan.

(a) Submission of Plan – By the time set forth in the Schedule of Performance, Developer shall meet with the BCA and representatives of Authority to hold a preconstruction meeting. During the preconstruction meeting, Lessee shall be provided with the policies and procedures of the City regarding the MBE, WBE and OBE outreach efforts. By the time set forth in the Schedule of Performance and prior to Commencement of Construction of each Phase, Lessee shall submit to the BCA and Authority, for approval (not to be unreasonably withheld), the Community Outreach Plan for the Project. The Community Outreach Plan shall set forth the methods Lessee will use to comply with this Section 17.3. Upon receipt of the Community Outreach Plan, Lessee and the BCA and Authority shall work together and review the Community Outreach Plan and the BCA and Authority shall, within thirty (30) days after receipt thereof, approve or disapprove the Community Outreach Plan, or provide to Lessee a statement of actions required to be taken in order for the Community Outreach Plan to be approved. Lessee shall meet and confer with the BCA and Authority to address such recommended actions. Upon a resolution, Lessee shall promptly modify such Plan to respond to the specific concerns raised by the Authority or BCA and submit the revised Community Outreach Plan to Authority and City for review and approval. If either or both the BCA or Authority fails to respond to the originally submitted Plan within thirty (30) days after submission, or to the resubmitted Plan within fifteen (15) days after resubmission (the combined 30 day and 15 day review periods are referred to herein, collectively, as the "**Review Period**"), the Community Outreach Plan shall be deemed disapproved by the BCA or Authority, as applicable. Lessee shall not Commence Construction of Phase I of the Project unless the Community Outreach Plan has been approved by the BCA and Authority except to the extent provided below. Recognizing that approval of the Community Outreach Plan prior to the Commencement of Construction is necessary for Lessee to implement the Plan in advance of construction, if BCA or Authority approval of the Plan is not obtained within the foregoing Review Period (and provided that the Community Outreach Plan was timely submitted to both the BCA and Authority in accordance with the Schedule of Performance and that Lessee has responded to all comments received in a timely manner), then the deadline for Lessee to Commence Construction under the Schedule of Performance shall be extended by the number of days after the lapse of such Review Period until such approval by the BCA and Authority is received; provided that Lessee shall have the right to proceed with construction while utilizing those portions of the Plan that

have been approved by the BCA and Authority, and BCA and Authority shall use good faith efforts to expedite any additional comments or approvals on the balance of the Plan.

(b) Contents of the Community Outreach Plan - The Community Outreach Plan shall include, at a minimum:

1. Estimated total dollar amount (by trade) of all contracts and subcontracts to be let by Lessee or its prime contractor for the Improvements;

2. List of all proposed M/W/OBEs that will be awarded a contract by Lessee or the prime contractor(s);

3. Estimated dollar value of all proposed M/W/OBE contracts;

4. Evidence of M/WBE Certification by the City or other agencies recognized by the City of all firms listed as MBE or WBE in the Plan;

Firms purporting to be M/WBE do not require M/WBE Certification if their contract amount is less than $25,000. Any firm for which the contract amount exceeds $25,000 and which is not certified by the City or other agencies recognized by the City may not be considered an MBE or WBE for purposes of this Agreement. Self-Certification is not allowed.

5. Description of the actions to be taken to meet the Project Area resident and business utilization objectives.

6. Such other information and documentation with respect to the foregoing objectives as the City's BCA may reasonably deem necessary in connection with the Community Outreach Plan.

(4) General Information.

(a) During the construction of the Improvements, Lessee shall provide to the BCA and Authority such information and documentation as reasonably requested by the BCA or Authority in connection with the Community Outreach Plan.

(b) Lessee shall monitor and enforce the affirmative outreach and equal opportunity requirements imposed by this Section 17.3 and the Community Outreach Plan, with the assistance of the BCA. If Lessee fails to monitor or enforce these requirements, Authority may declare the Lessee in default of this Agreement (subject to the notice and cure rights provided in this Agreement) and thereafter pursue any of the remedies available under this Agreement.

(c) As requested, Authority and BCA shall provide such technical assistance necessary to implement the approved Community Outreach Plan."

(2) Section 17.6 is hereby deleted in its entirety and the following is hereby substituted as a new Section 17.6 in lieu thereof:

> **"Living Wage; Contractor Responsibility Program; Service Contractor Retention Policy**. "Unless approved for an exemption by both Authority and City, Lessee agrees to comply with the City Living Wage, Contractor Responsibility Program and Service Contractor Worker Retention ordinances, copies of which are attached to the 5th DDA Amendment as Exhibit "O"; provided, however, that the exemption in Section 10.37.15 of the City Living Wage (LAMC Ordinance 184318) from the definition of "Employer" for small business and non-profit organizations shall not be applicable to the Project unless such exemption is expressly approved by both Authority and City. City shall be responsible for monitoring Lessee's compliance with such policies and ordinances. The Ground Leases (and Operator Ground Leases) shall each provide that the Operators thereunder are subject to the City's Living Wage, Contractor Responsibility Program and Service Contractor Worker Retention ordinances as described herein unless approved for an exemption thereunder by both Authority and City. As a matter of clarification, (i) the City Contractor Responsibility Program ordinance shall only be applied to contracts for public funds expended for the Project, and (ii) in the event of a determination by City, as the monitoring agency, of non-responsibility of a bidder under such City Contractor Responsibility Program, such determination will be appealable to the Authority Board for final determination."

(3) Section 17.7 is hereby amended to delete the first three sentences therefrom and to substitute the following sentences in place thereof:

> "**Affordable Housing**. Lessee shall set aside no fewer than twenty percent (20%) of the total number of housing units developed on the Development Site for Affordable Housing Units. At least twenty percent (20%) of the total number of housing units developed in Phase I shall be Affordable Housing Units. No less than fifteen percent (15%) of the Affordable Housing Units in Phase I shall be reserved for occupancy by Forty Percent Households, as defined in the Third Amendment. The balance of the Affordable Housing Units in Phase I shall be reserved for occupancy by households with an adjusted income that does not exceed fifty percent (50%) of the Median Income, adjusted for household size. Lessee (or, following the Ownership Division, the Responsible Operator) shall pay directly to the City an annual monitoring fee, as determined by the City from time to time, for the City's monitoring of Lessee's compliance with this Section 17.7. Notwithstanding anything to the contrary contained in this Section 17.7, the parties acknowledge and agree that, following the Ownership Division, upon the creation of an Operator Ground Lease for the Phase I Residential Rental Improvements Component pursuant to Section 11.3 of this Lease, and subject to the approved CAM Agreement, (i) the provisions of this Section 17.7 shall not apply to Lessee and instead shall be binding only upon the Phase I

Residential Rental Improvements Component Operator and (ii) all references to "Lessee" in this Section 17.7 shall be deemed a reference to the Phase I "Residential Rental Improvements Component Operator."

(4) Section 17.9 and Exhibit "D" are hereby deleted in their entirety and the following is hereby substituted as a new Section 17.9 in lieu thereof:

**ADA Compliance.** "Lessee hereby certifies that it will comply with the Americans with Disabilities Act, 42, U.S.C. Section 12101 et seq., and its implementing regulations. Lessee will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the Americans with Disabilities Act. Lessee will not discriminate against persons with disabilities nor against persons due to their relationship to or association with a person with a disability. Any contract or agreement entered into by Lessee relating to the Project, to the extent allowed hereunder, shall be subject to the provisions of this Section 709."

(5) Section 17.10 and Exhibit "E" are hereby deleted in their entirety and the following is hereby substituted as a new Section 17.10, and the Exhibit "E" attached to this Amendment is hereby substituted in lieu of the original Exhibit "E":

"17.10.1 **Neutrality Agreement**. Lessee has entered into a binding Card Check Neutrality Agreement with UNITE HERE ("**Neutrality Agreement**") with respect to the Project.

17.10.2 **Workforce Development-Construction Jobs.** The parties acknowledge the continued application of the Local Hiring Responsibilities of Construction Employers Working on the Project pursuant to Exhibit "E" (Part 1) as amended and restated in its entirety and attached hereto.

17.10.3 **Workforce Development-Permanent Jobs**. The parties acknowledge the continued application of the Local Hiring Responsibilities of Permanent Employers on the Project pursuant to Exhibit "E" (Part 2) as amended and restated in its entirety and attached hereto."

(6) A new Section 17.11 is hereby added to the Lease, as follows:

"17.11 **Community Access; Welcoming Public Space.**

(a) Authority and/or County may elect in the future to form a Grand Avenue/Civic Center District task force, or equivalent ("**District Task Force**") to coordinate programming, promote diversity of programs, public access, public safety, maintenance and homeless outreach in the area. It is anticipated that such District Task Force may include the key stakeholders/organizations in the Grand Avenue/Civic Center area, including property owners, tenants and cultural institutions in the area. If and when such District Task Force is formed, Lessee and any subsequent owners of the

Phase I Project (provided that, following the Ownership Division and subject to the terms of the approved CAM Agreement, solely the Responsible Operators and their successors) will participate in the District Task Force and will promote and encourage key commercial tenants in the Phase I Project to participate as well. It is anticipated that the District Task Force would have a term commencing on its formation and continuing for the first 10 years of operation of the Project after the Grand Opening, unless extended by the agreement of the members of the District Task Force.

(b) Authority and/or County may elect in the future to form a Hospitality and Tourism Jobs task force, or equivalent ("**Hospitality Task Force**") to promote the City's hotel, retail, food and beverage, creative economy and lifestyle sectors. It is anticipated that the Hospitality Task Force may include key stakeholders/organizations such as the Los Angeles Tourism & Convention Board, LA Fashion Week, LA Food Policy Council, Los Angeles County Metropolitan Transportation Authority and other organizations. If and when such Hospitality Task Force is formed, Lessee and any subsequent owners of the Phase I Project (provided that, following the Ownership Division and subject to the terms of the approved CAM Agreement, solely the Responsible Operators and their successors) will participate in the Hospitality Task Force and will promote and encourage key commercial tenants in the Phase I Project to participate as well. It is anticipated that the Hospitality Task Force would have a term commencing on its formation and continuing for the first 10 years of operation of the Project after the Grand Opening, unless extended by the agreement of the members of the Hospitality Task Force.

(c) Throughout the term of this Lease, Lessee and future owners of the Phase I Project (provided that, following the Ownership Division and subject to the terms of the approved CAM Agreement, solely the Responsible Operators and their successors) will commit to provide regular public programming in the plaza to be located in the center of the Phase I Project ("**Plaza**") that is easily accessible and appealing to a broad cross-section of the general public and which showcases Los Angeles as a center of creativity, diversity and hospitality. There will be a minimum of six (6) programs per calendar year in the Plaza that are free and open to the general public, including live music, art exhibitions, workshops, themed festivals, stage performances and similar events, including, but not be limited to, programs featuring (i) fashion trends and local fashion firms in partnership with Fashion Week; (ii) local creative industry firms (i.e., furniture, digital media, etc.); and (iii) local affordable, healthy food trends, vendors, and products in coordination with LA Food Policy Council and/or other Authority or County approved organizations. The foregoing obligations of Lessee are in addition to the Developer-led Arts Program to be undertaken pursuant to the provisions of Section 420 of the Original DDA as amended by the 5th DDA Amendment and Section 2.1.13 of this Lease.

(d) Throughout the term of this Lease, Lessee and future owners of the Phase I Project (provided that, following the Ownership Division and subject to the terms of the approved CAM Agreement, solely the Responsible Operators and their successors) will conduct community outreach to local schools and community based art programs to bring in local groups to be part of the programming in the Plaza, such as high school bands or choirs, community-based theater and local artist exhibitions. Authority will assist the Lessee and future owners of the Project (and/or the Responsible Operator(s) of the applicable Component(s)) to identify specific organizations or groups to invite to participate in such programming for the Plaza.

(e) Lessee and future owners of the Phase I Project (provided that, following the Ownership Division and subject to the terms of the approved CAM Agreement, solely the Responsible Operators and their successors) will provide semi-annual reports to Authority on the attendance and participation in the public programmed events in the Plaza, including available demographic information, such as whether the attendees are residents of the County and the distance travelled to attend the event, similar to the information compiled by The Broad Museum and the Los Angeles Music Center in connection with events located on their premises. Such reports shall conform to the format reasonably requested by the District Task Force (if and when formed) in order to demonstrate that Lessee and future owners of the Project, or the Responsible Operator(s), as applicable, are using their good faith best efforts to reach out to the community and promote attendance at the public events.

(f) Notwithstanding anything to the contrary contained in this Section 17.11, the parties acknowledge and agree that, following the Ownership Division, and subject to the terms of the approved CAM Agreement, (i) the provisions of this Section 17.11 shall only be binding on and enforceable against the applicable Components and Responsible Operator(s) thereof, and shall otherwise not apply to Lessee and any other Operators and (ii) all references to "Lessee" in this Section 17.11 shall be deemed a reference to the applicable "Responsible Operator(s)"."

(7) A new Section 17.12 is hereby added to the Lease, as follows:

"**Section 17.12 Retail Space-Inclusive and Affordable.** Lessee will seek to incorporate a mixture of retail tenants in the Project with products and offerings in a range of price points, particularly in the food and beverage categories, with the goal of providing employees of retail tenants and occupants in the Civic Center buildings with a range of options for lunch in the Project, which will include at least some lunch options for a price of $10.00 (plus taxes) per meal (as such amount may be increased each year by the same percentage increase as the then applicable increase in the CPI Index from and after the effective date of the First Amendment to Lease). Lessee will submit to Authority a retail plan for the Project on or before the

Commencement of Construction that will define the specific goals for the inclusive retail mix and set forth the efforts that Lessee will undertake to achieve the goals. The plan will specify the steps and actions that Lessee will commit to take to seek to achieve the goal of an inclusive retail mix with a range of price points so that Authority can understand and monitor the process that Lessee is undertaking. Notwithstanding the foregoing, in no event shall the selection of any specific tenants, the location of the space or terms of the lease to a specific tenant in the Project be subject to any right of approval by Authority, with all such decisions being solely in the discretion of Lessee.

(a) During the initial lease-up of the Retail Improvements in the Project and continuing for the first two (2) years of operation of the Retail Improvements, Lessee shall provide Authority with quarterly reports setting forth the results of the efforts to achieve an inclusive retail mix and describing the commercially reasonable efforts undertaken by Lessee to achieve such retail mix. Authority shall have thirty (30) days after receipt of each such quarterly report to review the report and provide feedback to Lessee on whether the Lessee has been deficient in its efforts to achieve the goal of an inclusive retail mix. If Authority determines that such efforts have been deficient, it will request that Lessee provide an action plan to Authority in the next succeeding quarterly report that will detail the commercially reasonable efforts to be undertaken by Lessee to achieve an inclusive retail mix.

(b) After the first two (2) years of operation of the Retail Improvements and continuing until the tenth ($10^{th}$) anniversary of the official opening of the Retail Improvements for business, Lessee shall submit annual reports to Authority setting forth the same information as was provided in the quarterly reports. Notwithstanding anything to the contrary contained in this Section 17.12, the parties acknowledge and agree that, following the Ownership Division, upon the creation of an Operator Ground Lease for the Retail Improvements Component of the Project pursuant to the terms of Section 11.3 hereof, and subject to the approved CAM Agreement, (i) the provisions of this Section 17.12 shall not apply to Lessee and instead shall be binding only upon the applicable Operator of the Retail Improvements Component (such Operator, the "**Retail Operator**") and (ii) all references to "Lessee" in this Section 17.12 shall be deemed a reference to the "Retail Operator"."

(8) A new Section 17.13 is hereby added to the Lease, as follows:

**Section 17.13 Retail Space-Local Business**. Lessee (provided that, following the Ownership Division and subject to the terms of the approved CAM Agreement, solely the Retail Operator and its successors) shall use good faith commercially reasonable efforts to lease at least 10,000 square feet of the retail and food and beverage space in the Project to Local Businesses on an ongoing basis during the Lease Term. For purposes hereof, "Local Businesses" mean (i) a business with its headquarters in the County and/or (ii) a business that was formed in the County that has the majority of its locations

in California and the majority of whose employees are residents of the County. The selection of one or more Local Businesses as tenants in the Retail Improvements, and the terms and conditions of the leases to such tenants shall be in the sole discretion of Lessee and any subsequent owners of the Project and shall not be subject to approval by Authority. Notwithstanding anything to the contrary contained in this Section 17.13 the parties acknowledge and agree that, following the Ownership Division, upon the creation of an Operator Ground Lease for the Retail Improvements Component of the Project pursuant to the terms of Section 11.3 hereof and subject to the approved CAM Agreement, (i) the provisions of this Section 17.13 shall not apply to Lessee and instead shall be binding only upon the Retail Operator and (ii) all references to "Lessee" in this Section 17.13 shall be deemed a reference to the "Retail Operator".

(a) Lessee shall also use good faith commercially reasonable efforts to lease at least 2,000 square feet of retail and/or food and beverage space in the Project (out of the at least 10,000 square feet of retail space targeted for Local Businesses) to Made in LA Tenants. For purposes hereof, "**Made in LA Tenants**" are local businesses and entrepreneurs that are identified by County or Authority as representative of the creative economy, local food and beverage trends or local retailers that promote the County and City as a source of innovation and job creation. Lessee shall lease up to an aggregate of 2,000 square feet to one or more Made in LA Tenants identified by County or Authority (by staff or through a third party consultant to be engaged at the cost of County or Authority) on the following terms and conditions: (i) the location of the spaces in the Project to be leased to such tenants is in the sole discretion of Lessee, provided that signage for such space will clearly denote any such tenant as a Made in LA Tenant, (ii) the gross lease rent charged to any such tenant shall be a total amount of $1.00 per year (plus any charges for utilities used by such tenant in the premises but with no other fees or charges) (iii) the term of each such lease will be at least two (2) years, provided, however, that the rents during any portion of the lease term beyond 2 years may be at market rents as determined by Lessee in its discretion; (iv) Lessee will provide tenant improvements to the Made in LA Tenants of $25.00 per square foot of space (and the tenant will have no obligation to expend any additional amounts for tenant improvements); (v) if all or any portion of the 2,000 square feet identified by Lessee as available for Made in LA Tenants remains vacant without an identified tenant for more than 90 consecutive days after the opening of the Project (or for more than 60 consecutive days during the term of any lease with a Made in LA Tenant as a result of the failure of such tenant to occupy the space or a default by such tenant under the terms of its lease), then Lessee shall be entitled to lease such vacant space to other tenants on market terms as determined in the sole discretion of Lessee (and Lessee will have no further obligation to lease such space to Made in LA Tenants) and (vi) the Made in LA Tenants identified by County or Authority must sign and comply with Lessee's standard form of retail lease, including the co-tenancy and exclusivity covenants of Lessee with its other retail

tenants, and the Project rules and regulations as a condition to their occupancy of the space.

(b) Commencing 12 months prior to the scheduled Grand Opening of the Retail Improvements in the Project, Lessee shall seek qualified Local Businesses to lease space in the Project. Lessee shall provide Authority with a monthly marketing report identifying the target Local Businesses being pursued by Lessee. Authority will provide any input on prospective Local Businesses that Lessee should add to its list, but the selection of the tenants for the Project is in the sole discretion of Lessee. Lessee shall provide sufficient information in its monthly reports to Authority on its marketing efforts in order to demonstrate it is using good faith commercially reasonable efforts to lease at least 10,000 square feet in the Project Retail Improvements to Local Businesses (including the 2,000 square feet for Made in LA Tenants) .

(c) Commencing on the Grand Opening of the Retail Improvements in the Project and continuing for two (2) years thereafter, Lessee will provide Authority with quarterly leasing reports documenting the results of its efforts to lease space to Local Businesses, including the specific efforts made to identify qualified Local Businesses. Authority shall have thirty (30) days after receipt of each such quarterly report to review the report and provide feedback to Lessee on whether Lessee has been deficient in its efforts to achieve the goal of leasing to Local Businesses. If Authority determines that such efforts have been deficient, it will request that Lessee provide an action plan to Authority in the next succeeding quarterly report that will detail the actions to be taken by Lessee to continue its commercially reasonable efforts to reaching the goal of leasing at least 10,000 square feet in the Phase I Project Retail Improvements to Local Businesses (including the 2,000 square feet for Made in LA Tenants).

(d) After the first two (2) years of operation of the Retail Improvements and continuing until the tenth ($10^{th}$) anniversary of the opening of the Retail Improvements, Lessee shall submit annual leasing reports to Authority setting forth the same information as was provided in the quarterly leasing reports.

(e) If Lessee is unable to lease the 10,000 square feet of the Retail Improvements to Local Businesses despite using its good faith commercially reasonable efforts to do so, Lessee will not be in breach of its obligations hereunder and it shall be permitted to lease any such space to such other tenants (whether or not they are Local Businesses) and on such terms and conditions as Lessee determines in its sole discretion.

27. **Memorandum of Lease**. Section 19.7 is hereby amended to delete the second sentence therefrom and to substitute the following sentence in place thereof:

"If the Possession Delivery Date has not occurred by the outside date provided in Section 2.1, and Authority exercises its right to terminate this Lease by written notice to Lessee as provided in Section 2.1, subject to the CORE cure rights under Section 13.9 hereof, the parties shall cause a memorandum of termination of this Lease to be recorded."

28. **Scope of Development**. Schedule 5.1(A) of the Existing Lease is hereby deleted in its entirety and replaced with Schedule 5.1(A) attached hereto; Authority and Lessee acknowledge and agree that if the Scope of Development attached hereto is revised or updated as provided under and in accordance with the DDA, then the same shall automatically be de deemed update for purposes of this Lease, and the same shall constitute a revised Schedule 5.1(A) hereto without the need of any further action by Authority or Lessee hereunder.

29. **Schedule of Performance**. Schedule 5.1(B) of the Existing Lease is hereby deleted in its entirety and replaced with Schedule 5.1(B) attached hereto; Authority and Lessee acknowledge and agree that if the Schedule of Performance attached hereto is revised or updated as provided under and in accordance with the DDA, then the same shall automatically be de deemed update for purposes of this Lease, and the same shall constitute a revised Schedule 5.1(B) hereto without the need of any further action by Authority or Lessee hereunder.

30. **Prior Operating Agreement Restriction**. Schedule 11.2.2 which is referenced in Section 11.2.2 of the Existing Lease is hereby deleted in its entirety.

31. **Over-Ground Lease Estoppel Certificates**. Upon written request from Lessee, Authority shall request from the County and the CRA/LA, as applicable, an Over-Ground Lease Estoppel in the form attached hereto as Schedules 31A and 31B ("**Over-Ground Lease Estoppel**") executed in favor of Lessee, Lessee's lender(s) and/or future purchaser(s) or lessee(s) (and/or their respective lenders) of the Project or any Component thereof (as the case may be) and use commercially reasonable efforts to cause the County and the CRA/LA to deliver the same within thirty (30) days following written request therefor.

32. **Hotel Operating Standard.**

32.1 The City Agreements provide that the operator of the Hotel must operate and maintain the Hotel as a Four Star Lodging Establishment ("**Four Star Standard**") (as rated by the Forbes Travel Guide or by an alternative nationally recognized hotel rating service, collectively "**Rating System**"). The initial Four Star Standard rating, as published by the Rating System, must be achieved within twenty-four (24) months after the Hotel Opening Date (i.e., when the Hotel is officially open for business to the general public). The parties acknowledge that if the Hotel has not achieved the Four Star Standard rating from the Rating System by the expiration of twenty-four (24) months after the Hotel Opening Date, or thereafter fails to maintain its Four Star Standard rating by the Rating System (each, "**Rating Failure**"), default

provisions and remedies as specified in the City Agreements shall apply (collectively, the "**City Remedies**").

32.2 If, at any time during the term of this Lease, the City Agreements are no longer in effect (or if the City Agreements no longer include the City Remedies referenced above and Authority has not consented to such change in the City Remedies), then Authority shall have the following rights hereunder in the case of a Rating Failure regarding the Hotel that will apply in lieu of the City Remedies: Following any such Rating Failure, Authority may give notice at any time to Lessee of such Rating Failure ("**Authority Notice**"). Lessee shall attempt to cure any such Rating Failure by taking one or more of the following efforts and/or other measures (collectively, the "**Efforts to Cure**"):

(i) Lessee may initiate specific steps to address the matters identified by the Rating Agency as to the reasons for the Rating Failure and seek to obtain the Four Star rating from the Rating Agency following resolution of such matters;

(ii) Lessee may obtain a review of the Hotel by an alternative Rating System that is a nationally recognized hotel rating service to meet the Four Star Standard;

(iii) Lessee may enforce its rights under the Hotel Management Agreement to cause the Hotel Operator to achieve and maintain the Four Star Standard for the Hotel; and/or

(iv) Lessee may elect to replace Hotel Operator with another hotel operator that meets the Four Star Standard for the Hotel.

Within sixty (60) days after receipt of the Authority Notice, Lessee shall notify Authority of the specific Efforts to Cure being undertaken by Lessee and the time frame for resolving the Rating Failure. If such Efforts to Cure have not resulted in a Four Star Standard for the Hotel within twelve (12) months after the Authority Notice, then Authority shall have the right to receive a payment from Lessee, as liquidated damages for its failure to comply with the Four Star Standard, equal to (i) 1% of gross room revenues from the Hotel during the prior calendar year for the first 12 months that the Hotel fails to maintain the Four Star Standard and (ii) 2% of gross room revenues from the Hotel during the prior calendar year for each subsequent 12 month period that the Hotel fails to maintain the Four Star Standard, which shall be prorated for partial periods (the "**Ratings Failure Liquidated Damages**"). If such Ratings Failure Liquidated Damages become payable following the lapse of the 12 month cure period, then such Ratings Failure Liquidated Damages will be payable on an annual basis within 30 days after written demand by Authority. Lessee shall provide Authority with an accounting of gross room revenues from the Hotel as reasonably requested by Authority. If the Hotel fails to maintain the Four Star Standard for more than

three (3) consecutive calendar years (or if the Rating Failure occurs more than two times every five (5) calendar years during the Phase I Ground Lease term), as such time periods may be extended for the additional time reasonably required for Lessee to cause the Hotel Operator to cure the Rating Failure, provided Lessee is diligently and in good faith pursuing the Efforts to Cure during such extended period, then the Authority shall have the right to recover its actual damages (excluding consequential or punitive damages and which shall take into account all payments of Ratings Failure Liquidated Damages theretofore made to Authority) arising from such Rating Failure ("**Ratings Failure Actual Damages**") or to seek specific performance by Lessee of its obligation to cause the Hotel to comply with the Four Star Standard (provided that such Rating Failure shall not be a basis for Authority to terminate this Lease). Upon the rendering of a judgment for Ratings Failure Actual Damages in favor of Authority, Lessee shall no longer be obligated to pay Ratings Failure Liquidated Damages. As a matter of clarification, if the Hotel Improvements have been separated from the balance of the Project by a separate Operator Ground Lease between Authority and the Operator that owns the Hotel Improvements, then any Rating Failure as to the Hotel shall not affect or give rise to any remedies of Authority as to the balance of the Project, including any Component of the Project that may be subject to a separate Operator Ground Lease.

Authority and Lessee stipulate that actual damages caused by Lessee's failure to comply with the Four Star Standard are extremely difficult to determine and that the foregoing liquidated damages are a reasonable estimate by the parties of the damages that Authority will suffer if Lessee fails to comply with the Four Star Standard. The parties stipulate and agree to the amounts of liquidated damages set forth above on the advice of their own counsel and neither party shall bring any action seeking to set aside such stipulated liquidated damages.

_____ _____

Authority Initials Lessee Initials

B. **Miscellaneous**.

1. Except as specifically modified in this Amendment, all covenants, terms and conditions contained in the Existing Lease remain unmodified and in full force and effect and are hereby ratified and confirmed in all respects. The Existing Lease, as amended by this Amendment, and the DDA, as amended, constitute the entire understanding between the parties hereto with respect to the Premises and supersede any prior or contemporaneous written or oral statements, agreements or representations made by either party or any of its representatives.

2. If any clause or provision of this Amendment is illegal, invalid or unenforceable under present or future laws, then and in that event, it is the intention of the parties hereto that the remainder of this Amendment shall not be affected thereby.

3. This Amendment shall be binding on and inure to the benefit of the successors and permitted assigns of the respective parties.

4. Authority and Lessee each represent and warrant that it has not dealt with any broker, agent or other person (collectively, "**Broker**") in connection with this transaction, and that no Broker brought about this transaction. Authority and Lessee each hereby agree to indemnify and hold the other harmless from and against any claims by virtue of having dealt with Lessee or Authority, as applicable, with regard to this leasing transaction.

5. This Amendment shall be governed by and construed in accordance with the internal laws of the State of California applicable to agreements made and to be performed entirely within California, without regard to conflict of laws principles, and shall be resolved in a proceeding within the State of California.

6. The Lease may not be modified, amended, changed or terminated orally, but only by an agreement in writing signed by the party against whom enforcement of the modification, amendment, change or termination is sought.

7. This Amendment shall not be recorded in its entirety except with the prior written consent of both Authority and Lessee; provided, however, that in accordance with Section 19.7, Authority and Lessee may execute and record a short form memorandum of this Amendment stating the names of the parties, the term of the Lease and that the Lease has been amended.

8. Except as herein expressly amended or modified, the Lease remains unchanged and is hereby ratified and confirmed.

9. This Amendment may be executed in counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same instrument, binding all of the parties hereto, notwithstanding that all of the parties are not signatories to the original or the same counterparts. The delivery of an executed counterpart of this Amendment by facsimile or as a PDF or similar attachment to an email shall constitute effective delivery of such counterpart for all purposes with the same force and effect as the delivery of an original, executed counterpart. For all purposes, including, without limitation, the delivery of this instrument, duplicate, unexecuted and unacknowledged pages of the counterparts may be discarded and the remaining pages assembled as one document.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Amendment as of the date first written above.

**AUTHORITY:**

**THE LOS ANGELES GRAND AVENUE AUTHORITY,**
a California Joint Powers Authority

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM :

Michael N. Feuer
City Attorney

By: _____
Timothy Fitzpatrick
Deputy City Attorney
Authority Counsel

APPROVED AS TO FORM:

Mary C. Wickham
County Counsel

By: _____
Helen S. Parker
Principal Deputy County Counsel
Authority Counsel

**LESSEE:**

CORE/RELATED GRAND AVE OWNER, LLC
a Delaware limited liability company

By: CORE/RELATED GRAND AVE JV, LLC
a Delaware limited liability company
Its: Sole Member

By: RELATED GRAND AVENUE, LLC
a Delaware limited liability company
Its: Managing Member

By: _____
Name: _____
Title: _____

## Consent and Acknowledgement

The undersigned hereby consent to the foregoing Amendment, to the extent their consent is required, pursuant to that certain Ground Lease, dated March 5, 2007, between County and the CRA ("**County-CRA Ground Lease**") and that certain Ground Lease dated March 5, 2007 between CRA and Authority ("**CRA-Authority Ground Lease**"). The undersigned further acknowledge and agree that the County-CRA Ground Lease and CRA-Authority Ground Lease shall be, and hereby are, conformed to the foregoing Amendment to Phase I Ground Lease. In the event of any conflict between any term or provision of either the County-CRA Ground Lease or the CRA-Authority Ground Lease and any term or provision of the Existing Lease, as amended by the foregoing Amendment, then the terms and provisions of the Existing Lease, as amended by the foregoing Amendment, shall control.

IN WITNESS WHEREOF, the undersigned have caused their duly authorized representatives to execute this Consent and Acknowledgement as of the date first written above.

"**AUTHORITY**"

**THE LOS ANGELES GRAND AVENUE AUTHORITY,**
a California Joint Powers Authority

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM :

Michael N. Feuer
City Attorney

By: _____
Timothy Fitzpatrick
Deputy City Attorney
Authority Counsel

APPROVED AS TO FORM:

Mary C. Wickham
County Counsel

By: _____
Helen S. Parker
Principal Deputy County Counsel
Authority Counsel

*signatures continued on following page*

"**CRA**"

CRA/LA, a Designated Local Authority,
a public body formed under Health & Safety Code Section 34173(d)(3)
as successor to the Community Redevelopment Agency of the City of Los Angeles

By: _____
Estevan Valenzuela
Chief Executive Officer

Approved as to form:

GOLDFARB & LIPMAN LLP

By: _____
Thomas Webber
CRA/LA Special Counsel

"**COUNTY**"

THE COUNTY OF LOS ANGELES
a subdivision of the State of California

By: _____
Its: _____

Approved as to form:

Mary C. Wickham
County Counsel

By: _____
Helen S. Parker
Principal Deputy County Counsel

# EXHIBIT "A"

## LEGAL DESCRIPTION

All of that certain real property situated in the County of Los Angeles, State of California, described as follows:

Lot 1 of Tract No. 28761 in the City of Los Angeles, County of Los Angeles, State of California, as per Map recorded in Book 926, Pages 5 through 8, inclusive of Maps, in the office of the County Recorder of said county;

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

Also excepting therefrom certain oil, gas and mineral substances reserved in the deeds recorded November 5, 1963 in Book D2245, Page 28 of Official Records, May 19, 1961 in Book D1226, Page 873 of Official Records and on September 29, 1961 in Book D1371, Page 761 of Official Records.

APN: 5149-010-949

# EXHIBIT "B"

# CITY ART POLICY

## EXHIBIT B-1

## CITY ARTS DEVELOPMENT FEE

**91.107.4.6. Arts Development Fee.**

**91.107.4.6.1. Arts Fee.** The owner of a development project for a commercial or industrial building shall be required to pay an arts fee in accordance with the requirements of this section.

**91.107.4.6.2. Fee Amount.** The Department of Building and Safety shall collect an arts fee in the following amount:

1. **Office or research and development**. For an office or research and development building, the arts fee shall be $1.57 per square foot.

2. **Retail**. All retail establishments shall pay an arts fee of $1.31 per square foot.

3. **Manufacturing**. For a manufacturing building, the arts fee shall be $0.51 per square foot.

4. **Warehouse**. For a warehouse building, the arts fee shall be $0.39 per square foot.

5. **Hotel**. For a hotel building, the arts fee shall be $0.52 per square foot.

In no event shall the required arts fee exceed either $1.57 per gross square foot of any structure authorized by the permit or one percent of the valuation of the project designated on the permit, whichever is lower, as determined by the Department of Building and Safety. Where there are combined uses within a development project or portion thereof, the arts fee shall be the sum of the fee requirements of the various uses listed above. The Cultural Affairs Department shall revise the arts fee annually by an amount equal to the Consumer Price Index for Los Angeles as published by the United States Department of Labor. The revised amount shall be submitted to Council for adoption by ordinance.

**91.107.4.6.3. Time of Collection**. Except as provided in Section 91.107.4.6, the Department of Building and Safety shall collect an arts fee before issuance of a building permit for commercial and industrial buildings required by this code.

**91.107.4.6.4. EXCEPTIONS:**

The arts fee required by Section 91.107.4.6 shall not be assessed for the following projects or portions thereof:

1. Any project for which the total value of all construction or work for which the permit is issued is $500,000 or less.

2. The repair, renovation or rehabilitation of a building or structure that does not alter the size or occupancy load of the building.

3. The repair, renovation or rehabilitation of a building or structure for the installation of fire sprinklers pursuant to Division 9.

4. The repair, renovation or rehabilitation of a building or structure that has been made to comply with Division 88 (Earthquake Hazard Reduction in Existing Buildings) subsequent to a citation of noncompliance with Division 88.

5. The repair, renovation or rehabilitation of a building or structure for any handicapped facilities pursuant to this code.

6. All residential buildings or portion thereof. This exception does not include hotels.

**91.107.4.6.5. Use of Arts Fees Acquired Pursuant to Section 91.107.4.6**. Any arts fee collected by the Department of Building and Safety shall be deposited in the Arts Development Fee Trust Fund. Any fee paid into this fund may be used only for the purpose of providing cultural and artistic facilities, services and community amenities which will be available to the development project and its future employees. Any cultural and artistic facilities, services and community amenities provided shall comply with the principles and standards set forth in the Cultural Master Plan when adopted.

At or about the time of collection of any fee imposed by this section, the Cultural Affairs Department shall identify the use to which the arts fee is to be put, and if the use is financing public facilities, the facilities shall be identified.

**91.107.4.6.6. Projects Covered by Ordinance 164,243. (Ord. No. 173,300, Eff. 6/30/00, Oper. 7/1/00.)** In 1988, the City enacted Ordinance 164,243 which states in part:

> "This ordinance is an interim measure while the City of Los Angeles is giving consideration to the enactment of an Arts Development Fee Ordinance. The owners of a development project shall be obligated to pay an Arts Development Fee if such fee is adopted in the future by the city. The fee will not exceed one percent (1%) of the total value of work and construction authorized by the building permit issued to a development project. This fee would be used to provide adequate cultural and artistic facilities, services and community amenities for the project."

By enacting Section 91.107.4.6 (previously Section 91.0304(b)(11)), the City has adopted the Arts Development Fee referred to by Ordinance 164,243. Accordingly, an arts fee shall be paid to the City of Los Angeles by owners of development projects which received building permits between and including January 15, 1989, and the effective date of this section. This arts fee described in this section shall be paid within 60 days of receipt of a request for payment of an

arts fee. All exceptions listed in Section 91.107.4.6.4 shall apply to owners of development projects subject to Ordinance 164,243.

The Office of Finance shall bill and collect the Arts Development Fee owed by those persons to whom notice was given pursuant to this paragraph for the period January 15, 1989, through May 7, 1991. The amount due shall be paid in full within 60 days of the billing date unless an agreement to pay in installments pursuant to this paragraph is approved by the Office of Finance. Persons indebted to the City of Los Angeles for Arts Development Fees may, upon approval by the Office of Finance, enter into an agreement with the City of Los Angeles to pay such fees in installments over a period not to exceed one year. The Office of Finance shall collect a service fee of $10.00 on each monthly installment to recover the cost to the city of processing installment payments. The Cultural Affairs Department is hereby authorized to negotiate and accept payment in kind for the Arts Development Fee owed by those persons to whom notice was given pursuant to this paragraph for the period January 15, 1989, through May 7, 1991. The Cultural Affairs Department shall provide notice to the Office of Finance of the name of the person on whose account such in kind payment was accepted, and whether the in kind payment constitutes payment in full or only a specified portion of the Arts Development Fee owed.

The Office of Finance is authorized to record payment in full, without further notification to the person billed, for cash or in kind Arts Development Fee payments received that are within $3.00 of the amount owed.

**EXHIBIT B-2**

**CITY ARTS DEVELOPMENT POLICY AND SAMPLE DOCUMENTS**

DEPARTMENT OF CULTURAL AFFAIRS
City of Los Angeles

**Arts Development Fee Introduction**
**and Sample Documents**

Please contact the Public Arts Division at **213-202-5555** *prior to pulling permits* if you have incurred an Arts Development Fee.

Arts Development Fee staff will provide a full explanation of the attached sample documents and facilitate the process with developers interested in completing a project for compliance credit.

## Arts Development Fee/Private Percent for Art Program

The following information provides an introduction regarding the Arts Development Fee (ADF). For further information and details regarding the program, please contact the Department of Cultural Affairs, Public Arts Division at 213.202.5555.

**Arts Development Fee Ordinance Summary (Municipal Code 91.107.4.6.):**

The owner of a development project for a commercial or industrial building for which the total value of all construction or work for which the permit is issued is $500,000 or more, is required to pay an arts fee.

The amount of the fee is calculated by the Department of Building & Safety using the following formulas:

1. **Office or research and development**. For an office or research and development building, the arts fee shall be $1.57 per square foot.

2. **Retail**. All retail establishments shall pay an arts fee of $1.31 per square foot.

3. **Manufacturing**. For a manufacturing building, the arts fee shall be $0.51 per square foot.

4. **Warehouse**. For a warehouse building, the arts fee shall be $0.39 per square foot

5. **Hotel**. For a hotel building, the arts fee shall be $0.52 per square foot.

In no event shall the required arts fee exceed either $1.57 per gross square foot of any structure authorized by the permit or one percent of the valuation of the project designated on the permit, whichever is lower, as determined by the Department of Building and Safety. Where there are combined uses within a development project or portion thereof, the arts fee shall be the sum of the fee requirements of the various uses listed above. Developers should contact their Department of Building & Safety Plan Checker regarding Arts Development Fee calculations.

**Developer's Options for Arts Development Fee Compliance**

The Arts Development fee process permits two options for developers. At the time the developer is assessed an Arts Development Fee by Department of Building and Safety, they have the option of either paying the fee at the plan check counter at Department of Building and Safety when they pull their building permit, or entering into an **advance** agreement with the Department of Cultural Affairs that a department approved art program or project will be executed for the amount of the fee.

**Option One, Paying the Fee at Building & Safety:**

A developer can fulfill the Arts Development Fee requirement by paying the fee at the Department of Building & Safety when he or she pays other permit fees, and "pulls" the building permit.

In the event that a developer has decided to pay their Arts Development Fee at the counter at Department of Building and Safety, **there will be no opportunity for a subsequent refund**. By paying their fee, the developer has performed the full and final satisfaction of the Arts Development Fee for the development.

Fees paid at the counter are deposited into a special Department of Cultural Affairs fund and play an important part in allowing us the ability to provide arts and cultural services to the community. Arts Development Fee funds are used to support arts projects, facilities and arts educational programs available to the end-users of the development site. They are not added to the general city fund.

**Option Two, Entering into an Advance Agreement with the Department of Cultural Affairs:**

Developers have the option of completing a Department of Cultural Affairs approved arts project for the value of the Arts Development Fee obligation. The Department of Cultural Affairs will meet with the developer to ascertain their project interest and assist in formulating a project for fee compliance.

When a developer is contemplating and pursuing permits for construction on a building, the developer works with a Plan Checker at the Department of Building & Safety. The Plan Checker will calculate any pertinent fees and then will supply this calculation to the developer. There is a period of time (which can vary from a few days to months) in which the developer is aware of the fees (including the Arts Development Fees) prior to the payment of those fees at Building & Safety.

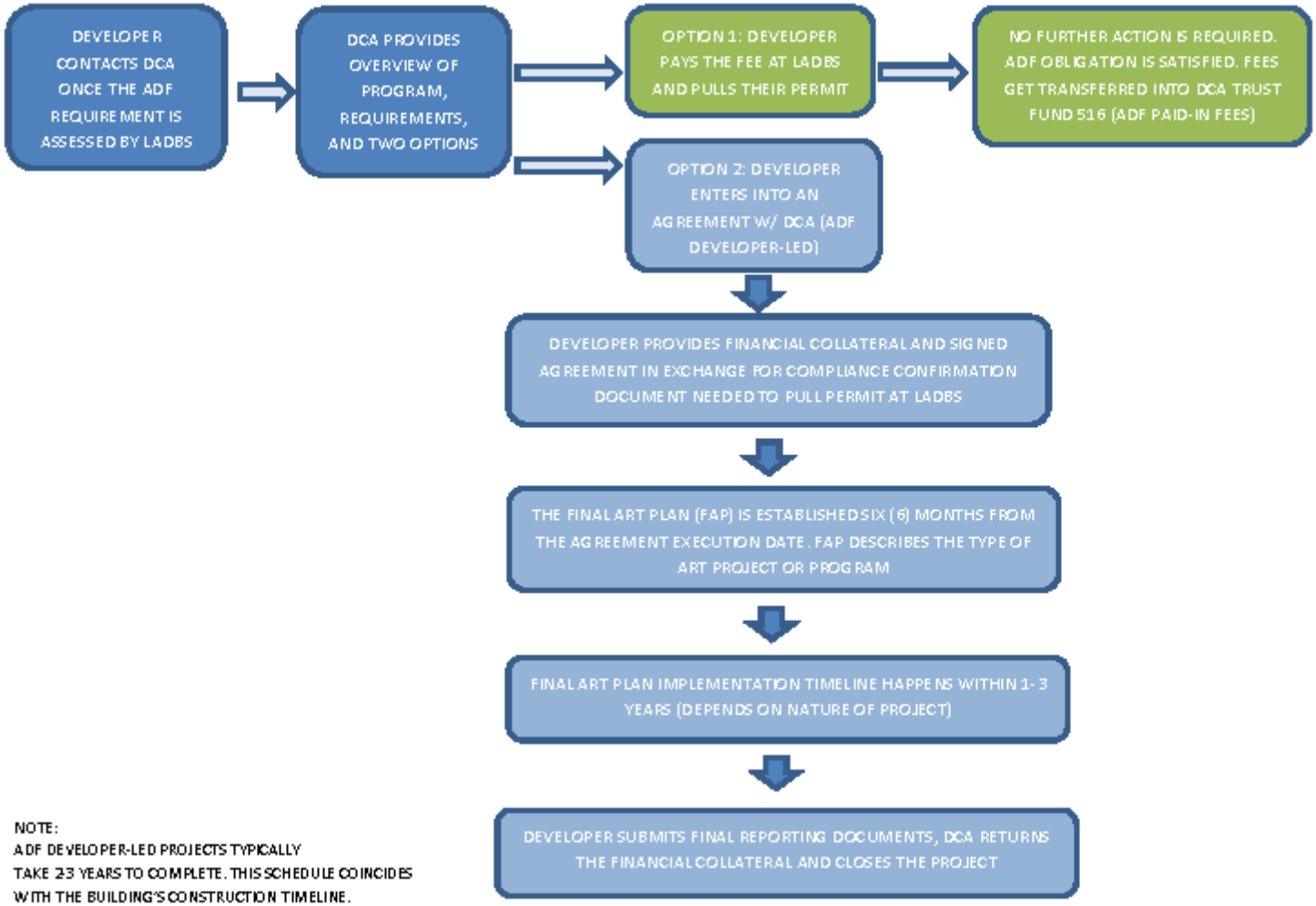
It is during this period that the Department of Cultural Affairs has the opportunity to work with the developer to enter into an advance agreement and issue compliance paperwork, which can be given to Building & Safety when the other fees are paid at the counter. In this case, Building & Safety will accept the compliance paperwork as proof of fee compliance. The developer will then not pay the fee at that time.

In order for the Department of Cultural Affairs to issue the compliance paperwork, the developer must enter into a prior agreement that a project **approved in advance** by the Department of Cultural Affairs will be executed. The developer must also provide the Department of Cultural Affairs with copies of the Permit Application and a financial security in the form of a Letter of Credit or Certificate of Deposit for the amount of the fee. The department will keep this security, to be returned to the developer after the timely completion of the project. Once these steps have been completed, the department will issue the developer with fee compliance paperwork to be given to Building and Safety when pulling their permit.

After the permit has been pulled, the Department of Cultural Affairs will work with the developer to ascertain their interest, and create a Final Art Plan detailing the project to be completed for Arts Development Fee compliance.

**Who is considered an artist?** An artist is an individual or group who has professional, academic, vocational, or apprentice training in the arts. Their peers recognize this individual or group as a professional of serious intent, has a record of solo and/or group exhibitions with documented examples, or representatives of past work.

DEPARTMENT OF CULTURAL AFFAIRS
ARTS DEVELOPMENT FEE PROGRAM
DEVELOPER OPTION FLOW CHART



(Created by DCA)
(SAMPLE)

**AGREEMENT SECURED BY A [LETTER OF CREDIT OR CERTIFICATE OF DEPOSIT]**

This Agreement Secured by a [Financial Security] is effective upon the execution date of this document by and between the City of Los Angeles (hereinafter "CITY") through its Department of Cultural Affairs (hereinafter "DCA") and [Developer ] (hereinafter "OWNER").

WHEREAS OWNER desires to construct a [description of building as per permit application] at [development address], as described by City Of Los Angeles Permit Application: PCIS #[Plan Check Number] (hereinafter "DEVELOPMENT"); and

WHEREAS the Los Angeles Municipal Code Section 91.107.4.6 and Los Angeles Administrative Code Section 22.118 require that prior to issuance of a building permit, a developer shall either pay an Arts Development Fee (hereinafter "FEE") to the Arts Development Fee Trust Fund, or guarantee to the satisfaction of the Department of Cultural Affairs (hereinafter "DCA") that an Arts Development Fee Project equal in value to the FEE will be included in the DEVELOPMENT, or that the OWNER will provide an Arts Project or Program valued at less than the total FEE and pay the remainder of the Arts Development Fee into the Arts Development Fee Trust Fund; and

WHEREAS the OWNER desires to develop as part of the DEVELOPMENT an Arts Project or Program; and

WHEREAS the above-mentioned Art Project or Program cannot be installed or implemented prior to the issuance of a building permit for the DEVELOPMENT.

NOW THEREFORE it is agreed between the OWNER and CITY as follows:

(1) That OWNER agrees to create a Final Art Plan within six (6) months from the Agreement execution date that will describe the Art Project or Program; and

(2) That OWNER agrees to implement an Art Project or Program, as described in the Final Art Plan, and as approved in advance by DCA; provided, however, in no event shall the Final Art Plan, DCA require OWNER to incur costs exceeding an amount equal to the FEE in the design, development, and implementation/installation; and

(3) That OWNER, CITY, and DCA agree no changes to the Final Art Plan will be made unless such changes are mutually agreed to in advance by written amendment to this Agreement executed by both OWNER and DCA; and

(4) That a [Financial Security] (hereinafter "Letter of Credit" or "Certificate of Deposit") is hereby secured and assigned to the City of Los Angeles, Department of Cultural Affairs in the amount of $[ADF dollar amount] (hereinafter "LOC or CD Amount"); and

(5) That the CITY may collect the full [LOC or CD Amount] if the Art Project or Program is not implemented/installed, in place, with Final Reporting Documents (defined below) submitted as stipulated by the OWNER'S Final Art Plan and in place no later than [2-3 years from executed Agreement as per art fabrication and installation schedule]; and

(6) That the OWNER agrees to keep the [Financial Security] current and enforceable through the date of completion of the implementation/installation of the Art Project or Program, as reasonably determined by DCA; and

(7) That the OWNER understands that the Final Reporting Documents to be provided under the Final Art Plan for release of the financial security may include the following items depending on the nature of the project and to be detailed in the Final Art Plan (collectively, the "Final Reporting Documents"): financial statement detailing project expenditures, project documentation, promotional materials giving credit to the Arts Development Fee Program, final artist report(s), copies of OWNER/Artist agreement(s), Covenant and Agreement, Statement of Indemnification, maintenance questionnaire, 5-10 digital photographs in JPEG format and on a CD (OWNER agrees that CITY may utilize photo documentation for non-commercial purposes), or other documents identified in the Final Art Plan and determined by the OWNER and DCA as being appropriate to the scope of the Final Art Plan; and

(8) During only the one (1) year period immediately following the issuance of DCA's letter confirming completion of all terms and conditions associated with the Final Art Plan (hereinafter "Release of All Claims, Project Completion Letter"), DCA shall have the right, upon not less than ten (10) days written notice to OWNER, and through any duly authorized representative, to access, examine and conduct an audit and re-audit of any pertinent books, documents or other records of the OWNER to the extent pertaining to the costs incurred by OWNER in designing, developing and implementing/installing the Art Project or Program; and

(9) If, as the result of the CITY's audit, the amount expended on the Arts Development Project upon completion is determined by the CITY to be less than the FEE, the remainder of the FEE for the project shall be paid to DCA by the OWNER within thirty (30) days of the OWNER's receipt of the CITY's written deficiency notice; and

(10) This Agreement shall inure to the benefit of the CITY and shall be binding on the OWNER'S successors-in-interest and assign until the date that is one (1) year from issuance to the OWNER of DCA's Release of All Claims, Project Completion Letter.

SIGNATURES TO FOLLOW:

Date: _____ _____

[Legal Signatory]
[Developer Name]

Approved by: City of Los Angeles, Department of Cultural Affairs by:

Date: _____

_____
General Manager
Department of Cultural Affairs

(Bank Letterhead)
(SAMPLE)

Certificate of Deposit
Automatic Renewal

Not Negotiable

Not Transferable

This certifies that _____(Depositor)

Has deposited in _____(Bank), the amount of $_____ principle payable to **CITY OF LOS ANGELES DEPARTMENT OF CULTURAL AFFAIRS** (Required) upon presentation and surrender of this certificate, properly endorsed, at the office of issue. The maturity of this certificate is _____(number of days) from date, and will be automatically renewed for similar periods unless within 10 days after a maturity date this certificate is presented for redemption.

This deposit bears interest at the rate of _____% per annum.

[Area for Bank policy related to renewal term, early withdrawal, etc.]

_____ _____
(Authorized Signature) (Date)

(Bank Letterhead)

(SAMPLE)
(Letter of Credit language)

PAGE 1 OF 2
ISSUE DATE:

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER:

BENEFICIARY: **CITY OF LOS ANGELES, DEPARTMENT OF CULTURAL AFFAIRS** (Required)
201 N. FIGUEROA, SUITE 1400
LOS ANGELES, CALIFORNIA 90012

APPLICANT:

AMOUNT:

EXPIRY DATE AND PLACE:

GENTLEMEN:
WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT IN YOUR FAVOR AVAILABLE FOR PAYMENT BY YOUR DRAFT (S) AT SIGHT DRAWN ON _____ BANK, (Los Angeles, CA), AND ACCOMPANIED BY DOCUMENTS AS SPECIFIED BELOW:

1. THIS ORIGINAL STANDBY LETTER OF CREDIT, AND AMENDMENT (S), IF ANY.

2. THE BENEFICIARY'S SIGNED AND DATED STATEMENT WORDED AS FOLLOWS:

"THE UNDERSIGNED, AN AUTHORIZED REPRESENTATIVE FOR THE CITY OF LOS ANGELES, CULTURAL AFFAIRS, STATE THAT (Developer) IS IN DEFAULT OF PERFORMANCE AND/OR COMPLIANCE UNDER THE INSTRUMENT DATED (date), TITLED „AGREEMENT SECURED BY A LETTER OF CREDIT.. THEREFORE, WE ARE DRAWING UNDER (Bank) LETTER OF CREDIT NUMBER _____."

SPECIAL CONDITIONS:

1. PARTIAL DRAWINGS ARE or ARE NOT ALLOWED.

2. THIS LETTER OF CREDIT IS NON-TRANSFERABLE.

3. IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE DEAMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR A PERIOD OF ONE (1) YEAR FROM THE EXPIRY DATE HEREOF OR ANY FUTHUR EXPIRY DATE, UNLESS AT LEAST THIRTY (30) DAYS PRIOR TO ANY EXPIRATION DATE, WE SHALL NOTIFY YOU BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, AT THE BENEIFIIARY'S ADDRESS AS STATED IN THIS LETTER OF CREDIT, THAT WE ELECT NOT TO EXTEND THIS LETTER OF CREDIT FOR ANY SUCH ADDITIONAL PERIOD.

EACH DRAFT MUST STATE, "DRAWN UNDER STANDBY LETTER OF CREDIT NO. _____ OF (Bank), (Los Angeles, CA)."

WE HEREBY ENGAGE WITH YOU THAT ALL DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS CREDIT SHALL BE DULY HONORED IF PRESENTED FOR PAYMENT AT THE OFFICE OF CITY IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER _____.

SUCH PRESENTATION FOR PAYMENT MAY BE ACCOMPLISHED BY DELIVERY TO THE BANK OF THE DOCUMENTS SPECIFIED ABOVE BY MAIL, COURIER OR MESSENGER, WHICH DELIVERY SHALL HAVE OCCURRED UPON THE PHYSICAL RECEIPT BY THE BANK OF ALL SUCH DOCUMENTS AT ITS OFFICE AT (Bank Address) DURING THE BANK'S REGULAR BUSINESS HOURS AT SUCH ADDRESS.

(Bank name and address) ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT.

THIS LETTER OF CREDIT IS SUBJECT TO AND GOVERNED BY THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 1993 REVISION, OF THE INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500.

_____ _____

AUTHORIZED SIGNATURE AUTHORIZED SIGNATURE

# EXHIBIT B-3

# DDA ARTS FEE PROVISIONS

GRAND AVENUE PHASE I ART PLAN

I. Cultural Facilities

Credits are given dollar-for-dollar for the cost attributed to a Cultural Facility. The Broad Museum has been approved as an eligible Cultural Facility for contributions. Because a Cultural Facility has been incorporated into the Grand Avenue project through Phase IIA, the Broad Museum, the Developer has agreed to contribute 20% of the total Art Budget to this Cultural Facility as set forth in Section 420 of the Fifth Amendment to the DDA.

II. Developer Options for Satisfying the Art Obligation:

A developer has the option of proposing an Art Plan incorporating on-site art. The remaining 80% of the total Art Budget will be spent for On-Site Art, to ensure that adequate funding is available to meaningfully impact the project.

On-Site Art: An artist or artists may be hired to participate in design and execution of artwork for the development project.

A. Art Plan - On-Site Art Option

Any developer electing to meet the public art requirement by preparing and carrying out an Art Plan for on-site art will be instructed that such plan should evolve as an integral part of the project program and should be the responsibility of the project artist working collaboratively with the full design team. The Art Plan will be reviewed at two stages, schematic and final, and will be subject to review and approval in accordance with a Schedule of Performance.

The Art Plan for on-site art, through the various stages, will describe:

- The artist-selection process, including the method of artist identification, and evidence that culturally diverse, male and female artists, and artists from the region have been considered.

- The biographical and professional experience of the artist(s), demonstrating that the artist is qualified to participate in the project.

- The interrelationship of the Art Plan to the development project plan, including the artist's contribution to the development of project program and design.

- The relationship and significance of the Art Plan to the site, to the neighborhood in which it is located, and to its place in the city.

- The location of the artwork within the project and evidence that the location is accessible to the general public at least 12, but preferably 18 hours a day.

- The Art Budget showing only eligible costs and limiting administrative fees to a maximum of 10% of the total.

B. Review and Evaluation of Art Plans

Developer Art Plans will be submitted to and reviewed by Art Program staff and may be presented to an Art Advisory Panel at two stages of design, schematic and final. The City Department of Cultural Affairs shall approve Art Plans at the schematic stage, but not before the artist's ideas are well developed and good visual representations

of the artwork in relation to the project are available. Staff will use the following criteria for evaluating an Art Plan for On-Site Art:

- Artwork design is of high quality and has artistic merit;

- Art Plan is appropriate in terms of scale, material and components relative to the development's architecture;

- Artwork is located within the development project in a location or locations with adequate public accessibility;

- Artwork has long-term durability against vandalism, weather and theft; and

- Artist's achievements, experience, education, and recognition are consistent with the scale and complexity of the artwork design.

No part of this review and approval process shall operate to restrict or prohibit any ideological, political or non-commercial message which is a part of any Art Plan submitted by the Developer.

C. Covenant for Long-Term Artwork Maintenance

During the Certificate of Completion process for the development project, the Developer will be required to enter into a covenant agreement obligating the developer to maintain the artwork over the life of the artwork unless otherwise negotiated and approved by Cultural Affairs.. The covenant will be for the benefit of, and be approved by, both the City and the Authority.

**EXHIBIT E**
**(Part 1)**

**LOCAL HIRING RESPONSIBILITIES OF CONSTRUCTION EMPLOYERS WORKING ON THE GRAND AVENUE PROJECT**

**I. Purpose**. This document sets forth the responsibilities of Construction Employers related to the hiring of Local Residents, including Local Low Income Residents, in connection with work on the Grand Avenue Project.

**II. Definitions**.

"**At-Risk Individual**" means a Lower Income Individual who has one of the following barriers to employment: is homeless; lacks English language and literacy skills; lacks a GED or high school diploma; is a single parent or a welfare recipient; has history of involvement with criminal justice system; or has significant gaps in work history.

"**Authority**" means The Los Angeles Grand Avenue Authority, a California joint powers authority, as specifically defined in the Disposition and Development Agreement.

"**BCA**" means the City's Bureau of Contract Administration.

"**City**" means the City of Los Angeles, a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State of California.

"**Community Employment Area**" means the area which includes all zip codes located entirely or partly within five (5) miles of the Project.

"**Construction Employer**" means a Developer, Contractor or Subcontractor performing construction-related work on the Project that has a total cost of $250,000 or more.

"**Contractor**" means a general or prime contractor (individual, partnership, corporation, joint venture or other legal entity) awarded a contract by the Developer or the Authority for construction work at the Project.

"**Core Employee**" means an employee whose name appears on a Contractor or Construction Employer's active payroll for sixty (60) of the one hundred (100) working days before award of the contract for work on the Project.

"**Craft Request Form**" means the form to be used by each Construction Employer to request employees for the work on the Project.

"**Developer**" means Phase I Developer, as specifically defined in the Fifth Amendment to the Disposition and Development Agreement. Whenever the term "Developer" is used herein, such term shall include any permitted nominee, transferee or partner, assignee or successor in interest of Developer as provided in the Disposition and Development Agreement.

"**Disposition and Development Agreement**" means the Amended DDA, as specifically defined in the Fifth Amendment to the Disposition and Development Agreement, together with such Fifth Amendment, between the Developer and the Authority relating to the development of the Project and the lease of the Project site.

"**Jobs Coordinator**" means a qualified consultant to be engaged by the Developer, subject to the approval of the BCA and the Authority as set forth in Section IV below, to facilitate implementation of the requirements of this Exhibit E (Part 1) as to Construction.

**"Local Hiring Goals**" refers to the goals for the Construction Employers as set forth in this Exhibit E (Part 1).

"**Local Low-Income Resident**" means: (a) a Lower Income Individual whose primary residence or place of employment is in the Community Employment Area; or (b) an At-Risk Individual whose primary place of residence is within the Community Employment Area.

"**Local Resident**" means: (a) an individual whose primary place of residence is within the Community Employment Area; (b) any Local Low-Income Resident; (c) any At-Risk Individual whose primary place of residence is within the Community Employment Area; or (d) an individual whose primary place of residence is within a Target Zip Code.

"**Lower Income Individual**" means an individual who has a documented annual income at or below 100 percent of the Federal Poverty Level (FPL).

"**Project**" means the project commonly known as the Grand Avenue Project consisting of a mixed use development project located in the vicinity of Grand Avenue and Upper Second Street in downtown Los Angeles, California and undertaken by the Developer pursuant to the Disposition and Development Agreement, as specifically defined in the Disposition and Development Agreement.

"**Subcontractor**" means any entity that contracts with a Contractor to perform construction work on the Project, and any subcontractors of such an entity who perform construction work on the Project.

**"Target Zip Code"** means any zip code within the County where the percentage of households living below 200 percent of the FPL is greater than the County average for such households as of a date 12 months prior to the Commencement of Construction.

**III. Inclusion of Local Hiring Terms in Contracts and Leases**. Each Construction Employer shall include this Exhibit E (Part 1) as a material term of any agreement between the Construction Employer and the Developer or any Contractor or any Subcontractor on the Project.

**IV. Local Hiring Terms**.

In order to help assure compliance with the responsibilities of Construction Employers under this Exhibit E (Part 1), Developer will engage a Jobs Coordinator to design and implement a program to pursue the Local Hiring Goals. At least twelve (12) months prior to the

Commencement of Construction, Developer will identify the Jobs Coordinator and submit the proposed Jobs Coordinator to City and Authority for their approval, such approval not to be unreasonably withheld, conditioned or delayed. City, acting on behalf of Authority, shall monitor the progress of the Construction Employers in meeting the Local Hiring Goals pursuant to the Monitoring Agreement (as defined in Section 18.5 of the Fifth Amendment).

At least six (6) months prior to the Commencement of Construction, Developer shall cause the Jobs Coordinator to develop and deliver to Authority and City an implementation plan to target achievement of the Local Hiring Goals, including coordination with qualified training programs, construction trades, and the Contractor and Subcontractors. Developer and the Authority and City shall work together and review the implementation plan. If Authority or City reasonably objects to any element of the implementation plan, Authority or City shall notify in writing Developer, and Developer shall meet and confer with the City and Authority to resolve such objection. Upon a resolution, Developer shall cause the Jobs Coordinator promptly to modify such plan to respond to the specific concerns raised by Authority or City and to submit the revised implementation plan to Authority and City for review. Once the implementation plan is finalized and approved by all parties, Developer shall cause the Jobs Coordinator to comply with such plan in seeking to achieve the Local Hiring Goals.

**A. Goals**.

1. **Local Hiring Goal**. Construction Employers will have a goal that at least thirty percent (30%) of the total construction workforce will consist of Local Residents, as measured by work hours for each construction trade craft. This Local Residents goal includes a goal that At-Risk Individuals whose primary place of residence is within the Community Employment Area will compose not less than ten percent (10%) total of the construction workforce as measured by work hours, i.e. At-Risk Individuals whose primary place of residence is within the Community Employment Area should make up one third (1/3) of the Local Residents goal set forth in this Section IV.A.1. Construction Employers will continue to use good faith efforts to hire At-Risk Individuals after the ten percent (10%) At-Risk Individual hiring goal has been met. Preference will be given to Local Residents in the following order: (i) those living within a Target Zip Code located within the Community Employment Area; (ii) those living in the Community Employment Area; and (iii) all other Local Residents. The provisions of this Exhibit E (Part 1) do not require the Developer or its contractors to hire any person, who does not have the experience and ability and, where necessary, the appropriate trade union affiliation, to qualify such person for such job.

2. **Local Apprentice Goa**l. Construction Employers will have a goal of at least fifty percent (50%) of the total apprentice construction workforce, as measured by work hours for each construction trade craft, will consist of Local Residents. Apprentice hours may be counted toward the overall local hiring goal in Section IV.A.1. Preference will be given to Local Residents in the following order: (i) those living within a Target Zip Code

within the Community Employment Area; (ii) those living in the Community Employment Area; and (iii) all other Local Residents.

**B. Requirements**.

1. **Maximizing Apprentices**. Construction Employers will utilize the maximum number of apprentices allowed by law.

2. **Coordination with Unions**. The unions shall be the primary source of all craft labor employed on the Project site. Construction Employers will inform any union with whom the Construction Employer has an agreement that the Construction Employer is required to give priority to Local Residents and Local Low-Income Residents and will promptly notify the Jobs Coordinator of any union that fails or refuses to refer Local Residents or Local Low-Income Residents for jobs on the Project. In the event that a Construction Employer has its own core workforce and wishes to employ such Core Employees to perform work on the Project, the number of Core Employees shall be governed by the following procedures. The Construction Employer may hire one (1) Core Employee for each Local Resident hired by the Construction Employer up to a maximum of five (5) Core Employees. Thereafter, the Construction Employer shall use the Job Coordinator/union referral process for selecting and hiring employees for the work on the Project. If the Jobs Coordinator or union is unable to fill the request of a Construction Employer within a forty eight (48) hour period, the Construction Employer shall be free to obtain work persons from any source.

3. **Hiring Preference.** Each Construction Employer will give qualified Local Residents first priority for hiring on available jobs in any project covered by the terms of this Exhibit E (Part 1), subject to the priorities set forth in Section IV.A(i).

4. **Notification**. Each Construction Employer will notify the Jobs Coordinator whenever skilled or unskilled labor is needed on the job site.

5. **Support for Local Low-Income Apprentices**.

a. **Sponsorship Fees**. Each Construction Employer will cover at least 50% of the sponsorship fees for any Local Low-Income Resident hired as an apprentice by that Construction Employer.

b. **Sponsorship of Entry Level Apprentices**. Each Construction Employer will sponsor any qualified Local Low-Income Resident referred by the Jobs Coordinator as an Entry Level Apprentice and will indicate this by sending a letter (or form, as appropriate) to the relevant union or apprenticeship program expressing a commitment to sponsor and to provide on-the-job training for the Local Low-Income Resident in question.

6. **On-the-Job Training**

a. **On-the-Job Training Credit Toward Hiring Goal**. Each Construction Employer who provides on-the-job training in accordance with the requirements of Subsection IV.B.6.b below will receive a credit toward the hiring goal in Subsections IV.A.1 of this Exhibit E (Part 1) equal to twice the number of hours worked by each Local Low-Income Resident receiving such training. No Construction Employer may receive such credit, however, for training provided for a task or position that does not reasonably require such training.

b. **Requirements to Receive On-the –Job Credit.** In order to receive credit described in Subsection IV.B.6.a, a Construction Employer must meet the following requirements. The requirements of this Subsection IV.B.6.b are not otherwise mandatory.

i. **Basic Requirement**. Each Construction Employer will make appropriate on-the-job training available to Local Low-Income Residents hired in connection with the requirements of this Exhibit E (Part 1).

ii. **Training Plan**. Each Construction Employer will adopt a training plan that describes the on-the-job training to be provided in each job category to Local Low-Income Residents hired for that job category.

iii. **Duration**. On-the-job training will be offered for a minimum of six (6) months or the duration of employment, whichever is less, to each Local Low-Income Resident hired by a Construction Employer, in order to enable Local Low-Income Residents to hold positions for which they might not otherwise qualify.

7. **Hiring Liaison.** Each Construction Employer will designate a hiring liaison (the "Hiring Liaison") before commencing operations covered by this Exhibit E (Part 1) to act as a conduit between the Construction Employer and the Jobs Coordinator. This Hiring Liaison will be responsible for providing to the Jobs Coordinator and the Developer all necessary documentation throughout the duration of the Project.

**C.** **Duration**. Each Construction Employer will abide by the terms of this Exhibit E (Part 1) for the lesser of (a) ten (10) years or (b) the duration of the term of the agreement that includes this Exhibit E (Part 1).

## V. Monitoring and Enforcement

**A.** **Review of Compliance**. Construction Employers will keep records of their compliance with this Exhibit E (Part 1), including all Craft Request Forms

submitted to unions and payroll records, and make such records available to the Developer, the Jobs Coordinator, BCA or the Authority upon request. The BCA will make a written finding as to each Construction Employer's compliance with the requirements of Exhibit E (Part 1) and shall report such finding to the Authority.

**B. Non-Compliance, Opportunity to Cure**.

If, during any review of compliance, the BCA finds that a Construction Employer has not complied with any of the requirements of this Exhibit E (Part 1), the BCA shall immediately issue to the Developer and Contractor/Construction Employer a written finding of non-compliance (with a copy to the Authority) and provide a sixty (60) day opportunity to cure. The BCA shall also report to the Authority on the activities during the sixty (60) day period, the efforts to cure and the imposition of any penalties, recognizing the Developer's opportunity to dispute the findings as set forth below.

In order to cure and to avoid the penalties set forth below, the Developer must make a detailed showing to the BCA that:

1. the non-compliant Construction Employer has made diligent use of all reasonable and necessary methods to meet each of the requirements of Section IV.B of this Exhibit E (Part 1) such as submission of Craft Request Forms to the unions, submission of a request to the Jobs Coordinator, outreach programs, advertising, training, distribution of advertising and notices, job fairs programs; or

2. the non-compliant Construction Employer has met the Goals set out in Sec. IV.A of this Exhibit E (Part 1); or

3. the Developer or another compliant Construction Employer with whom the Developer has a contract for work on the Project, having already met the goals in Section IV.A, has, following the initial finding of non-compliance:

   a. made additional new hires of Local Residents in an amount equal to the number of Local Residents by which the non-compliant Construction Employer fell short of the 30% local hiring goal set out in Section IV.A.1; or

   b. made additional new hires of Local Residents in an amount equal to the number of Local Residents by which the non-compliant Construction Employer fell short of the 50% Local Apprentice Goal set out in Section IV.A.2.

   In the event the Developer disputes the finding of the BCA that the Developer has not made the showing set forth in Section V.B

above, the Developer shall inform the Authority of such dispute for resolution by the Authority. Following such resolution by the Authority, the Developer may invoke the Dispute Resolution procedures outlined in Article 17 of the DDA.

The Developer may rely only once on each additional hire made by already compliant Construction Employers in its effort to avoid penalties under this Section V.B.

**C. Penalties for Non-Compliance**.

If, prior to the end of the sixty (60) day cure period described in Section V.B above, the Developer has not made the showing set forth in Section V.B, the BCA or Authority may require the Developer to pay to the Authority an amount equal to fifty dollars ($50.00) multiplied by the sum of the number (as calculated on hours worked based on an eight (8) hour day for a full-time position) of Local Residents short of the thirty percent (30%) local hiring goal set out in Section IV.A.1 and the number of Local Residents short of the Local Apprentice Goal set out in Section IV.A.2, per calendar day following the initial finding of non-compliance. The Developer will continue to pay this penalty until:

1. the Developer has made the showing set forth in Section V.B.1, V.B.2; or V.B.3; or

2. the Developer has filed a Notice of Completion for the Phase of the Project with County of Los Angeles.

**EXHIBIT E**
**(Part 2)**

**LOCAL HIRING RESPONSIBILITIES OF PERMANENT EMPLOYERS ON THE GRAND AVENUE PROJECT**

**I. Purpose**. This document sets forth the responsibilities of Permanent Employers at the Grand Avenue Project related to the hiring of Local Residents, including Local Low-Income Residents.

**II. Definitions**.

"**At-Risk Individual**" means a Lower Income Individual who has one of the following barriers to employment: is homeless; lack of English language and literacy skills; lack of a GED or high school diploma; is a single parent or a welfare recipient; history of involvement with criminal justice system; or significant gaps in work history.

"**Authority**" means The Los Angeles Grand Avenue Authority, a California joint powers authority, as specifically defined in the Disposition and Development Agreement.

"**BCA**" means the City's Bureau of Contract Administration.

"**City**" means the City of Los Angeles, a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State of California.

"**Community Employment Area**" means the area which includes all zip codes located entirely or partly within five (5) miles of the Project.

"**Designated Training Programs"** means jobs training programs in operation in the County that provide qualified training for Local Residents, as identified pursuant to the program developed by the Permanent Jobs Coordinator and the City and Authority, with the concurrence of the County, and which may include a Recruitment Organization.

**"Developer**" means Phase I Developer, as specifically defined in the Fifth Amendment to the Disposition and Development Agreement. Whenever the term "Developer" is used herein, such term shall include any permitted nominee, transferee or partner, assignee or successor in interest of Developer as provided in the Disposition and Development Agreement.

"**Disposition and Development Agreement**" means the Amended DDA, as specifically defined in the Fifth Amendment to the Disposition and Development Agreement, together with such Fifth Amendment, between the Developer and the Authority relating to the development of the Project and the lease of the Project site.

"**Local Employer**" means all firms with ten (10) or more employees who spend at least fifty percent (50%) of their total work hours on-site at the Project.

"**Local Low-Income Resident**" means: (a) a Lower Income Individual whose primary residence or place of employment is in the Community Employment Area; or (b) an At-Risk Individual whose primary place of residence is within the Community Employment Area.

"**Local Resident**" means: (a) an individual whose primary place of residence is within the Community Employment Area; or (b) any Local Low-Income Resident; (c) any At-Risk Individual whose primary place of residence is within the Community Employment Area; or (d) an individual whose primary place of residence is in a Target Zip Code.

"**Lower Income Individual**" means an individual who has a documented annual income at or below the Federal Poverty Level (FPL).

"**Permanent Employer**" means a Local Employer that (a) has entered into a lease or contract with the Developer or the Authority to operate a business in the Project or (b) is also a Permanent Employer Subcontractor.

"**Permanent Employer Subcontractor**" means any Local Employer who contracts with a Permanent Employer to perform work on the Project in connection with which the Permanent Employer has a lease or contract with the Developer or the Authority.

"**Permanent Jobs Coordinator**" means a qualified consultant to be engaged by the Developer, subject to the approval of the BCA and Authority as set forth in Section IV below, to provide regular coordination and communications with Permanent Employers and with Designated Training Programs in order to facilitate implementation of the requirements of this Exhibit E (Part 2).

"**Project**" means the project commonly known as the Grand Avenue Project consisting of a mixed use development project located in the vicinity of Grand Avenue and Upper Second Street in downtown Los Angeles, California and undertaken by the Developer pursuant to the Disposition and Development Agreement, as specifically defined in the Disposition and Development Agreement.

"**Recruitment Organization**" means a job recruitment organization located in the Community Employment Area including without limitation government agencies, social service providers and non-profit organizations serving the needs of Local Residents.

**"Target Zip Code"** means any zip code within the County where the percentage of households living below 200 percent of the FPL is greater than the County average for such households as of a date 12 months prior to the Grand Opening.

"**Term**" shall mean the ten (10) year period for each phase of the Project commencing on the date that the first certificate of occupancy is issued by the City of Los Angeles for such Project phase or portion of such Project phase.

**III. Inclusion of Local Hiring Terms in Contracts and Leases**. Each Permanent Employer shall include this Exhibit E (Part 2) as a material term of any agreement between the Permanent Employer and (a) the Developer (b) the Authority or (c) any Permanent Employer Subcontractor.

## IV. Local Hiring Terms.

In addition to the existing requirements of this Exhibit E (Part 2), in order to help assure compliance with the responsibilities of Permanent Employers under this Exhibit E (Part 2), Developer will engage a Permanent Jobs Coordinator to provide regular coordination and communications with Permanent Employers and with Designated Training Programs. Prior to the commencement of Design Development Drawings for Phase I, Developer will identify the Permanent Jobs Coordinator and submit the proposed Permanent Jobs Coordinator to City and Authority for their approval, such approval not to be unreasonably withheld, conditioned or delayed. City, on behalf of Authority, shall monitor the progress of the Permanent Employers in meeting the Local Hiring Goals of this Exhibit E (Part 2) pursuant to a separate Monitoring Agreement between Authority and City. Notwithstanding anything to the contrary contained herein, Developer shall not be required to fund any additional costs for any Designated Training Programs as part of its commercially reasonable efforts to fulfill the Local Hiring Goals of this Exhibit E (Part 2) (without limiting or amending any requirements of the Neutrality Agreement).

Following the designation of the Permanent Jobs Coordinator, Developer shall cause such individual to meet and confer with the designated representatives of the City and Authority for a period of 60 days to jointly establish a preliminary program design and protocols for coordination and reporting, including (where feasible) a process to jointly select one or more Designated Training Programs, with the input and concurrence of the County (the "**Permanent Jobs Plan**"). The Permanent Jobs Plan will include identification by the Permanent Jobs Coordinator of resources and programs for sourcing Local Low Income Residents and At-Risk Individuals, will contemplate the use of the Designated Training Programs to recruit, screen and train Local Low Income Residents for referral to Permanent Employers, and will include a plan for coordination with Permanent Employers to match employment opportunities with qualified Low Income Residents and At-Risk Individuals; recognizing that Permanent Employers will continue in good faith to consider hiring At Risk Individuals after the At-Risk Individual hiring goal in section A below has been met. Such Permanent Jobs Plan will include specific criteria as determined by Developer for qualified recruits for permanent jobs with Permanent Employers and will be supplemented from time to time by requirements from such Permanent Employers. Such Permanent Jobs Plan will be submitted to the Authority, City and County for their approval.

The Permanent Jobs Coordinator and the City and Authority representatives shall develop a plan to coordinate their efforts from the inception of the program and continuing through the Term of the requirements under this Exhibit E (Part 2).

The Permanent Jobs Coordinator will provide its coordination and communications services with Permanent Employers and Designated Training Programs, and coordination with the City and Authority representatives, beginning 12 months prior to the date on which the Phase I Project (or any Component thereof) is officially open for business to the general public ("**Grand Opening**") and continuing for the Term of the requirements under this Exhibit E (Part 2). The Permanent Jobs Coordinator shall provide quarterly reports to the City and Authority documenting the process and efforts to achieve the Local Hiring Goals of this Exhibit E (Part 2). Commencing on the Grand Opening of the Phase I Project, the quarterly reports shall include employment data regarding the achievement of the Local Hiring Goals. Notwithstanding anything contained

herein, if the Local Hiring Goals are not achieved in any calendar quarter, the Permanent Jobs Coordinator and the City and Authority representatives will meet and confer to establish a mutually acceptable protocol and strategy to pursue and achieve the Local Hiring Goals. The County shall have the right to have its representative present at any such meetings to provide its input and assistance in achieving the Local Hiring Goals. The Permanent Jobs Coordinator shall also provide, as part of its quarterly report, information (on a no-name basis), only if and to the extent available and permitted by applicable law to be disclosed, as to which specific criteria for the applicable jobs set forth in the Permanent Jobs Plan were not met by any recruits referred by the Designated Training Programs to Permanent Employers who are not hired by such Permanent Employers.

Section V.B.i of this Exhibit E (Part 2) is hereby modified to provide that if a Permanent Employer has used a Designated Training Program (identified pursuant to the Permanent Jobs Plan developed by the Permanent Jobs Coordinator and the City and Authority, with the concurrence of the County) to achieve its Local Hiring Goals, then even if such Permanent Employer is non-compliant with the requirements of this Exhibit E (Part 2), such Permanent Employer shall be deemed to have made diligent use of all reasonable and necessary methods to meet each of the requirements in Section IV.B of this Exhibit E (Part 2) (without limiting or amending the provisions of the Neutrality Agreement). If the Permanent Jobs Coordinator and City and Authority representatives, with the input of the County, cannot identify one or more operational Designated Training Programs at any time or from time to time during the Term of these Exhibit E (Part 2) requirements, then the Permanent Employers shall not be deemed to be non-compliant with these Exhibit E (Part 2) requirements if they are unable otherwise to meet such requirements. Further, provided that the protocols and good faith efforts that are mutually established by the Permanent Jobs Coordinator and the City and Authority in the Permanent Jobs Plan (including use of available Designated Training Programs) are followed and implemented, Phase I Developer and each Permanent Employer will be deemed to have used commercially reasonable efforts to achieve the Local Hiring Goals under Exhibit E (Part 2) and penalties for non-compliance with such goals will not apply.

At least one time each calendar year, Developer (or any successor owner) shall offer a hiring fair on the site of the Phase I Project with requested participation by the then current Permanent Employers and Designated Training Programs and other key partners designated by the Permanent Jobs Coordinator, with input from the City, Authority and County, to publicize and increase compliance with the Local Hiring Goals for the benefit of Local Low Income Residents and At-Risk Individuals.

Developer (and each successor owner of a component of the Project) shall inform the Permanent Employers, through their lease documents or otherwise, of the provisions of this Exhibit E (Part 2) and the role of the Permanent Jobs Coordinator and the Permanent Jobs Plan.

**A.** **Local Hiring Goal**. Throughout the Term, Permanent Employers shall have a goal that Local Residents will make up not less than thirty percent (30%) of the workforce of each Permanent Employer, as measured by total work hours. This Local Resident goal includes a goal that At-Risk Individuals will compose not less than ten percent (10%) of the total workforce of each Permanent Employer as

measured by total work hours, i.e., At-Risk Individuals should make up one third (1/3) of the Local Residents goal set forth in this Section IV.A.

Preference will be given to Local Residents in the following order: (i) those living within a Target Zip Code located within the Community Employment Area; (ii) those living in the Community Employment Area; and (iii) all other Local Residents.

The provisions of this Exhibit E (Part 2) do not require the Developer or a Permanent Employer to hire any person who does not have the experience and ability to qualify such person for such job.

**B. Requirements**.

1. **Preferential Notification**. In accordance with the Permanent Jobs Plan, each Permanent Employer will notify the Permanent Jobs Coordinator of job opportunities in advance of other hiring outreach efforts and provide a description of job responsibilities and qualifications, including expectations, salary, work schedule, duration of employment, and any special requirements (e.g. language skills, drivers' licenses, etc.).

   a. **Duration**. This preferential notification must be provided for a period of not less than a three (3) week period prior to commencement of the Permanent Employer's operations. After commencement of a Permanent Employer's operations, this preferential notification must be provided for at least a five (5) day period prior to the announcement of any job opportunity. Such preferential notification will take place throughout the period described in Section IV.C below.

2. **Hiring Preferences**. Subject to compliance with the Permanent Jobs Plan and the preferential notification procedures referred to above, all Permanent Employers may at all times consider applicants referred or recruited through any source, and may use normal hiring practices, including interviews, to consider all referred applicants.

   a. **Exclusive Initial Hiring**. When making initial hires for the commencement of the Permanent Employer's operations, the Permanent Employer will hire only Local Low-Income Residents for a three (3) week period following the notification of job opportunities described in subparagraph IV.B.1 above. During such three (3) week period Permanent Employers may hire Local Low-Income Residents recruited or referred through any source. After such period, Permanent Employers shall make good-faith efforts to hire Local Low-Income Residents, but may hire any applicant recruited or referred through any source.

   b. **Ongoing Exclusive Hiring**. When making hires after the commencement of operations, the Permanent Employer will hire only Local Low-Income Residents for a five (5) day period following the

notification of job opportunities. During such five (5) day period Permanent Employers may hire Local Low-Income Residents recruited or referred through any source. After such period, Permanent Employers shall make good-faith efforts to hire Local Low-Income Residents, but may hire any applicant recruited or referred through any source. The Permanent Employers obligations contained in this IV.B.2.b shall continue throughout the Term.

3. **On-the-Job Training**

a. **Credit Toward Hiring Goal**. Each Permanent Employer who provides on-the-job training in accordance with the requirements of Subsection IV.B.3.b below will receive a credit toward the hiring goal in Subsection IV.A of this Exhibit E (Part 2) equal to twice the number of hours worked by each Local Low-Income Resident receiving such training. No Permanent Employer may receive such credit, however, for training provided for a task or position that does not reasonably require such training.

b. **Requirements to Receive Credit**. In order to receive credit toward the hiring goal under Subsection IV.A, a Permanent Employer must meet the following requirements. The requirements of this Subsection IV.B.3.b are not otherwise mandatory.

- **Basic Requirement**. Each Permanent Employer will make appropriate on-the-job training available to Local Low-Income Residents hired in connection with the requirements of this Exhibit E (Part 2).

- **Training Plan**. Each Permanent Employer will adopt a Training Plan that describes the on-the-job training to be provided in each job category to Local Low-Income Residents hired for that job category.

- **Duration**. On-the-job training will be offered for a minimum of six (6) months (or the duration of the employment whichever is less) to each Local Low-Income Resident hired by a Permanent Employer, in order to enable Local Low-Income Residents to hold positions for which they might not otherwise qualify.

4. **Hiring Liaison**. Each Permanent Employer will designate a hiring liaison ("Hiring Liaison") before commencing operations covered by this Exhibit E (Part 2) to act as a conduit between the Permanent Employer and the Jobs Coordinator. This Hiring Liaison will be responsible for providing to the Permanent Jobs Coordinator and the Developer all necessary documentation throughout the duration of the Project.

**C.** **Duration**. Each Permanent Employer will abide by the terms of this Exhibit E (Part 2) for the lesser of (a) ten (10) years from the commencement of operations, or (b) the Term.

## V. Monitoring and Enforcement

**A.** **Review of Compliance**. Throughout the Term, Permanent Employers will keep records of their compliance with this Exhibit E (Part 2), and make such records available to the Developer, the Permanent Jobs Coordinator, the BCA or the Authority upon request. The Developer shall report to the BCA on the fifteenth (15th) day of each quarter during the Term regarding the compliance of Permanent Employers with this Exhibit E (Part 2) during the previous quarter. The BCA shall review each Developer's report of compliance by Permanent Employers. Following each review, the BCA will make a written finding as to each Permanent Employer's compliance with the requirements of this Exhibit E (Part 2). The Developer may appeal any BCA finding of non-compliance by any Permanent Employer to the Authority, which will review such an appeal.

**B.** **Non-Compliance, Opportunity to Cure**. If, during any review of compliance, the BCA finds that a Permanent Employer has not complied with any of the requirements of Exhibit E (Part 2), the BCA shall immediately issue to the Developer and Permanent Employer a written finding of non-compliance and provide a sixty (60) day opportunity to cure.

In order to cure and to avoid the penalties set forth below, the Developer must make a detailed showing to the Authority or the BCA that:

i. the non-compliant Permanent Employer has made diligent use of all reasonable and necessary methods to meet each of the requirements in Section IV.B of this Exhibit E (Part 2); provided that if a Permanent Employer has used a Designated Training Program (identified pursuant to the Permanent Jobs Plan developed by the Permanent Jobs Coordinator and the City and Authority, with the concurrence of the County) to achieve its Local Hiring Goals, then even if such Permanent Employer is non-compliant with the requirements of this Exhibit E (Part 2), such Permanent Employer shall be deemed to have made diligent use of all reasonable and necessary methods to meet each of the requirements in Section IV.B of this Exhibit E (Part 2) (without limiting or amending the provisions of the Neutrality Agreement). If the Permanent Jobs Coordinator and City and Authority representatives, with the input of the County, cannot identify one or more operational Designated Training Programs at any time or from time to time during the Term of these Exhibit E (Part 2) requirements, then the Permanent Employers shall not be deemed to be non-compliant with these Exhibit E (Part 2) requirements if they are unable otherwise to meet such requirements. Further, provided that the protocols and good faith efforts that are mutually established by the Permanent Jobs Coordinator and the City and Authority in the

Permanent Jobs Plan (including use of available Designated Training Programs) are followed and implemented, Phase I Developer and each Permanent Employer will be deemed to have used commercially reasonable efforts to achieve the Local Hiring Goals under Exhibit E (Part 2) and penalties for non-compliance with such goals will not apply; or

ii. the non-compliant Permanent Employer has met the Goals set out in Sec. IV.A of this Exhibit E (Part 2); or

iii. following the initial finding of non-compliance, the Developer or another compliant Permanent Employer with whom the Developer has a contract, has made new hires of Local Residents in an amount equal to the number of Local Residents by which the non-compliant Permanent Employer fell short of the 30% local hiring goal set out in Section IV.A. The Developer may rely only once on each additional hire made by already compliant Permanent Employers in its effort to avoid penalties under this Section V.B.iii.

**C. Penalties for Non-Compliance**.

If, prior to the end of the sixty (60) day cure period described in Section V.B above, the Developer has not made the showing set forth in Section V.B, the Authority or the BCA may require the Developer to pay to the Authority an amount equal to Fifty Dollars ($50.00) multiplied by the sum of the number (as calculated on hours worked based on an eight (8) hour day for a full-time position) of Local Residents short of the 30% local hiring goal set out in Section IV.A, per calendar day following the initial finding of noncompliance. In addition to the payments set forth in this Section V.C, if the Developer has not provided evidence that at least ten percent (10%) of the workforce is comprised of Local Low-Income Residents, the Developer shall pay to the Authority, at the end of each full calendar quarter, an amount equal to One Thousand Two Hundred Fifty Dollars ($1,250.00) multiplied by the sum of the number (as calculated on hours worked based on an eight (8) hour day for a full-time position) of Local Low-Income Residents short of the 10% of the total workforce. The BCA shall reasonably determine the first calendar quarter in which the 10% requirement applies based on the commencement of operations of Permanent Employers. The Developer will continue to pay this penalty until the Developer can make the showing set forth in Section V.B.i, V.B.ii or V.B.iii. The provisions of this Section V.C shall continue throughout the Term.

In the event the Developer disputes the finding of the Authority or the BCA that the Developer has not made the showing set forth in Section V.B above, the Developer may invoke the Dispute Resolution procedures outlined in Article 17 of the DDA.

## SCHEDULE 5.1(A)

## SCOPE OF DEVELOPMENT

1. Part II of the Scope of Development attached to the Amended DDA is hereby amended as to the Phase I Project so that the revised Scope of Development in Part IIA below supersedes the description of Phase I in Part II attached to the Amended DDA.

2. Part IIA of the Scope of Development is hereby amended and restated in its entirety to provide as follows:

"A. Phase I (Parcel Q)

The Phase I Project will be built on Bunker Hill Redevelopment Parcel Q, an approximately 140,263 square foot parcel known as Lot 1 of Tract No. 28761, Bk. 926 Pgs. 5 through 8, comprising a rectangular area generally bounded by Grand Avenue, First Street, Olive Street, and Upper Second Street, directly east across the street from the Walt Disney Concert Hall. The Phase I Project will comprise approximately 950,000 gross square feet of retail, hotel, and residential uses. The Phase I Project will consist of two high-rise towers, one including an Equinox hotel and one including residential apartments and condominium units, and low-rise structures containing restaurant, retail and banquet/meeting room space.

Tower 1, a distinctive high rise tower at the corner of First and Grand, will house an Equinox hotel (with a Forbes Travel Guide rating of at least 4 stars) of up to 305 rooms, meeting space and ancillary hotel amenities. At Second and Olive Streets, a residential tower (Tower 2) will combine approximately 215 market rate apartments with 86 rental Affordable Housing Units and approximately 128 market rate condominiums on the upper floors. Recreational amenities such as pools and spas will be available to residents and hotel guests. A health club will be available to hotel guests, residents and the general public. Altogether, the Phase I Project will contain approximately 429 residential units and 20% of the final number of residential units will be rental Affordable Housing Units.

Tower 1 and Tower 2 will flank plazas and courtyards with outdoor seating and dining areas that will connect Grand Avenue to Hill Street. The Phase I Project will include approximately 215,000 square feet of dining and entertainment venues, with uses to include but not be limited to a health club, restaurants, several signature retailers and a series of small shops. Most structures will be designed with outdoor dining areas, terraces and roof decks that

provide views to the Walt Disney Concert Hall and surrounding areas. The Premises which slope quickly downhill from Grand Avenue to the east, will allow for a mixture of entertainment, dining and shopping uses to be spread over several integrated levels as well as create activity along all street edges. The Phase I Project will provide for approximately 1,350 parking spaces, with an additional capacity of 150 spaces from valet assisted parking in order to be able to accommodate a total of 1,500 vehicles.

A table summarizing an example of the Phase I Project program in both gross square feet and leasable square feet/saleable square feet is provided below (note these square footage numbers correlate to project budget estimates and are within the maximum Floor Area square footage approved in the City entitlement documents).

In addition, Grand Avenue Streetscape improvements on Grand Avenue adjacent to the Premises between 1st and 2nd Streets, Public Space Improvements and a public plaza at the Grand Avenue street level which meets the requirements of the Amended DDA, will be implemented in conjunction with Phase I.

| PHASE I - PARCEL Q | | | | | |
|---|---|---|---|---|---|
| Projected Program | | Example GSF | Example LSF / SSF | | Example Units/Spaces |
| Hotel - Tower 1 | | 269,191 | 269,191 | | 305 |
| | | | | | |
| Retail/Food/ Beverage | *Tower 1* | *TBD* | *TBD* | | *N/A* |
| | *Tower 2* | *TBD* | *TBD* | | *N/A* |
| | Retail Subtotal | 213,683 | 184,683 | | N/A |
| | | | | | |
| Residential - Tower 2 | | | | | |
| | *Market Rate - Condos* | *215,039* | *160,887* | | *128* |
| | *Market Rate - Apartments* | *310,152* | *237,259* | * | *215* |
| | *Affordable - Apartments* | | | | *86* |
| | Residential Subtotal | *525,191* | *398,146* | | *429* |
| | | | | | |
| Parking** | | | | | 1,350 |
| | | | | | |
| **Phase I Totals** | | **1,008,065** | **852,020** | | |

* Total square footage includes both market rate and affordable apartments.

** Approximate number of parking spaces. The parking will have the potential capacity approx. 1,500 vehicles (including valet assisted spaces).

As required by Section 3.4 of the Fourth Amendment to the DDA ("Fourth Amendment"), Lessee shall develop the Premises such that the resulting Phase I Project is of the same quality as the original approved project contemplated by the Original DDA (as determined by the Authority and the County Board in their sole discretion), recognizing that the Premises is a unique full city block directly across the street from The Walt Disney Concert Hall, a world-recognized architectural structure, and adjacent to the Music Center of Los Angeles County, the Broad Art Museum, the Colburn School of Performing Arts and the Civic Center. The Authority is seeking well-designed buildings which create

architectural landmarks, encourage pedestrian activity and interaction with neighboring residential, cultural and commercial land uses and contribute to the vitality of the Grand Avenue corridor, and has determined that the Parcel Q Design Plan complies with these requirements. Not in limitation of the foregoing, with respect to the development of the Premises, Lessee shall comply with all standards and guidelines applicable to the Premises and development thereon set forth in the Original DDA, the Lease, and the Parcel Q Design Plan, including (A) the design guidelines set forth in paragraphs A through P of Section III in Exhibit A to the Original DDA, which are attached to the Fourth Amendment as Exhibit "F" and (B) the document dated October 2003 entitled "Reimagining Grand Avenue" which is attached to the Fourth Amendment as Exhibit "G; provided that in the event of any inconsistency between Exhibit "F" to the Fourth Amendment and Exhibit "G" to the Fourth Amendment, Exhibit "F" shall control.

**SCHEDULE 5.1(B)**

**SCHEDULE OF PERFORMANCE**

| Requirement | Deadlines |
|---|---|
| Commencement of Updated Schematic Design Process. Following the Amendment Effective Date Lessee shall commence the process of updated Schematic Design and shall confirm such commencement to Authority by written notice and such other information as Authority may reasonably request to confirm the updated Schematic Design process is underway. | Confirmation of such commencement no later than five (5) business days following the Amendment Effective Date of the 5th DDA Amendment (as defined therein) shall be provided to Authority's counsel |
| Initial Extension Fee Payment. Lessee shall pay Authority an initial installment of the Extension Fee in the amount of $3,000,000, which will be credited against Extension Fee owed pursuant to Section 4.2.2 of the Fourth Amendment to DDA. | Within three (3) business days after the Amendment Effective Date of the 5th DDA Amendment |
| Balance of Extension Fee Payment. Lessee to pay the $4,000,000 balance of the Extension Fee per Section 4.2.2 of the Fourth Amendment to DDA. | Within sixty (60) days after the Amendment Effective Date of the 5th DDA Amendment |
| Staff Progress Briefing as to Updated Plans. Lessee shall coordinate its first meeting with Authority staff to discuss progress of the updated Schematic Design Drawings prior to this date, and shall then schedule additional meetings prior to submittal at the Lessee's initiative and/or upon request of Authority staff. | Within three (3) months after commencement of updated Schematic Design process |
| Submittal of Updated Schematic Design Drawings. Lessee shall submit the updated Schematic Design Drawings to Authority. | Six (6) months following commencement of updated Schematic Design process |
| Review and Approval – Schematic Design Drawings. Authority and the County Board shall review and approve or disapprove the Schematic Design Drawings. | Seventy-five (75) days after the date on which Lessee submits revised Schematic Design Drawings |
| Submission of Proposed Permanent Jobs Coordinator to the City and Authority. Lessee will submit proposed Permanent Jobs Coordinator to City Bureau of Contract Administration for approval | Prior to commencement of Design Development Drawings |

| Requirement | Deadlines |
|---|---|
| Staff Progress Briefing as to Design Development Drawings and Preliminary Landscape Plans. Lessee will schedule a briefing with Authority Staff at the point of 50 percent completion of Design Development Drawings, and shall then schedule additional meetings prior to submittal at the Lessee's initiative and/or upon request of Authority staff. | On the earlier of (A) 50 percent completion of Design Development Drawings or (B) four (4) months following Authority and County approval of Schematic Design Drawings (provided that in the event Authority has requested extensive changes, Lessee will work with Authority and confer with the project architect to confirm necessary time required) |
| Submission - Design Development Drawings and Preliminary Landscape Plans. Lessee shall prepare and submit to Authority Design Development Drawings and Preliminary Landscape Plans for Phase I. | Seven (7) months following Authority and County approval (provided that in the event Authority has requested extensive changes to Design Development Drawings during Staff Progress Briefings, Lessee will work with Authority and confer with the project architect to confirm necessary time required) |
| Submission - Concept Art Plan. Lessee shall prepare and submit to Authority its Concept Art Plan for the Phase I Improvements. | Concurrently with submittal to the Authority of the Design Development Drawings for Phase I |
| Refreshed Letter of Interest re Financing. Lessee to obtain and provide to Authority refreshed letters of interest for financing for Phase I. | Concurrently with Design Development Drawings |
| Review and Approval - Design Development Drawings. Authority shall review and approve or disapprove the Design Development Drawings and Preliminary Landscape Plans. | Within forty-five (45) days of receipt of Design Development Drawings |
| Review and Approval - Concept Art Plan. Authority shall review the Concept Art Plan for the Phase I Improvements. | Within forty-five (45) days after receipt by Authority |
| Submit Proposed Jobs Coordinator to the City and Authority. Lessee will submit the proposed Jobs Coordinator to City Bureau of Contract Administration and Authority for approval. | At least twelve (12) months prior to Commencement of Construction |

| Requirement | Deadlines |
|---|---|
| Delivery of Local Hiring Implementation Plan by Jobs Coordinator to Authority and City. Lessee will cause the Jobs Coordinator to design and deliver to Authority and City Bureau of Contract Administration an implementation plan to achieve Local Hiring Goals | At least 6 months prior to the Commencement of Construction |
| Submission – 80% Construction Documents and Final Landscape Plans. Lessee 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. | Within two hundred forty (240) days of Authority Approval of Design Development Drawings and Preliminary Landscape Plans |
| Review and Approval – 80% Construction Documents and Landscape Plans. Authority shall review and approve or disapprove the 80% Construction Documents and Landscape Plans as provided in Section 405 of the DDA.<br><br>The parties acknowledge that Lessee 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. | Within thirty (30) days of receipt of 80% Construction Documents and Final Landscape Plans |
| Confirmation of Financing Plan. Authority and Lessee to meet to confirm sources of financing pursuant to Section 4.4(b) of the Fourth Amendment to DDA. | Within sixty (60) days of Submission of 80% Construction Documents |
| Executed Term Sheets. Lessee to obtain and provide to Authority executed term sheets for financing for Phase I. | Within sixty (60) days of Submission of 80% Construction Documents |
| Orientation. Lessee shall coordinate a preconstruction orientation meeting with Lessee's general contractors and Authority. | Prior to commencement of grading activities in connection with Phase I |
| Submission – Construction Budget Based on 80% Construction Documents. Lessee shall provide Authority with a proposed construction budget for Phase I based on the 80% Construction Documents. | Within sixty (60) days of submission of 80% Construction Documents |
| Submission – Final Construction Documents.<br>Lessee shall submit Final Construction Documents for the Phase I Improvements. | Within ninety (90) days of Authority Approval of 80% Construction Documents |

| Requirement | Deadlines |
|---|---|
| Review and Approval – Construction Budget Based on 80% Construction Documents. 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 forty-five (45) days of receipt of Construction Budget |
| Preconstruction Meeting Re: Community Outreach. Lessee shall meet with the City and Authority or their designated representatives to discuss community outreach as required by Section 17.3 of the Lease. | At least sixty (60) days prior to commencement of grading |
| Submission – Community Outreach Plan. Lessee shall submit the Community Outreach Plan required by Section 17.3 of the Lease to the City Bureau of Contract Administration and Authority or their representatives. | At least ninety (90) days prior to commencement of grading |
| Review and Approval – Community Outreach Plan. The City Bureau of Contract Administration and Authority or their representatives shall approve or disapprove the Community Outreach Plan. | Within thirty (30) days after receipt by City and Authority, or within 15 days following resubmission of proposal plan after initial comments |
| Review and Approval – Final Construction Documents. Authority shall review and approve or disapprove the Final Construction Documents. | Within thirty (30) days of receipt of Final Construction Documents |
| Commencement of Construction. The Commencement of Construction of Phase I Improvements shall have occurred. | November 1, 2018 (subject to day for day extensions by delays in the Delivery Date or Amendment Effective Date of the 5th DDA Amendment, as provided in the 5th DDA Amendment) |
| Construction Sign. Lessee shall cause to be erected on the Premises a construction sign describing the development and the participants in accordance with Authority specifications. | No later than thirty (30) days after start of construction |
| Submission - Final Art Budget. Lessee shall submit a final Art Budget for the Phase I Improvements. | The date on which the Lessee has obtained all necessary permits required for the construction of the Phase I Improvements |
| Completion of Construction. Lessee shall submit certificate of substantial completion from Lessee's Architect, with respect to the Phase I Improvements. | Thirty-eight (38) months after the Commencement of Construction |

| Requirement | Deadlines |
|---|---|
| Permanent Jobs Coordinator Commences Coordination and Communication Services. Lessee shall cause the Permanent Jobs Coordinator to commence its coordination and communications services with Permanent Employers and Designated Training Programs | At least twelve (12) months prior to the date on which the Phase I Project (or any Component thereof) is officially open for business to the general public |
| Final Inspection. Authority shall conduct a final inspection of all improvements. | Within thirty (30) days after request by Lessee |
| Issuance of Authority Certificate (or Partial Certificate) of Completion. Authority shall issue in recordable form the Certificate of Completion (or Partial Certificate of Completion, as appropriate). | Within thirty (30) days after receipt by Authority of Lessee's written request, provided all requirements for issuance have been met |
| Architect's Assignment. Lessee shall execute and deliver the Architect's Assignment with respect to Phase I to the Authority and the County. Notwithstanding the foregoing, Lessee shall not be in breach of its obligations hereunder if Lessee is unable to comply with the provisions of this Paragraph due to Lessee's contractual obligations with Lessee's design architect for Phase I. | Within thirty (30) days after City issuance of Certificate of Occupancy |

## SCHEDULE 31 (A)

## COUNTY GROUND LEASE ESTOPPEL

1. This Ground Lease Certificate of Estoppel ("**Estoppel Certificate**") is being provided by the County of Los Angeles ("**County**") to CORE/Related Grand Avenue Owner, LLC, a Delaware limited liability company ("**Developer**") with reference to the following facts:

BACKGROUND

The Los Angeles Grand Avenue Authority, a California joint powers authority ("**Authority**"), and Grand Avenue L.A., LLC, a Delaware limited liability company ("**GALA**"), 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 GALA, Authority and The Broad Collection ("**Broad**") dated as of August 23, 2010, that certain Second Amendment to Disposition and Development Agreement (Grand Avenue) among GALA, Authority and Broad dated as of May 31, 2011, that certain Third Amendment to Disposition and Development Agreement (Grand Avenue) among GALA, 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 GALA, Authority and Grand Avenue M Housing Partners, LLC dated as of January 21, 2014. Authority, GALA and Developer have entered into that certain Fifth Amendment to Disposition and Development Agreement (Grand Avenue) dated on or about the date hereof (the Original DDA, as so amended, is referred to herein as the "**DDA**"); and

County and CRA/LA, a Designated Local Authority, an independent public body formed under Health & Safety Code Section 34173(d)(3), as successor to the Community Redevelopment Agency of The City of Los Angeles ("**CRA**"), are parties to that certain Ground Lease dated as of March 5, 2007 (the "**Ground Lease**"), pursuant to which County has leased to CRA, and CRA has leased from County, the Premises (as defined in the Ground Lease).

RECITALS

A. Section 14.12 of the Ground Lease provides that each party shall agree to execute, within ten (10) business days after the receipt of a written request from the other party, a certificate setting forth various items relating to the Ground Lease.

B. Pursuant to Section 14.12 of the Ground Lease, prospective purchasers and lenders and Anchor Tenants may also rely on statements made by County in such certificates.

C. Developer has requested that County deliver this Estoppel Certificate to Developer, to CCCG Overseas Real Estate Pte. Ltd. ("**JV Investor**"), and to any of Developer's future lenders, title insurance companies, direct or indirect members, partners, directors and permitted assignees, transferees and designees (collectively, the "**Reliance Parties**"), and County has agreed to so deliver this Estoppel Certificate pursuant to Section 14.12 of the Ground Lease.

D. Capitalized terms not defined herein shall have the meanings given them in the Ground Lease.

CERTIFICATE

The undersigned certifies to the Reliance Parties as of the date hereof as follows:

1. CRA is the tenant and County is the landlord under the Ground Lease.

2. County is the sole owner and holder of the lessor's interest under the Ground Lease. Attached as Exhibit A is a true, correct and complete copy of the Ground Lease.

3. The Ground Lease is a valid lease and in full force and effect in accordance with its terms and has not been supplemented, modified or otherwise amended, orally or in writing. The Ground Lease has not been surrendered, canceled, terminated, or abandoned, whether in writing or, to the actual knowledge of County, pursuant to a purported oral surrender, cancellation, termination or abandonment.

4. County has not commenced any pending action or sent any presently effective notice to, or received any presently effective notice from, CRA for the purpose of terminating the Ground Lease.

5. As of the date hereof, County has not given or received any notice of default to or from CRA, as applicable, and there is no existing uncured default under the Ground Lease on the part of either CRA or County any event that, with notice or the passage of time or both, would constitute such a default. All rent, if any, payable pursuant to the Ground Lease has been paid in full through the date of this Estoppel Certificate.

6. County has not received any written notice of any claim or action by any person or entity against County or CRA relating to the Premises (other than those claims and/or actions against County relating to the operation of the parking facility at the Premises which such claims and actions do not and shall not have any effect on Developer's leasehold interest in the Premises).

7. County has not received any written notice of any contemplated eminent domain proceedings or any governmental or judicial action against County relating to the Premises.

8. County has not received any written notice of any violation of law, ordinance or regulation regarding the Premises.

9. County has not conveyed, assigned or mortgaged, or granted any options or rights to purchase, any of its interests in the Premises or under the Ground Lease (except as set forth in Section 20 of the Fifth Amendment to DDA with respect to the Option to acquire an Easement, as defined and specified therein).

10. The provisions of this Estoppel Certificate shall be binding upon County, and its successors and assigns and shall inure to the benefit of the Reliance Parties.

11. County is authorized to execute and deliver this Estoppel Certificate, and this Estoppel Certificate has been duly executed and delivered by County. County's delivery of this

Estoppel Certificate does not breach or conflict with any agreement under which County is bound. No consent by any court, agency, bureau or other third party, governmental or nongovernmental (other than consents that have been actually obtained), is required for County to execute and deliver this Estoppel Certificate.

County hereby executes this Estoppel Certificate as of _____, 2016 and each of the statements made in this Estoppel Certificate is true and correct as of that date. County does not undertake to update this Estoppel Certificate in the event that there are any changes in any facts or circumstances that would make any of the statements made herein untrue or incorrect in any respect.

"County"

THE COUNTY OF LOS ANGELES
a subdivision of the State of California

By: _____
Its: _____

Approved as to form:

Mary C. Wickham
County Counsel

By: _____
Helen S. Parker
Principal Deputy County Counsel

EXHIBIT A

GROUND LEASE

**[*To be attached*]**

## SCHEDULE 31 (B)

## CRA/LA GROUND LEASE ESTOPPEL

This Ground Lease Certificate of Estoppel ("**Estoppel Certificate**") is being provided by CRA/LA, a Designated Local Authority, an independent public body formed under Health & Safety Code Section 34173(d)(3), as successor to the Community Redevelopment Agency of The City of Los Angeles ("**CRA**") to CORE/Related Grand Avenue Owner, LLC, a Delaware limited liability company ("**Developer**") with reference to the following facts:

BACKGROUND

The Los Angeles Grand Avenue Authority, a California joint powers authority ("**Authority**"), and Grand Avenue L.A., LLC, a Delaware limited liability company ("**GALA**"), 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 GALA, Authority and The Broad Collection ("**Broad**") dated as of August 23, 2010, that certain Second Amendment to Disposition and Development Agreement (Grand Avenue) among GALA, Authority and Broad dated as of May 31, 2011, that certain Third Amendment to Disposition and Development Agreement (Grand Avenue) among GALA, 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 GALA, Authority and Grand Avenue M Housing Partners, LLC dated as of January 21, 2014. Authority, GALA and Developer have entered into that certain Fifth Amendment to Disposition and Development Agreement (Grand Avenue) dated on or about the date hereof (the Original DDA, as so amended, is referred to herein as the "**DDA**"); and

CRA and Authority are parties to that certain Ground Lease dated as of March 5, 2007 (the "**Ground Lease**"), pursuant to which CRA has subleased to Authority, and Authority has subleased from CRA, the Premises (as defined in the Ground Lease).

RECITALS

A. Section 14.12 of the Ground Lease provides that each party shall agree to execute, within ten (10) business days after the receipt of a written request from the other party, a certificate setting forth various items relating to the Ground Lease.

B. Pursuant to Section 14.12 of the Ground Lease, prospective purchasers and lenders and Anchor Tenants may also rely on statements made by CRA in such certificates.

C. Developer has requested that CRA deliver this Estoppel Certificate to Developer, to CCCG Overseas Real Estate Pte. Ltd. ("**JV Investor**"), and to any of Developer's future lenders, title insurance companies, direct or indirect members, partners, directors and permitted assignees, transferees and designees company (collectively, the "**Reliance Parties**"), and CRA has agreed to so deliver this Estoppel Certificate pursuant to Section 14.12 of the Ground Lease.

D. Capitalized terms not defined herein shall have the meanings given them in the Ground Lease.

CERTIFICATE

The undersigned certifies to the Reliance Parties as of the date hereof as follows:

1. Authority is the tenant and CRA is the landlord under the Ground Lease.

2. CRA is the sole owner and holder of the lessor's interest under the Ground Lease. Attached as Exhibit A is a true, correct and complete copy of the Ground Lease.

3. The Ground Lease is a valid lease and in full force and effect in accordance with its terms and has not been supplemented, modified or otherwise amended, orally or in writing. The Ground Lease has not been surrendered, canceled, terminated, or abandoned, whether in writing or, to the actual knowledge of CRA, pursuant to a purported oral surrender, cancellation, termination or abandonment.

4. CRA has not commenced any pending action or sent any presently effective notice to, or received any presently effective notice from, Authority, in each case, for the purpose of terminating the Ground Lease.

5. As of the date hereof, CRA has not given or received any notice of default to or from Authority, as applicable, and there is no existing uncured default under the Ground Lease on the part of either Authority or CRA or any event that, with notice or the passage of time or both, would constitute such a default. All rent, if any, payable pursuant to the Ground Lease has been paid in full through the date of this Estoppel Certificate.

6. CRA has not received any written notice of any claim or action by any person or entity against CRA or Authority relating to the Premises.

7. CRA has not received any written notice of any contemplated eminent domain proceedings or any governmental or judicial action against CRA relating to the Premises.

8. CRA has not received any written notice of any violation of law, ordinance or regulation regarding the Premises.

9. CRA has not conveyed, assigned or mortgaged, or granted any options or rights to purchase, any of its interests in the Premises or under the Ground Lease.

10. The provisions of this Estoppel Certificate shall be binding upon CRA, and its successors and assigns and shall inure to the benefit of the Reliance Parties.

11. CRA is authorized to execute and deliver this Estoppel Certificate, and this Estoppel Certificate has been duly executed and delivered by CRA. CRA's delivery of this Estoppel Certificate does not breach or conflict with any agreement under which CRA is bound. No consent by any court, agency, bureau or other third party, governmental or nongovernmental (other than consents that have been actually obtained), is required for CRA to execute and deliver this Estoppel Certificate.

CRA hereby executes this Estoppel Certificate as of _____, 2016 and each of the statements made in this Estoppel Certificate is true and correct as of that date. CRA does not undertake to update this Estoppel Certificate in the event that there are any changes in any facts or circumstances that would make any of the statements made herein untrue or incorrect in any respect.

CRA:

CRA/LA, a Designated Local Authority,
an independent public body formed under Health & Safety Code Section 34173(d)(3), as successor to the Community Redevelopment Agency of the City of Los Angeles

By: _____
Chief Executive Officer

APPROVED AS TO FORM:

GOLDFARB & LIPMAN LLP

By: _____
Thomas Webber
CRA/LA Special Counsel

EXHIBIT A

GROUND LEASE

**[*To be attached*]**

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Gibson, Dunn & Crutcher
333 South Grand Avenue
Los Angeles, CA 90071
Attn.: Farshad E. Morè

---

Space above line for recorder's use only

**NON-DISTURBANCE AGREEMENT**

THIS NON-DISTURBANCE AGREEMENT ("**Agreement**") is entered into as of _____ __, 2016 by and between the COUNTY OF LOS ANGELES (with its successors and assigns to and of its interest in the CRA Lease (as defined below), "**County**"), CRA/LA, a Designated Local Authority, a public body formed under Health & Safety Code Section 34173(d)(3), as successor to the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA (with its successors and assigns to and of its interests in the CRA Lease and Authority Lease (as defined below), "**CRA**"), THE LOS ANGELES GRAND AVENUE AUTHORITY, a California joint powers authority (with its successors and assigns to and of its interests in the Authority Lease and any Developer/Operator Lease (as defined below), "**Authority**") and CORE/RELATED GRAND AVE OWNER, LLC, a Delaware limited liability company (with its successors and assigns to and of its interest in the Developer Lease (as defined below), "**Developer**"). Each of County, CRA, Authority and Developer (on behalf of itself and any future Operator (as defined in Recital E below)) are referred to in this Agreement individually as a "**Party**" and collectively as the "**Parties**."

RECITALS

A. County and CRA have entered into that certain Joint Exercise of Powers Agreement dated September 2, 2003, as amended ("**JPA**"), concerning the development of certain real property adjacent to the Los Angeles downtown Civic Center and Music Center and more particularly described in the JPA.

B. To fulfill the purposes of the JPA, Authority and Grand Avenue L.A., LLC, a Delaware limited liability company ("**GALA**") have entered into that certain Disposition and Development Agreement (Grand Avenue) dated March 5, 2007, as amended by that certain First Amendment to Disposition and Development Agreement (Grand Avenue) among GALA, Authority and The Broad Collection ("**Broad**") dated as of August 23, 2010, as further amended

by that certain Second Amendment to Disposition and Development Agreement (Grand Avenue) among GALA, Authority and Broad dated as of May 31, 2011, as further amended by that certain Third Amendment to Disposition and Development Agreement (Grand Avenue) among GALA, Authority, Broad and Grand Avenue M Housing Partners, LLC dated as of December 10, 2012, as further amended by that certain Fourth Amendment to Disposition and Development Agreement (Grand Avenue) among GALA, Authority and Grand Avenue M Housing Partners, LLC dated as of January 21, 2014, as partially assigned to Developer solely to the extent GALA's rights, duties and obligations relate to the Premises (as defined below), pursuant to that certain Partial Assignment of Disposition and Development Agreement (Grand Avenue – Parcel Q) by and between GALA, as assignor, and Developer, as assignee, dated as of the date hereof, and as further amended by that certain Fifth Amendment to Disposition and Development Agreement (Grand Avenue) among Developer, Authority and GALA, dated as of the date hereof (as amended and only to the extent partially assigned to Developer and as the same may be further amended and/or assigned from time to time, the "**DDA**").

C. County is the fee owner of that certain real property located in the City of Los Angeles, Los Angeles County, California that is commonly known as and referred to in the DDA as "Parcel Q," and more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "**Premises**").

D. In furtherance of the JPA and DDA, County and CRA have entered into that certain Ground Lease dated as of March 5, 2007 (the "**CRA Lease**"), pursuant to which County has leased to CRA, and CRA has leased from County, the Premises for a term of ninety-nine (99) years commencing on the Commencement Date set forth in the CRA Lease. County and CRA have caused to be recorded in the Official Records of Los Angeles County, California a Memorandum of Lease with respect to the CRA Lease.

E. In furtherance of the JPA and DDA, CRA and Authority have entered into that certain Ground Lease dated as of March 5, 2007 (the "**Authority Lease**"), pursuant to which CRA has subleased to Authority, and Authority has subleased from CRA, the Premises for a term of ninety-nine (99) years less one (1) day, commencing on the same Commencement Date as set forth in the CRA Lease (the "**Authority Lease Term**"). CRA and Authority have caused to be recorded in the Official Records of Los Angeles County, California a Memorandum of Lease with respect to the Authority Lease.

F. In furtherance of the JPA and DDA, Authority and GALA have entered into that certain Phase I Ground Lease dated as of March 5, 2007, as assigned to Developer pursuant to that certain Assignment and Assumption of Ground Lease by and between GALA, as assignor, and Developer, as assignee, dated as of the date hereof ("**Developer Lease Assignment**"), and as amended by that certain First Amendment to Ground Lease (Phase I – Parcel Q) dated of even date herewith (as amended and assigned and as the same may be further amended and/or assigned from time to time, the "**Developer Lease**"), pursuant to which Authority has sub-subleased to Developer, and Developer has sub-subleased from Authority, the Premises for a term of ninety-nine (99) years less two (2) days, commencing on the same Commencement Date as set forth in the CRA Lease and the Authority Lease (the "**Developer Lease Term**"). Authority and GALA have caused to be recorded in the Official Records of Los Angeles County, California a Memorandum of Lease with respect to the Developer Lease and, concurrent or

substantially concurrent herewith, Developer has caused to be recorded in the Official Records of Los Angeles County, California the Developer Lease Assignment.

G. Developer has certain rights under Section 11.3 of the Developer Lease to transfer its interest in each individual "**Component**" (as defined in the Developer Lease) of the development project to be constructed by Developer on the Premises to an "**Operator**" (as defined in the Developer Lease) that satisfies the requirements of the Developer Lease, and to require the Authority to enter into an Operator Ground Lease (as defined in the Developer Lease) for the applicable portion of the Premises included in such Component (each, an "**Operator Lease**"). Upon the execution of an Operator Lease, the Developer Lease is modified to delete from the Developer Lease that portion of the Premises that is the subject of such Operator Lease.

H. Developer and the Operators under any Operator Leases are referred to as "**Developer/Operators**," and the Developer Lease and each Operator Lease are referred to as "**Developer/Operator Leases**." The CRA Lease, Authority Lease and each Developer/Operator Lease are collectively referred to as the "**Ground Leases.**"

I. The Parties desire to enter into this Agreement to confirm that each respective Party's interest as sublessee or sub-sublessee (as applicable) under the Authority Lease and any Developer/Operator Lease will not be terminated or otherwise disturbed as a result of the termination of any Ground Lease that is senior to such Authority Lease or Developer/Operator Lease.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Non-Disturbance and Attornment as to Authority Lease. No termination of the CRA Lease shall cause a termination of the Authority Lease, nor shall County disturb Authority's rights or interests under the Authority Lease or in or to the Premises, as a result of any termination of the CRA Lease. In the event of any termination of the CRA Lease, County shall recognize the rights and interests of Authority under the Authority Lease for the remaining portion of the Authority Lease Term. In the event of any termination of the CRA Lease, the Authority Lease shall continue in effect as a direct lease between County, as lessor, and Authority, as lessee, and Authority, as lessee, shall attorn to County, as lessor, under the Authority Lease. Such attornment shall be automatic and self-operative without the necessity of the execution of any additional documentation; provided, however, that at the request of either Authority or County, such Parties shall execute any confirming instrument reasonably requested by either Party to acknowledge the attornment in accordance with the terms and provisions of this Agreement. The continued effectiveness of the Authority Lease as a direct lease between County and Authority shall be (a) subject to the terms and provisions of this Agreement, (b) limited to the duration of the remaining Authority Lease Term (without extension, except as expressly agreed to by County in writing or as set forth in the Authority Lease), and (c) subject to all terms and provisions of the Authority Lease, including without limitation, any term or provision of the Authority Lease that provides for the expiration or termination of the Authority Lease on its own accord.

Notwithstanding any contrary provision of this Agreement, County shall not be:

1.1 liable for any act or omission of CRA or any other person or entity, or obligated to cure any then-existing breach or default by CRA under the Authority Lease;

1.2 subject to any offsets, defenses or claims which Authority may have against CRA;

1.3 liable to Authority for any security deposit paid to CRA, except to the extent that such security deposit has been transferred to County;

1.4 bound by or required to recognize the payment of any amount that Authority may have paid to CRA under the Authority Lease more than thirty (30) days in advance of the date that such payment was due under the Authority Lease; or

1.5 bound by any amendment or modification of the Authority Lease made without the express prior written consent of County.

2. Non-Disturbance and Attornment as to Developer/Operator Leases. No termination of the CRA Lease or the Authority Lease shall cause a termination of any Developer/Operator Lease, nor shall County or CRA disturb any Developer/Operator's rights or interests under a Developer/Operator Lease or in or to the Premises, as a result of any termination of the CRA Lease or the Authority Lease. In the event of any termination of the CRA Lease without a termination of the Authority Lease, the terms and provisions of Section 1 above shall apply and there shall be no effect on any Developer/Operator Lease. In such case, each Developer/Operator Lease shall continue in full force and effect between Authority and the applicable Developer/Operator. In the event of any termination of the Authority Lease, the CRA

Lease shall automatically terminate concurrent with such termination of the Authority Lease, and County shall recognize the rights and interests of each Developer/Operator under each then-effective Developer/Operator Lease for the remaining portion of the Developer Lease Term. In such case, each Developer/Operator Lease shall continue in effect as a direct lease between County, as lessor, and the applicable Developer/Operator, as lessee, and the applicable Developer/Operator, as lessee, shall attorn to County, as lessor, under such Developer/Operator Lease. Such attornment shall be automatic and self-operative without the necessity of the execution of any additional documentation; provided, however, that at the request of either County or a Developer/Operator, such Parties shall execute any confirming instrument reasonably requested by either Party to acknowledge the attornment in accordance with the terms and provisions of this Agreement. The continued effectiveness of each Developer/Operator Lease shall be (a) subject to the terms and provisions of this Agreement, (b) limited to the remaining Developer Lease Term (without extension, except as expressly agreed to by County in writing or as set forth in the Developer/Operator Lease), and (c) subject to all terms and provisions of the Developer/Operator Lease, including without limitation, any term or provision of such Developer/Operator Lease that provide for the expiration or termination of the Developer/Operator Lease on its own accord.

Notwithstanding any contrary provision of this Agreement, County shall not be:

2.1 liable for any act or omission of Authority, CRA or any other person or entity, or obligated to cure any then-existing breach or default by Authority or CRA under the Developer/Operator Lease;

2.2 subject to any offsets, defenses or claims which Developer/Operator may have against Authority or CRA;

2.3 liable to Developer/Operator for any security deposit paid to Authority, except to the extent that such security deposit has been transferred to County;

2.4 bound by or required to recognize any rent or other amount that Developer/Operator may have paid to Authority more than thirty (30) days in advance of the date such rent or other payment was due under the Developer/Operator Lease, but for purposes of clarification, not including the Leasehold Acquisition Fee; or

2.5 bound by any amendment or modification of the Developer/Operator Lease (or any provision originally contained in an Operator Lease that is inconsistent with the terms and provisions of Section 11.3 of the Developer Lease) made without the express prior written consent of County.

3. Non-Disturbance and Attornment as to Anchor Tenants. Upon written request by a Developer/Operator, each of the County and the CRA and Authority (if the Authority Lease remains in effect) (the "**Recognizing Parties**") agree to enter into a non-disturbance and attornment agreement (an "**Anchor Tenant NDA**") in favor of each Anchor Tenant (as defined in the Developer Lease) that leases at least 10,000 square feet of GLA (as defined in the Developer Lease) from Developer/Operator so long as (a) such Anchor Tenant is not affiliated with Developer/Operator, (b) in the reasonable judgment of the Recognizing Parties the lease with such Anchor Tenant (the "**Anchor Tenant Lease**") is on fair market terms and conditions, (c) the term of the Anchor Tenant Lease does not extend beyond the term of the applicable Developer/Operator Lease for the portion of the Premises leased by such Anchor Tenant, and (d) the Anchor Tenant Lease complies with the terms and provisions of the applicable Developer/Operator Lease for the portion of the Premises leased by such Anchor Tenant. Notwithstanding any contrary provision hereof, each Anchor Tenant NDA shall provide that the Recognizing Parties shall not be:

3.1 liable for any act or omission of Developer/Operator or any other person or entity, or obligated to cure any then-existing breach or default by Developer/Operator under the Anchor Tenant Lease;

3.2 subject to any offsets, defenses or claims which Anchor Tenant may have under the Anchor Tenant Lease;

3.3 liable to Anchor Tenant for any security deposit paid by Anchor Tenant under the Anchor Tenant Lease, except to the extent that such security deposit has been transferred to the Recognizing Party against whom Anchor Tenant seeks to impose such liability;

3.4 bound by or required to recognize any rent or other amount that Anchor Tenant may have paid under the Anchor Tenant Lease more than thirty (30) days in advance of the date of the attornment; or

3.5 bound by any amendment or modification of the Anchor Tenant Lease made without the express prior written consent of such Recognizing Party.

The Recognizing Parties will reasonably consider also providing the foregoing non-disturbance protection to Anchor Tenants that occupy less than 10,000 square feet of GLA and non-Anchor Tenants, in each instance on a case-by-case basis.

4. Notices. All notices under this Agreement to a Party shall be made or given in accordance with the notice provisions set forth in the Ground Leases.

5. Miscellaneous. This Agreement shall inure to the benefit of, and be binding upon, the Parties hereto and their respective successors and assigns, including without limitation in the case of Developer, all Operators under Operator Leases entered into in compliance with the provisions of Section 11.3 of the Developer Lease. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California. This Agreement may not be amended or modified, except in writing signed by all Parties to be bound by such amendment or modification. In the event of any action, proceeding or arbitration arising out of or in connection with this Agreement, whether or not pursued to judgment, the prevailing Party shall be entitled, in addition to all other relief, to recover its costs and reasonable attorneys' fees, including all fees, costs and expenses incurred in executing, perfecting, enforcing and collecting any judgment. This Agreement may be executed in any number of counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one fully- executed instrument.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first set forth above.

"COUNTY"

THE COUNTY OF LOS ANGELES

By: _____
Chair, Board of Supervisors

ATTEST:

[_____],
Executive Office of the Board of Supervisors

APPROVED AS TO FORM:

Mary C. Wickham
County Counsel

By: _____
Helen S. Parker
Principal Deputy County Counsel

"CRA"

CRA/LA, a Designated Local Authority,
a public body formed under Health & Safety Code Section 34173(d)(3)
as successor to the Community Redevelopment Agency of the City of Los Angeles

By: _____
Steve Valenzuela
Chief Executive Officer

Approved as to form:

GOLDFARB & LIPMAN LLP

By: _____
Thomas Webber
CRA/LA Special Counsel

"AUTHORITY"

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

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

Michael N. Feuer
City Attorney

By:_____
Timothy Fitzpatrick
Deputy City Attorney
Authority Counsel

APPROVED AS TO FORM:

Mary C. Wickham
County Counsel

By:_____
Helen S. Parker
Principal Deputy County Counsel
Authority Counsel

"**PHASE I DEVELOPER**"

**CORE/RELATED GRAND AVE OWNER, LLC**
a Delaware limited liability company

By: CORE/Related Grand Ave JV, LLC
a Delaware limited liability company
Its: Sole Member

By: Related Grand Avenue, LLC
a Delaware limited liability company
Its: Managing Member

By: The Related Companies, L.P.
a New York limited partnership
Its: Managing Member

By: The Related Realty Group, Inc.
a Delaware corporation
Its: Sole General Partner

By: _____
Name: _____
Title: _____

EXHIBIT A

LEGAL DESCRIPTION OF THE PREMISES

**LOT 1 OF TRACT NO. 28761, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 926, PAGES 5 THROUGH 8, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.**

**EXCEPTING THEREFROM THAT PORTION OF SAID LOT 1 DESCRIBED AS "PARCEL 1, EASEMENT FOR STREET RIGHT OF WAY PURPOSES, UPPER 2ND STREET" AS PER DOCUMENT RECORDED AUGUST 5, 2004 AS INSTRUMENT NO. 04-2017965, OFFICIAL RECORDS OF SAID COUNTY.**

**ALSO EXCEPTING THEREFROM CERTAIN OIL, GAS AND MINERAL SUBSTANCES RESERVED IN THE DEEDS RECORDED NOVEMBER 5, 1963 IN BOOK D2245 PAGE 28 OFFICIAL RECORDS, MAY 19, 1961 IN BOOK D1226 PAGE 873, OFFICIAL RECORDS AND ON SEPTEMBER 29, 1961 IN BOOK D1371 PAGE 761 OF OFFICIAL RECORDS.**

ATTACHMENT E

LAW OFFICES
GILCHRIST & RUTTER
PROFESSIONAL CORPORATION

WILSHIRE PALISADES BUILDING
1299 OCEAN AVENUE, SUITE 900
SANTA MONICA, CALIFORNIA 90401-1000

TELEPHONE (310) 393-4000
FACSIMILE (310) 394-4700

November _____, 2016

**VIA FEDERAL EXPRESS AND ELECTRONIC TRANSMISSION**

Commonwealth Land Title Insurance Company
685 Third Avenue, 20th Floor
New York, NY 10017
Attention: Paul Kleidman, Esq.
Email: Paul.Kleidman@cltic.com

Re: Escrow Instructions on Behalf of the Authority (as defined below) concerning the Grand Avenue Project (as defined below)

Dear Mr. Kleidman:

Gilchrist & Rutter Professional Corporation ("**G&R**") is special counsel to The Los Angeles Grand Avenue Authority, a California joint powers authority (the "**Authority**"), which is a joint powers authority comprised of the County of Los Angeles (the "**County**") and the CRA/LA, a Designated Local Authority, an independent public body formed under Health & Safety Code Section 34173(d)(3), as successor to the Community Redevelopment Agency of the City of Los Angeles (referred to herein as "**CRA/LA**"). The Authority, County, CRA/LA, the City of Los Angeles (the "**City**"), and the Original Project Owner, New Project Owner and Joint Venture (as such terms are defined below) are each sometimes referred to herein individually as a "**Party**" or collectively as the "**Parties**." G&R represents the Authority only and does not represent any other Parties to the Transaction.

We understand that pursuant to that certain letter agreement dated November __, 2016 (herein, the "**CORE/Related Escrow Instructions**"), Commonwealth Land Title Insurance Company (herein referred to as "**Escrow Holder**" or "**Escrow Agent**") has been engaged by CORE (USA) Grand Avenue and Related Grand Avenue, at their cost and expense, to establish and administer an escrow designated as escrow number _____ (the "**Escrow**"). The purpose of the Escrow is to effectuate the transactions described in, and contemplated by, the CORE/Related Escrow Instructions including, without limitation, the establishment of the Joint Venture and the transfer to the New Project Owner of ownership of the Leasehold Estate and the rights and responsibilities relating to the development of the Grand Avenue Project, as such terms are defined hereinbelow (collectively, the "**Transaction**").

This letter of instructions (hereinafter the "**Authority Escrow Instructions**") supplements the CORE/Related Escrow Instructions by setting forth the Authority's requirements and conditions precedent which must be satisfied in order for Closing of the Transaction to occur.

By way of background with respect to the Transaction, certain land owned in fee simple by the County and located on Grand Avenue in downtown Los Angeles (as more particularly described on Exhibit "A" attached to the CORE/Related Escrow Instructions, the "**Land**") is intended to be developed into an approximately 1.7 million gross square foot mixed-use project, which development would consist of a retail component, an Equinox hotel, for-sale condominium units, rental apartments (including affordable rental apartments) and parking (collectively, the "**Grand Avenue Project**"). The subject Land was previously ground leased (the "**County Ground Lease**") by the County, as ground lessor, to the CRA/LA, as ground lessee, and further sub-ground leased (the "**CRA/LA Sub-ground Lease**") by the CRA/LA, as sub-ground lessor, to the Authority, as sub-ground lessee. Pursuant to that certain Phase I Ground Lease (Phase I – Parcel Q), dated March 5, 2007 (the "**Original Ground Lease**"), the Land was further sub-sub-ground leased by the Authority, as sub-sub-ground lessor, to Grand Avenue LA, LLC (the "**Original Project Owner**"), an affiliate of The Related Companies, L.P. (together with its affiliates, "**Related**"), as sub-sub ground lessee.

In addition to entering into the Original Ground Lease, the Original Project Owner, which served as the original developer of the Grand Avenue Project, previously entered into certain agreements establishing the terms and conditions of, and entitlements relating to, the development of the Grand Avenue Project including, without limitation, (i) that certain Disposition and Development Agreement (Grand Avenue) dated as of March 5, 2007 (as amended prior to the date hereof, the "**Original DDA**") with the Authority, (ii) that certain Implementation Agreement dated as of August 6, 2008 (the "**Original Implementation Agreement**") with the City and (iii) that certain Development Agreement dated August 5, 2007 (the "**Original Development Agreement**") with the City.

In an effort to advance the development of the Grand Avenue Project, (i) CCCG Overseas Real Estate Pte. Ltd., a limited liability company incorporated in Singapore (together with its affiliates, "**CORE**"), through its indirect subsidiary, CORE (USA) Grand Avenue LLC ("**CORE JV Member**"), has agreed to enter into a joint venture ("**Joint Venture**") with an affiliate of Related, Related Grand Avenue LLC ("**Related JV Member**", and together with CORE JV Member, the "**JV Members**") and (ii) the JV Members have agreed to cause the Joint Venture, through a wholly-owned subsidiary, CORE/Related Grand Ave Owner, LLC (the "**New Project Owner**") to assume (indirectly through a wholly-owned subsidiary) from the Original Project Owner the leasehold estate under the Original Ground Lease ("**Leasehold Estate**") and ownership of the Grand Avenue Project.

As more particularly described below and in the CORE/Related Escrow Instructions, certain governmental approvals will need to be obtained, and several agreements will need to be entered into, in order to effectuate the Transaction, including, without limitation, approvals by the Authority. Accordingly, the JV Members have negotiated and will execute and deposit into

the Escrow signed copies of (i) all JV Documents identified on Schedule 1 to the CORE/Related Escrow Instructions, (the "**JV Documents**"), (ii) all of the Authority Documents identified on Schedule 2 to the CORE/Related Escrow Instructions ("**Authority Documents**"), (iii) all of the City Documents identified on Schedule 3 to the CORE/Related Escrow Instructions ("**City Documents**") and (iv) the Estoppel Documents identified on Schedule 4 to the CORE/Related Escrow Instructions ("**Estoppel Documents**").

The Authority is a party to the Authority Documents and certain of the Estoppel Documents and certain of the City Documents. The County and CRA/LA are parties to certain of the Estoppel Documents. The City is a party to the City Documents. Among other things, Closing cannot occur until the CRA/LA, County and Authority have all approved the Authority Documents together with the Estoppel Documents and City Documents to which they are parties (collectively, "**Governing Entity Approvals**") and the City has approved the City Documents ("**City Approvals**"). The Authority Documents, Estoppel Documents and City Documents are sometimes referred to herein collectively as the "**Government Documents**." The Governing Entity Approvals and City Approvals are sometimes collectively referred to herein as the "**Government Approvals**."

When the Escrow is opened, you, as the Escrow Holder, shall provide G&R, as counsel to the Authority, with email confirmation (to prutter@gilchristrutter.com) that the items described in Part I of the CORE/Related Escrow Instructions have occurred (the "**Escrow Confirmation**").

When G&R has received the Escrow Confirmation, the Authority Board will schedule a meeting to consider approval of the Authority Documents, Estoppel Documents and City Documents to which it is a party. If and when the Authority executes the Authority Documents and the Estoppel Documents and City Documents to which it is a party, such documents will be submitted for approval to the County and the CRA/LA for approval by their respective boards. If and when the Authority Documents, Estoppel Documents and City Documents, as applicable, are signed and have received the Governing Entity Approvals, G&R or other designee of the Authority will provide you with counterpart signatures from the Authority, CRA/LA and County on the Authority Documents and on the Estoppel Documents and City Documents to which they are parties ("**Governing Entity Signatures**").

If the City approves the City Documents, you will receive, under separate cover ("**City Escrow Letter**"), evidence of the City Approvals and counterpart signatures from the City on the City Documents ("**City Document Signatures**").

If and when Escrow Holder receives the Governing Entity Signatures, and the City Document Signatures, and when Escrow Holder holds the signatures of the JV Members, the New Project Owner and the other various parties to the JV Documents, Authority Documents, City Documents and Estoppel Documents, the Parties will proceed to close the Transaction subject to the satisfaction of the following terms and conditions:

A. <u>Finalized Transaction Documents</u>.

1. The Parties shall have confirmed to Escrow Holder that each of the JV Documents are in final form and Escrow Holder shall have confirmed receipt of fully-executed copies of such JV Documents;

2. The Parties shall have deposited fully approved and executed copies of the Authority Documents into escrow and the Escrow Holder shall have confirmed receipt of same;

3. The Parties shall have deposited fully approved and executed copies of the City Documents into escrow and the Escrow Holder shall have confirmed receipt of same; and

4. The Parties shall have deposited fully approved and executed copies of the Estoppel Documents into escrow and the Escrow Holder shall have confirmed receipt of same; and

5. Each of the other documents and agreements necessary to close the Transaction shall have been finalized to the satisfaction of the executing parties thereto, fully approved and executed and delivered to the Escrow Holder into Escrow and the Escrow Holder shall have confirmed receipt of same.

B. Authority Approval. The Authority shall have confirmed in writing that all necessary approvals to proceed on behalf of the Authority have been obtained. Specifically, you shall have received email confirmation from Paul S. Rutter of G&R, or Helen Parker, Esq., as County Counsel, on behalf of the Authority that all of the Authority's conditions precedent to Closing have been satisfied or waived.

C. City Approval. The City shall have confirmed in writing that all necessary approvals to proceed on behalf of the City have been obtained, and that all other conditions to Closing set forth in that certain City Escrow Letter have been satisfied or waived.

D. Satisfaction of Customary Closing Conditions. The Authority shall have determined that all other customary conditions to Closing have been satisfied and shall have instructed Escrow Holder to proceed to Closing.

When the conditions set forth in Sections A through D above have been satisfied, the Parties shall break escrow and close the Transaction in a customary manner; provided that Escrow Holder shall deliver to the undersigned, on behalf of Authority, four (4) counterpart originals of each of the Authority Documents, two (2) counterpart originals of each of the Estoppel Documents and City Documents to which the Authority is a party, and one photocopy of each of the JV Documents and the other City Documents. At any time prior to Closing, upon request by any Party, Escrow Holder shall return to such Party (or destroy) any documents delivered by such Party to Escrow Holder.

**Upon release of all documents from Escrow in accordance with these Authority Escrow Instructions, the conditions precedent to the Amendment Effective Date (as defined in the Fifth Amendment) shall be deemed satisfied, and, accordingly, the date that all documents are released from Escrow hereunder shall constitute the "Amendment Effective Date".** Furthermore, as contemplated in the Fifth Amendment, upon the release of all documents from Escrow in accordance with these Authority Escrow Instructions, and delivery to Authority of fully executed copies of the Joint Venture Agreement, CORE Funding Guaranty and Related Funding Guaranty (as defined in the CORE/Related Escrow Instructions), Authority shall be deemed to have approved, as of the Amendment Effective Date, the Net Worth (as defined in the Fifth Amendment) of New Project Owner for purposes of Section 18.1(h) of the Fifth Amendment.

Immediately following Closing, you shall cause the Memorandum of Amended Disposition and Development Agreement to be recorded in the Official Records of Los Angeles County, California and deliver conformed copies of the recorded document to the undersigned and to New Project Owner.

Miscellaneous Provisions:

A. Escrow Holder Acknowledgement. Escrow Holder acknowledges and agrees that its role shall be purely ministerial in nature and all documents delivered by any Party pursuant to these Authority Escrow Instructions are to be held in Escrow and shall be released solely upon Escrow Holder's receipt of written instructions from such Party (or its respective counsel) and otherwise in accordance with these Authority Escrow Instructions.

B. Limitation of Liability. Authority hereby agrees that Escrow Holder and its agents shall incur no liability in connection with their good faith performance under these Authority Escrow Instructions and hereby waives any claims it may have against Escrow Holder or its agents that may result from their performance in good faith of their respective functions under these Authority Escrow Instructions; provided, however, Escrow Holder and its agents shall be liable for any loss or damage caused by their acts of gross negligence or willful misconduct (or those of their agents) while performing as escrow agent under these Authority Escrow Instructions.

C. Execution by Counterparts and Facsimile Signature. These Authority Escrow Instructions may be executed in multiple counterparts, each of which shall be an original, but all of which shall constitute one and the same agreement. A facsimile or electronic copy of an original signature to these Authority Escrow Instructions shall have the same force and effect, for all purposes, as the original signature.

D. Other. These Authority Escrow Instructions may only be amended in writing by the undersigned. Authority reserves the right to withdraw all documents submitted into Escrow at any time prior to the Closing by notifying Escrow Holder in writing. Notwithstanding the foregoing, no provision herein may be waived, amended or modified, unless in each such event, the waiver, amendment or modification is approved in writing by an authorized representative of the Authority. Any and all fees and costs arising out of or in

connection with the Escrow, or Escrow Holder's performance of your duties hereunder, shall be borne solely by New Project Owner and none of Authority, CRA/LA or County shall have any obligation to pay or reimburse Escrow Holder for any such fees or costs.

If these Authority Escrow Instructions are acceptable, please execute and date where indicated below, send a signed copy to the undersigned by e-mail, and return the executed original to the undersigned by overnight courier upon signing the same. Notwithstanding your failure to sign and return these instructions as instructed, your performance of any of the other foregoing instructions shall be conclusively deemed your acceptance hereof and your agreement to strictly comply with these instructions.

Best regards,

GILCHRIST & RUTTER
Professional Corporation

Paul S. Rutter
Of Counsel

The undersigned hereby acknowledge and confirm the foregoing instructions and hereby authorize Escrow Holder to comply with the instructions of Paul S. Rutter or Helen Parker, as Authority counsel, in closing the Transaction described in the foregoing instructions and in releasing and distributing the Governing Entity Signatures on the Authority Documents, Estoppel Documents and City Documents to which any of the undersigned is a party in the manner directed pursuant to the foregoing instructions. The undersigned acknowledge that Escrow Holder will rely on this acknowledgement and confirmation in closing the Transaction without any requirement for further ratification or confirmation from the undersigned.

**"AUTHORITY**"

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

By: _____
Name: _____
Title: _____

"**COUNTY**"

THE COUNTY OF LOS ANGELES

By: _____
Its: _____

"**CRA/LA**"

CRA/LA, a Designated Local Authority,
an independent public body formed under Health & Safety Code Section 34173(d)(3)
as successor to the Community Redevelopment Agency of the City of Los Angeles

By: _____
Steve Valenzuela
Chief Executive Officer

Commonwealth Land Title Insurance Company (Escrow Holder), acknowledges receipt of these JPA Escrow Instructions, dated as of _____, 2016, from Gilchrist & Rutter Professional Corporation, on behalf of the Authority, concerning the Escrow established in connection with the Transactions, and Escrow Holder agrees to proceed in strict accordance therewith.

COMMONWEALTH LAND TITLE INSURANCE COMPANY

By:_____
Name:_____
Its: _____

[481965.2/4282.005]

ATTACHMENT F

THIRD AMENDMENT TO
JOINT EXERCISE OF POWERS AGREEMENT

The Joint Exercise of Powers Agreement dated as of September 2, 2003 by and between the County of Los Angeles ("County"), California, and the CRA/LA , a Designated Local Authority, a public body formed under Health and Safety Code Section 34173(d)(3) as successor to the Community Redevelopment Agency of the City of Los Angeles ("CRA") and previously amended, is hereby amended as follows:

1. Section 2.02 "Creation of Authority" is hereby amended by the amendment of the final sentence to read as follows:

" Any development concepts for any of the Parcels shall include adherence to the Agency's Living Wage, Equal Benefits, Service Worker Retention/Hiring and Contractor Responsibility Policies, as they may be updated or superseded and as described in the DDA as amended by the Fifth Amendment."

2 Section 5.05 "Revenue Participation" is hereby amended by the amendment of the final paragraph to read as follows:

"If (a) the Authority has not entered into a ground lease or ground leases for all of the Properties on or prior to October 1, 2017, with a developer or developers for construction and operation of a revenue-producing development thereon, or (b) a previously executed ground lease is terminated prior to the commencement of construction, then the Contracting Parties shall reset the respective percentage shares of the net revenues in accordance with the foregoing provisions of this Section based on the approved fair market value appraisal as required in the previous paragraph. Thereafter Exhibit A shall be revised to include only the Properties subject to a ground lease or leases from the Authority to a developer. If litigation is brought by a third party challenging the Deposition and Development Agreement between the Authority and Grand Avenue L.A., L.L.C. dated concurrently herewith, the date of October 1, 2017, required to resolve such litigation.

WHEREFORE, the Parties have executed this Agreement as of _____, 2016.

CRA/LA

A DESIGNATED LOCAL AUTHORITY AND SUCCESSOR TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, a public body, corporate and politic

Dated

_____

By:_____
Estevan Valenzuela
Its: Chief Executive Officer

APPROVED AS TO FORM

Goldfarb & Lipman LLP

By: _____
Thomas Webber
Agency Special Counsel

APPROVED AS TO FORM:

Mary Wickham
County Counsel

By: _____
HELEN S. PARKER
Principal Deputy County Counsel

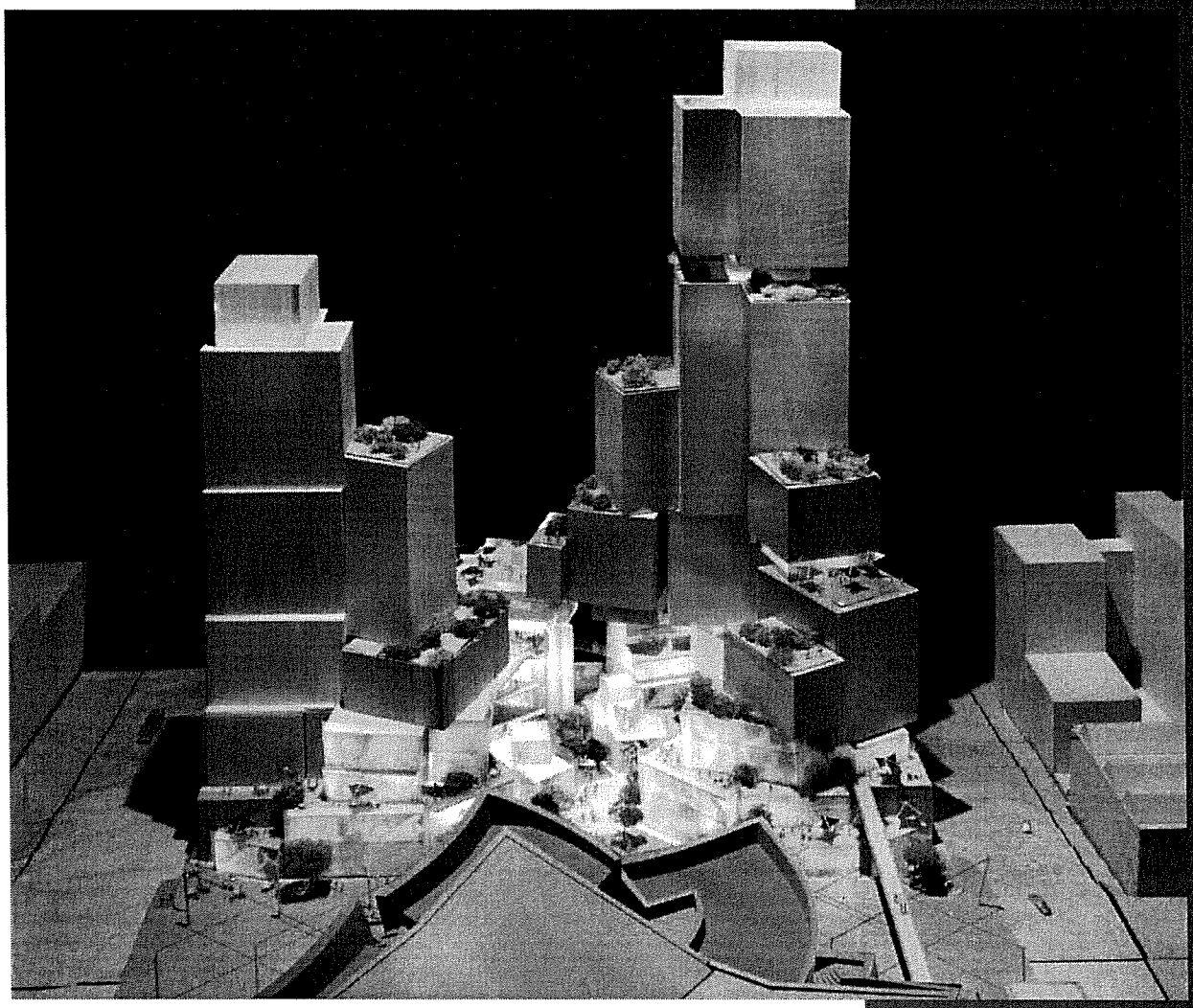
COUNTY:

THE COUNTY OF LOS ANGELES, a political subdivision of the State of California

By: _____
Sachi Hamai
Chief Executive Officer

Dated: _____

ATTACHMENT G



# THE GRAND AVENUE PLAN:

# AN ECONOMIC IMPACT ANALYSIS

FINAL REPORT

ECONOMIC AND POLICY ANALYSIS GROUP
Los Angeles County Economic Development Corporation

Los Angeles County Economic Development Corporation
444 S. Flower Street, 37th Floor ◆ Los Angeles, CA 90071
(888) 4-LAEDC-1 ◆ www.LAEDC.org


Christine Cooper, Ph.D.
Shannon M. Sedgwick
Somjita Mitra, Ph.D.

JANUARY 2014

This research was commissioned by Grand Avenue L.A., LLC.

The LAEDC Economic and Policy Analysis Group provides objective economic and policy research for public agencies and private firms. The group focuses on economic impact studies, regional industry analyses, economic forecasts and issue studies, particularly in workforce development, transportation, infrastructure and environmental policy.

# Executive Summary

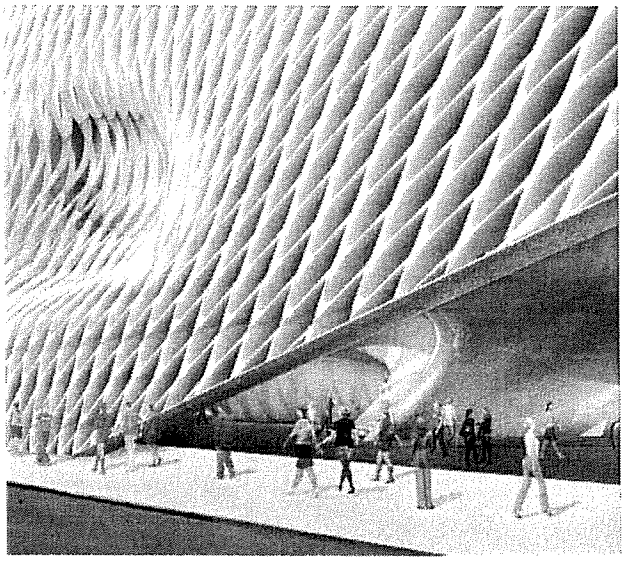
The Los Angeles Grand Avenue Authority, established by a joint powers agreement between the City of Los Angeles Community Redevelopment Agency and Los Angeles County, has embarked upon a plan to transform upper Grand Avenue and revitalize the heart of the civic center of the City of Los Angeles by attracting both residents and visitors through a mix of new residential, commercial and cultural uses.

The project contains three elements. The first consists of changes and improvements to Grand Avenue itself to attract more pedestrian traffic. The second element involves the creation of a large public park stretching from the Los Angeles City Hall to the John Ferraro Building housing the Los Angeles Department of Water and Power. The third element is the construction of several new residential, commercial and cultural projects on the last remaining undeveloped parcels in the Bunker Hill Redevelopment Area.

As the Grand Avenue Authority's selected developer, The Related Companies has proposed and commenced a multi-phased development plan for the implementation of the Grand Avenue project. To date this has included: master plan and entitlements for the plan area; design, development and completion of the Grand Park; and commencement of construction of two project elements on Parcels L and M, which include a 271-unit residential tower and a world class modern art museum.

Related is currently planning the next phase of development on Parcel Q as a mixed-use project including a hotel, retail and commercial uses, offices and more than 400 residential units. A future phase is anticipated which will add several residential mixed-use structures on Parcel W, which lies just east of Parcel Q.

The Economic and Policy Analysis Group of the Los Angeles County Economic Development Corporation (LAEDC) has conducted an economic analysis of the economic and fiscal impacts in Los Angeles County associated with Related's Grand Avenue plan. The analysis is based on the projected increase in economic activity in the plan area, as well as the one-time economic and fiscal impacts from the construction phase.



## One-Time Project Development Impacts

The total economic impact in Los Angeles County of the project development spending is shown in Exhibit E-1.

Exhibit E-1
**Economic and Fiscal Impact of Project Development**

| | | |
|---|---|---|
| **Direct Development Expenditures** ($ millions) | | $ 1,848.0 |
| **Total Economic Impact:** | | |
| Output ($ millions) | | $ 3,065.0 |
| Employment (jobs) | | 20,500 |
| *Direct* | *11,800* | |
| *Indirect and induced* | *8,700* | |
| Labor income ($ millions) | | $ 1,298.7 |
| **Total Fiscal Impact** ($ millions): | | |
| Federal tax revenues | | $ 243.1 |
| State and local tax revenues | | 150.4 |

Source: Estimates by LAEDC

The total cost of the Grand Avenue plan is currently estimated to be $1.8 billion. This activity will generate:

- 20,500 annual jobs;
- $1.3 billion in labor income;
- $3.1 billion in total output (business revenues);
- $150 million in state and local taxes, of which $43.1 million will be earned by the County and $18.4 million will be earned by cities (mostly the City of Los Angeles).

# Annual Impacts of Ongoing Activity

The total annual economic impact in Los Angeles County of the ongoing activity occurring at the Grand Avenue properties is shown in Exhibit E-2.

It is estimated that businesses located in the plan area will receive $374.8 million directly in annual rents and revenues, including retail and restaurant receipts, parking and hotel receipts. This activity will generate every year:

- 5,030 annual jobs;
- $189 million in labor income;
- $501 million in total output (business revenues); and
- $62.5 million in state and local taxes, of which $30.7 million will be earned by the County each year and $15.6 million will be earned by cities, the lion's share by the City of Los Angeles.

Exhibit E-2
**Total Annual Economic and Fiscal Impact of Ongoing Operations**

| | | |
|---|---|---|
| **Direct Annual Revenues** ($ millions) | | $ 317.7 |
| **New Resident Household Spending** ($ millions) | | 57.1 |
| **Total Economic Impact:** | | |
| Output ($ millions) | | $ 500.7 |
| Employment (jobs) | | 5,030 |
| *Direct* | *3,710* | |
| *Indirect and induced* | *1,320* | |
| Labor income ($ millions) | | $ 188.9 |
| **Total Fiscal Impact** ($ millions): | | |
| Federal tax revenues | | $ 40.9 |
| State and local tax revenues | | 62.5 |

Source: Estimates by LAEDC

# 1 Economic Impact Analysis

Economic impact analysis is used to estimate the overall economic activity, including spill-over and multiplier impacts, which occurs as a result of a particular business, event or geography.

The initial economic activity related to the initial development spending and to ongoing activities at the new property is the purchase of goods and services from local vendors and the wages and benefits paid to local workers.

This injection of funds into the county circulates from the project to the owner and employees of establishments that help supply the goods and services that the project purchases. These suppliers in turn hire workers and buy goods and services to facilitate their business.

The project developers will spend millions of dollars for the wages and benefits of construction employees. These workers, as well as employees of all suppliers, spend a portion of their incomes on groceries, rent, vehicle expenses, healthcare, entertainment, and so on. This recirculation of the original expenditures multiplies their impact through such indirect and induced effects.

The extent to which the initial expenditures multiply is estimated using economic models that depict the relationships between industries (such as the construction industry and its suppliers) and among different economic agents (such as industries and their employees).

These models are built upon actual data of expenditure patterns that are reported to the U.S. Bureau of Labor Statistics, the U.S. Census Bureau and the Bureau of Economic Analysis of the U.S. Department of Commerce. Data is regionalized so that it reflects and incorporates local conditions such as prevailing wages rates, expenditure patterns, and resource availability and costs.

The magnitude of the multiplying effect differs from one region to another depending on the extent to which the local region can fill the demand for all rounds of supplying needs. For example, the automobile manufacturing industry has high multipliers in Detroit and Indiana since these regions have deep and wide supplier networks, while the same industry multiplier in

Phoenix is quite small. In another example, the jobs multiplier for the construction industry is higher in, say, Arkansas, than in California because the same amount of spending will purchase fewer workers in Los Angeles than in Little Rock.

Multipliers can also differ from year to year as relative material and labor costs change and as the production "recipe" of industries change. For example, the IT revolution significantly reduced the job multiplier of many industries (such as manufacturing, accounting, architecture and publishing) as computers replaced administrative and production workers. ❖

## Approach and Methodology

Economic impact analysis typically begins with an increase in final demand for an industry's output, such as a purchase of legal services, or rent and utilities.

The approach used here is to use the budgeted expenditures for the construction of each phase of the project, combined with the estimated revenues of all operations once the properties are occupied. Data was provided by the client and supplemented with regional and local data and analysis to provide revenue estimates (where these were not provided by the client).

Discussion of assumptions and specific estimation methodology is provided in the narrative.

The metrics used to determine the value of the economic impact include employment, labor income and the value of output. *Employment* includes full-time, part-time, permanent and seasonal employees and the self-employed, and is measured on a job-count basis regardless of the number of hours worked. *Labor income* includes all income received by both payroll employees and the self-employed, including wages and benefits such as health insurance and pension plan contributions. *Output* is the value of the goods and services produced. For most industries, this is simply the revenues generated through sales; for others, in particular retail industries, output is the value of the services supplied.

Estimates are developed using software and data from MIG, Inc., which traces inter-industry transactions resulting from an increase in demand in a given region. The economic region of interest is Los Angeles County.

The total estimated economic impact includes *direct, indirect* and *induced* effects.

*Direct activity* includes the materials purchased and the employees hired by the developer itself, and in the case of the operations, by each hiring onsite entity. *Indirect effects* are those which stem from the employment and business revenues motivated by the purchases made by the developer or hiring entity and any of its suppliers. *Induced effects* are those generated by the spending of employees whose wages are sustained by both direct and indirect spending.

Labor income includes payments made to wage and salary workers and to the self-employed. Employment is measured on a job-count basis for both wage and salary workers and proprietors regardless of the number of hours worked. ❖

# 2 Development Plan

The Grand Avenue plan is a multi-phased development plan that would provide residential and commercial uses across five parcels depicted on the map at right. Primarily residential, the plan also includes a hotel, retail and restaurant space, and parking.

Phase 1 consists of a 300-room luxury hotel and a residential structure with a combination of 380 rental units and 52 luxury hotel-serviced condominiums. These structures will be developed on what is called Parcel Q, at the southeast corner of Grand Avenue and 1st Street. This phase also included a 12-acre park between Temple and 1st streets stretching from Los Angeles City Hall to the John Ferraro Building housing the Los Angeles Department of Water and Power. The park, completed and now named Grand Park, has been developed as a separate first phase.

Phase 2 of the Grand Avenue Plan consists of a structure housing the new Broad Museum between Grand Avenue and Hope Street (on Parcel L), and a residential tower of 271 rental units on Parcel M south of Disney Concert Hall.

Phase 3 will add several residential structures with a combination of up to 1,310 condominiums and apartments and retail/commercial space on Parcel W, just east of Parcel Q.

All phases include residential uses with retail and restaurant space to provide services, amenities and entertainment for residents and downtown visitors, and ample subterranean parking. The developer has allocated 20 percent of residential units to meet affordability requirements for low- and moderate-income households.

The original development timeline for the Phase 1 development on Parcel Q encountered challenges during the economic recession. As a result, the hotel and residences of Phase 1 were put on hold until financial and market conditions were to improve. The Grand Park, however, was completed in 2013 as a separate first phase of development. Groundbreaking for the Broad Museum on Parcel L and the residential tower on Parcel M occurred in January of 2013 with opening planned for 2014.

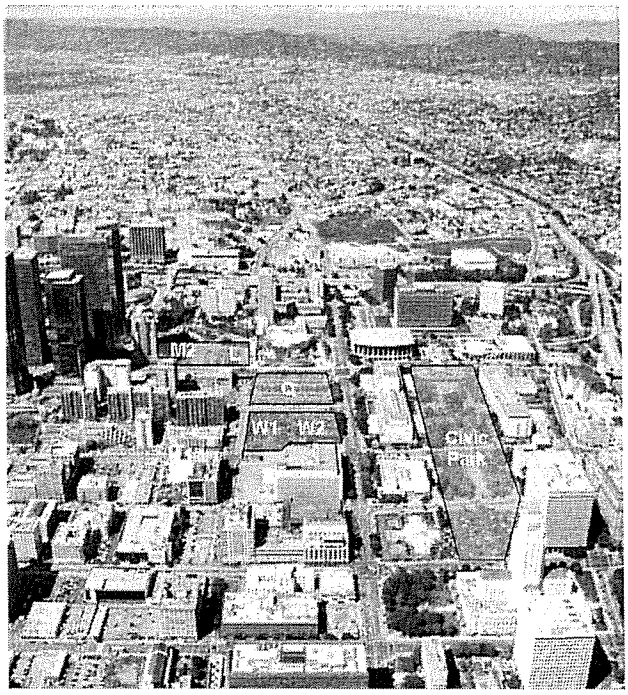



Exhibit 2-1
**Net Square Feet of Space by Use**

| | Parcel Q | Parcels L & M | Parcel W |
|---|---|---|---|
| Residential (Rental) | 315,000 | 222,421 | 888,722 |
| Residential (Sale) | 100,000 | - | 485,011 |
| Hotel | 300,000 | - | - |
| Retail Uses | 70,000 | 5,478 | 48,000 |
| Food and Beverage | 58,000 | - | 16,000 |
| Health Club | 36,000 | - | - |
| Offices | 45,000 | - | - |
| Museum | - | 84,580 | - |
| **Total** | **924,000** | **312,479** | **1,437,733** |

Source: Estimates by LAEDC

Plans for the development of Parcel Q have moved forward in 2013 with design changes pending the approval of the Grand Avenue Authority. ❖

# One-Time Economic Impacts of Construction

The development and construction of the project will generate considerable economic activity in Los Angeles County as expenditures are made for goods and services to produce the new structures and facilities.

The overall projected development budget of the three phases is $1.85 billion. This includes expenditures related to the development of the Grand Park, the Broad Museum, the Parcel M residential tower, as well as the budgeted costs for development of Parcel Q and Parcel W.

Cost estimates by parcel were provided by developer for Phases 1 and 2. Cost estimates for Phase 3 were derived using the estimated per square foot construction cost of Parcel Q. These are presented in Exhibit 2-2.

Exhibit 2-2
**Construction Expenditures by Parcel**

| | $ millions | % of Total |
|---|---|---|
| **Phase 1:** | | |
| Grand Park | $ 56.7 | 3.1 |
| Parcel Q – Residential & Commercial Mixed-Use | 770.6 | 41.7 |
| **Phase 2:** | | |
| Parcel L – Broad Museum | 195.0 | 10.5 |
| Parcel M – Residential & Commercial Mixed-Use | 120.0 | 6.5 |
| **Phase 3:** | | |
| Parcel W – Residential & Commercial Mixed-Use | 705.0 | 38.2 |
| **Total Grand Avenue Plan** | **$ 1,847.3** | **100.0** |

Source: Grand Avenue L.A., LLC

The most significant components of the overall development project are the construction of the residential towers on Parcels Q and W, each parcel accounting for about 40 percent of the project. Construction of the Broad Museum will account for ten percent of the overall costs.

The primary economic impact of the construction phase on the local economy is the expenditure of millions of dollars towards goods and services from local vendors and for the wages and benefits of local construction workers.

The total economic impact in Los Angeles County of the project development spending is shown in Exhibit 2-3.

Exhibit 2-3
**Economic and Fiscal Impact of Construction Activity**

| | | |
|---|---|---|
| **Direct Development Expenditures** ($ millions) | | $ 1,848.0 |
| **Total Economic Impact:** | | |
| Output ($ millions) | | $ 3,065.0 |
| Employment (jobs) | | 20,500 |
| *Direct* | *11,800* | |
| *Indirect and induced* | *8,700* | |
| Labor income ($ millions) | | $ 1,298.7 |
| **Total Fiscal Impact** ($ millions): | | |
| Federal tax revenues | | $ 243.1 |
| State and local tax revenues | | 150.4 |

Source: Estimates by LAEDC

It is estimated that project construction will generate economic output in Los Angeles County of more than $3 billion, and support 20,500 jobs with a labor income of $1.3 billion during the development period.

Of the jobs generated, 11,800 will be directly involved in the construction activity, and 8,700 will be indirect and induced jobs supported by the suppliers and household spending of direct and indirect employees.

This economic activity is projected to generate more than $243 million in federal taxes and $150 million in state and local taxes. The disaggregation of taxes by type and by level of government is shown in Exhibit 2-4.

Exhibit 2-4
**Detailed Fiscal Impact of Construction Activity**

| | |
|---|---|
| **By Type of Tax ($ millions):** | |
| Personal income taxes | $ 128.8 |
| Social insurance | 114.6 |
| Sales and excise taxes | 47.7 |
| Property taxes | 43.1 |
| Corporate profits taxes | 34.2 |
| Motor vehicle license | 2.5 |
| Other taxes and fees paid by businesses | 13.8 |
| Other taxes and fees paid by households | 8.8 |
| **Total** | **$ 393.5** |
| **By Type of Government ($ millions):** | |
| Federal | $ 243.1 |
| State | 88.9 |
| County | 43.1 |
| *Property taxes* | *35.3* |
| *Sales taxes* | *7.8* |
| Cities | 18.4 |
| *Property taxes* | *7.8* |
| *Sales taxes* | *3.3* |
| *Other fees and fines* | *7.3* |
| **Total** | **$ 393.5** |

Source: Estimates by LAEDC

Personal income taxes account for the largest single source of fiscal revenues to federal and state governments, reaching $128.8 million as a result of the construction. Social insurance payments are made to both state and federal governments and will reach almost $115 million. Other sources of tax revenues include sales and excise taxes, taxes on corporate profits, motor vehicle license and other taxes and fees paid by businesses and households.

The federal government will collect almost 62 percent of all tax receipts, earning $243 million consisting mainly of social insurance taxes, personal income taxes and corporate profits taxes. The state of California will collect $89 million, which includes sales tax revenues, personal income taxes, corporate profits taxes, royalties and rents, fees and licenses, and motor vehicle license fees. The county will collect $43.1 million, largely from property taxes and its share of sales tax revenues. Cities will receive $18.4 million from a share of property taxes and licenses and fees.

Economic and detailed fiscal impacts by phase are provided in the Appendix.

The total economic impacts spill across industries through indirect and induced effects. The complete list of estimated impacts by industry sector is shown in Exhibit 2-5.

Exhibit 2-5
**Distribution of Impacts of Construction Activity by Industry Sector**

| | Jobs | Labor Income ($ millions) | Output ($ millions) |
|---|---|---|---|
| Utilities | 10 | $ 2.2 | $ 15.6 |
| Construction | 11,830 | 829.5 | 1,855.0 |
| Manufacturing | 150 | 10.0 | 75.0 |
| Wholesale trade | 230 | 16.8 | 41.1 |
| Retail trade | 2,300 | 91.5 | 186.2 |
| Transportation and warehousing | 390 | 20.5 | 55.3 |
| Information | 130 | 17.6 | 61.1 |
| Finance and insurance | 580 | 45.8 | 154.1 |
| Real estate and rental | 430 | 13.0 | 176.2 |
| Professional, scientific technical | 860 | 82.4 | 136.7 |
| Management of companies | 40 | 4.0 | 7.8 |
| Administrative and waste services | 610 | 22.7 | 39.3 |
| Educational services | 240 | 10.9 | 17.9 |
| Health and social services | 1,110 | 68.2 | 118.8 |
| Arts, entertainment and recreation | 200 | 7.0 | 16.1 |
| Accommodation and food services | 710 | 19.0 | 46.6 |
| Other services | 610 | 30.1 | 49.4 |
| Government | 70 | 7.1 | 12.8 |
| **Total** | **20,500** | **$ 1,298** | **$ 3,065** |

Source: Estimates by LAEDC

Of the 20,500 jobs generated, 11,830 will be in the construction sector. However, virtually all industry sectors will experience a positive economic impact from the project construction spending, including professional and technical services, health and social services, retail trade, finance and insurance and accommodation and food services.

The values in the exhibit should be interpreted as illustrative of industry effects rather than precise given model and data limitations. A description of these industries is provided in the Appendix. ❖

# 3 Ongoing Annual Impacts of Future Activity

The properties of the Grand Avenue Plan will have a recurring impact on the regional economy once construction is completed and the residential and commercial space is occupied. Annual revenue related to the development will include the additional residential and commercial rents, and the revenues earned by onsite retail stores, commercial establishments, restaurants, onsite parking and, if applicable, hotel operations. Moreover, the new resident households will make purchases at local businesses that are not onsite, adding even more economic activity to the downtown area.

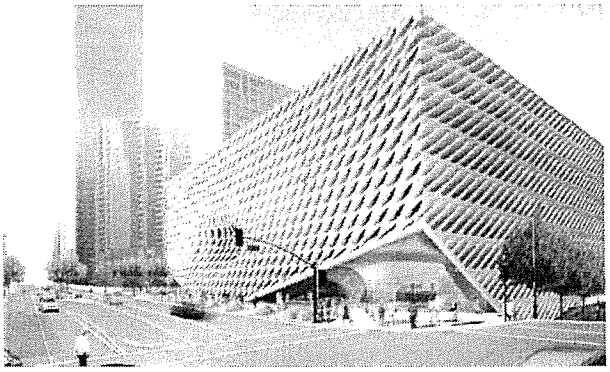
This section quantifies the two separate components of economic activity related to the Grand Avenue project—operational revenues and new resident spending—and estimates the total economic impact of the two components combined.

## Operational Revenues

Operational revenues are revenues newly introduced into the local economy from the ongoing annual activity at the Grand Avenue Plan properties, and include residential rent revenue, retail activity, food and beverage purchases, activity anticipated to be generated by other commercial tenants, hotel revenues, resident and visitor parking revenue, and expenditures made by the new Broad Museum on Parcel L.

Residential rent revenue is the total amount of rent paid annually by new resident tenants of the properties. The number of units, unit type, projected rents and sales prices per square foot provided by the developer were used to estimate the rents for all units on the properties. Affordability requirements were used to estimate rents on the 20 percent of units set aside.

Commercial property will be home to retail stores, restaurants, businesses providing other services such as laundry and hospitality, and businesses that are involved in professional services such as architects, accounting and legal services. Projected annual revenues for retail and restaurant activity were provided by the developer. Revenues estimates for other commercial activity were derived using employment density and productivity estimates for a variety of industries.



The 300-room hotel to be located on Parcel Q will draw additional revenues into the regional economy. Hotel revenue was derived using expected revenue per available room (RevPAR) at stabilization provided by the developer. RevPAR measures the revenue each room in a hotel generates in a given time period. Additional hotel revenues not included in revenue estimates include mini-bar purchases, spending on in-room entertainment (movies, video games, etc.), and other specialized services like laundry and room services. However, the developer provided a *pro forma* of projected revenues in addition to room revenues, such as meeting and banquet revenues and revenues projected for hotel restaurants and lounges.

Parking revenues for Grand Avenue properties will be collected from three separate sources: visitors, residents and hotel guests. Visitor parking cannot be estimated with any accuracy and has been excluded. Resident tenants of the properties will need a place to park their vehicles. Where detailed data on estimated parking revenues was not provided, the number of parking spots allocated to residential use was estimated by type of unit, and a monthly space rent was assumed at $100 per space.

Many hotel guests will also use the parking facilities. Hotel parking revenues were calculated using occupancy data, where valuation was estimated to be $40 per day based on comparable parking rates for the local area. Excess residential and hotel parking was not estimated as it is too inconsistent to estimate with accuracy.

The Broad Museum will add economic activity through its expenditures on staff, exhibits, facilities, maintenance

and other operational functions. The Broad Foundation provided its estimated aggregate annual operating budget which was used as a proxy for museum revenues. This may understate the actual impact of this parcel.

Estimates for activities expected to occur on Parcel W were derived through extrapolation of data and estimates for Parcel Q on a square foot basis.

Using these methods, annual revenues of the ongoing activities at Grand Avenue Plan properties are estimated and summarized in Exhibit 4-1.

Exhibit 4-1
**Estimated Annual Revenues at Grand Avenue Plan Properties**
($ millions)

| | Parcel Q | Parcels L & M | Parcel W | Total |
|---|---|---|---|---|
| Retail and food and beverage | $ 101.8 | $ 2.1 | $ 50.9 | $ 154.8 |
| Hotel room and events revenue | 43.6 | - | | 43.6 |
| Residential rents | 12.6 | 7.8 | 23.2 | 43.6 |
| Office activity | 16.1 | 2.2 | 8.1 | 26.4 |
| Hotel F&B revenues | 25.7 | - | - | 25.7 |
| Museum | - | 10.0 | - | 10.0 |
| Property mgmt | 1.6 | - | 5.7 | 7.3 |
| Parking | 3.6 | 0.2 | 1.0 | 4.9 |
| Health club | 1.4 | - | - | 1.4 |
| **Total Annual Revenues** | **$ 206.4** | **$ 22.4** | **$ 88.9** | **$ 317.7** |

Source: Grand Avenue L.A., LLC; Estimates by LAEDC

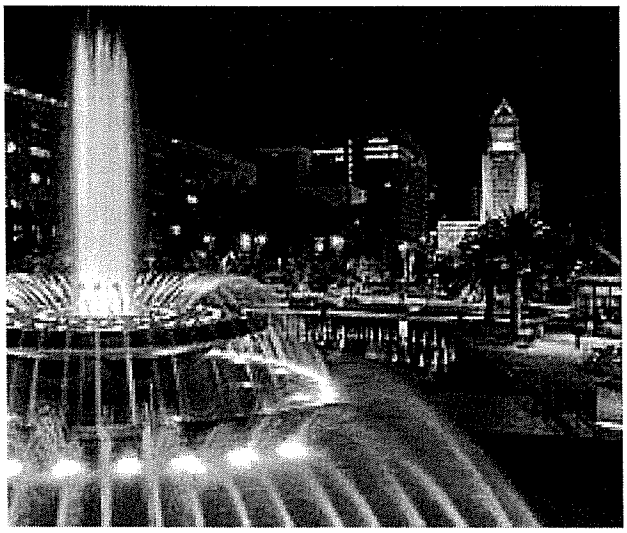
The majority of the ongoing revenues will occur on Parcel Q. Not only is this the largest parcel, but the property will contribute the lion's share of activity because of its mix of uses, which includes a 300-room hotel. ❖

## New Resident Spending

In addition to the ongoing activity occurring at the redeveloped property, a significant impact of the Grand Avenue Plan on the local economy will come from the addition of the new resident households (and their spending) to the neighborhood.

To quantify this impact, the annual income and spending for each new household is first estimated, and then the share of spending that would likely be directed to businesses in Los Angeles County is calculated.

Expected monthly rents and sales prices for each residential unit were provided by the developer, including those set aside to meet affordability criteria.



It is assumed that all units will be rented to households with spending patterns typical to residents of Los Angeles County. Further, it is assumed that the residential towers will experience a 92.7 percent occupancy rate based on the *American Community Survey, 2007-2011* five-year rental vacancy rate for the 90012 zip code area. A higher occupancy rate would translate into higher local spending and larger impacts; the inverse would be true for a lower occupancy rate.

Using expected rents, the income levels of future tenants and homeowners are estimated using data of the percentage of income typically dedicated to housing costs. According to the U.S. Census Bureau's *American Community Survey* report on housing characteristics, the median household in the downtown zip code of 90012 area of Los Angeles that rents its primary residence pays at least 35 percent of its before-tax income in housing costs. Therefore, the average annual pre-tax income for households living in Grand Avenue residences will exceed $98,660, and the aggregate annual income of all new residents will exceed $100 million.

To estimate the local expenditures of typical Los Angeles County households, household spending patterns described in the *Consumer Expenditure Survey, 2012-13* of the Bureau of Labor Statistics of the U.S. Department of Commerce are applied to the household incomes implied by the rents.

The survey disaggregates spending for various categories, including housing, transportation, food, health care, etc. It is assumed that only the following categories represent local retail spending: food away from home, alcoholic beverages, housekeeping supplies,

apparel and services, gasoline and motor oil purchases, personal care products and services, reading, tobacco products and smoking supplies, and a portion of entertainment spending.

Exhibit 4-2 presents estimates of average annual household spending for selected categories in the Los Angeles area.

Exhibit 4-2
**Average Annual Household Spending for Selected Categories (Los Angeles MSA)**

| | Annual Estimate | % of Annual Income |
|---|---|---|
| Alcoholic beverages | $ 613 | 0.9 |
| Apparel and services | 2,150 | 3.1 |
| Entertainment | 2,395 | 3.4 |
| Food at home | 4,337 | 6.2 |
| Food away from home | 3,166 | 4.6 |
| Gasoline | 2,951 | 4.2 |
| Miscellaneous | 915 | 1.3 |
| Personal care products and services | 732 | 1.1 |
| Public transportation | 597 | 0.9 |
| Reading | 95 | 0.1 |
| Tobacco products | 149 | 0.2 |
| **Subtotal** | **$ 18,100** | **26.0** |
| **Average Household Income (pre-tax)** | **$ 69,562** | **100.0** |

Source: *Consumer Expenditure Survey*, U.S. Bureau of Labor Statistics

The average household in the Los Angeles Metropolitan Statistical Area earns $69,562 in pre-tax earnings, of which 26 percent or $18,100 is spent on goods and services that are likely to be purchased near one's place of residence. The remaining 74 percent of household spending is directed to housing, transportation costs (other than gasoline), health care, personal insurance, pensions, and cash.

Using this information, the projected total annual local retail spending of the new residents in Grand Avenue residences is estimated. These estimates, by spending category, are shown in Exhibit 4-3.

It is estimated that between more than $57 million will be spent at local businesses by new households living in the residential units of the Grand Avenue Plan project.

The estimates in Exhibit 4-3 are likely to understate the level of local expenditures since the estimates in Exhibit 4-2 assume a linear relationship between spending patterns and incomes (that is, as household income rises, each category continues to receive the same proportion of total household spending). However, demand for

certain goods and services varies with income. Households with higher incomes (and thus more disposable cash) typically spend more on items such as restaurant meals as a proportion of their income.

Exhibit 4-3
**Projected Local Spending by New Resident Households**

| | Parcel Q ($ millions) | Parcel M ($ millions) | Parcel W ($ millions) |
|---|---|---|---|
| Alcoholic beverages | $ 0.39 | $ 0.20 | $ 1.34 |
| Apparel and services | 1.38 | 0.70 | 4.70 |
| Entertainment | 1.54 | 0.78 | 5.24 |
| Food at home | 2.79 | 1.42 | 9.48 |
| Food away from home | 2.04 | 1.03 | 6.92 |
| Gasoline | 1.90 | 0.96 | 6.45 |
| Miscellaneous | 0.59 | 0.30 | 2.00 |
| Personal care products and services | 0.47 | 0.24 | 1.60 |
| Public transportation | 0.38 | 0.20 | 1.31 |
| Reading | 0.06 | 0.03 | 0.21 |
| Tobacco products | 0.10 | 0.05 | 0.33 |
| **Subtotal** | **$ 11.64** | **$ 5.92** | **$ 39.58** |
| **Total New Household Spending** | **$ 44.7** | **$ 22.73** | **$ 152.10** |

Source: Estimates by LAEDC

Further, the estimates for Parcel Q are based on household spending only, and do not account for local expenditures of hotel guests. Nor are any potential expenditures made by new visitors drawn to the location considered, other than those retail activities occurring at Grand Avenue project businesses, such as at restaurants and retail stores on, say, Hope Street. The project is anticipated to attract new visitors from outside the region; however, lack of data limits the inclusion of this activity. ❖

# Economic and Fiscal Impact

The operational revenues and residential spending estimates are used as inputs to determine the total economic impact in Los Angeles County of all ongoing activity occurring at the Grand Avenue properties. This is presented in Exhibit 4-4.

Exhibit 4-4
**Total Annual Economic and Fiscal Impact of Ongoing Operations**

| | | |
|---|---|---|
| **Direct Annual Revenues** ($ millions) | | $ 317.7 |
| **New Resident Household Spending** ($ millions) | | 57.1 |
| **Total Economic Impact:** | | |
| Output ($ millions) | | $ 500.7 |
| Employment (jobs) | | 5,030 |
| *Direct* | *3,710* | |
| *Indirect and induced* | *1,320* | |
| Labor income ($ millions) | | $ 188.9 |
| **Total Fiscal Impact** ($ millions): | | |
| Federal tax revenues | | $ 40.9 |
| State and local tax revenues | | 62.5 |

Source: Estimates by LAEDC

It is estimated that ongoing activity at the Grand Avenue properties will generate economic output in Los Angeles County of over $500 million annually, and support 5,030 jobs with a labor income of $189 million.

Moreover, this economic activity is projected to generate almost $62.5 million in state and local taxes and more than $40 million in federal taxes. The disaggregation of taxes by type and by level of government is shown in Exhibit 4-5.

The largest component of overall tax revenues is property taxes. As a redevelopment project, the new properties of the Grand Avenue Plan will generate an annual increase in property taxes in addition to the ongoing property taxes of workers, residents and business that are impacted by the Grand Avenue project, as the assessed value of the property will rise by at least the value of construction. This may understate the actual reassessment. The property tax rate in this area is estimated to be 1.22 percent. Applied to the construction spending, this implies an annual increase in property tax revenues of $21.8 million, which is shared among the County of Los Angeles, the City of Los Angeles, Los Angeles School District, the Community College District, and other taxing entities.

Personal income taxes are estimated to be $18.4 million annually, paid to federal and state governments. Similarly, social insurance payments are made to both state and federal governments and will be $18.2 million. Sales and excise taxes are estimated to reach $17 million as a result of the new activity occurring at the property. This category includes transient occupancy taxes which will be earned from the new hotel. Other sources of tax revenues include taxes on corporate profits, motor vehicle license and other taxes and fees paid by businesses and households.

Exhibit 4-5
**Detailed Annual Fiscal Impact of Ongoing Operations**

| | |
|---|---|
| **By Type of Tax** ($ millions): | |
| Personal income taxes | $ 18.4 |
| Social insurance | 18.2 |
| Sales and excise taxes | 17.0 |
| Property taxes | 13.6 |
| Incremental property taxes | 21.8 |
| Corporate profits taxes | 8.2 |
| Motor vehicle license | 0.5 |
| Other taxes and fees paid by businesses | 4.4 |
| Other taxes and fees paid by households | 1.3 |
| **Total** | **$ 103.4** |
| **By Type of Government** ($ millions): | |
| Federal | $ 40.9 |
| State | 16.2 |
| County | 30.7 |
| *Property taxes* | *29.1* |
| *Sales taxes* | *1.6* |
| Cities | 15.6 |
| *Property taxes* | *6.4* |
| *TOT taxes* | *6.3* |
| *Sales taxes* | *0.7* |
| *Other fees and fines* | *2.3* |
| **Total** | **$ 103.4** |

Source: Estimates by LAEDC

The federal government will collect almost 40 percent of all tax receipts, earning $40.9 million annually, consisting mainly of social insurance taxes, personal income taxes and corporate profits taxes. The state of California will collect $16 million annually, consisting of sales tax revenues, personal income taxes, corporate profits taxes, royalties and rents, fees and licenses, and motor vehicle license fees. The county will collect more than $30 million, largely from property taxes and its share of sales tax revenues. Cities will receive $15.6 million from a share of property taxes, the transient occupancy tax and licenses and fees. Most of these tax revenues will be earned by the City of Los Angeles.

Economic and detailed fiscal impacts by phase are provided in the Appendix.

The total annual economic impacts spill across industries through indirect and induced effects. The complete list of estimated impacts by industry sector is shown in Exhibit 4-6.

Of the 5,030 jobs generated annually, about half, or 2,540, will be in accommodation and food services. This includes the hotel staff and workers added in new and existing restaurants and drinking establishments. However, virtually all industry sectors in Los Angeles County will experience a positive economic impact from the new activity occurring at the Grand Avenue properties, including retail trade, health and social services, real estate and rental activities, administrative and waste services, professional and technical services, and finance and insurance.

The values in the exhibit should be interpreted as illustrative of industry effects rather than precise given model and data limitations. A description of these industries is provided in the Appendix. ❖

Exhibit 4-6
**Distribution of Annual Impacts by Industry Sector**

| | Jobs | Labor Income ($ millions) | Output ($ millions) |
|---|---|---|---|
| Utilities | 5 | $ 0.7 | $ 4.6 |
| Construction | 20 | 1.6 | 2.9 |
| Manufacturing | 20 | 1.0 | 7.8 |
| Wholesale trade | 30 | 2.1 | 5.2 |
| Retail trade | 870 | 28.7 | 57.7 |
| Transportation and warehousing | 80 | 3.7 | 8.6 |
| Information | 30 | 6.1 | 15.2 |
| Finance and insurance | 95 | 7.7 | 25.2 |
| Real estate and rental | 430 | 9.4 | 91.6 |
| Professional, scientific technical | 290 | 28.6 | 45.9 |
| Management of companies | 15 | 1.8 | 3.5 |
| Administrative and waste services | 160 | 5.9 | 10.8 |
| Educational services | 35 | 1.6 | 2.7 |
| Health and social services | 160 | 9.9 | 17.3 |
| Arts, entertainment and recreation | 100 | 3.9 | 14.7 |
| Accommodation and food services | 2,540 | 67.5 | 173.2 |
| Other services | 120 | 6.1 | 9.7 |
| Government | 30 | 2.5 | 4.1 |
| **Total** | **5,030** | **$ 188.9** | **$ 500.7** |

Source: Estimates by LAEDC

# Appendix

## Details by Parcel

Exhibit A-1
**One-Time Incremental Economic and Fiscal Impact of Project Development by Parcel**

| | Grand Park | Parcel Q | Parcel L | Parcel M | Parcel W | Project Total |
|---|---|---|---|---|---|---|
| **Direct Development Expenditures** ($ millions) | $ 56.7 | $ 770.6 | $ 195.0 | $ 120.0 | $ 705.0 | $ 1,847.3 |
| **Total Economic Impact:** | | | | | | |
| Output ($ millions) | $ 100.4 | $ 1,270.9 | $ 332.9 | $ 197.9 | $ 1,162.7 | $ 3,064.9 |
| Employment (jobs) | 750 | 8,310 | 2,550 | 1,290 | 7,600 | 20,500 |
| Labor income ($ millions) | $ 47.4 | $ 526.8 | $ 160.5 | $ 82.0 | $ 482.0 | $ 1,831.0 |
| **Total Fiscal Impact** ($ millions): | | | | | | |
| Federal tax revenues | $ 8.6 | $ 99.2 | $ 29.1 | $ 15.4 | $ 90.7 | $ 243.1 |
| State and local tax revenues | $ 4.5 | $ 63.1 | $ 15.3 | $ 9.8 | $ 57.7 | $ 150.4 |

Source: Estimates by LAEDC

Exhibit A-2
**One-Time Incremental Government Revenue from Project Development by Parcel**

| | Grand Park | Parcel Q | Parcel L | Parcel M | Parcel W | Project Total |
|---|---|---|---|---|---|---|
| **By Type of Tax** ($ millions): | | | | | | |
| Personal income taxes | $ 4.7 | $ 52.3 | $ 15.8 | $ 8.1 | $ 47.9 | $ 128.8 |
| Social insurance | 4.4 | 45.9 | 15.1 | 7.2 | 42.0 | 114.6 |
| Sales and excise taxes | 1.3 | 20.3 | 4.4 | 3.2 | 18.6 | 47.7 |
| Property taxes | 1.1 | 18.3 | 4.0 | 2.9 | 16.8 | 43.1 |
| Corporate profits taxes | 0.8 | 14.9 | 2.6 | 2.3 | 13.6 | 34.2 |
| Motor vehicle license | 0.1 | 1.0 | 0.3 | 0.2 | 0.9 | 2.5 |
| Other taxes and fees paid by businesses | 0.4 | 5.9 | 1.3 | 0.9 | 5.4 | 13.8 |
| Other taxes and fees paid by households | 0.3 | 3.6 | 1.1 | 0.6 | 3.3 | 8.8 |
| **Total** | **$ 13.1** | **$ 162.3** | **$ 44.4** | **$ 25.3** | **$ 148.5** | **$ 393.5** |
| **By Type of Government** ($ 000): | | | | | | |
| Federal | $ 8,606 | $ 99,188 | $ 29,113 | $ 15,446 | $ 90,744 | $ 243,096 |
| State | 2,823 | 36,947 | 9,605 | 5,754 | 33,802 | 88,931 |
| County | 1,144 | 18,331 | 3,983 | 2,855 | 16,771 | 43,083 |
| *Property taxes* | *938* | *15,018* | *3,267* | *2,339* | *13,740* | *35,302* |
| *Sales taxes* | *205* | *3,313* | *716* | *516* | *3,031* | *7,781* |
| Cities | 489 | 7,829 | 1,703 | 1,219 | 7,163 | 18,403 |
| *Sales taxes* | *88* | *1,420* | *307* | *221* | *1,299* | *3,335* |
| *TOT taxes* | *206* | *3,304* | *719* | *515* | *3,023* | *7,766* |
| *Property taxes* | *5* | *55* | *18* | *9* | *50* | *136* |
| *Other fees and fines* | *189* | *3,051* | *660* | *475* | *2,791* | *7,166* |
| **Total** | **$ 13,062** | **$ 162,295** | **$ 44,404** | **$ 25,273** | **$ 148,479** | **$ 393,513** |

Source: Estimates by LAEDC

Exhibit A-3
**Annual Incremental Economic and Fiscal Impact of Project Activities by Parcel**

| | Grand Park | Parcel Q | Parcel L | Parcel M | Parcel W | Project Total |
|---|---|---|---|---|---|---|
| **Direct Annual Revenues** ($ millions) | | $ 206.4 | $ 10.0 | $ 12.4 | $ 88.9 | **$ 317.7** |
| **New Resident Household Spending** ($ millions) | | 11.6 | - | 5.9 | 39.6 | **57.1** |
| **Total Economic Impact:** | | | | | | |
| Output ($ millions) | | $ 307.4 | $ 15.7 | $ 24.4 | $ 153.2 | **$ 500.7** |
| Employment (jobs) | | 3,280 | 70 | 200 | 1,500 | **5,030** |
| Labor income ($ millions) | | $ 120.9 | $ 3.8 | $ 8.0 | $ 56.1 | **$ 188.9** |
| **Total Fiscal Impact** ($ millions): | | | | | | |
| Federal tax revenues | | $ 25.3 | $ 1.0 | $ 1.9 | $ 12.7 | **$ 40.9** |
| State and local tax revenues | | $ 25.6 | $ 0.7 | $ 1.9 | $ 12.4 | **$ 40.6** |
| **Incremental Property Tax** ($ millions) | | $ 9.4 | $ 2.4 | $ 1.5 | $ 8.6 | **$ 21.9** |

Source: Estimates by LAEDC

Exhibit A-4
**Detailed Annual Incremental Government Revenue from Project Activities by Parcel**

| | Grand Park | Parcel Q | Parcel L | Parcel M | Parcel W | Project Total |
|---|---|---|---|---|---|---|
| **By Type of Tax** ($ 000): | | | | | | |
| Personal income taxes | | $ 11,798 | $ 365 | $ 786 | $ 5,592 | **$ 18,442** |
| Social insurance | | 11,596 | 377 | 776 | 5,401 | **18,150** |
| Sales and excise taxes (includes TOT) | | 11,050 | 267 | 758 | 4,879 | **16,955** |
| Property taxes | | 8,336 | 240 | 679 | 4,368 | **13,622** |
| Incremental property taxes | | 9,401 | 2,379 | 1,464 | 8,601 | **21,845** |
| Corporate profits taxes | | 4,361 | 355 | 560 | 2,943 | **8,218** |
| Motor vehicle license | | 321 | 10 | 24 | 160 | **515** |
| Other taxes and fees paid by businesses | | 2,677 | 78 | 220 | 1,417 | **4,392** |
| Other taxes and fees paid by households | | 811 | 25 | 54 | 377 | **1,267** |
| **Total** | | **$ 60,351** | **$ 4,096** | **$ 5,321** | **$ 33,639** | **$ 103,407** |
| **By Type of Government** ($ 000): | | | | | | |
| Federal | | $ 25,314 | $ 975 | $ 1,943 | $ 12,683 | **$ 40,915** |
| State | | 8,712 | 398 | 943 | 6,102 | **16,156** |
| County | | 15,191 | 2,190 | 1,880 | 11,427 | **30,688** |
| *Property taxes* | | *6,833* | *197* | *556* | *3,580* | *11,166* |
| *Incremental property taxes* | | *7,706* | *1,950* | *1,200* | *7,050* | *17,906* |
| *Sales taxes* | | *653* | *44* | *124* | *796* | *1,616* |
| Cities | | 11,134 | 532 | 555 | 3,427 | **15,648** |
| *Sales taxes* | | *280* | *19* | *53* | *341* | *693* |
| *TOT taxes* | | *6,258* | *1* | *2* | *14* | *6,275* |
| *Property taxes* | | *1,503* | *43* | *122* | *788* | *2,457* |
| *Incremental property taxes* | | *1,696* | *429* | *264* | *1,551* | *3,939* |
| *Other fees and fines* | | *1,398* | *40* | *134* | *733* | *2,285* |
| **Total** | | **$ 60,351** | **$ 4,096** | **$ 5,321** | **$ 33,639** | **$ 103,407** |

Source: Estimates by LAEDC

# Description of Industry Sectors

The industry sectors used in this report are established by the North American Industry Classification System (NAICS). NAICS divides the economy into twenty sectors, and groups industries within these sectors according to production criteria. Listed below is a short description of each sector as taken from the sourcebook, *North American Industry Classification System,* published by the U.S. Office of Management and Budget (2007).

*Agriculture, Forestry, Fishing and Hunting:* Activities of this sector are growing crops, raising animals, harvesting timber, and harvesting fish and other animals from farms, ranches, or the animals' natural habitats.

*Mining:* Activities of this sector are extracting naturally-occurring mineral solids, such as coal and ore; liquid minerals, such as crude petroleum; and gases, such as natural gas; and beneficiating (e.g., crushing, screening, washing and flotation) and other preparation at the mine site, or as part of mining activity.

*Utilities:* Activities of this sector are generating, transmitting, and/or distributing electricity, gas, steam, and water and removing sewage through a permanent infrastructure of lines, mains, and pipes.

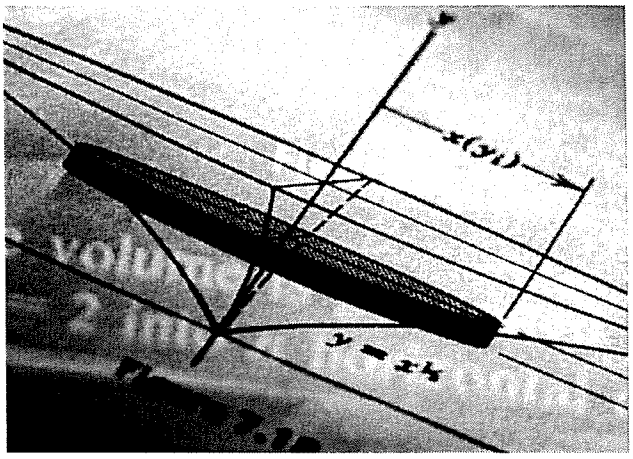
*Construction:* Activities of this sector are erecting buildings and other structures (including additions); heavy construction other than buildings; and alterations, reconstruction, installation, and maintenance and repairs.

*Manufacturing:* Activities of this sector are the mechanical, physical, or chemical transformation of material, substances, or components into new products.

*Wholesale Trade:* Activities of this sector are selling or arranging for the purchase or sale of goods for resale; capital or durable non-consumer goods; and raw and intermediate materials and supplies used in production, and providing services incidental to the sale of the merchandise.

*Retail Trade:* Activities of this sector are retailing merchandise generally in small quantities to the general public and providing services incidental to the sale of the merchandise.

*Transportation and Warehousing:* Activities of this sector are providing transportation of passengers and cargo,



warehousing and storing goods, scenic and sightseeing transportation, and supporting these activities.

*Information:* Activities of this sector are distributing information and cultural products, providing the means to transmit or distribute these products as data or communications, and processing data.

*Finance and Insurance:* Activities of this sector involve the creation, liquidation, or change of ownership of financial assets (financial transactions) and/or facilitating financial transactions.

*Real Estate and Rental and Leasing:* Activities of this sector are renting, leasing, or otherwise allowing the use of tangible or intangible assets (except copyrighted works), and providing related services.

*Professional, Scientific, and Technical Services:* Activities of this sector are performing professional, scientific, and technical services for the operations of other organizations.

*Management of Companies and Enterprises:* Activities of this sector are the holding of securities of companies and enterprises, for the purpose of owning controlling interest or influencing their management decision, or administering, overseeing, and managing other establishments of the same company or enterprise and normally undertaking the strategic or organizational planning and decision-making of the company or enterprise.

*Administrative and Support and Waste Management and Remediation Services:* Activities of this sector are performing routine support activities for the day-to-day operations of other organizations, such as: office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services.

*Educational Services:* Activities of this sector are providing instruction and training in a wide variety of subjects. Educational services are usually delivered by teachers or instructors that explain, tell, demonstrate, supervise, and direct learning. Instruction is imparted in diverse settings, such as educational institutions, the workplace, or the home through correspondence, television, or other means.

*Health Care and Social Assistance:* Activities of this sector are operating or providing health care and social assistance for individuals.

*Arts, Entertainment and Recreation:* Activities of this sector are operating facilities or providing services to meet varied cultural, entertainment, and recreational interests of their patrons, such as: (1) producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; (2) preserving and exhibiting objects and sites of historical, cultural, or educational interest; and (3) operating facilities or providing services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests.

*Accommodation and Food Services:* Activities of this sector are providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption.

*Other Services (except Public Administration):* Activities of this sector are providing services not specifically provided for elsewhere in the classification system. Establishments in this sector are primarily engaged in activities, such as equipment and machinery repairing, promoting or administering religious activities, grant-making, advocacy, and providing dry-cleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services. ❖

# Study Authors

***Christine Cooper, Ph.D.***
*Vice President, Economic and Policy Analysis*

Dr. Cooper leads the Economic and Policy Analysis Group whose work involves research in regional issues such as economic impact studies, regional industry analysis and forecasts, workforce development analysis, and issue studies related to the *L.A. County Strategic Plan for Economic Development.* Her fields of expertise include development economics, environmental economics, regional analysis and urban sustainability.

Prior to joining the LAEDC, Dr. Cooper was a co-founder of a start-up company in Hong Kong concentrating on equity transactions software and computer accessories manufacturing, which expanded production into the special economic zone of Shenzhen, China and distributed products throughout the United States and Asia. With her business partner, she also established the first authorized Apple Computer retailer in China. She has been a lecturer at California State University, Long Beach and at the Pepperdine Graziadio School of Business and Management.

Dr. Cooper is a citizen of the United States and Canada. She earned a Bachelor of Arts in Economics from Carleton University in Ottawa, Canada, and a Ph.D. in Economics from the University of Southern California. With funding from the National Science Foundation, she earned a Graduate Certificate in Environmental Sciences, Policy and Engineering. Her current research includes industry cluster determination and performance in the regional economy, commuting and job allocation patterns, and workforce development issues.

***Shannon M. Sedgwick***
*Associate Economist*

In her current capacity as an Associate Economist at the LAEDC, Ms. Sedgwick develops subject-specific information and data interpretation for economic impact, demographic, transportation, industry and issue studies. She performs research, data collection and organization, analysis and report preparation. Her work focuses on demographics, industry clusters and workforce development in the form of occupational analysis. Ms. Sedgwick is also proficient at conducting geospatial analysis and has experience working with RIMS II multipliers.

Ms. Sedgwick joined the LAEDC team in June of 2008 as an Economic Research Assistant for the Kyser Center for Economic Research. In that role she assisted both Economic Research and the Consulting Practice of the LAEDC with data collection and research, managing multiple data sets covering the State of California, Southern California, its counties and their sub-regions. In addition to writing sections of LAEDC's Economic Forecasts, she was responsible for the "Business Scan" containing a collection of Los Angeles County economic indicators; the annual "L.A. Stats" report, containing the most frequently requested statistics for Los Angeles and its surrounding counties; and was a regular contributor to the weekly economic newsletter, "e-Edge."

Before joining the LAEDC, Ms. Sedgwick managed an industrial and steel supply company located in the Inland Empire. There she identified and targeted a diverse customer base, and analyzed product and customer patterns in the local industrial market to successfully increase revenues.

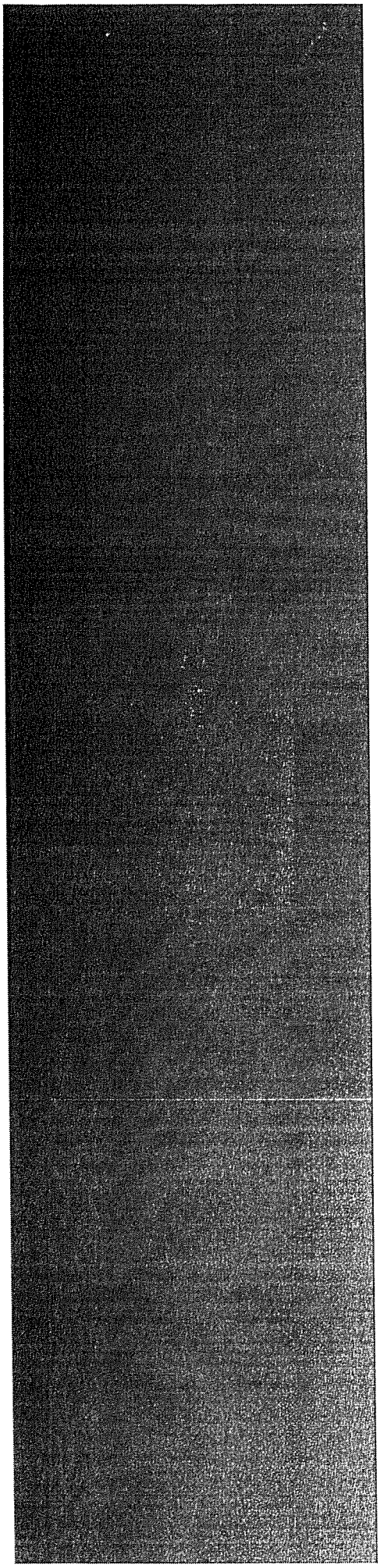
A Southern California native, Ms. Sedgwick received her Bachelor of Arts in Economics from the University of Southern California (USC) with a minor in Architecture. She has been a member of the national and the Los Angeles Chapter of the National Association for Business Economics (NABE) since 2008.

***Somjita Mitra, Ph.D.***
*Economist*

Somjita Mitra joined the Economic and Policy Analysis Group as an Economist in June 2013. She is involved in planning, designing and conducting research and analysis for consulting clients and local businesses and governments, as well as for LAEDC's internal departments. Her focus is in regional analysis, economic impact studies and the industrial and occupational structure of local economies.

Before joining the LAEDC, Dr. Mitra was an Economist for a local economic research and litigation consulting company evaluating economic damages, estimating lost profits, identifying key economic issues and developing necessary analytical and empirical frameworks. Prior to this, Dr. Mitra was a Project Director for a consumer research firm in Los Angeles where she managed projects that identified and analyzed key market issues for small, local firms as well as multinational corporations.

Dr. Mitra received her Bachelor of Arts in Economics and Political Science from the University of California, Los Angeles and her Master of Arts in Politics, Economics and Business as well as her Ph.D. in Economics from Claremont Graduate University. Dr. Mitra enjoys volunteering in the local community and is actively involved in both women's welfare and animal rescue organizations. ❖



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