



SACHI A. HAMAI  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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August 09, 2016

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

The Honorable Board of Commissioners  
Community Development Commission  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors/Commissioners:

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

1-D August 9, 2016

LORI GLASGOW  
EXECUTIVE OFFICER

**APPROVE PREDEVELOPMENT AGREEMENT, EXCLUSIVE NEGOTIATING AGREEMENT AND  
FUNDING AGREEMENT FOR THE PROPOSED DEVELOPMENT OF COUNTY-OWNED  
PROPERTIES IN THE VERMONT CORRIDOR  
(SECOND DISTRICT)  
(3 VOTES)**

**SUBJECT**

This is a joint recommendation with the Community Development Commission for approval of various documents and associated funding related to the predevelopment activities for the proposed development of County-owned property in the area known as the "Vermont Corridor," located on three sites on South Vermont Avenue, between Fourth and Sixth Streets, in the City of Los Angeles (Vermont Corridor Project).

Specifically, this letter recommends approval of a Predevelopment Agreement (PDA) with Los Angeles Community Facilities, Inc. for a proposed new approximately 500,000 gross square foot (400,000 square foot net) Department of Mental Health (DMH) headquarters facility, and construction of a new parking structure at 523 Shatto Place on the site of the existing County parking structure, which is to be demolished at 510, 526, and 532 South Vermont Avenue (Site 1). Additionally, this letter recommends approval of an Exclusive Negotiating Agreement (ENA) with TC LA Development, Inc., for the proposed future development of mixed-use, market-rate housing at 550 South Vermont

Avenue and 3175 West 6th Street (Site 2), and affordable housing at 433 South Vermont Avenue (Site 3). The predevelopment process will include the environmental review and preparation of appropriate environmental documentation for all three sites pursuant to the California Environment Quality Act (CEQA), as well as plan check ready construction drawings and all entitlements for the DMH headquarters facility and parking structure on Site 1.

The proposed Vermont Corridor Project aims to generate substantial economic benefit to the area by eliminating blight, creating hundreds of construction jobs for local residents, as well as growth and expansion opportunities for local and small business. The ground lease of County-owned property on Sites 2 and 3 would result in 72 units of new affordable housing, and would generate lease revenue for the County.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the authorization and funding for feasibility and preliminary site testing activities included in the PDA and the ENA for the proposed Vermont Corridor sites are exempt from the CEQA under Sections 15304, 15306, and 15262 of the State Guidelines and find that the remaining recommended actions regarding the Funding Agreement, PDA, and ENA do not constitute a project under Sections 15378(b)(4) and (5) and 15061(b)(3) of the State CEQA Guidelines for the reasons stated in this letter and in the record of the proposed pre-project activities.
2. Approve the use of \$1,209,303 of net County cost from the Project and Facility Development Budget to provide supplemental funding for the Vermont Corridor Funding Agreement.
3. Instruct the Chief Executive Officer, or her designee, to execute and, if necessary, amend the Funding Agreement required to transfer up to \$10,554,105 in Project and Facilities Development Funds to the Community Development Commission (Commission) for predevelopment costs related to the proposed development of a new DMH headquarters and parking structure at 510, 526, and 532 South Vermont Avenue in the City of Los Angeles, and future development of adjacent County-owned properties in the Vermont Corridor, Site 2 and Site 3.
4. Designate the Commission to serve as the agent of the County to manage predevelopment of the proposed new DMH headquarters and parking structure, Site 1, including execution of the PDA with Los Angeles Community Facilities, Inc., the not-for-profit special purpose entity created for the proposed Vermont Corridor Project.
5. Designate the Commission to serve as the agent of the County to negotiate with TC LA Development, Inc., for the proposed future development of County-owned properties at 550 and 433 South Vermont Avenue, and 3175 West 6th Street in the City of Los Angeles, Site 2 and Site 3, including execution of the ENA.

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

1. Find that the authorization and funding for feasibility and preliminary site testing activities included in the PDA and the ENA for the proposed Vermont Corridor sites are exempt from the CEQA under Sections 15304, 15306 and 15262 of the State CEQA Guidelines; and find that the remaining recommended actions regarding the Funding Agreement, PDA, and ENA do not constitute a project under Sections 15378(b)(4) and (5) and 15061(b)(3) of the State CEQA Guidelines for the reasons stated in this letter and in the record of the proposed pre-project activities.

2. Instruct the Executive Director, or his designee, to execute the Funding Agreement required to accept and incorporate up to \$10,554,105 into the Commission's approved Fiscal Year 2016-2017 budget for the Vermont Corridor Project.
3. Approve the designation of the Commission to serve as the agent of the County to manage predevelopment of the proposed new DMH headquarters facility and up to 1,886 structured parking spaces.
4. Authorize the Executive Director, or his designee, to execute the PDA, in the amount of \$9,380,683, with Los Angeles Community Facilities, Inc., for proposed development of a new DMH headquarters facility on County-owned properties at 510, 526, and 532 South Vermont Avenue in the City of Los Angeles.
5. Authorize the Executive Director, or his designee, to execute the ENA with TC LA Development, Inc., for the proposed future development of County-owned properties at 550 and 433 South Vermont Avenue, and 3175 West 6th Street in the City of Los Angeles.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The recommended actions will allow predevelopment activities to be performed by TC LA Development, Inc. (TCLA), the highest ranked bidder from the selection process, and authorize the Commission, and provide it the necessary funding, to manage the predevelopment activities associated with the proposed Vermont Corridor development, consisting of a new approximately 500,000 gross square foot, 400,000 net square foot headquarters building and new parking structure for the DMH with up to 1,886 structured parking spaces, as well as to negotiate ground leases for the private redevelopment of County-owned facilities located along West Sixth Street, between South Vermont Avenue and Shatto Place, and at 433 South Vermont Avenue (Department of Parks and Recreation headquarters). The Commission will act as the agent for the County in the management and administration of the PDA, and in negotiation of the ground lease terms for the County properties at 550 and 433 South Vermont Avenue and 3175 West 6th Street in the City of Los Angeles. The CEO will provide "owner" oversight of the development, on behalf of the County. The Commission has determined the necessary budget to fund all costs to complete the predevelopment phase and ground lease negotiation, and these funds are included in the Funding Agreement.

#### **Background**

On February 10, 2015, the Board authorized the Commission, in consultation with the CEO, to prepare a Request for Proposals (RFP) for the design and proposed construction of a new DMH headquarters facility, and the proposed future development of adjacent County-owned properties in the Vermont Corridor.

On August 18, 2015, the Board authorized the release of the RFP. The Board also authorized the Executive Director of the Commission, in consultation with the CEO and County Counsel, to enter into exclusive negotiations with the highest ranked proposer, on behalf of the County.

The Commission assembled an evaluation panel of five subject matter experts, including representatives from DMH, CEO, the Commission, and the private development sector, to evaluate all proposals received. The evaluation process is described in further detail below under Contracting Process.

The highest scoring proposal was submitted by TCLA, a development team partnership led by Trammel Crow Company that included Public Facilities Group, Meta Housing Corporation, and several architectural and engineering firms. TCLA has proposed a public-private partnership model that links private project management and delivery with tax-exempt public financing through a not-for-profit Special Purpose Entity (SPE). The Commission successfully used this model to develop its headquarters building in Alhambra. Los Angeles Community Facilities, Inc. (LACF) is the SPE created for the proposed new DMH headquarters building. The sole member of LACF is Public Facilities Group. Under the proposed structure, the County would enter into a PDA with LACF, and concurrently, LACF would enter into a PDA with TCLA as the developer. Under the terms of the PDA between the County and LACF, the County reserves the right to terminate for convenience and thereupon replace Public Facilities Group as the sole member of LACF. This provision assures the County proper protections throughout the lease term, providing the County with an additional layer of protection and oversight throughout the process.

The attached PDA is between the County and LACF. The County will contract with LACF, and LACF will subsequently contract with TCLA. These two separate agreements, County to LACF and LACF to TCLA, allow the County to pass through the development obligation to TCLA while insulating the County from development risk through LACF. The PDA between LACF and TCLA is to be entered into simultaneously with the County's PDA with LACF, and is included as an exhibit to the agreement.

The proposed Vermont Corridor Project is divided into three sites: Site 1, located at 510, 526, and 532 South Vermont Avenue, is currently occupied by a two-story abandoned structure with roof parking, a two-story office building occupied by Department of Parks and Recreation (DPR) staff, open parking areas, and carport in the north parking area. An existing parking structure at 523 Shatto Place is connected to the site. Site 2, located at 550 South Vermont Avenue and 3175 West 6th Street, is currently occupied by office buildings which house DMH and the Department of Community and Senior Services (DCSS), respectively. Site 3, located at 433 South Vermont Avenue, is currently occupied by an office building housing DPR staff.

On Site 1, TCLA proposes to develop an approximately 500,000 square foot gross and approximately 400,000 square foot net usable, 13-story Class A office building for the new DMH headquarters, as well as approximately 10,000 square feet of retail and up to 1,886 structured parking spaces. The proposed office building would be designed to fit aesthetically with the surrounding neighborhood, while standing tall with a prominent design. To ensure cost-effectiveness, the building design would be structured around a solid core and shell to ensure a functional and easily maintainable building foundation. The building would be designed to meet LEED Silver and WELL Building Standards, and would be a Prevailing Wage project with a local hire component.

On Site 2, TCLA has proposed an adaptive reuse of the existing DMH headquarters building at 550 South Vermont Avenue, redeveloped into 172 multifamily units with up to 4,700 square feet of commercial space. The mixed use development will also include structured parking.

For Site 3, the RFP requested development teams to propose two options: 1) for best and highest use; and 2) affordable senior housing. However, none of the proposals submitted provided a fully developed viable option for development of Site 3 other than affordable senior housing. The Commission determined that TCLA's proposal for the construction of 72 units of affordable senior housing with an approximately 12,550 square foot Community Center had the best overall benefit to the County.

## County Department Relocation

The proposed Vermont Corridor Project construction would be phased to avoid any temporary relocation of DMH staff. The new DMH headquarters on Site 1 would be completed before construction begins on Site 2, where the existing DMH headquarters is located. The Vermont Corridor Project would require the permanent relocation of DPR and DCSS staff. The CEO indicated to the Board via memorandum on July 11, 2016 that it is evaluating options for relocation DPR staff from 433 South Vermont and 510 South Vermont to leased space. The relocation would be completed well ahead of on-site project activity for the Vermont Corridor on Sites 1 and 3 and would avoid any interference with construction activity. The CEO continues to explore relocation options for DCSS. The operation of the DCSS-occupied building at 3175 West 6th Street would not be impacted by the Vermont Corridor project activity until after the completion of the new DMH headquarters building more than four years from now (late 2020).

## Contractual Agreements

It is important to note that the proposed PDA and ENA agreements will not obligate the County to contract with TCLA to build either the proposed County facilities on Site 1 or ground lease the County property on Sites 2 or 3. At the completion of these agreement services, the negotiated development contract (Site 1) and ground leases will be brought to the Board for consideration. Detailed description of contract services are included in the attached PDA and ENA documents.

## Commission Management

The recommended actions designate the Commission as the agent of the County for the management of predevelopment of the new DMH building and parking structure on Site 1 and on negotiation of the ground lease terms with TCLA for Sites 2 and 3. The Commission has estimated the cost for these services to be \$10,554,105, which consist of: 1) PDA costs (\$9,380,683); 2) Commission Project Management costs (\$683,422); 3) County Counsel costs (\$210,000) and 4) Outside Counsel costs (\$280,000).

## **FISCAL IMPACT/FINANCING**

The current actions would commit the expenditure of up to \$10,554,105 in net County cost funding to fund predevelopment activities. The proposed funding agreement will transfer the funds to the Commission. The majority of the funding (\$9,344,802) consists of funds previously approved by the Board for the Vermont Corridor development, with \$1,209,303 in additional funding to be approved from the Project and Facility Development budget as part of these actions. The prior funding consists of two sources: \$8,000,000 in one-time additional fund balance the Board approved to be budgeted in the Project and Facility Development Fund (PFD) at Recommended Budget 2016-17. The remainder of the existing funds (\$1,344,802) consists of the funds originally approved by the Board on February 10, 2015 for preparation of environmental documentation and site investigation, which were not spent and are available for reallocation to predevelopment costs.

During the predevelopment process of Site 1, TCLA will provide to the County a guaranteed maximum price to build the proposed DMH headquarters building and parking structure. The pre-design budgetary estimated maximum price provided by TCLA for the cost of the County facilities is \$270,000,000. The CEO anticipates that it will ultimately recommend use of long-term financing to fund the remaining project costs for these facilities beyond the \$9.38 million funded under the PDA. Financing for the proposed project is anticipated to be from 63-20 bonds issued by LACF. 63-20

bonds are tax-exempt bonds issued by a nonprofit organization on behalf of the County to finance a public facility. However, the County retains the option to finance the project itself as a capital project. The project budget would be revised accordingly. Closing of the bonds and the financing of the proposed project is expected to occur by April 30, 2018.

The annual debt service obligation will depend on the final project costs and interest rates in effect at the time the financing is completed. At the estimated project cost of \$270,000,000, CEO projects that debt service obligations would be approximately \$18 million annually, for a repayment term of 27 years. DMH is estimated to have approximately \$2.7 million annually in savings from current office space leases it will cancel once the new facility is completed. DMH is not anticipating it would receive any subvention revenue, which could offset debt service costs of the new headquarters facilities. Net of offsetting lease cancelations, the additional annual debt service obligation to the County would be approximately \$15.3 million based on current projections.

Negotiations with TCLA regarding ground lease terms of Sites 2 and 3 have not been conducted, and precise revenue projections which the County will receive under the lease. However, for reference, the TCLA proposal included expected annual ground lease revenues of \$450,000.

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

Approval of the attached PDA with LACF would begin the predevelopment phase, during which time LACF will work directly with Commission and County staff to advance the design for the proposed project and establish a Guaranteed Maximum Price (GMP) for the project. This ensures that the County will receive a high quality design at a not-to-exceed cost, and protects against change order risk. TCLA will engage consultants to complete all project entitlements for Site 1, as well as environmental review and CEQA documents for all three sites. Concurrently, LACF will work with the Commission to prepare and negotiate a ground lease, facilities lease, and all necessary financial documents.

The current delivery schedule for the proposed project estimates that the predevelopment phase will be completed in the spring of 2018. At that time, the Commission will return to the Board for consideration of the leases, financial and environmental documentation under CEQA and necessary environmental findings, and will also recommend issuance of tax-exempt bonds for the project. This financing structure yields the lowest possible cost of capital, which reduces the County's lease cost and allows the County to own its office building at the expiration of the lease.

Upon the sale of the bonds, the development phase will begin, during which time TCLA will secure all necessary building permits, and commence construction. Construction on Site 1 is estimated to begin in early 2018, with project completion and DMH moving in by late 2020.

The proposed agreements are authorized by Government Code Section 25549.1, et seq., which allows the County to enter into leases and other agreements with private firms relating to real property to be used jointly by the County and such firm. Pursuant to Government Code section 25549.8, the Board adopted a Resolution declaring its intention to consider all plans or proposals for the proposed project, and that it would receive all plans or proposals on July 12, 2016.

### **ENVIRONMENTAL DOCUMENTATION**

The recommended actions include authorization and funding for feasibility and preliminary site testing and investigation activities included in the PDA and the ENA for the proposed Vermont

Corridor Project. These activities are statutorily exempt under Section 15262 of the State CEQA Guidelines as they consist of feasibility or planning studies for possible future actions which the County or Commission have not approved, adopted, or funded, and for which environmental factors have been considered. Additionally, the proposed feasibility and preliminary site testing activities are categorically exempt from CEQA under Sections 15304(f) and 15306 of the State CEQA Guidelines since these activities involve minor public alterations to land which do not include removal of healthy, scenic, mature trees as well as basic data collection, research and resource evaluation activities, which do not result in a serious or major disturbance to an environmental resource as part of a study leading to a possible future action which has not yet been approved, adopted, or funded. The proposed testing would not be located in a sensitive environment, and there are no cumulative impacts, unusual circumstances, substantial adverse change in the significance of a historic resource or the limiting factors that would make the exemption inapplicable based on the records of the proposed activities.

The remaining recommended activities included under the PDA, the ENA, and the Funding Agreement do not constitute a project under CEQA because it can be seen with certainty that they will not result in either direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment, and are administrative activities of government and/or government fiscal or funding activities under Sections, which do not involve commitment to any specific project which may result in potentially significant impacts on the environment pursuant to Sections 15378(b)(4) and (5) of the State CEQA Guidelines and Section 15061(b)(3) of the State CEQA Guidelines.

Following predevelopment and prior to commencing any development activity that may be considered a project under CEQA, the Commission would return to the Board to recommend consideration of appropriate environmental documentation and findings under CEQA.

Upon approval of the recommended actions, the Commission will file two Notices of Exemption with the Registrar-Recorder/County Clerk in accordance with Section 15062 of the State CEQA Guidelines on behalf of the County and the Commission.

## **CONTRACTING PROCESS**

The Commission received five proposals in response to the RFP. The proposers were Griffin|Swinerton, Lincoln Property Company, Lowe Enterprises Inc., Sonnenblick Development, and Trammell Crow Los Angeles.

The Commission assembled an evaluation panel of five subject matter experts, including representatives from DMH, CEO, the Commission, and the private development sector. The proposals were scored by each member of the evaluation panel based on the criteria established in the RFP. All five proposers also conducted presentations with every member of the evaluation panel present.

After proposal reviews and presentations, the evaluation panel was convened to discuss, score, and submit their evaluation packages for final tally. The scores of individual evaluators were averaged using the "Informed Averaging" method. The highest scoring proposal was from TCLA led by Trammell Crow Los Angeles.

As previously authorized by the Board, the Commission entered into exclusive negotiations with TCLA on behalf of the County. These negotiations resulted in the attached PDA and ENA for the

Board's consideration.

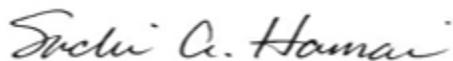
**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed PDA and related documents will allow the County to move forward with the elimination of blight in the Vermont Corridor and the development of high-quality modern office space for DMH staff. The proposed Vermont Corridor Project is also expected to generate substantial economic benefit to the area by eliminating blight, creating hundreds of construction jobs for local residents, as well as growth and expansion opportunities for local and small business. The ground lease of County-owned property on Sites 2 and 3 would result in 72 units of new affordable housing, and would generate lease revenue for the County.

**CONCLUSION**

Please return one adopted copy of this Board letter to the Chief Executive Office, Capital Programs Division; and to the Community Development Commission.

Respectfully submitted,



SACHI A. HAMAI  
Chief Executive Officer



SEAN ROGAN  
Executive Director

SAH:SR:JJ:DPH:B  
MB:FC:PB:rp

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel

**PRE-DEVELOPMENT AGREEMENT  
(County/LACF)**

This PRE-DEVELOPMENT AGREEMENT (County/LACF) (this “**Agreement**”) is effective \_\_\_\_\_, 2016 (the “**Effective Date**”), by and between the COUNTY OF LOS ANGELES, a body corporate and politic (“**County**”), acting by and through its COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a body corporate and politic (“**Commission**”), and LOS ANGELES COUNTY FACILITIES, INC., a California nonprofit public benefit corporation (“**LACF**”). County and LACF are each occasionally referred to herein as a “**Party**” or collectively as the “**Parties**.”

**RECITALS**

A. The County of Los Angeles (“**County**”) is the fee owner of property located in Los Angeles, California (“**City**”) at (i) 510, 526 and 532 South Vermont Avenue and 523 Shatto Place (collectively, “**Site 1**”), (ii) 550 South Vermont Avenue and 3175 West 6<sup>th</sup> Street (collectively, “**Site 2**”) and (iii) 433 South Vermont Avenue (“**Site 3**”) and together with Site 1 and Site 2 the “**Properties**”). County currently operates facilities on the Properties, but has determined that the current facilities are obsolete, inefficient and contribute to blight in the area of the Properties. County desires to increase the efficiency of its facilities located on the Properties and reduce blight.

B. LACF is a California nonprofit public benefit corporation established exclusively for purposes and activities that are permitted under Section 501(c)(3) of the Internal Revenue Code of 1986 (the “**Code**”). In particular, LACF has been formed for the purpose of construction, financing, and operation of the Proposed Project (defined in Recital D) on behalf of County. Public Facilities Group (“**PFG**”) is a Washington nonprofit corporation, formed for the purpose of serving as a supporting organization, as described in Section 509(a)(3) of the Code to benefit, perform the functions of and/or assist in carrying out the purposes of its supported organizations, including LACF. PFG is the sole member of LACF.

C. TC LA Development, Inc., a Delaware corporation (“**TCLA**”) is a national real estate development firm with experience in the oversight and management of design, permit processing and construction of office buildings. Pursuant to a County solicitation issued on August 18, 2015, TCLA submitted the highest ranked proposal (the “**TCLA Response**”) for the Proposed Master Project (defined in Recital G), to be constructed and operated pursuant to Government Code Sections 25549.1 *et seq.* County has selected TCLA initially to be the master developer of the Proposed Master Project on the Properties.

D. The TCLA Response contemplates the construction of a new office building having up to approximately (i) four hundred twelve thousand (412,000) net usable square feet of Class A office, (ii) ten thousand (10,000) square feet of retail and (iii) one thousand eight hundred eighty-six (1,886) structured parking spaces to serve as the headquarters for County’s Department of Mental Health (“**DMH**”) on Site 1 (the “**Proposed Project**”). The Proposed Project is intended to be delivered to County in “turnkey condition” including all furniture, fixtures and equipment, conference rooms and related equipment, pantries, and storage areas and to meet the descriptions and satisfy the standards set forth in the TCLA Response.

E. Pursuant to the TCLA Response, after construction of the Proposed Project, TCLA proposed to (i) adaptively reuse the existing County building on Site 2 as approximately one hundred seventy two (172) market-rate rental housing units and approximately five thousand (5,000) square feet of retail space and (ii) construct on Site 2 a five (5) story parking garage containing approximately two hundred twenty-five (225) parking spaces and approximately three thousand five hundred (3,500) square feet of retail space (the “**Proposed Site 2 Project**”).

F. Pursuant to the TCLA Response, TCLA proposed to construct (i) approximately seventy-two (72) senior, affordable rental housing units, (ii) a community center approximately twelve thousand five hundred (12,500) square feet in size and (iii) ninety-two (92) parking spaces on Site 3 (the “**Proposed Site 3 Project**”).

G. The construction of the Proposed Project is a necessary condition of both the Proposed Site 2 Project and the Proposed Site 3 Project and is a part of the overall master development of the Properties pursuant to Government Code Sections 25549.1 *et seq.* The Proposed Project, the Proposed Site 2 Project and the Proposed Site 3 Project are referred to collectively as the “**Proposed Master Project.**”

H. Pursuant to California Government Code Sections 25549.1 *et seq.*, County contemplates ground leasing (the “**Ground Lease**”) Site 1 to LACF, which would finance, develop, construct and maintain the Proposed Project on Site 1. The Ground Lease would have a term of approximately thirty-two (32) years. LACF would lease (the “**Facilities Lease**”) the Proposed Project to County for use by DMH. The Facilities Lease would set forth in specific detail the obligations of County and LACF with regard to the financing, development, construction, leasing and maintenance of the Proposed Project. When the Bonds (defined in Recital I) are retired, the terms of the Ground Lease and the Facilities Lease would terminate simultaneously and title to the Proposed Project would pass to County.

I. Financing for the Proposed Project is anticipated (but not required) to be from the proceeds of 63-20 bonds (the “**Bonds**”) issued by LACF or from conduit bonds or other bonds as determined by County. 63-20 bonds are tax-exempt bonds issued by a nonprofit organization on behalf of a government entity to finance a public facility. 63-20 bonds are governed by the Internal Revenue Service’s Revenue Ruling 82-26 and Letter Ruling 63-20. The estimated cost (including hard and soft cost but excluding financing and interest costs) of the Proposed Project is two hundred seventy million dollars (\$270,000,000) and closing of the Bonds to finance of the Proposed Project is expected to occur by January 31, 2018.

J. LACF will engage TCLA to oversee and manage certain construction and development activities for the Proposed Project pursuant to a separate development management agreement (“**Development Agreement**”), which would be between LACF and TCLA, but would be subject to County’s written approval, at its sole and absolute discretion. The Ground Lease, the Facilities Lease, and the Development Agreement for the Proposed Project are collectively referred to herein as the “**Project Agreements.**”

K. The entering into of the Project Agreements is subject to and contingent upon the Los Angeles County Board of Supervisors’ (the “**Board**”) future (i) certification of the Environmental Impact Report (the “**EIR**”) for the Proposed Master Project in compliance with

the California Environmental Quality Act, Public Resources Sections 21000 *et seq.* (“CEQA”), (ii) approval of the Proposed Master Project, and (iii) approval of the terms of the Project Agreements.

L. Simultaneously with this Agreement, LACF intends to enter into a pre-development agreement (“**LACF/TCLA Agreement**”) in the form attached as Exhibit A, which will, among other things, provide for LACF to pay or reimburse TCLA for certain Pre-Development Costs (as defined in Section 4).

M. County desires LACF to commence the performance of the LACF Services (defined in Section 4) pursuant to this Agreement, and LACF is willing to proceed with the performance of the LACF Services pursuant to the terms of this Agreement.

## **AGREEMENTS**

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

1. **Good Faith Negotiation of the Project Agreements.** During the Term (as defined in Section 2), County and LACF agree to proceed with the negotiation of the Project Agreements, in good faith and with due speed and diligence.

2. **Term.** The term of this Agreement (the “**Term**”) shall commence on the latest to occur of (a) the Effective Date or (b) the effective date of the LACF/TCLA Agreement and terminate on the earliest of (v) January 31, 2018, (w) ten (10) business days after LACF has received written notice from County terminating this Agreement, (x) ten (10) business days after either Party has received written notice from the other Party terminating this Agreement as a result of an uncured default under Section 12, (y) the effective date of the Project Agreements, or (z) the date on which the LACF/TCLA Agreement expires or is terminated. If the Term is going to terminate pursuant to Clause (v) of this Section 2, the Parties may elect, at each Party’s discretion, to extend the Term for an additional ninety (90) days.

3. **Control and Staffing of LACF.** Initially, the single member of LACF shall be PFG. LACF will have no employees, and PFG will staff LACF. Following closing of the Bonds to provide the financing for the Proposed Project or at any time thereafter, County may, but is not obligated to, replace PFG as the sole member of LACF (with itself or any other party selected by County), by providing ten (10) business days written notice to LACF and PFG. By doing so, County would assume all of duties and obligations of PFG in its capacity as the sole member of LACF and thereby take control of LACF.

4. **LACF Services.** During the Term, LACF shall work with TCLA to ensure timely completion of the Pre-Development Services described in the LACF/TCLA Agreement (the “**Pre-Development Services**”) and LACF shall complete such other services as are set forth in this Agreement (collectively, the “**LACF Services**”). The LACF Services shall include, without limitation (a) negotiating the Development Agreement with TCLA, (b) negotiating the Facilities Lease and Ground Lease with County, (c) negotiating an owner-architect agreement for design of the Proposed Project with Gensler, the anticipated architect for the Proposed Project

(or another qualified architect approved by County), (d) negotiating a guaranteed-maximum-price (“**GMP**”) construction agreement with Hathaway Dinwiddie Construction Company, the anticipated general contractor for the Proposed Project (or another qualified general contractor approved by County), (e) estimating, monitoring, and reporting the Pre-Development Costs under the LACF/TCLA Agreement (the “**Pre-Development Costs**”), (f) managing the payment of Pre-Development Costs to TCLA (including the review and preliminary approval of all Payment Applications submitted to LACF by TCLA pursuant to Sections 8 and 9 of the LACF/TCLA Agreement), (g) procuring and facilitating the financing of the Proposed Project through the issuance of the Bonds as set forth in Section 6 and (h) taking all such actions as may be reasonably required to advance the Proposed Project during the Term. LACF, in conjunction with TCLA, shall regularly (and upon County’s request) update County with regard to the status of the Proposed Project during the Term and shall seek input from County on key actions.

5. **Pre-Development Costs.**

5.1 **Estimate of Pre-Development Costs.** An estimate of the maximum Pre-Development Costs is set forth on Exhibit B to the LACF/TCLA Agreement (the “**Estimated Pre-Development Costs**”). LACF shall actively monitor the expenditure and continued expected expenditure of Pre-Development Costs and shall promptly notify County in writing when LACF reasonably suspects that any category of expenditure or the aggregate total of the Pre-Development Costs will exceed the amounts set forth in the Estimated Pre-Development Costs.

5.2 **County Approval of Cost Increases.** LACF shall promptly seek County’s prior written approval if Pre-Development Costs in each primary category (but amounts within line items and within categories may vary) or in the aggregate are in excess (“**Excess Pre-Development Costs**”) of the estimated cost set forth in the Estimated Pre-Development Costs, as such amounts may be adjusted from time to time in writing by the Parties (each such writing, an “**Agreed Cost Adjustment**”).

5.3 **Exclusions from Pre-Development Costs.** Although other costs may be excluded by County from the Pre-Development Costs, the following costs and expenses are explicitly excluded without County’s express written consent: costs or expenses arising from or related to (a) travel, (b) any Excess Pre-Development Costs for which an Agreed Cost Adjustment has not been made, (c) any cost or expense not described by or contemplated in the Estimated Pre-Development Costs, (d) any cost incurred pursuant to a Key Contract that has not been approved in writing by County pursuant to Section 11.2, (e) TCLA’s fees, overhead, labor, or work effort which are all deemed fully compensated by County’s payment of the development management fee (“**TCLA Fee**”) of twenty thousand dollars (\$20,000) per month, in arrears, for each calendar month, to a maximum of two hundred forty thousand dollars (\$240,000), commencing on the Effective Date and continuing until the Term expires or the maximum amount is reached, and (f) LACF’s internal fees, costs, overhead, labor, or work effort which are all deemed fully compensated by County’s payment of the LACF Fee (defined in Section 8).

5.4 Payment of Pre-Development Costs. Pre-Development Costs shall be paid in accordance with Section 9. If this Agreement is terminated, the Pre-Development Costs for the Proposed Project shall be paid by County to TCLA as provided in Section 10.

6. Bond Financing. Subject to financial market conditions and County's requirements for the Proposed Project, County may elect to have LACF use commercially reasonable efforts to (a) finance construction of the Proposed Project (including, hard costs and soft costs, such as the costs of design, permitting, development, and construction) through the issuance of the Bonds in an amount sufficient to pay for all such costs and (b) utilize the services of the designated underwriter, Barclay's Capital, for the sale of the Bonds. County, at its sole and absolute discretion, shall determine (u) whether or not the Bonds will be issued, (v) whether financing for the Proposed Project will be through the Bonds issued by LACF or through conduit or other bonds as determined by County, (w) the total amount, interest rates, and amortization schedule of the Bonds, (x) the Bond documents, (y) the costs related to the Bonds, and (z) all other terms and conditions related to the Bonds.

7. No Commitment to Any Project; Independent Judgment.

7.1 No Commitment to Any Project. The County: has not committed to, authorized or approved the development of the Proposed Master Project or any other proposed improvements on the Properties; retains the absolute sole discretion to modify the Proposed Master Project as may be necessary to comply with CEQA or for any other reason; as Lead Agency, may modify the Proposed Master Project, or decide not to proceed with the Proposed Master Project, as may be necessary to comply with CEQA, or for any other reason as determined in County's sole and absolute discretion; and is not precluded from rejecting the Proposed Master Project, or from weighing the economic, legal, social, technological, or other benefits of the proposed Master Project against its unavoidable environmental risks when determining whether to approve the proposed Master Project. Further, (i) no activities which would constitute a project under CEQA, including the Proposed Master Project, may be commenced until necessary findings and consideration of the appropriate documentation under CEQA are considered by the Board and (ii) feasible mitigation measures and alternatives to the Proposed Master Project, including the "no project" alternative, required in connection with CEQA, may be adopted by the Board.

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

8. LACF Fees.

8.1 LACF Pre-Development Fee. Subject to Section 9, County shall pay LACF a development management fee ("**LACF Fee**") of six thousand dollars (\$6,000) per month, in arrears, for each calendar month to occur during the Term, commencing on the

Effective Date and continuing until the Term expires or is terminated. Any partial calendar month shall be paid on a pro rata basis. LACF shall submit an invoice for the LACF Fee to County (the “**LACF Invoice**”) at the end of each calendar month during the Term (or within thirty (30) days after the end of the Term) and County shall pay the amount of such invoice within thirty (30) days after receipt.

8.2 Bond Fee. If the Bonds are issued by LACF or if, at County’s direction, conduit bonds are issued for the benefit of LACF, then, at closing, LACF shall receive from the proceeds of the Bonds (or conduit bonds issued for the benefit of LACF) a fee not to exceed one percent (1%) of the principal amount of the Bonds (or conduit bonds issued for the benefit of LACF) together with reimbursement to LACF for its reasonable out-of-pocket costs and expenses (including reasonable attorneys’ fees and costs) related to the issuance of the Bonds (or conduit bonds issued for the benefit of LACF).

8.3 Asset Management Fee. If and when the Facilities Lease is entered into by the Parties, County will pay monthly to LACF an asset management fee as part of its rent obligation, throughout the term of the Facilities Lease. The monthly asset management fee shall be calculated as one-twelfth of an amount equal to one percent (1%) of total annual rent payments under the Facilities Lease.

## 9. Payment of Pre-Development Costs.

9.1 Responsibility of County. Notwithstanding anything to the contrary herein, payment of the Pre-Development Costs is the responsibility of County pursuant to this Agreement.

9.2 Payment Applications. During the Term, payment applications (each a “**Payment Application**”) may be submitted by TCLA to LACF for payment of Pre-Development Costs previously incurred during the Term. Once received from TCLA, LACF shall review each Payment Application and submit such Payment Applications together with its recommendation for payment to County. Payment Applications may be submitted to County by LACF once each calendar month. Each Payment Application shall include such lien releases and other supporting documentation as may be reasonably required by County.

9.3 Payment by County. Unless County disputes some or all of the amounts requested in a Payment Application, payment shall be made by County not later than thirty (30) days following submission of each Payment Application.

9.4 Dispute. County shall notify LACF in writing (“**Notice of Dispute**”) if County disputes (or otherwise requires more information before paying) any Payment Application within thirty (30) days after County’s receipt of such Payment Application. Such Notice of Dispute shall set forth the nature of such dispute in sufficient detail for LACF to understand and respond to County’s concerns. County shall promptly pay all undisputed portions of the Payment Application. Upon issuance of a Notice of Dispute, the Parties shall promptly meet and confer to resolve such dispute and LACF shall continue to provide the LACF Services while the Parties seek resolution.

9.5 Limits. Total payments of Pre-Development Costs shall not exceed the amounts set forth in each primary category (but amounts within line items and within categories may vary) or in the aggregate in the Estimated Pre-Development Costs without an Agreed Cost Adjustment.

10. **Payment of Fees upon Termination of this Agreement**. Upon expiration or termination of this Agreement, County shall pay the final Payment Application pursuant to the terms and conditions of Section 9 and final LACF Invoice pursuant to the terms and conditions of Section 8. In addition, if County terminates this Agreement pursuant to Clause (w) of Section 2, County shall reimburse LACF for any direct and actual costs, paid to third-party providers (including TCLA), reasonably incurred by LACF by reason of such termination.

11. **Ownership of Work Product; Third-Party Contracts**. All of the final work product (excluding drafts or notes) produced or owned by LACF shall be the property of County but subject to a license during the Term of this Agreement and during the construction of the Proposed Project (if applicable) for the use of such work product by LACF, TCLA, the Third-Party Providers and their respective employees, contractors and consultants solely in connection with the Proposed Project. At County's written request (which may be made upon expiration or early termination of this Agreement or at any other time), LACF shall promptly assign its ownership of the work product produced by TCLA, the Third-Party Providers, as defined in this Section 11, any other consultant, design professional or contractor, or their respective employees, contractors, subcontractors, or agents as part of the Pre-Development Services, including the Project Deliverables.

11.1 Third-Party Contracts. LACF shall cause TCLA, as its authorized representative, to retain and provide oversight and management of all third-parties providing Pre-Development Services ("**Third-Party Providers**") pursuant to their respective contracts ("**Third-Party Contracts**") for the pre-development of the Proposed Project. All Third-Party Contracts shall be between LACF (acting through TCLA as its agent) and a Third-Party Provider. Although County shall not be a party to any Third-Party Contract, (a) County shall be provided with a copy of each Third-Party Contract and (b) each Third-Party Contract shall include the Third-Party Provider's indemnity of LACF and County and its consent to the assignment of such Third-Party Contract to County. At County's written request (which may be made upon expiration or early termination of this Agreement or at any other time), LACF shall promptly assign any or all of the Third-Party Contracts to County.

11.2 Key Contracts. Any Third-Party Contract that provides for payments to a Third-Party Provider of \$250,000 or more, in the aggregate during the term of such Third-Party Contract, shall be a "**Key Contract**." LACF, acting through TCLA as its authorized representative, shall not enter into any Key Contract without first submitting the Key Contract to County for review and approval at its reasonable discretion. In submitting any Key Contract to County, LACF's notice shall clearly state that it is a proposed Key Contract, subject to County's review and approval. If County rejects any proposed Key Contract, its rejection notice shall state with specificity County's objection in order to allow LACF, acting through TCLA, to make revisions and resubmit such Third-Party Contract to County. If County fails to either approve or reject a proposed Key Contract within ten (10) business days after its receipt, such Key Contract shall be deemed approved.

12. **Breach; Default; Remedy.**

12.1 **Breach.** The occurrence of any one or more of the following events shall constitute a breach under this Agreement (each a “**Breach**”):

- (a) The failure of a Party to perform any obligation, or to comply with any material covenant, restriction, term, or condition of this Agreement;
- (b) Any material representation or warranty made by a Party proves to be false or misleading in any material respect at the time made; or
- (c) Any “Default” (defined in the LACF/TCLA Agreement) by LACF under the LACF/TCLA Agreement.

12.2 **Default.** A Breach shall become a default under this Agreement (each a “**Default**”) if the Party committing the Breach fails to cure the Breach within the following time periods:

- (a) For all monetary Breaches, five (5) business days after the date such payment is due;
- (b) For all non-monetary Breaches, twenty (20) business days after receipt of written notice (“**Cure Notice**”) thereof from the aggrieved Party specifying such non-monetary Breach in reasonable detail, delivered in accordance with the provisions of this Agreement, where such non-monetary Breach could reasonably be cured within such twenty (20) business day period; or
- (c) Where such non-monetary Breach could not reasonably be cured within such twenty (20) business day period, such reasonable additional time as is necessary to promptly and diligently complete the cure but in no event longer than forty (40) business days; provided that the breaching Party promptly commences to cure such non-monetary Breach after receiving the Cure Notice and thereafter diligently and continuously pursues completion of such cure.

12.3 **Remedies.** Following a Default, the non-defaulting Party may terminate this Agreement and/or seek any and all remedies available at law or in equity.

13. **Site Access.** During the Term, all consultants performing site due diligence, design and pre-construction services shall provide LACF a notarized copy of a site access agreement in the form attached as Exhibit C to the LACF/TCLA Agreement (each a “**Site Access Agreement**”).

14. **Indemnity.**

14.1 **General Indemnity.** LACF shall Indemnify (defined in Section 14.7(d)) County Indemnified Parties (defined in Section 14.7(b)) from and against all Claims (defined in Section 14.7(a)) caused by or arising directly or indirectly from (a) any acts or omissions of any LACF Party which constitute (i) a material breach of any LACF obligation under this

Agreement, (ii) negligence by a LACF Party or (iii) willful misconduct by a LACF Party, including Claims that accrue or are discovered before or after termination of this Agreement; (b) any dispute among the LACF Parties, in each case without requirement that such Claims be paid first by any County Indemnified Party; and (e) LACF's or any LACF Party's willful misconduct or negligence in connection with the pursuit of entitlements and/or approvals of the Proposed Project issued by County or the City. LACF shall not be liable to any County Indemnified Party for any Claim to the extent that such Claim is caused by the negligence or willful misconduct of any County Indemnified Party. In the event any dispute as to the nature of County's conduct with respect to any Claim, LACF shall defend County until such dispute is resolved by final judgment.

#### 14.2 Intentionally Omitted.

14.3 No Protected Contractor or Construction Contract. LACF has entered into this Agreement and shall perform any actions under it in furtherance of LACF's interests and not for the benefit of, or as a contractor, subcontractor or supplier of goods or services (each a "**Protected Contractor**") for or to County. Consequently, this Agreement shall not be construed as containing provisions, clauses, covenants, or agreements contained in, collateral to, or affecting any construction contract with a public agency pursuant to California Civil Code §§ 2782 *et seq.*, as it may be amended ("**Section 2782**"), and LACF shall not be considered a Protected Contractor under Section 2782.

14.4 Protected Contractor Indemnity. If, despite the explicit terms and conditions of this Agreement, LACF is determined by a court of competent jurisdiction to be a Protected Contractor when fulfilling certain of its rights or duties under this Agreement (the "**Protected Contractor Rights or Duties**"), then, solely with regard to indemnities for Claims arising from such Protected Contractor Rights or Duties, LACF shall not be subject to the indemnities set forth elsewhere in this Agreement and shall be subject only to the following indemnities: LACF shall Indemnify the County Indemnified Parties from and against all Claims caused by or arising directly or indirectly from any act or omission by any LACF Party, related to or arising from such Protected Contractor Rights or Duties; provided, however, (a) LACF shall not be responsible for indemnifying the County Indemnified Parties for (i) liability resulting from the County Indemnified Parties' sole negligence, willful misconduct or active negligence or (ii) any other liability for which LACF is not permitted to Indemnify County under Section 2782, and (b) LACF shall be subject to the indemnities set forth elsewhere in this Agreement with regard to any Claims not caused by or arising directly or indirectly from any act or omission by any LACF Party, related to arising from any Protected Contractor Rights or Duties.

14.5 No Design Professional Contract. LACF has entered into this Agreement and shall perform any LACF Services in furtherance of LACF's interests. This Agreement is not a contract for the provision of design professional services to a public agency (a "**Design Professional Contract**") and LACF is not a "design professional" as defined in California Civil Code § 2782.8, as it may be amended ("**Section 2782.8**"). Consequently, this Agreement shall not be construed as containing provisions, clauses, covenants, or agreements contained in, collateral to or affecting a Design Professional Contract.

14.6 Design Professional Contract Indemnity. If, despite the explicit terms and conditions of this Agreement, this Agreement is determined by a court of competent jurisdiction to be a contract for services of a design professional, as such term is defined in Section 2782.8, then, solely with regard to indemnities for Claims arising from the rights or duties in this Agreement that the presiding court has determined to be design professional rights or duties (the “**Design Professional Rights or Duties**”), LACF shall not be subject to any indemnities set forth elsewhere in this Agreement and shall be subject only to the following indemnities: LACF shall Indemnify the County Indemnified Parties from and against all Claims (a) that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of a LACF Party, related to or arising from any Design Professional Rights or Duties or (b) for which LACF is permitted to Indemnify County under Section 2782.8; provided, however, LACF shall be subject to the indemnities set forth elsewhere in this Agreement with regard to any Claims not caused by or arising directly from any act or omission by any LACF Party, related to or arising from any Design Professional Rights or Duties.

14.7 Definitions. The following terms shall have the following meanings:

(a) “**Claim**” means any claim, loss, demand, action, liability, penalty, fine, judgment, lien, forfeiture, cost, expense, damage, or collection cost (including reasonable fees of attorneys, consultants, and experts related to any such claim).

(b) “**County Indemnified Parties**” means collectively, for purposes of indemnification only, County and its Special Districts and affiliates, including the Commission and any nonprofit corporation or other entity in which County is a member, and its and their respective elected and appointed officials, subsidiaries, members, shareholders, beneficiaries, attorneys, agents, trustees, successors, assigns, and any individual (employee, officer, partner, director, member, commissioner or board member) employed by or acting on behalf of any of the above entities.

(c) “**Indemnify**” means collectively indemnify, defend (by counsel reasonably acceptable to indemnified Party), protect, and hold harmless, without requirement that the indemnified Party first pay any amounts.

(d) “**LACF Party**” means, for purposes of indemnification only, LACF, or any entity or person acting on LACF’s behalf or anyone employed by or contracted with LACF in the course of such employment or contracted work.

14.8 Survival. Notwithstanding anything else in this Agreement, the terms and conditions of this Section 14 shall survive the expiration or early termination of this Agreement.

## 15. Miscellaneous.

15.1 Governing Law. This Agreement shall be construed according to the internal laws of the State of California. Any claim or dispute arising out of this agreement shall be brought in the courts of County.

15.2 Full Information. County shall provide LACF all material information it has regarding the requirements for the Proposed Project.

15.3 Prevailing Party. In the event that either Party to this Agreement brings an action to enforce the terms of this Agreement or declare the Party's rights under this Agreement, each Party shall bear its own costs and expense, including attorneys' fees, regardless of prevailing Party.

15.4 Counterpart and Electronic Signatures. Each Party hereto and its respective successors and assigns shall be authorized to rely upon signatures of each person and entity on this Agreement that are delivered by facsimile or electronic transmission as constituting a duly authorized, irrevocable, actual delivery of this Agreement with original signatures of each person and entity.

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

If to County:

Community Development Commission of the  
County of Los Angeles  
700 West Main Street  
Alhambra, CA 91801  
ATTENTION: Sean Rogan, Executive Director

With a copy to:

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

If to LACF:

Los Angeles County Facilities, Inc.  
c/o Public Facilities Group  
1414 Fourth Avenue  
Seattle, WA 98101  
Attention: John Finke

With a copy to:

Hillis Clark Martin & Peterson, PS  
999 Third Avenue, Suite 4600  
Seattle, WA 98104  
Attention: Steven R. Rovig

Either Party may change any of the above information by giving notice to the other Party of such change in accordance with the provisions of this Section 15.5.

15.6 Non-Discrimination. LACF shall not discriminate against any employee or applicant for employment on the basis of race, religion, sex, sexual orientation, age, physical handicap, or national origin and shall comply with all applicable provisions of federal, state and local law related to discrimination. LACF shall take affirmative action to ensure that applicants are employed and that employees are treated during their employment without regard to their race, religion, sex, sexual orientation, age, physical handicap, or national origin, including without limitation employment, promotion, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

15.7 No Modification or Termination of LACF/TCLA Agreement. County has entered into this Agreement in reliance on TCLA's unique abilities to provide the Pre-Development Services pursuant to the LACF/TCLA Agreement; consequently, LACF shall have no right to modify, amend, or terminate the LACF/TCLA Agreement (except in connection with the termination of this Agreement) without County's written consent, which consent County may withhold, condition or delay at its sole and absolute discretion.

15.8 Assignment of LACF/TCLA Agreement to County. Provided that County is not then in default under this Agreement, LACF shall, at County's request in its sole and absolute discretion, assign its rights and obligations under the LACF/TCLA Agreement to County, and upon LACF's assignment to, and County's assumption of the LACF/TCLA Agreement, LACF shall be released from any further rights and obligations under this Agreement.

15.9 No Assignment by LACF. County has entered into this Agreement in reliance on LACF's unique abilities to provide the LACF Services pursuant to this Agreement; consequently, LACF shall have no right to assign this Agreement.

15.10 Entire Agreement. This Agreement and the Exhibits hereto are the entire agreement between the Parties with respect to the subject matter hereof, and supersede all prior verbal or written agreements and understandings between the Parties with respect to the items set forth herein.

*(Signatures Follow on Next Page.)*

DATED as of the Effective Date.

**COUNTY:**

**COUNTY OF LOS ANGELES**  
a public body, corporate and politic

---

By: SEAN ROGAN, Executive Director  
Community Development Commission  
of the County of Los Angeles

**APPROVED AS TO FORM:**

MARY C. WICKHAM  
County Counsel

By: \_\_\_\_\_  
Behnaz Tashakorian, Senior Deputy

**LACF:**

**LOS ANGELES COUNTY FACILITIES, INC.,**  
a California nonprofit public benefit corporation

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Name: John Finke  
Title: President

**Exhibit A**  
**LACF/TCLA Agreement**

**PRE-DEVELOPMENT AGREEMENT**  
**(LACF/TCLA)**

This PRE-DEVELOPMENT AGREEMENT (LACF/TCLA) (this “**Agreement**”) is effective \_\_\_\_\_, 2016 (the “**Effective Date**”), by and between LOS ANGELES COUNTY FACILITIES, INC., a California nonprofit public benefit corporation (“**LACF**”) and TC LA DEVELOPMENT, INC., a Delaware corporation (together with its permitted assigns, collectively, “**TCLA**”). LACF and TCLA are each occasionally referred to herein as a “**Party**” or collectively as the “**Parties**.”

**RECITALS**

A. The County of Los Angeles (“**County**”) is the fee owner of property located in Los Angeles, California (“**City**”) at (i) 510, 526 and 532 South Vermont Avenue and 523 Shatto Place (collectively, “**Site 1**”), (ii) 550 South Vermont Avenue and 3175 West 6<sup>th</sup> Street (collectively, “**Site 2**”) and (iii) 433 South Vermont Avenue (“**Site 3**”) and together with Site 1 and Site 2 the “**Properties**”). County currently operates facilities on the Properties, but has determined that the current facilities are obsolete, inefficient and contribute to blight in the area of the Properties. County desires to increase the efficiency of its facilities located on the Properties and reduce blight in the area of the Properties.

B. LACF is a California nonprofit public benefit corporation established exclusively for purposes and activities that are permitted under Section 501(c)(3) of the Internal Revenue Code of 1986 (the “**Code**”). In particular, LACF has been formed for the purpose of construction, financing, and operation of the Proposed Project (defined in Recital C) on behalf of County. Public Facilities Group (“**PFG**”) is a Washington nonprofit corporation, formed for the purpose of serving as a supporting organization, as described in Section 509(a)(3) of the Code to benefit, perform the functions of and/or assist in carrying out the purposes of its supported organizations, including LACF. PFG is the sole member of LACF. TCLA is a national real estate development firm with experience in the oversight and management of design, permit processing and construction of office buildings.

C. Pursuant to a County solicitation issued on August 18, 2015, TCLA submitted the highest ranked proposal (the “**TCLA Response**”) for the Proposed Master Project (defined in Recital H), to be constructed and operated pursuant to Government Code Sections 25549.1 *et seq.* County has selected TCLA initially to be the master developer of the Proposed Master Project on the Properties.

D. The TCLA Response contemplates the construction of a new office building having up to approximately (i) four hundred twelve thousand (412,000) net usable square feet of Class A office, (ii) ten thousand (10,000) square feet of retail and (iii) one thousand eight hundred eighty-six (1,886) structured parking spaces to serve as the headquarters for County’s Department of Mental Health (“**DMH**”) on Site 1 (the “**Proposed Project**”). The Proposed Project is intended to be delivered to County in “turnkey condition” including all furniture,

fixtures and equipment, conference rooms and related equipment, pantries, and storage areas and to meet the descriptions and satisfy the standards set forth in the TCLA Response.

E. Pursuant to the TCLA Response, after construction of the Proposed Project, TCLA proposed to (i) adaptively reuse the existing County building on Site 2 as approximately one hundred seventy two (172) market-rate rental housing units and approximately five thousand (5,000) square feet of retail space and (ii) construct on Site 2 a five (5) story parking garage containing approximately two hundred twenty-five (225) parking spaces and approximately three thousand five hundred (3,500) square feet of retail space (the “**Proposed Site 2 Project**”).

F. Pursuant to the TCLA Response, TCLA proposed to construct (i) approximately seventy-two (72) senior, affordable rental housing units, (ii) a community center approximately twelve thousand five hundred (12,500) square feet in size and (iii) ninety-two (92) parking spaces on Site 3 (the “**Proposed Site 3 Project**”).

G. Simultaneously with this Agreement, County and TCLA intend to enter into an exclusive negotiating agreement (the “**ENA**”) with regard to the development of the Proposed Site 2 Project and the Proposed Site 3 Project.

H. The construction of the Proposed Project is a necessary condition of both the Proposed Site 2 Project and the Proposed Site 3 Project and is a part of the overall master development of the Properties pursuant to Government Code Sections 25549.1 *et seq.* The Proposed Project, the Proposed Site 2 Project and the Proposed Site 3 Project are referred to collectively as the “**Proposed Master Project.**”

I. Pursuant to California Government Code Sections 25549.1 *et seq.*, County contemplates ground leasing (the “**Ground Lease**”) Site 1 to LACF, which would finance, develop, construct and maintain the Proposed Project on Site 1. The Ground Lease would have a term of approximately thirty-two (32) years. LACF would lease (the “**Facilities Lease**”) the Proposed Project to County for use by DMH. The Facilities Lease would set forth in specific detail the obligations of County and LACF with regard to the financing, development, construction, leasing, and maintenance of the Proposed Project. When the Bonds (defined in Recital J) are retired, the terms of the Ground Lease and the Facilities Lease would terminate simultaneously and title to the Proposed Project would pass to County.

J. Financing for the Proposed Project is anticipated (but not required) to be from the proceeds of 63-20 bonds (the “**Bonds**”) issued by LACF or from conduit bonds or other bonds as determined by County. 63-20 bonds are tax-exempt bonds issued by a nonprofit organization on behalf of a government entity to finance a public facility. 63-20 bonds are governed by the Internal Revenue Service’s Revenue Ruling 82-26 and Letter Ruling 63-20. The estimated cost (including hard and soft cost but excluding financing and interest costs) of the Proposed Project is two hundred seventy million dollars (\$270,000,000) and closing of the Bonds to finance of the Proposed Project is expected to occur by January 31, 2018.

K. LACF will engage TCLA to oversee and manage certain construction and development activities for the Proposed Project pursuant to a separate development management agreement (“**Development Agreement**”), which would be between LACF and TCLA, but would

be subject to County's written approval, at its sole and absolute discretion. The Ground Lease, the Facilities Lease, and the Development Agreement for the Proposed Project are collectively referred to herein as the "**Project Agreements**."

L. The entering into of the Project Agreements is subject to and contingent upon the Los Angeles County Board of Supervisors' (the "**Board**") future (i) certification of the Environmental Impact Report (the "**EIR**") for the Proposed Master Project in compliance with the California Environmental Quality Act, Public Resources Sections 21000 *et seq.* ("**CEQA**"), (ii) approval of the Proposed Master Project, and (iii) approval of the terms of the Project Agreements.

M. Simultaneously with this Agreement, LACF intends to enter into a pre-development agreement with County, by and through its agent, the Community Development Commission of the County of Los Angeles ("**County/LACF Agreement**"), which will, among other things, provide for County to pay or reimburse LACF (which will in turn pay or reimburse) TCLA for certain Pre-Development Costs (as defined in Section 4).

N. LACF desires TCLA to commence the performance of the Pre-Development Services (defined in Section 3) pursuant to this Agreement, and TCLA is willing to proceed with the performance of the Pre-Development Services pursuant to the terms of this Agreement.

## **AGREEMENTS**

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

1. **Negotiation of the Development Agreement.** During the Term (as defined in Section 2), LACF and TCLA agree to proceed with the negotiation of the Development Agreement, in a commercially reasonable manner and with due speed and diligence.

2. **Term.** The term of this Agreement (the "**Term**") shall commence on the Effective Date and terminate on the earliest of (a) January 31, 2018, (b) ten (10) business days after TCLA has received written notice from LACF stating that County has notified LACF that it is terminating the County/LACF Agreement, (c) ten (10) business days after either Party has received written notice from the other Party terminating this Agreement as a result of an uncured default under Section 11, or (d) the effective date of the Project Agreements. If the Term is going to terminate pursuant to Clause (a) of this Section 2, the Parties may elect, at each Party's discretion, to extend the Term for an additional ninety (90) days.

3. **Pre-Development Services.** During the Term, TCLA shall provide Pre-Development services (the "**Pre-Development Services**") related to the Proposed Project. The Pre-Development Services shall include, without limitation (a) provision of the deliverables set forth on Exhibit A (the "**Narrative Scope and Deliverables**"), (b) negotiating the Development Agreement with LACF, (c) negotiating an owner-architect agreement for design of the Proposed Project with Gensler, the anticipated architect for the Proposed Project (or another qualified architect approved by LACF and County), (d) negotiating a guaranteed-maximum-price ("**GMP**") construction agreement with Hathaway Dinwiddie Construction Company, the

anticipated general contractor for the Proposed Project (or another qualified general contractor approved by LACF and County), (e) preparation of a development schedule for approval by County for construction of the Proposed Project, (f) assisting LACF with the negotiation of the Facilities Lease and Ground Lease with County, (g) preparation of the EIR, (h) the pursuit of Proposed Project entitlements, (i) the oversight of design and other professionals in the preparation of preliminary drawings for the Proposed Project (to a level at which a GMP bid may be obtained), (j) due diligence for the Proposed Project, (k) retention (on behalf of LACF), oversight and management of all third-parties providing Pre-Development Services (“**Third Party Providers**”) and their respective contracts (“**Third-Party Contracts**”) for the Pre-Development of the Proposed Project, (l) estimating, monitoring, and reporting the Pre-Development Costs (defined in Section 4), (m) procuring and facilitating the financing of the Proposed Project through the issuance of the Bonds as set forth in Section 5, and (n) taking all such actions as may be reasonably required to advance the Proposed Project in the Term. TCLA, in conjunction with LACF, shall regularly update County with regard to the status of the Proposed Project during the Term and shall seek input from County on key actions.

4. **Pre-Development Costs.** In connection with the performance by TCLA of the Pre-Development Services and its entering (as authorized representative of LACF) into Third-Party Contracts with Third-Party Providers, costs, expenses and other financial obligations will be incurred by TCLA in connection with the Proposed Project (“**Pre-Development Costs**”). Without limitation, such Pre-Development Costs for the Proposed Project are anticipated to include (a) third-party due diligence costs; (b) application processing; (c) financial underwriting and legal fees related to the Bonds; (d) design fees for architects, landscape architects, engineers, and other design professionals; (e) consultant fees; (f) fees to environmental consultants and engineers preparing the EIR, (g) title and survey expenses; and (h) other miscellaneous costs.

4.1 **Estimate of Pre-Development Costs.** An estimate of the maximum Pre-Development Costs is set forth on the attached Exhibit B (the “**Estimated Pre-Development Costs**”). TCLA shall actively monitor the expenditure and continued expected expenditure of Pre-Development Costs and shall promptly notify LACF in writing when TCLA reasonably suspects that the total cost of any one of the eight categories (each a “**Category**”) set forth in the Estimated Pre-Development Costs or the aggregate total of the Pre-Development Costs will exceed the amounts set forth in the Estimated Pre-Development Costs.

4.2 **LACF and County Approval of Cost Increases.** TCLA shall promptly seek LACF’s prior written approval if any Pre-Development Costs in each primary category (but amounts within line items and within categories may vary) or in the aggregate are in excess (“**Excess Pre-Development Costs**”) of the estimated cost set forth in the Estimated Pre-Development Costs, as such amounts may be adjusted from time to time in writing by the Parties (each such writing, an “**Agreed Cost Adjustment**”).

4.3 **Exclusions from Pre-Development Costs.** Although other costs may be excluded by LACF from the Pre-Development Costs, the following costs and expenses are explicitly excluded without LACF’s express written consent: costs or expenses arising from or related to (a) travel, (b) any Excess Pre-Development Costs for which an Agreed Cost Adjustment has not been made, (c) any cost or expense not described by or contemplated in the Estimated Pre-Development Costs, (d) any Key Contract (as defined in the County/LACF

Agreement has not been approved in writing by County, and (e) TCLA's fees, overhead, labor, or work effort which are all deemed fully compensated by County's payment of the TCLA Fee (defined in Section 7).

4.4 Payment of Pre-Development Costs. Pre-Development Costs shall be paid in accordance with Section 8. If this Agreement is terminated, the Pre-Development Costs for the Proposed Project shall be paid by County to TCLA as provided in Section 9.

5. Bond Financing. TCLA shall assist LACF, if County elects to have LACF use commercially reasonable efforts to (a) finance construction of the Proposed Project (including, hard costs and soft costs, such as the costs of design, permitting, development, and construction) through the issuance of the Bonds in an amount sufficient to pay for all such costs and (b) utilize the services of the designated underwriter, Barclay's Capital, for the sale of the Bonds. County, at its sole and absolute discretion, shall determine (u) whether or not the Bonds will be issued, (v) whether financing for the Proposed Project will be through the Bonds issued by LACF or through conduit or other bonds as determined by the County, (w) the total amount, interest rates, and amortization schedule of the Bonds, (x) the Bond documents, (y) the costs related to the Bonds, and (z) all other terms and conditions related to the Bonds.

6. No Commitment to Any Project; Independent Judgment.

6.1 No Commitment to Any Project. The County: has not committed to, authorized or approved the development of the Proposed Master Project or any other proposed improvements on the Properties; retains the absolute sole discretion to modify the Proposed Master Project as may be necessary to comply with CEQA or for any other reason; as Lead Agency, may modify the Proposed Master Project, or decide not to proceed with the Proposed Master Project, as may be necessary to comply with CEQA, or for any other reason as determined in County's sole and absolute discretion; and is not precluded from rejecting the Proposed Master Project, or from weighing the economic, legal, social, technological, or other benefits of the proposed Master Project against its unavoidable environmental risks when determining whether to approve the proposed Master Project. Further, no activities, which would constitute a project under CEQA, including the Proposed Master Project, may be commenced until necessary findings and consideration of the appropriate documentation under CEQA are considered by the Board and feasible mitigation measures and alternatives to the Proposed Master Project, including the "no project" alternative, required in connection with CEQA, may be adopted by the Board.

6.2 Independent Judgment. As Lead Agency under CEQA, County will exercise independent judgment and analysis in connection with any required environmental reviews or determinations under CEQA for the Proposed Master Project, shall have final discretion over the scope and content of any document prepared under CEQA and shall have final discretion over the extent of any studies, tests, evaluations, reviews or other technical analyses. Any consultants retained for the purpose of preparing CEQA documentation shall reasonably comply with any directions from County with respect thereto and shall agree in substance to the terms set forth on Exhibit C.

7. **TCLA Pre-Development Fee.** Subject to Section 8, LACF shall pay TCLA a development management fee (“**TCLA Fee**”) of twenty thousand dollars (\$20,000) per month, in arrears, for each calendar month, to a maximum of two hundred forty thousand dollars (\$240,000), commencing on the Effective Date and continuing until the Term expires or the maximum amount is reached. Any partial calendar month shall be paid on a pro rata basis. TCLA shall submit an invoice for the TCLA Fee to LACF (the “**TCLA Invoice**”) at the end of each calendar month during the Term (or within thirty (30) days after the end of the Term) and LACF shall pay the amount of such invoice within thirty (30) days after receipt.

8. **Payment of Pre-Development Costs.**

8.1 **Responsibility of County.** Notwithstanding anything to the contrary herein, payment of the Pre-Development Costs is the responsibility of County pursuant to the County/LACF Agreement, which payment LACF shall in good faith seek with all due diligence.

8.2 **Payment Applications.** During the Term, payment applications (each a “**Payment Application**”) may be submitted by TCLA to LACF for payment of Pre-Development Costs previously incurred during the Term. Once received from TCLA, LACF shall review each Payment Application and submit such Payment Applications together with its recommendation for payment to County. Payment Applications may be submitted to LACF by TCLA once each calendar month. Each Payment Application shall include such lien releases and other supporting documentation as may be reasonably required by LACF and County.

8.3 **Payment by County.** Unless LACF or County disputes some or all of the amounts requested in a Payment Application, payment shall be made by LACF upon receipt of payment for such amounts from County but not later than forty-five (45) days following submission of each Payment Application.

8.4 **Dispute.** LACF shall notify TCLA in writing (“**Notice of Dispute**”) if LACF disputes (or otherwise requires more information before paying) any Payment Application within forty-five (45) days after LACF’s receipt of such Payment Application. Such Notice of Dispute shall set forth the nature of such dispute in sufficient detail for TCLA to understand and respond to LACF’s concerns. LACF shall promptly pay all undisputed portions of the Payment Application. Upon issuance of a Notice of Dispute, LACF and TCLA shall promptly meet and confer to resolve such dispute, and TCLA shall continue to provide the Pre-Development Services while the Parties seek resolution.

8.5 **Limits.** Total payments of Pre-Development Costs shall not exceed the amounts set forth in each primary category (but amounts within line items and within categories may vary) or in the aggregate in the Estimated Pre-Development Costs without an Agreed Cost Adjustment.

9. **Payment of Fees upon Termination of this Agreement.** Upon expiration or termination of this Agreement, LACF shall pay the final Payment Application pursuant to the terms and conditions of Section 8 and final TCLA Invoice pursuant to the terms and conditions of Section 7. In addition, if LACF terminates this Agreement pursuant to Clause (b) of

Section 2, LACF shall reimburse TCLA for any direct, and actual costs, paid to third-party providers, reasonably incurred by TCLA by reason of such termination.

10. **Ownership of Work Product; Third-Party Contracts.** All of the work product produced by TCLA, the Third-Party Providers, any other consultant, design professional or contractor, or their respective employees, contractors, subcontractors, or agents as part of the Pre-Development Services, including the Project Deliverables shall be the property of LACF (which shall have the right to assign such ownership to County).

10.1 **Third-Party Contracts.** All Third-Party Contracts shall be between TCLA as authorized representative for LACF, and a Third-Party Provider. Although County shall not be a party to any Third-Party Contract, each Third-Party Contract shall include the Third-Party Provider's indemnity of LACF and County and consent to the assignment of such Third-Party Contract to County. At County's written request (which may be made upon expiration or early termination of this Agreement or at any other time), TCLA shall assist LACF in promptly assigning any or all of the Third-Party Contracts to County, as requested.

11. **Breach; Default; Remedy.**

11.1 **Breach.** The occurrence of any one or more of the following events shall constitute a breach under this Agreement (each a "**Breach**"):

- (a) The failure of a Party to perform any obligation, or to comply with any material covenant, restriction, term, or condition of this Agreement;
- (b) Any material representation or warranty made by a Party proves to be false or misleading in any material respect at the time made; or
- (c) Any "Default" (as defined in the ENA) by TCLA under the ENA.

11.2 **Default.** A Breach shall become a default under this Agreement (each a "**Default**") if the Party committing the Breach fails to cure the Breach within the following time periods:

- (a) For all monetary Breaches, five (5) business days after the date such payment is due;
- (b) For all non-monetary Breaches, twenty (20) business days after receipt of written notice ("**Cure Notice**") thereof from the aggrieved Party specifying such non-monetary Breach in reasonable detail, delivered in accordance with the provisions of this Agreement, where such non-monetary Breach could reasonably be cured within such twenty (20) business day period; or
- (c) Where such non-monetary Breach could not reasonably be cured within such twenty (20) business day period, such reasonable additional time as is necessary to promptly and diligently complete the cure but in no event longer than forty (40) business days; provided that the breaching Party promptly commences to cure such non-monetary Breach after

receiving the Cure Notice and thereafter diligently and continuously pursues completion of such cure.

11.3 Remedies. Following a Default, the non-defaulting Party may terminate this Agreement and/or seek any and all remedies available at law or in equity.

12. Site Access. During the Term, all consultants performing site due diligence, design and pre-construction services shall provide LACF a notarized copy of a site access agreement in the form attached as Exhibit D (each a “**Site Access Agreement**”).

13. Indemnity of County.

13.1 General Indemnity. TCLA shall Indemnify (defined in Section 13.7(d)) LACF and the County Indemnified Parties (defined in Section 13.7(b)) from and against all Claims (defined in Section 13.7(a)) caused by or arising directly or indirectly from (a) any acts or omissions of any TCLA Party which constitute (i) a material breach of any TCLA obligation under this Agreement, (ii) negligence by a TCLA Party or (iii) willful misconduct by a TCLA Party, including Claims that accrue or are discovered before or after termination of this Agreement; (b) any dispute among the TCLA Parties, in each case without requirement that such Claims be paid first by any County Indemnified Party; and (e) TCLA’s or any TCLA Party’s willful misconduct or negligence in connection with the pursuit of entitlements and/or approvals of the Proposed Project issued by County or the City. TCLA shall not be liable to LACF or any County Indemnified Party for any Claim to the extent that such Claim is caused by the negligence or willful misconduct of any County Indemnified Party. In the event any dispute as to the nature of County’s conduct with respect to any Claim, LACF shall defend County until such dispute is resolved by final judgment.

13.2 Intentionally Omitted.

13.3 No Protected Contractor or Construction Contract. TCLA has entered into this Agreement and shall perform any actions under it in furtherance of TCLA’s interests and not for the benefit of, or as a contractor, subcontractor or supplier of goods or services (each a “**Protected Contractor**”) for or to County. Consequently, this Agreement shall not be construed as containing provisions, clauses, covenants, or agreements contained in, collateral to, or affecting any construction contract with a public agency pursuant to California Civil Code §§ 2782 *et seq.*, as it may be amended (“**Section 2782**”), and TCLA shall not be considered a Protected Contractor under Section 2782.

13.4 Protected Contractor Indemnity. If, despite the explicit terms and conditions of this Agreement, TCLA is determined by a court of competent jurisdiction to be a Protected Contractor when fulfilling certain of its rights or duties under this Agreement (the “**Protected Contractor Rights or Duties**”), then, solely with regard to indemnities for Claims arising from such Protected Contractor Rights or Duties, TCLA shall not be subject to the indemnities set forth elsewhere in this Agreement and shall be subject only to the following indemnities: TCLA shall Indemnify the County Indemnified Parties from and against all Claims caused by or arising directly or indirectly from any act or omission by any TCLA Party, related to or arising from such Protected Contractor Rights or Duties; provided, however, (a) TCLA

shall not be responsible for indemnifying the County Indemnified Parties for (i) liability resulting from the County Indemnified Parties' sole negligence, willful misconduct or active negligence or (ii) any other liability for which TCLA is not permitted to Indemnify County under Section 2782, and (b) TCLA shall be subject to the indemnities set forth elsewhere in this Agreement with regard to any Claims not caused by or arising directly or indirectly from any act or omission by any TCLA Party, related to arising from any Protected Contractor Rights or Duties.

13.5 No Design Professional Contract. TCLA has entered into this Agreement and shall perform any actions under it in furtherance of TCLA's interests. This Agreement is not a contract for the provision of design professional services to a public agency (a "**Design Professional Contract**") and that TCLA is not a "design professional" as defined in California Civil Code § 2782.8, as it may be amended ("**Section 2782.8**"). Consequently, this Agreement shall not be construed as containing provisions, clauses, covenants, or agreements contained in, collateral to or affecting a Design Professional Contract.

13.6 Design Professional Contract Indemnity. If, despite the explicit terms and conditions of this Agreement, this Agreement is determined by a court of competent jurisdiction to be a contract for services of a design professional, as such term is defined in Section 2782.8, then, solely with regard to indemnities for Claims arising from the rights or duties in this Agreement that the presiding court has determined to be design professional rights or duties (the "**Design Professional Rights or Duties**"), TCLA shall not be subject to any indemnities set forth elsewhere in this Agreement and shall be subject only to the following indemnities: TCLA shall Indemnify the County Indemnified Parties from and against all Claims (a) that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of a TCLA Party, related to or arising from any Design Professional Rights or Duties or (b) for which TCLA is permitted to Indemnify County under Section 2782.8; provided, however, TCLA shall be subject to the indemnities set forth elsewhere in this Agreement with regard to any Claims not caused by or arising directly from any act or omission by any TCLA Party, related to or arising from any Design Professional Rights or Duties.

13.7 Definitions. The following terms shall have the following meanings:

(a) "**Claim**" means any claim, loss, demand, action, liability, penalty, fine, judgment, lien, forfeiture, cost, expense, damage, or collection cost (including reasonable fees of attorneys, consultants, and experts related to any such claim).

(b) "**County Indemnified Parties**" means collectively, for purposes of indemnification only, County and its Special Districts and affiliates, including the Commission and any nonprofit corporation or other entity in which County is a member, and its and their respective elected and appointed officials, subsidiaries, members, shareholders, beneficiaries, attorneys, agents, trustees, successors, assigns, and any individual (employee, officer, partner, director, member, commissioner or board member) employed by or acting on behalf of any of the above entities.

(c) "**TCLA Party**" means, for purposes of indemnification only, TCLA, or any entity or person acting on TCLA's behalf or anyone employed by or contracted with TCLA in the course of such employment or contracted work.

(d) “**Indemnify**” means collectively indemnify, defend (by counsel reasonably acceptable to indemnified Party), protect, and hold harmless, without requirement that the indemnified Party first pay any amounts.

13.8 Third Party Beneficiary. The Parties acknowledge and agree that County is a third-party beneficiary of this Section 13.

13.9 Survival. Notwithstanding anything else in this Agreement, the terms and conditions of this Section 13 shall survive the expiration or early termination of this Agreement.

14. Miscellaneous.

14.1 Governing Law. This Agreement shall be construed according to the internal laws of the State of California. Any claim or dispute arising out of this agreement shall be brought in the courts of County.

14.2 Full Information. LACF shall provide TCLA all material information it has received from County or any applicable third-party regarding the requirements for the Proposed Project.

14.3 Scope of TCLA Services. TCLA is not a design professional, engineer, or construction contractor, and TCLA has no control over, charge of, and shall not be responsible for, any legal, design, engineering, consulting, contracting, or other professional or construction work or services performed in connection with the Proposed Project nor shall TCLA be responsible for any act or omission of LACF; provided, however, that TCLA shall be responsible for any services (including the Pre-Development Services) it actually provides in its capacity as a development manager for the Proposed Project.

14.4 Prevailing Party. In the event that any Party brings an action to enforce the terms hereof or declare rights hereunder, the prevailing Party shall be entitled to an award of its costs and expenses, including its reasonable attorneys’ fees.

14.5 Counterpart and Electronic Signatures. Each Party hereto and its respective successors and assigns shall be authorized to rely upon signatures of each person and entity on this Agreement that are delivered by facsimile or electronic transmission as constituting a duly authorized, irrevocable, actual delivery of this Agreement with original signatures of each person and entity.

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

If to LACF:

Los Angeles County Facilities, Inc.  
c/o Public Facilities Group  
1414 Fourth Avenue  
Seattle, WA 98101  
Attention: John Finke

With a copy to:

Hillis Clark Martin & Peterson, PS  
999 Third Avenue, Suite 4600  
Seattle, WA 98104  
Attention: Steven R. Rovig

With a copy to:

Community Development Commission of the  
County of Los Angeles  
700 West Main Street  
Alhambra, CA 91801  
ATTENTION: Sean Rogan, Executive Director

If to TCLA:

TC LA Development, Inc.  
2221 Rosecrans Ave, Suite 200  
El Segundo, CA 90245  
Attention: Greg Ames

With a copy to:

Community Development Commission of the  
County of Los Angeles  
700 West Main Street  
Alhambra, CA 91801  
ATTENTION: Sean Rogan, Executive Director

Either Party may change any of the above information by giving notice to the other Party of such change in accordance with the provisions of this Section 14.6.

14.7 Non-Discrimination. TCLA shall not discriminate against any employee or applicant for employment on the basis of race, religion, sex, sexual orientation, age, physical handicap, or national origin and shall comply with all applicable provisions of federal, state and local law related to discrimination. TCLA shall take affirmative action to ensure that applicants are employed and that employees are treated during their employment without regard to their race, religion, sex, sexual orientation, age, physical handicap, or national origin, including without limitation employment, promotion, demotion or transfer, recruitment or recruitment

advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

14.8 No Assignment by TCLA. LACF has entered into this Agreement in reliance on TCLA's unique abilities to provide the Pre-Development Services; consequently, TCLA shall have no right to assign its rights or duties under this Agreement.

14.9 Assignment by LACF. The Parties have entered into this Agreement with the understanding that LACF may elect, at its sole and absolute discretion, to assign its rights and obligations under this Agreement to County and that upon LACF's assignment to, and County's assumption of, this Agreement, LACF shall be released from any further rights and obligations under this Agreement.

14.10 Entire Agreement. This Agreement and the Exhibits hereto are the entire agreement between the Parties with respect to the subject matter hereof, and supersede all prior verbal or written agreements and understandings between the Parties with respect to the items set forth herein.

*(Signatures Follow on Next Page.)*

EXECUTED as of the day and year first written above.

**LACF:**

**LOS ANGELES COUNTY FACILITIES, INC.,**  
a California nonprofit public benefit corporation

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

Name: John Finke

Title: President

**TCLA:**

**TCLA DEVELOPMENT, INC.,**  
a Delaware corporation

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

Name: Bradley T. Cox

Title: President

**EXHIBIT A**  
**Predevelopment Agreement**  
**Narrative Scope & Deliverables**

The below descriptions include a general listing of some of the deliverables that will be prepared during the Term. This is not intended to be an exclusive nor all-encompassing list, but instead intended to capture the basic intent of having a fully defined, entitled, priced, and financeable Proposed Project ready for approval by the Board at the end of the Term.

**Project Scoping**

TCLA, TCLA's design team, TCLA's Contractor, and County, as the future subtenant and user (collectively, the "**Development Team**"), shall meet with the various County user groups, as directed and coordinated by County, to define their specific space requirements, growth expectations, and necessary adjacencies (if any) with the intent of cooperatively defining the optimal size for both the building and parking. The expectation is that at the end of this 8 week period, the Development Team will have an agreed recommendation of the overall size of the Project. County shall have two weeks following this process to approve or make any necessary adjustments to the development program. This project scope will serve as the basis of project design, and will serve as the project scope for purposes of entitlements and CEQA review.

TCLA shall provide County with a more detailed schedule of activities and meetings required to accomplish the 8 week Project Scoping phase no less than 14 calendar days prior to start of Project Scoping. County is advised that this is a fast tracked project schedule, and that unexpected meetings may occur during this process. TCLA shall provide County with one week's notice for any unexpected meeting requirements.

Expected Timeframe: 8 weeks

County Approval Period: 2 weeks

Deliverables:

- Concept Drawings & Building Massing Plans (for review & approval)
- Building Blocking and Stacking Plan (for review & approval)

**Site Due Diligence**

TCLA, TCLA's contractor, and TCLA's design team shall perform all necessary site due diligence to properly design and execute the project and mitigate unforeseen conditions during construction. While a great deal of this work has already been completed by the CDC through County consultants, a number of the reports will need to be updated specific to the revised project description, and for support in the EIR

Expected Timeframe: 15 weeks

Deliverables

- Updated Geotechnical Report
- Updated Phase One Environmental Report
- Updated Phase Two Environmental Report
- Site Utility Study
- Site Title (ALTA) Survey

- Site Construction Survey

### **Schematic Design and Basis of Design Deliverables**

Based on the approved Concept Drawings & Blocking and Stacking Plans, TCLA and TCLA's design team shall advance the project drawings through Schematic Design and will prepare Schematic Design drawings and specifications and a Basis of Design Report (for MEP/FLS systems) for review and approval by County Building Systems Quality (A, S, M, E, P, FLS, Low Voltage, etc) shall be commensurate with "Class A" building standards and all design phase drawings and specifications shall be commensurate with AIA design completion standards. This is expected to take 16 weeks, and County will be afforded 4 weeks to review and comment and approval on the 100% Schematic Design package and Basis of Design Report prior to the commencement of Design Development Drawings. TCLA and TCLA's design team shall then incorporate County's comments and advance the project drawings through Design Development.

TCLA shall provide County with a more detailed schedule of activities and meetings required to accomplish the 16 week Schematic Design and Basis of Design Deliverables phase no less than 14 calendar days prior to start of the aforementioned phase. County is advised that this is a fast tracked project schedule, and that unexpected meetings may occur during this process. TCLA shall provide County with one week's notice for any unexpected meeting requirements.

Expected Timeframe: 16 weeks

County Approval Period: 4 weeks

Deliverables

Core & Shell Design and Specifications

- 50% Schematic Design Drawings & Basis of Design
- 100% Schematic Design Drawings & Basis of Design (for review & comment)

Tenant Improvement Design and Specifications

- 50% Schematic Design Drawings
- 100% Schematic Design Drawings & Basis of Design (for review and comment)

### **Design Development**

Based on the approved Schematic Design and Basis of Design Report (for MEP/FLS systems), TCLA, and TCLA's design team shall incorporate County's comments and advance the project drawings through Design Development user group meetings and will prepare Design Development Drawings and Specifications for review, comment and approval by County. This is expected to take 15 weeks, and the County will be provided the documents for concurrent review and comment, as TCLA and TCLA's design team commence Construction Drawings.

The overall design process is intended to be a logical progression and advancement of the design based on prior approvals. In the event that there is a material deviation or

change in design from the previous County approval, TCLA shall request a specific approval from County prior to proceeding with the change. County acknowledges that TCLA and TCLA's design team will introduce and recommend design changes throughout the process as opportunities for value engineering, better efficiencies, construction phasing, operations/maintenance/life cycle issues, and general architectural aesthetic are better understood throughout the design process. County shall endeavor to approve or disapprove these recommendations as expeditiously as possible, but in any event, no more than two work weeks for any given decision.

TCLA shall provide County with a more detailed schedule of activities and meetings required to accomplish the 15 week Design Development phase no less than 14 calendar days prior to start of the aforementioned phase. County is advised that this is a fast tracked project schedule, and that unexpected meetings may occur during this process. TCLA shall provide County with one week's notice for any unexpected meeting requirements.

Expected Timeframe: 15 weeks

County Approval Period: concurrent

Deliverables

Core & Shell Design

- 50% Design Development Drawings & Specifications
- 100% Design Development Drawings & Specifications (for comment)

Tenant Improvement Design

- 50% Design Development Drawings & Specifications
- 100% Design Development Drawings & Specifications (for comment)

### **Plan Check Ready Construction Documents**

TCLA, and TCLA's design team shall incorporate County's concurrent comments of the Design Development Documents while advancing the project drawings through Plan Check Ready Construction Documents and will prepare Construction Specifications for concurrent review, comment and approval by County. This is expected to take 19 weeks, and the County will be provided the documents for concurrent review and comment, as TCLA and TCLA's design team submits the Plan Check Ready documents for Plan Check.

The overall design process is intended to be a logical progression and advancement of the design based on prior approvals. In the event that there is a material deviation or change in design from the previous County approval, TCLA shall request a specific approval from County prior to proceeding with the change. County acknowledges that TCLA and TCLA's design team will introduce and recommend design changes throughout the process as opportunities for value engineering, better efficiencies, construction phasing, operations/maintenance/life cycle issues, and general architectural aesthetic are better understood throughout the design process. County shall endeavor to approve or disapprove these recommendations as expeditiously as possible, but in any event, no more than two work weeks for any given decision.

TCLA shall provide the County with a more detailed schedule of activities and meetings required to accomplish the 19 week Plan Check Ready Construction Documents phase no less than 14 calendar days prior to start of the aforementioned phase. County is advised that this is a fast tracked project schedule, and that unexpected meetings may occur during this process. TCLA shall provide County with one week's notice for any unexpected meeting requirements.

Expected Timeframe: 19 weeks

County Approval Period: concurrent

Deliverables

Core & Shell Design

- 50% Construction Document Drawings & Specifications
- 100% Construction Document Drawings & Specifications (for comment)

Tenant Improvement Design

- 50% Construction Document Drawings & Specifications
- 100% Construction Document Drawings & Specifications (for comment)

### **Entitlements**

TCLA shall engage necessary land use and CEQA consultants and counsel to prepare all necessary documents for completion of entitlements, including all CEQA necessary for approval of the Proposed Master Project.

At the same time, TCLA will work with the County to complete the entitlements for the Proposed Project.

Expected Timeframe: 49 weeks

Deliverables

- Completed Environmental Impact Report (ready for adoption by the Board), which addresses the Proposed Master Project
- Notice of Determination from County Planning Commission (or other necessary approval) for Site Plan Review for the Proposed Project (only)

### **Construction Agreement & Budget**

TCLA shall engage TCLA's contractor to provide pre-construction support throughout design process for purposes of guiding decision making process towards the preparation of a GMP contract including a construction schedule. This will occur throughout the duration of the Term. TCLA's contractor shall provide updated cost estimates at the 100% Schematic Design and 100% Design Development stages, which shall be delivered to the County no more than 4 weeks following the completion of the appropriate drawing set.

It is the intent that TCLA's design team and TCLA's contractor work under separate agreements throughout the Term; however, after the Term, following financing, TCLA's Design team will roll under TCLA's contractor in a Design-Build format for completion of the Proposed Project under the GMP contract.

Expected Timeframe for Pre-Development Period: 59 weeks.

Deliverables

- 100% Schematic Design Cost Estimate

- 100% Design Development Cost Estimate
- GMP Design-Build Contract (ready for execution), which shall include:
  - Completion of Construction Drawings & Specifications for Core & Shell
  - Completion of Construction Drawings & Specifications for Tenant Improvements
  - Turnkey Delivery of Proposed Project
  - Guaranteed Budget
  - Guaranteed Schedule

**Transactional & Financing**

TCLA shall provide all necessary support to LACF for purposes of putting the Proposed Project in a “ready to finance” condition. LACF is expected that a lease-back revenue bond will be issued by the LACF. However, LACF will work closely with the County in finalizing all financial documents, and the structure and issuer of the Bonds may be altered at County’s discretion.

Deliverables

- Guaranteed Project Budget & Schedule
- Fully Negotiated Ground Lease Document (ready for consideration by the Board)
- Fully Negotiated Facility Lease Document (ready for consideration by the Board)
- Bond Issuance Documents and all necessary underlying funding documents (ready for consideration by the Board)
- Fully Negotiated Development Agreement between LACF & TCLA

**Exhibit B**  
**Estimated Pre-Development Costs**

**Vermont-Corridor-Pre-Development-Budget**  
22-June-16

	GSF
Below Grade Parking	52,400
Podium Parking	386,120
Podium Parking	508,389
Shatto Parking Structure	337,095
<hr style="border: 1px solid black;"/>	
	<b>1,284,004</b>

BUDGET LINE ITEM	Budget
<b>Project Scoping</b>	
<b>Project Scoping</b>	
Architect	\$300,000
Structural	\$29,000
Civil	\$6,750
Audio Visual	\$11,700
Consultant Mark-Up	\$4,745
<hr style="border: 1px solid black;"/>	
<b>Project Scoping Total</b>	<b>\$352,195</b>
<b>Site Due Diligence</b>	
<b>Site Due Diligence</b>	
Phase I	\$25,000
Phase II Environmental	\$100,000
Geotechnical	\$85,000
ALTA Survey	\$20,000
Site Construction Survey	\$25,000
Site Utility Study	\$50,000
<hr style="border: 1px solid black;"/>	
<b>Site Due Diligence Total</b>	<b>\$305,000</b>
<b>Schematic Design and Basis of Design Deliverables</b>	
<b>Schematic Design and Basis of Design</b>	
Architect	\$825,000
MEP Engineering	\$227,333
Parking Structure Consultant	\$25,000
Structural	\$165,000
Vertical Transportation	\$45,000
LEED/Well	\$5,000
Landscape	\$29,000
Civil	\$27,000
AV	\$4,600
Acoustics	\$6,800
Consultant Mark-Up	\$28,240
<hr style="border: 1px solid black;"/>	
<b>Schematic Design and Basis of Design Total</b>	<b>\$1,387,973</b>

## Design Development

### Design Development

Architect	\$1,650,000
MEP Engineering	\$412,333
Parking Structure Consultant	\$62,500
Structural	\$182,500
Technology (IT & Security)	\$54,000
Architectural Lighting	\$32,000
Energy Modeling	\$40,000
LEED/Well	\$10,000
Landscape	\$36,250
Civil	\$27,000
Acoustics	\$4,300
Consultant Mark-Up	\$57,105
Commissioning	\$75,000

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**Design Development Total****\$2,642,988**

## Plan Check Ready Construction Documents

### Plan Check Ready Construction Documents

Architect	\$1,050,000
MEP Engineering	\$296,834
Parking Structure Consultant	\$62,500
Structural	\$397,500
Technology (IT & Security)	\$12,000
Vertical Transportation	\$65,000
Architectural Lighting	\$13,000
Energy Modeling	\$55,000
LEED/Well	\$15,000
Landscape	\$42,350
Civil	\$47,250
AV	\$48,000
Acoustics	\$17,000
Consultant Mark-Up	\$78,160
Commissioning	\$75,000

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**Plan Check Ready Construction Documents Total****\$2,274,594**

## Entitlements

### Entitlements

Land Use Legal	\$250,000
Traffic Study	\$120,000
Water and Sewer Study	\$70,000
Water Supply Assessment	\$50,000
Drainage and Water Quality	\$15,000
Community Outreach	\$210,000
Document Control	\$50,000
Planning Fees for Entitlement	\$100,000
CEQA Consultants/Report	\$350,000

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**Entitlements Total****\$1,215,000**

**Construction Agreement and Costs**

**Construction Agreement and Costs**

GC Pre-Construction Fees	\$600,000
Project Reimbursement (including architect reimbursements for all)	\$77,933

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<b>Development Team Total</b>	<b>\$677,933</b>
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**Transactional & Financing**

**Transaction & Financing**

Transactional Legal	\$185,000
Development Management	\$240,000
Financial	\$100,000

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<b>Transactional Total</b>	<b>\$525,000</b>
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**PRE-DEVELOPMENT BUDGET TOTAL**

**\$9,380,683**

## Exhibit C

### **DISCLOSURE AGREEMENT FOR CALIFORNIA ENVIRONMENTAL QUALITY ACT REVIEW OF THE VERMONT CORRIDOR PROJECT**

This Disclosure Agreement for California Environmental Quality Act Review of the Vermont Corridor Project (this “**Agreement**”) is made by and between TC LA Development, Inc. (“**Developer**”), and \_\_\_\_\_ (“**CEQA Consultant**”), as of the date of \_\_\_\_\_, in connection with the environmental review pursuant to the California Environmental Quality Act (California Public Resources Code sections 21000, *et seq.*) (“**CEQA**”) for a project to located in Los Angeles, California (“**City**”) at (i) 510, 526 and 532 South Vermont Avenue and 523 Shatto Place, (ii) 550 South Vermont Avenue and 3175 West 6<sup>th</sup> Street and (iii) 433 South Vermont Avenue (the “**Project**”).

#### **RECITALS**

(i) The County of Los Angeles (“**County**”) is the fee owner of the property on which the Project would be located.

(ii) County and Developer have entered into certain agreements pertaining to the management and development of the Project.

(iii) County is the lead agency pursuant to CEQA with discretionary approval over the Project.

(iv) Developer has retained CEQA Consultant to undertake the environmental review for the Project pursuant to CEQA and related statutes and laws.

(v) Although CEQA Consultant has not contracted with County to conduct the environmental review for the Project, Developer and CEQA Consultant wish to acknowledge and verify their understanding that CEQA Consultant owes certain duties to County, as set forth herein, with respect to its work on the Project;

(vi) Developer and CEQA Consultant desire to acknowledge and verify their understanding that work performed by CEQA Consultant must be subject to the ultimate direction and discretion of County, consistent with the provisions and requirements of CEQA, which require County as lead agency to exercise ultimate decision-making authority and discretion with respect to the environmental review for the Project.

G. Developer and CEQA Consultant desire to memorialize their understanding that privileged attorney-client information shared by and among them related to the Project will remain privileged and confidential, and shall not be disclosed, subject to the conditions and limitations set forth herein.

NOW, THEREFORE, in view of the foregoing, Developer and CEQA Consultant hereby agree as follows:

## **AGREEMENT**

### 1. Duty of Disclosure

#### 1.1 CEQA Consultant agrees and acknowledges:

- (a) CEQA Consultant has to provide a complete and accurate environmental document for the Project for the purposes of County's review of the Project pursuant to CEQA; and
- (b) CEQA Consultant shall require and ensure that all sub-consultants it hires or retains in connection with the environmental review for the Project comply with (i) of this Section 1.A.i.

### 2. County Authority as Lead Agency

- 2.1 County as lead agency shall have final discretion over the scope and content of any environmental document prepared by CEQA Consultant, and CEQA Consultant shall reasonably comply with any directions from County with respect thereto.
- 2.2 County as lead agency shall have final discretion over any and all procedures related to the environmental review for the Project, including but not limited to any decision whether to recirculate, review, or withdraw and environmental documents, and CEQA Consultant shall reasonably comply with any directions from County with respect thereto.
- 2.3 County as lead agency shall have final discretion over the extent of any studies, tests, evaluations, reviews, or other technical analyses, and CEQA Consultant shall reasonably comply with any directions from County with respect thereto.
- 2.4 Any disagreement regarding the environmental review for the Project shall be resolved by County in the exercise of its authority as lead agency.

### 3. Common Interest Doctrine

- 3.1 The parties have the mutual intent to prepare environmental review documents that comply with CEQA. To achieve these mutual intentions, the parties and County may, but are under no obligation to, share and exchange confidential advice from their respective attorneys. Such confidential advice shall be clearly marked "**CONFIDENTIAL ATTORNEY-CLIENT COMMUNICATIONS – COMMON INTEREST DOCTRINE.**" Except as set forth in Sections 3.A and 3.B, the parties agree to treat such communications as privileged and confidential, and will not disclose such communications to any person other than the parties or

County except where agreed to by the parties or otherwise required by applicable law, including but not limited to the Public Records Act, or court order.

- 3.2 Notwithstanding Section 3.A, the parties acknowledge the Public Records Act (Government Code sections 6250, *et seq.*) compels County to disclose public records to any person requesting such records, with limited exceptions. Consistent with Government Code sections 6253.3 and 6270, County shall determine in its sole and exclusive discretion whether any document or record, including but not limited to documents or records marked as confidential pursuant to Section 3.A, are disclosable, whether in whole or in part, pursuant to the provisions of the Public Records Act.
- 3.3 Notwithstanding Section 3.A, County has the right in its sole and subjective discretion to disclose any information it deems necessary or desirable to disclose in the public interest.
- 3.4 Prior to any public disclosure by County pursuant to Section 3.B or 3.C, of documents or records marked confidential pursuant to 3.B, County shall make a reasonable, good faith effort to notify the CEQA Consultant and Developer of the extent of any planned disclosure. CEQA Consultant and Developer agree to hold County harmless for any and all damages, claims, or injury of any kind arising from or relating to a disclosure of documents by County pursuant to Section 3.B or 3.C, except that nothing herein prevents CEQA Consultant or Developer from filing an action in equity to enjoin the disclosure of any documents, records, or information. The parties shall not be entitled to an award of damages or attorneys' fees in connection with any such action.

#### 4. Ownership of Documents and Records

Without limiting the duties of disclosure described in Section 1, nothing in this Agreement grants or shall be construed as granting County actual or constructive ownership, possession, custody, or control over the documents, materials, and/or records of or prepared by CEQA Consultant, Developer, and/or any of their third-party contractors or subcontractors, until such time as the documents, materials, and/or records are provided or submitted to County. By way of example only and without limitation or exclusion, documents, materials, and records for the purposes of this Section 4 include emails, memoranda, invoices, billing, studies, drafts of technical reports, or drafts of CEQA review documentation.

#### 5. Indemnification

Developer shall indemnify, defend and hold harmless County, its Special Districts, and its elected and appointed officials, officers, directors, commissioners, agents, employees and contractors from and against any and all liability, loss, injury or damage, including, but not limited to, demands, claims, actions, fees, costs, and expenses (including attorneys' and expert witness fees), arising from or connected with any challenges by third-parties to County approvals or actions related to the Project and/or the validity of

any lease, sublease, or assignment of any rights to Developer, including without limitation, challenges arising under CEQA.

6. Expiration

This Agreement shall expire at the time that the Project and the EIR Documents become administratively final, and after all legal challenges associated with the Project and the EIR Documents have been finally adjudicated.

7. Counterparts

This Agreement may be executed in counterparts.

**CEQA Consultant**

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

**Developer**

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

**Exhibit D**  
**Site Access Agreement**

**RIGHT OF ENTRY PERMIT**

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

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

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

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

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

7. INDEMNIFICATION: Permittee agrees to indemnify, defend and save harmless the Commission, Housing Authority of the County of Los Angeles (“Housing Authority”) and the County of Los Angeles and their agents, elected and appointed officers and employees from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage, including damage to Commission property, arising from or connected with Permittee’s operations, or its services hereunder, including any Workers’ Compensation suits, liability, or expense, arising from or connected with services performed by or on behalf of Permittee by any person pursuant to this Permit.
8. GENERAL INSURANCE REQUIREMENTS: While this permit is in effect, Permittee or its contractor shall, at its sole cost and expense, obtain and maintain in full force and effect throughout the term of this Permit, insurance, as required by the CDC, in the amount and coverages specified on, and issued by insurance companies as described in Exhibit “B”.

Notification of Incidents, Claims or Suits: Permittee shall report to Commission any accident or incident relating to Permittee’s entry which involves injury or property damage which may result in the filing of a claim or lawsuit against Permittee and/or Commission in writing within 24 hours of occurrence.

9. RESERVED
10. RESERVED
11. OPERATIONAL RESPONSIBILITIES: Permittee shall:
  - a. Comply with and abide by all applicable rules, regulations and directions of Commission.
  - b. Comply with all applicable Commission ordinances and all State and Federal laws, and in the course thereof obtain and keep in effect all permits and licenses required to conduct the permitted activities on the Premises.
  - c. Maintain the Premises and surrounding area in a clean and sanitary condition to the satisfaction of Commission.
  - d. Conduct the permitted activities in a courteous and non-profane manner; operate without interfering with the use of the Premises by Commission. Commission has the right to request Permittee to remove any agent, servant or employee who fails to conduct permitted activities in the manner heretofore described.

- e. Assume the risk of loss, damage or destruction to any and all fixtures and personal property belonging to Permittee that are installed or placed within the area occupied.
- f. Repair or replace any and all Commission property lost, damaged, or destroyed as a result of or connected with the conduct or activities of the Permittee. In the event utility services, including but not limited to sewer services, for the Premises are interrupted, Permittee shall promptly make repairs. Should Permittee fail to promptly make any and all repairs required by Commission during or following completion of Permittee's project, Commission may have repairs made at Permittee's cost and Permittee shall pay costs in a timely manner.
- g. Pay charges for installation and service costs for all utilities used for the conduct of the permitted activities, if needed.
- h. Except for the purpose described in Section 2, Permittee agrees to restore the Premises, prior to the termination of this Permit, and to the satisfaction of Commission, to the conditions that existed prior to the commencement of the permitted activities, excepting ordinary wear and tear or damage or destruction by the acts of God beyond the control of Permittee. This shall include removal of all rubbish and debris, as well as structures placed on the Premises by Permittee in order that the Premises will be neat and clean and ready for normal use by Commission on the day following the termination of this Permit. Should Permittee fail to accomplish this, Commission may perform the work and Permittee shall pay the cost.
- i. Allow Commission to enter the Premises at any time to determine compliance with the terms of this Permit, or for any other purpose incidental to the performance of the responsibilities of the Commission.
- j. Provide all security devices required for the protection of the fixtures and personal property used in the conduct of the permitted activities from theft, burglary or vandalism, provided written approval for the installation thereof is first obtained from the Commission.
- k. Prohibit all advertising signs or matter from display at the Premises, other than signs displaying the name of Permittee.
- l. Prohibit the sale of food.
- m. Keep a responsible representative of the Permittee available on the Premises during the times that Permittee is using said Premises for the purposes stated in Section 2 above. This person shall carry copies of this Permit for display upon request.
- n. Prior to entry onto the Premises pursuant to this Permit, notify Commission, in writing, of the times and dates the work or activity is to take place.

- o. Request, in writing, permission of Commission to enter the Premises not less than forty-eight (48) hours in advance, together with a description of the nature and extent of activities to be conducted on the Premises.
  - p. At Permittee's sole cost and expense, be responsible for the cost of repairing the parking lot, sidewalks, driveways, landscaping and irrigation systems on the Premises which may be damaged by Permittee or Permittee's agents, employees, invitees or visitors, during and/or following the construction of Permittee's project, to Commission's satisfaction. Said repairs shall include the restoration of said landscaping and rerouting of said irrigation systems affected by Permittee's work on the Premises, if necessary.
12. **INDEPENDENT STATUS:** This Permit is by and between Commission and Permittee and is not intended and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture or association as between Commission and Permittee. Permittee understands and agrees to bear the sole responsibility and liability for furnishing Workers' Compensation benefits to any person for injuries arising from or connected with services performed on behalf of Permittee pursuant to this Permit.
  13. **EMPLOYEES:** All references to the "Permittee" in the Permit are deemed to include the employees, agents, assigns, contractors, and anyone else involved in any manner in the exercise of the rights therein given to the undersigned Permittee.
  14. **LIMITATIONS:** It is expressly understood that in permitting the right to use said Premises, no estate or interest in real property is being conveyed to Permittee, and that the right to use is only a nonexclusive, revocable and unassignable permission to enter the Premises in accordance with the terms and conditions of the Permit for the purpose of conducting the activities permitted herein.
  15. **ASSIGNMENT:** This Permit is personal to Permittee, and in the event Permittee shall attempt to assign or transfer the same in whole or part all rights hereunder shall immediately terminate.
  16. **AUTHORITY TO STOP:** In the event that an authorized representative of the Commission finds that the activities being held on the Premises unnecessarily endanger the health or safety of persons on or near said property, the representative may require that this Permit immediately be terminated until said endangering activities cease, or until such action is taken to eliminate or prevent the endangerment.
  17. **DEFAULT:** Permittee agrees that if default shall be made in any other terms and conditions herein contained, Commission may forthwith revoke and terminate this Permit.
  18. **ALTERATIONS AND IMPROVEMENTS:** Permittee has examined the Premises and knows the condition thereof. Permittee accepts the Premises in the present state and condition and waives any and all demand upon the Commission for alteration, repair, or improvement thereof. Permittee shall make no alteration or improvements to the Premises, except those identified in Section 2 hereof, without prior written approval from

the Commission, and any fixtures and/or personal property incidental to the purposes described in Section 2 hereof shall be removed by Permittee prior to the termination of this Permit, and in the event of the failure to do so, title thereto shall vest in Commission. All betterments to the Premises shall become the property of Commission upon the termination of this Permit.

19. COUNTY LOBBYIST ORDINANCE: Permittee is aware of the requirements of Chapter 2.160 of the Los Angeles County Code with respect to County Lobbyists as such are defined in Section 2.160.010 of said Code, and certifies full compliance therewith. Failure to fully comply shall constitute a material breach upon which Commission may terminate or suspend this Permit.
20. INTERPRETATION: Unless the context of this Permit clearly requires otherwise: (i) the plural and singular numbers shall be deemed to include the other; (ii) the masculine, feminine and neuter genders shall be deemed to include the others; (iii) "or" is not exclusive; and (iv) "includes and "including" are not limiting.
21. ENTIRE AGREEMENT: This Permit contains the entire agreement between the parties hereto, and no addition or modification of any terms or provisions shall be effective unless set forth in writing, signed by both Commission and Permittee.
22. TIME IS OF THE ESSENCE: Time is of the essence for each and every term, condition, covenant, obligation and provision of this Permit.
23. POWER AND AUTHORITY: The Permittee has the legal power, right and authority to enter into this Permit, and to comply with the provisions hereof. The individuals executing this Permit on behalf of any legal entity comprising Permittee have the legal power, right and actual authority to bind the entity to the terms and conditions of this Permit.
24. SURVIVAL OF COVENANTS: The covenants, agreements, representations and warranties made herein are intended to survive the termination of the Permit.

**PERMITTEE:**

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

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

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

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

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

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

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

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

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

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

WITNESS my hand and official seal.

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

[Signatures continue on the next page]

This Permit has been executed on behalf of the Commission on the \_\_\_\_\_ day of \_\_\_\_\_, 2016.

**COMMISSION:**

COMMUNITY DEVELOPMENT COMMISSION  
OF THE COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Sean Rogan, Executive Director

APPROVED AS TO FORM:

Mary C. Wickham, County Counsel

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

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

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

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

**EXHIBIT “B”  
INSURANCE REQUIREMENTS**

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

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

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

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

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

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

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

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

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

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

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

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

D. POLLUTION LIABILITY INSURANCE, including coverage for bodily injury, personal injury, death, property damages, and environmental damage with limits of not less than the following:

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

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

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

## PRE-DEVELOPMENT AGREEMENT (LACF/TCLA)

This PRE-DEVELOPMENT AGREEMENT (LACF/TCLA) (this “**Agreement**”) is effective \_\_\_\_\_, 2016 (the “**Effective Date**”), by and between LOS ANGELES COUNTY FACILITIES, INC., a California nonprofit public benefit corporation (“**LACF**”) and TC LA DEVELOPMENT, INC., a Delaware corporation (together with its permitted assigns, collectively, “**TCLA**”). LACF and TCLA are each occasionally referred to herein as a “**Party**” or collectively as the “**Parties**.”

### RECITALS

A. The County of Los Angeles (“**County**”) is the fee owner of property located in Los Angeles, California (“**City**”) at (i) 510, 526 and 532 South Vermont Avenue and 523 Shatto Place (collectively, “**Site 1**”), (ii) 550 South Vermont Avenue and 3175 West 6<sup>th</sup> Street (collectively, “**Site 2**”) and (iii) 433 South Vermont Avenue (“**Site 3**” and together with Site 1 and Site 2 the “**Properties**”). County currently operates facilities on the Properties, but has determined that the current facilities are obsolete, inefficient and contribute to blight in the area of the Properties. County desires to increase the efficiency of its facilities located on the Properties and reduce blight in the area of the Properties.

B. LACF is a California nonprofit public benefit corporation established exclusively for purposes and activities that are permitted under Section 501(c)(3) of the Internal Revenue Code of 1986 (the “**Code**”). In particular, LACF has been formed for the purpose of construction, financing, and operation of the Proposed Project (defined in Recital C) on behalf of County. Public Facilities Group (“**PFG**”) is a Washington nonprofit corporation, formed for the purpose of serving as a supporting organization, as described in Section 509(a)(3) of the Code to benefit, perform the functions of and/or assist in carrying out the purposes of its supported organizations, including LACF. PFG is the sole member of LACF. TCLA is a national real estate development firm with experience in the oversight and management of design, permit processing and construction of office buildings.

C. Pursuant to a County solicitation issued on August 18, 2015, TCLA submitted the highest ranked proposal (the “**TCLA Response**”) for the Proposed Master Project (defined in Recital H), to be constructed and operated pursuant to Government Code Sections 25549.1 *et seq.* County has selected TCLA initially to be the master developer of the Proposed Master Project on the Properties.

D. The TCLA Response contemplates the construction of a new office building having up to approximately (i) four hundred twelve thousand (412,000) net usable square feet of Class A office, (ii) ten thousand (10,000) square feet of retail and (iii) one thousand eight hundred eighty-six (1,886) structured parking spaces to serve as the headquarters for County’s Department of Mental Health (“**DMH**”) on Site 1 (the “**Proposed Project**”). The Proposed Project is intended to be delivered to County in “turnkey condition” including all furniture, fixtures and equipment, conference rooms and related equipment, pantries, and storage areas and to meet the descriptions and satisfy the standards set forth in the TCLA Response.

E. Pursuant to the TCLA Response, after construction of the Proposed Project, TCLA proposed to (i) adaptively reuse the existing County building on Site 2 as approximately one hundred seventy two (172) market-rate rental housing units and approximately five thousand (5,000) square feet of retail space and (ii) construct on Site 2 a five (5) story parking garage containing approximately two hundred twenty-five (225) parking spaces and approximately three thousand five hundred (3,500) square feet of retail space (the “**Proposed Site 2 Project**”).

F. Pursuant to the TCLA Response, TCLA proposed to construct (i) approximately seventy-two (72) senior, affordable rental housing units, (ii) a community center approximately twelve thousand five hundred (12,500) square feet in size and (iii) ninety-two (92) parking spaces on Site 3 (the “**Proposed Site 3 Project**”).

G. Simultaneously with this Agreement, County and TCLA intend to enter into an exclusive negotiating agreement (the “**ENA**”) with regard to the development of the Proposed Site 2 Project and the Proposed Site 3 Project.

H. The construction of the Proposed Project is a necessary condition of both the Proposed Site 2 Project and the Proposed Site 3 Project and is a part of the overall master development of the Properties pursuant to Government Code Sections 25549.1 *et seq.* The Proposed Project, the Proposed Site 2 Project and the Proposed Site 3 Project are referred to collectively as the “**Proposed Master Project.**”

I. Pursuant to California Government Code Sections 25549.1 *et seq.*, County contemplates ground leasing (the “**Ground Lease**”) Site 1 to LACF, which would finance, develop, construct and maintain the Proposed Project on Site 1. The Ground Lease would have a term of approximately thirty-two (32) years. LACF would lease (the “**Facilities Lease**”) the Proposed Project to County for use by DMH. The Facilities Lease would set forth in specific detail the obligations of County and LACF with regard to the financing, development, construction, leasing, and maintenance of the Proposed Project. When the Bonds (defined in Recital J) are retired, the terms of the Ground Lease and the Facilities Lease would terminate simultaneously and title to the Proposed Project would pass to County.

J. Financing for the Proposed Project is anticipated (but not required) to be from the proceeds of 63-20 bonds (the “**Bonds**”) issued by LACF or from conduit bonds or other bonds as determined by County. 63-20 bonds are tax-exempt bonds issued by a nonprofit organization on behalf of a government entity to finance a public facility. 63-20 bonds are governed by the Internal Revenue Service’s Revenue Ruling 82-26 and Letter Ruling 63-20. The estimated cost (including hard and soft cost but excluding financing and interest costs) of the Proposed Project is two hundred seventy million dollars (\$270,000,000) and closing of the Bonds to finance of the Proposed Project is expected to occur by January 31, 2018.

K. LACF will engage TCLA to oversee and manage certain construction and development activities for the Proposed Project pursuant to a separate development management agreement (“**Development Agreement**”), which would be between LACF and TCLA, but would be subject to County’s written approval, at its sole and absolute discretion. The Ground Lease, the Facilities Lease, and the Development Agreement for the Proposed Project are collectively referred to herein as the “**Project Agreements.**”

L. The entering into of the Project Agreements is subject to and contingent upon the Los Angeles County Board of Supervisors' (the "**Board**") future (i) certification of the Environmental Impact Report (the "**EIR**") for the Proposed Master Project in compliance with the California Environmental Quality Act, Public Resources Sections 21000 *et seq.* ("**CEQA**"), (ii) approval of the Proposed Master Project, and (iii) approval of the terms of the Project Agreements.

M. Simultaneously with this Agreement, LACF intends to enter into a pre-development agreement with County, by and through its agent, the Community Development Commission of the County of Los Angeles ("**County/LACF Agreement**"), which will, among other things, provide for County to pay or reimburse LACF (which will in turn pay or reimburse) TCLA for certain Pre-Development Costs (as defined in Section 4).

N. LACF desires TCLA to commence the performance of the Pre-Development Services (defined in Section 3) pursuant to this Agreement, and TCLA is willing to proceed with the performance of the Pre-Development Services pursuant to the terms of this Agreement.

## **AGREEMENTS**

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

1. **Negotiation of the Development Agreement.** During the Term (as defined in Section 2), LACF and TCLA agree to proceed with the negotiation of the Development Agreement, in a commercially reasonable manner and with due speed and diligence.

2. **Term.** The term of this Agreement (the "**Term**") shall commence on the Effective Date and terminate on the earliest of (a) January 31, 2018, (b) ten (10) business days after TCLA has received written notice from LACF stating that County has notified LACF that it is terminating the County/LACF Agreement, (c) ten (10) business days after either Party has received written notice from the other Party terminating this Agreement as a result of an uncured default under Section 11, or (d) the effective date of the Project Agreements. If the Term is going to terminate pursuant to Clause (a) of this Section 2, the Parties may elect, at each Party's discretion, to extend the Term for an additional ninety (90) days.

3. **Pre-Development Services.** During the Term, TCLA shall provide Pre-Development services (the "**Pre-Development Services**") related to the Proposed Project. The Pre-Development Services shall include, without limitation (a) provision of the deliverables set forth on Exhibit A (the "**Narrative Scope and Deliverables**"), (b) negotiating the Development Agreement with LACF, (c) negotiating an owner-architect agreement for design of the Proposed Project with Gensler, the anticipated architect for the Proposed Project (or another qualified architect approved by LACF and County), (d) negotiating a guaranteed-maximum-price ("**GMP**") construction agreement with Hathaway Dinwiddie Construction Company, the anticipated general contractor for the Proposed Project (or another qualified general contractor approved by LACF and County), (e) preparation of a development schedule for approval by County for construction of the Proposed Project, (f) assisting LACF with the negotiation of the

Facilities Lease and Ground Lease with County, (g) preparation of the EIR, (h) the pursuit of Proposed Project entitlements, (i) the oversight of design and other professionals in the preparation of preliminary drawings for the Proposed Project (to a level at which a GMP bid may be obtained), (j) due diligence for the Proposed Project, (k) retention (on behalf of LACF), oversight and management of all third-parties providing Pre-Development Services (“**Third Party Providers**”) and their respective contracts (“**Third-Party Contracts**”) for the Pre-Development of the Proposed Project, (l) estimating, monitoring, and reporting the Pre-Development Costs (defined in Section 4), (m) procuring and facilitating the financing of the Proposed Project through the issuance of the Bonds as set forth in Section 5, and (n) taking all such actions as may be reasonably required to advance the Proposed Project in the Term. TCLA, in conjunction with LACF, shall regularly update County with regard to the status of the Proposed Project during the Term and shall seek input from County on key actions.

4. **Pre-Development Costs.** In connection with the performance by TCLA of the Pre-Development Services and its entering (as authorized representative of LACF) into Third-Party Contracts with Third-Party Providers, costs, expenses and other financial obligations will be incurred by TCLA in connection with the Proposed Project (“**Pre-Development Costs**”). Without limitation, such Pre-Development Costs for the Proposed Project are anticipated to include (a) third-party due diligence costs; (b) application processing; (c) financial underwriting and legal fees related to the Bonds; (d) design fees for architects, landscape architects, engineers, and other design professionals; (e) consultant fees; (f) fees to environmental consultants and engineers preparing the EIR, (g) title and survey expenses; and (h) other miscellaneous costs.

4.1 **Estimate of Pre-Development Costs.** An estimate of the maximum Pre-Development Costs is set forth on the attached Exhibit B (the “**Estimated Pre-Development Costs**”). TCLA shall actively monitor the expenditure and continued expected expenditure of Pre-Development Costs and shall promptly notify LACF in writing when TCLA reasonably suspects that the total cost of any one of the eight categories (each a “**Category**”) set forth in the Estimated Pre-Development Costs or the aggregate total of the Pre-Development Costs will exceed the amounts set forth in the Estimated Pre-Development Costs.

4.2 **LACF and County Approval of Cost Increases.** TCLA shall promptly seek LACF’s prior written approval if any Pre-Development Costs in each primary category (but amounts within line items and within categories may vary) or in the aggregate are in excess (“**Excess Pre-Development Costs**”) of the estimated cost set forth in the Estimated Pre-Development Costs, as such amounts may be adjusted from time to time in writing by the Parties (each such writing, an “**Agreed Cost Adjustment**”).

4.3 **Exclusions from Pre-Development Costs.** Although other costs may be excluded by LACF from the Pre-Development Costs, the following costs and expenses are explicitly excluded without LACF’s express written consent: costs or expenses arising from or related to (a) travel, (b) any Excess Pre-Development Costs for which an Agreed Cost Adjustment has not been made, (c) any cost or expense not described by or contemplated in the Estimated Pre-Development Costs, (d) any Key Contract (as defined in the County/LACF Agreement has not been approved in writing by County, and (e) TCLA’s fees, overhead, labor, or work effort which are all deemed fully compensated by County’s payment of the TCLA Fee (defined in Section 7).

4.4 Payment of Pre-Development Costs. Pre-Development Costs shall be paid in accordance with Section 8. If this Agreement is terminated, the Pre-Development Costs for the Proposed Project shall be paid by County to TCLA as provided in Section 9.

5. Bond Financing. TCLA shall assist LACF, if County elects to have LACF use commercially reasonable efforts to (a) finance construction of the Proposed Project (including, hard costs and soft costs, such as the costs of design, permitting, development, and construction) through the issuance of the Bonds in an amount sufficient to pay for all such costs and (b) utilize the services of the designated underwriter, Barclay's Capital, for the sale of the Bonds. County, at its sole and absolute discretion, shall determine (u) whether or not the Bonds will be issued, (v) whether financing for the Proposed Project will be through the Bonds issued by LACF or through conduit or other bonds as determined by the County, (w) the total amount, interest rates, and amortization schedule of the Bonds, (x) the Bond documents, (y) the costs related to the Bonds, and (z) all other terms and conditions related to the Bonds.

6. No Commitment to Any Project; Independent Judgment.

6.1 No Commitment to Any Project. The County: has not committed to, authorized or approved the development of the Proposed Master Project or any other proposed improvements on the Properties; retains the absolute sole discretion to modify the Proposed Master Project as may be necessary to comply with CEQA or for any other reason; as Lead Agency, may modify the Proposed Master Project, or decide not to proceed with the Proposed Master Project, as may be necessary to comply with CEQA, or for any other reason as determined in County's sole and absolute discretion; and is not precluded from rejecting the Proposed Master Project, or from weighing the economic, legal, social, technological, or other benefits of the proposed Master Project against its unavoidable environmental risks when determining whether to approve the proposed Master Project. Further, no activities, which would constitute a project under CEQA, including the Proposed Master Project, may be commenced until necessary findings and consideration of the appropriate documentation under CEQA are considered by the Board and feasible mitigation measures and alternatives to the Proposed Master Project, including the "no project" alternative, required in connection with CEQA, may be adopted by the Board.

6.2 Independent Judgment. As Lead Agency under CEQA, County will exercise independent judgment and analysis in connection with any required environmental reviews or determinations under CEQA for the Proposed Master Project, shall have final discretion over the scope and content of any document prepared under CEQA and shall have final discretion over the extent of any studies, tests, evaluations, reviews or other technical analyses. Any consultants retained for the purpose of preparing CEQA documentation shall reasonably comply with any directions from County with respect thereto and shall agree in substance to the terms set forth on Exhibit C.

7. TCLA Pre-Development Fee. Subject to Section 8, LACF shall pay TCLA a development management fee ("TCLA Fee") of twenty thousand dollars (\$20,000) per month, in arrears, for each calendar month, to a maximum of two hundred forty thousand dollars (\$240,000), commencing on the Effective Date and continuing until the Term expires or the maximum amount is reached. Any partial calendar month shall be paid on a pro rata basis.

TCLA shall submit an invoice for the TCLA Fee to LACF (the “**TCLA Invoice**”) at the end of each calendar month during the Term (or within thirty (30) days after the end of the Term) and LACF shall pay the amount of such invoice within thirty (30) days after receipt.

8. **Payment of Pre-Development Costs.**

8.1 **Responsibility of County.** Notwithstanding anything to the contrary herein, payment of the Pre-Development Costs is the responsibility of County pursuant to the County/LACF Agreement, which payment LACF shall in good faith seek with all due diligence.

8.2 **Payment Applications.** During the Term, payment applications (each a “**Payment Application**”) may be submitted by TCLA to LACF for payment of Pre-Development Costs previously incurred during the Term. Once received from TCLA, LACF shall review each Payment Application and submit such Payment Applications together with its recommendation for payment to County. Payment Applications may be submitted to LACF by TCLA once each calendar month. Each Payment Application shall include such lien releases and other supporting documentation as may be reasonably required by LACF and County.

8.3 **Payment by County.** Unless LACF or County disputes some or all of the amounts requested in a Payment Application, payment shall be made by LACF upon receipt of payment for such amounts from County but not later than forty-five (45) days following submission of each Payment Application.

8.4 **Dispute.** LACF shall notify TCLA in writing (“**Notice of Dispute**”) if LACF disputes (or otherwise requires more information before paying) any Payment Application within forty-five (45) days after LACF’s receipt of such Payment Application. Such Notice of Dispute shall set forth the nature of such dispute in sufficient detail for TCLA to understand and respond to LACF’s concerns. LACF shall promptly pay all undisputed portions of the Payment Application. Upon issuance of a Notice of Dispute, LACF and TCLA shall promptly meet and confer to resolve such dispute, and TCLA shall continue to provide the Pre-Development Services while the Parties seek resolution.

8.5 **Limits.** Total payments of Pre-Development Costs shall not exceed the amounts set forth in each primary category (but amounts within line items and within categories may vary) or in the aggregate in the Estimated Pre-Development Costs without an Agreed Cost Adjustment.

9. **Payment of Fees upon Termination of this Agreement.** Upon expiration or termination of this Agreement, LACF shall pay the final Payment Application pursuant to the terms and conditions of Section 8 and final TCLA Invoice pursuant to the terms and conditions of Section 7. In addition, if LACF terminates this Agreement pursuant to Clause (b) of Section 2, LACF shall reimburse TCLA for any direct, and actual costs, paid to third-party providers, reasonably incurred by TCLA by reason of such termination.

10. **Ownership of Work Product; Third-Party Contracts.** All of the work product produced by TCLA, the Third-Party Providers, any other consultant, design professional or contractor, or their respective employees, contractors, subcontractors, or agents as part of the

Pre-Development Services, including the Project Deliverables shall be the property of LACF (which shall have the right to assign such ownership to County).

10.1 Third-Party Contracts. All Third-Party Contracts shall be between TCLA as authorized representative for LACF, and a Third-Party Provider. Although County shall not be a party to any Third-Party Contract, each Third-Party Contract shall include the Third-Party Provider's indemnity of LACF and County and consent to the assignment of such Third-Party Contract to County. At County's written request (which may be made upon expiration or early termination of this Agreement or at any other time), TCLA shall assist LACF in promptly assigning any or all of the Third-Party Contracts to County, as requested.

## 11. Breach; Default; Remedy.

11.1 Breach. The occurrence of any one or more of the following events shall constitute a breach under this Agreement (each a "**Breach**"):

- (a) The failure of a Party to perform any obligation, or to comply with any material covenant, restriction, term, or condition of this Agreement;
- (b) Any material representation or warranty made by a Party proves to be false or misleading in any material respect at the time made; or
- (c) Any "Default" (as defined in the ENA) by TCLA under the ENA.

11.2 Default. A Breach shall become a default under this Agreement (each a "**Default**") if the Party committing the Breach fails to cure the Breach within the following time periods:

- (a) For all monetary Breaches, five (5) business days after the date such payment is due;
- (b) For all non-monetary Breaches, twenty (20) business days after receipt of written notice ("**Cure Notice**") thereof from the aggrieved Party specifying such non-monetary Breach in reasonable detail, delivered in accordance with the provisions of this Agreement, where such non-monetary Breach could reasonably be cured within such twenty (20) business day period; or
- (c) Where such non-monetary Breach could not reasonably be cured within such twenty (20) business day period, such reasonable additional time as is necessary to promptly and diligently complete the cure but in no event longer than forty (40) business days; provided that the breaching Party promptly commences to cure such non-monetary Breach after receiving the Cure Notice and thereafter diligently and continuously pursues completion of such cure.

11.3 Remedies. Following a Default, the non-defaulting Party may terminate this Agreement and/or seek any and all remedies available at law or in equity.

12. **Site Access.** During the Term, all consultants performing site due diligence, design and pre-construction services shall provide LACF a notarized copy of a site access agreement in the form attached as Exhibit D (each a “**Site Access Agreement**”).

13. **Indemnity of County.**

13.1 **General Indemnity.** TCLA shall Indemnify (defined in Section 13.7(d)) LACF and the County Indemnified Parties (defined in Section 13.7(b)) from and against all Claims (defined in Section 13.7(a)) caused by or arising directly or indirectly from (a) any acts or omissions of any TCLA Party which constitute (i) a material breach of any TCLA obligation under this Agreement, (ii) negligence by a TCLA Party or (iii) willful misconduct by a TCLA Party, including Claims that accrue or are discovered before or after termination of this Agreement; (b) any dispute among the TCLA Parties, in each case without requirement that such Claims be paid first by any County Indemnified Party; and (c) TCLA’s or any TCLA Party’s willful misconduct or negligence in connection with the pursuit of entitlements and/or approvals of the Proposed Project issued by County or the City. TCLA shall not be liable to LACF or any County Indemnified Party for any Claim to the extent that such Claim is caused by the negligence or willful misconduct of any County Indemnified Party. In the event any dispute as to the nature of County’s conduct with respect to any Claim, LACF shall defend County until such dispute is resolved by final judgment.

13.2 **Intentionally Omitted.**

13.3 **No Protected Contractor or Construction Contract.** TCLA has entered into this Agreement and shall perform any actions under it in furtherance of TCLA’s interests and not for the benefit of, or as a contractor, subcontractor or supplier of goods or services (each a “**Protected Contractor**”) for or to County. Consequently, this Agreement shall not be construed as containing provisions, clauses, covenants, or agreements contained in, collateral to, or affecting any construction contract with a public agency pursuant to California Civil Code §§ 2782 *et seq.*, as it may be amended (“**Section 2782**”), and TCLA shall not be considered a Protected Contractor under Section 2782.

13.4 **Protected Contractor Indemnity.** If, despite the explicit terms and conditions of this Agreement, TCLA is determined by a court of competent jurisdiction to be a Protected Contractor when fulfilling certain of its rights or duties under this Agreement (the “**Protected Contractor Rights or Duties**”), then, solely with regard to indemnities for Claims arising from such Protected Contractor Rights or Duties, TCLA shall not be subject to the indemnities set forth elsewhere in this Agreement and shall be subject only to the following indemnities: TCLA shall Indemnify the County Indemnified Parties from and against all Claims caused by or arising directly or indirectly from any act or omission by any TCLA Party, related to or arising from such Protected Contractor Rights or Duties; provided, however, (a) TCLA shall not be responsible for indemnifying the County Indemnified Parties for (i) liability resulting from the County Indemnified Parties’ sole negligence, willful misconduct or active negligence or (ii) any other liability for which TCLA is not permitted to Indemnify County under Section 2782, and (b) TCLA shall be subject to the indemnities set forth elsewhere in this Agreement with regard to any Claims not caused by or arising directly or indirectly from any act or omission by any TCLA Party, related to arising from any Protected Contractor Rights or Duties.

13.5 No Design Professional Contract. TCLA has entered into this Agreement and shall perform any actions under it in furtherance of TCLA's interests. This Agreement is not a contract for the provision of design professional services to a public agency (a "**Design Professional Contract**") and that TCLA is not a "design professional" as defined in California Civil Code § 2782.8, as it may be amended ("**Section 2782.8**"). Consequently, this Agreement shall not be construed as containing provisions, clauses, covenants, or agreements contained in, collateral to or affecting a Design Professional Contract.

13.6 Design Professional Contract Indemnity. If, despite the explicit terms and conditions of this Agreement, this Agreement is determined by a court of competent jurisdiction to be a contract for services of a design professional, as such term is defined in Section 2782.8, then, solely with regard to indemnities for Claims arising from the rights or duties in this Agreement that the presiding court has determined to be design professional rights or duties (the "**Design Professional Rights or Duties**"), TCLA shall not be subject to any indemnities set forth elsewhere in this Agreement and shall be subject only to the following indemnities: TCLA shall Indemnify the County Indemnified Parties from and against all Claims (a) that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of a TCLA Party, related to or arising from any Design Professional Rights or Duties or (b) for which TCLA is permitted to Indemnify County under Section 2782.8; provided, however, TCLA shall be subject to the indemnities set forth elsewhere in this Agreement with regard to any Claims not caused by or arising directly from any act or omission by any TCLA Party, related to or arising from any Design Professional Rights or Duties.

13.7 Definitions. The following terms shall have the following meanings:

(a) "**Claim**" means any claim, loss, demand, action, liability, penalty, fine, judgment, lien, forfeiture, cost, expense, damage, or collection cost (including reasonable fees of attorneys, consultants, and experts related to any such claim).

(b) "**County Indemnified Parties**" means collectively, for purposes of indemnification only, County and its Special Districts and affiliates, including the Commission and any nonprofit corporation or other entity in which County is a member, and its and their respective elected and appointed officials, subsidiaries, members, shareholders, beneficiaries, attorneys, agents, trustees, successors, assigns, and any individual (employee, officer, partner, director, member, commissioner or board member) employed by or acting on behalf of any of the above entities.

(c) "**TCLA Party**" means, for purposes of indemnification only, TCLA, or any entity or person acting on TCLA's behalf or anyone employed by or contracted with TCLA in the course of such employment or contracted work.

(d) "**Indemnify**" means collectively indemnify, defend (by counsel reasonably acceptable to indemnified Party), protect, and hold harmless, without requirement that the indemnified Party first pay any amounts.

13.8 Third Party Beneficiary. The Parties acknowledge and agree that County is a third-party beneficiary of this Section 13.

13.9 Survival. Notwithstanding anything else in this Agreement, the terms and conditions of this Section 13 shall survive the expiration or early termination of this Agreement.

14. Miscellaneous.

14.1 Governing Law. This Agreement shall be construed according to the internal laws of the State of California. Any claim or dispute arising out of this agreement shall be brought in the courts of County.

14.2 Full Information. LACF shall provide TCLA all material information it has received from County or any applicable third-party regarding the requirements for the Proposed Project.

14.3 Scope of TCLA Services. TCLA is not a design professional, engineer, or construction contractor, and TCLA has no control over, charge of, and shall not be responsible for, any legal, design, engineering, consulting, contracting, or other professional or construction work or services performed in connection with the Proposed Project nor shall TCLA be responsible for any act or omission of LACF; provided, however, that TCLA shall be responsible for any services (including the Pre-Development Services) it actually provides in its capacity as a development manager for the Proposed Project.

14.4 Prevailing Party. In the event that any Party brings an action to enforce the terms hereof or declare rights hereunder, the prevailing Party shall be entitled to an award of its costs and expenses, including its reasonable attorneys' fees.

14.5 Counterpart and Electronic Signatures. Each Party hereto and its respective successors and assigns shall be authorized to rely upon signatures of each person and entity on this Agreement that are delivered by facsimile or electronic transmission as constituting a duly authorized, irrevocable, actual delivery of this Agreement with original signatures of each person and entity.

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

If to LACF:

Los Angeles County Facilities, Inc.  
c/o Public Facilities Group  
1414 Fourth Avenue  
Seattle, WA 98101  
Attention: John Finke

With a copy to:

Hillis Clark Martin & Peterson, PS  
999 Third Avenue, Suite 4600  
Seattle, WA 98104  
Attention: Steven R. Rovig

With a copy to:

Community Development Commission of the  
County of Los Angeles  
700 West Main Street  
Alhambra, CA 91801  
ATTENTION: Sean Rogan, Executive Director

If to TCLA:

TC LA Development, Inc.  
2221 Rosecrans Ave, Suite 200  
El Segundo, CA 90245  
Attention: Greg Ames

With a copy to:

Community Development Commission of the  
County of Los Angeles  
700 West Main Street  
Alhambra, CA 91801  
ATTENTION: Sean Rogan, Executive Director

Either Party may change any of the above information by giving notice to the other Party of such change in accordance with the provisions of this Section 14.6.

14.7 Non-Discrimination. TCLA shall not discriminate against any employee or applicant for employment on the basis of race, religion, sex, sexual orientation, age, physical handicap, or national origin and shall comply with all applicable provisions of federal, state and local law related to discrimination. TCLA shall take affirmative action to ensure that applicants are employed and that employees are treated during their employment without regard to their race, religion, sex, sexual orientation, age, physical handicap, or national origin, including without limitation employment, promotion, demotion or transfer, recruitment or recruitment

advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

14.8 No Assignment by TCLA. LACF has entered into this Agreement in reliance on TCLA's unique abilities to provide the Pre-Development Services; consequently, TCLA shall have no right to assign its rights or duties under this Agreement.

14.9 Assignment by LACF. The Parties have entered into this Agreement with the understanding that LACF may elect, at its sole and absolute discretion, to assign its rights and obligations under this Agreement to County and that upon LACF's assignment to, and County's assumption of, this Agreement, LACF shall be released from any further rights and obligations under this Agreement.

14.10 Entire Agreement. This Agreement and the Exhibits hereto are the entire agreement between the Parties with respect to the subject matter hereof, and supersede all prior verbal or written agreements and understandings between the Parties with respect to the items set forth herein.

*(Signatures Follow on Next Page.)*

EXECUTED as of the day and year first written above.

**LACF:**

**LOS ANGELES COUNTY FACILITIES, INC.,**  
a California nonprofit public benefit corporation

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

Name: John Finke

Title: President

**TCLA:**

**TCLA DEVELOPMENT, INC.,**  
a Delaware corporation

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

Name: Bradley T. Cox

Title: President

**EXHIBIT A**  
**Predevelopment Agreement**  
**Narrative Scope & Deliverables**

The below descriptions include a general listing of some of the deliverables that will be prepared during the Term. This is not intended to be an exclusive nor all-encompassing list, but instead intended to capture the basic intent of having a fully defined, entitled, priced, and financeable Proposed Project ready for approval by the Board at the end of the Term.

**Project Scoping**

TCLA, TCLA's design team, TCLA's Contractor, and County, as the future subtenant and user (collectively, the "**Development Team**"), shall meet with the various County user groups, as directed and coordinated by County, to define their specific space requirements, growth expectations, and necessary adjacencies (if any) with the intent of cooperatively defining the optimal size for both the building and parking. The expectation is that at the end of this 8 week period, the Development Team will have an agreed recommendation of the overall size of the Project. County shall have two weeks following this process to approve or make any necessary adjustments to the development program. This project scope will serve as the basis of project design, and will serve as the project scope for purposes of entitlements and CEQA review.

TCLA shall provide County with a more detailed schedule of activities and meetings required to accomplish the 8 week Project Scoping phase no less than 14 calendar days prior to start of Project Scoping. County is advised that this is a fast tracked project schedule, and that unexpected meetings may occur during this process. TCLA shall provide County with one week's notice for any unexpected meeting requirements.

Expected Timeframe: 8 weeks

County Approval Period: 2 weeks

Deliverables:

- Concept Drawings & Building Massing Plans (for review & approval)
- Building Blocking and Stacking Plan (for review & approval)

**Site Due Diligence**

TCLA, TCLA's contractor, and TCLA's design team shall perform all necessary site due diligence to properly design and execute the project and mitigate unforeseen conditions during construction. While a great deal of this work has already been completed by the CDC through County consultants, a number of the reports will need to be updated specific to the revised project description, and for support in the EIR

Expected Timeframe: 15 weeks

Deliverables

- Updated Geotechnical Report
- Updated Phase One Environmental Report
- Updated Phase Two Environmental Report
- Site Utility Study
- Site Title (ALTA) Survey

- Site Construction Survey

### **Schematic Design and Basis of Design Deliverables**

Based on the approved Concept Drawings & Blocking and Stacking Plans, TCLA and TCLA's design team shall advance the project drawings through Schematic Design and will prepare Schematic Design drawings and specifications and a Basis of Design Report (for MEP/FLS systems) for review and approval by County Building Systems Quality (A, S, M, E, P, FLS, Low Voltage, etc) shall be commensurate with "Class A" building standards and all design phase drawings and specifications shall be commensurate with AIA design completion standards. This is expected to take 16 weeks, and County will be afforded 4 weeks to review and comment and approval on the 100% Schematic Design package and Basis of Design Report prior to the commencement of Design Development Drawings. TCLA and TCLA's design team shall then incorporate County's comments and advance the project drawings through Design Development.

TCLA shall provide County with a more detailed schedule of activities and meetings required to accomplish the 16 week Schematic Design and Basis of Design Deliverables phase no less than 14 calendar days prior to start of the aforementioned phase. County is advised that this is a fast tracked project schedule, and that unexpected meetings may occur during this process. TCLA shall provide County with one week's notice for any unexpected meeting requirements.

Expected Timeframe: 16 weeks

County Approval Period: 4 weeks

Deliverables

Core & Shell Design and Specifications

- 50% Schematic Design Drawings & Basis of Design
- 100% Schematic Design Drawings & Basis of Design (for review & comment)

Tenant Improvement Design and Specifications

- 50% Schematic Design Drawings
- 100% Schematic Design Drawings & Basis of Design (for review and comment)

### **Design Development**

Based on the approved Schematic Design and Basis of Design Report (for MEP/FLS systems), TCLA, and TCLA's design team shall incorporate County's comments and advance the project drawings through Design Development user group meetings and will prepare Design Development Drawings and Specifications for review, comment and approval by County. This is expected to take 15 weeks, and the County will be provided the documents for concurrent review and comment, as TCLA and TCLA's design team commence Construction Drawings.

The overall design process is intended to be a logical progression and advancement of the design based on prior approvals. In the event that there is a material deviation or

change in design from the previous County approval, TCLA shall request a specific approval from County prior to proceeding with the change. County acknowledges that TCLA and TCLA's design team will introduce and recommend design changes throughout the process as opportunities for value engineering, better efficiencies, construction phasing, operations/maintenance/life cycle issues, and general architectural aesthetic are better understood throughout the design process. County shall endeavor to approve or disapprove these recommendations as expeditiously as possible, but in any event, no more than two work weeks for any given decision.

TCLA shall provide County with a more detailed schedule of activities and meetings required to accomplish the 15 week Design Development phase no less than 14 calendar days prior to start of the aforementioned phase. County is advised that this is a fast tracked project schedule, and that unexpected meetings may occur during this process. TCLA shall provide County with one week's notice for any unexpected meeting requirements.

Expected Timeframe: 15 weeks

County Approval Period: concurrent

Deliverables

Core & Shell Design

- 50% Design Development Drawings & Specifications
- 100% Design Development Drawings & Specifications (for comment)

Tenant Improvement Design

- 50% Design Development Drawings & Specifications
- 100% Design Development Drawings & Specifications (for comment)

### **Plan Check Ready Construction Documents**

TCLA, and TCLA's design team shall incorporate County's concurrent comments of the Design Development Documents while advancing the project drawings through Plan Check Ready Construction Documents and will prepare Construction Specifications for concurrent review, comment and approval by County. This is expected to take 19 weeks, and the County will be provided the documents for concurrent review and comment, as TCLA and TCLA's design team submits the Plan Check Ready documents for Plan Check.

The overall design process is intended to be a logical progression and advancement of the design based on prior approvals. In the event that there is a material deviation or change in design from the previous County approval, TCLA shall request a specific approval from County prior to proceeding with the change. County acknowledges that TCLA and TCLA's design team will introduce and recommend design changes throughout the process as opportunities for value engineering, better efficiencies, construction phasing, operations/maintenance/life cycle issues, and general architectural aesthetic are better understood throughout the design process. County shall endeavor to approve or disapprove these recommendations as expeditiously as possible, but in any event, no more than two work weeks for any given decision.

TCLA shall provide the County with a more detailed schedule of activities and meetings required to accomplish the 19 week Plan Check Ready Construction Documents phase no less than 14 calendar days prior to start of the aforementioned phase. County is advised that this is a fast tracked project schedule, and that unexpected meetings may occur during this process. TCLA shall provide County with one week's notice for any unexpected meeting requirements.

Expected Timeframe: 19 weeks

County Approval Period: concurrent

Deliverables

Core & Shell Design

- 50% Construction Document Drawings & Specifications
- 100% Construction Document Drawings & Specifications (for comment)

Tenant Improvement Design

- 50% Construction Document Drawings & Specifications
- 100% Construction Document Drawings & Specifications (for comment)

### **Entitlements**

TCLA shall engage necessary land use and CEQA consultants and counsel to prepare all necessary documents for completion of entitlements, including all CEQA necessary for approval of the Proposed Master Project.

At the same time, TCLA will work with the County to complete the entitlements for the Proposed Project.

Expected Timeframe: 49 weeks

Deliverables

- Completed Environmental Impact Report (ready for adoption by the Board), which addresses the Proposed Master Project
- Notice of Determination from County Planning Commission (or other necessary approval) for Site Plan Review for the Proposed Project (only)

### **Construction Agreement & Budget**

TCLA shall engage TCLA's contractor to provide pre-construction support throughout design process for purposes of guiding decision making process towards the preparation of a GMP contract including a construction schedule. This will occur throughout the duration of the Term. TCLA's contractor shall provide updated cost estimates at the 100% Schematic Design and 100% Design Development stages, which shall be delivered to the County no more than 4 weeks following the completion of the appropriate drawing set.

It is the intent that TCLA's design team and TCLA's contractor work under separate agreements throughout the Term; however, after the Term, following financing, TCLA's Design team will roll under TCLA's contractor in a Design-Build format for completion of the Proposed Project under the GMP contract.

Expected Timeframe for Pre-Development Period: 59 weeks.

Deliverables

- 100% Schematic Design Cost Estimate

- 100% Design Development Cost Estimate
- GMP Design-Build Contract (ready for execution), which shall include:
  - Completion of Construction Drawings & Specifications for Core & Shell
  - Completion of Construction Drawings & Specifications for Tenant Improvements
  - Turnkey Delivery of Proposed Project
  - Guaranteed Budget
  - Guaranteed Schedule

### **Transactional & Financing**

TCLA shall provide all necessary support to LACF for purposes of putting the Proposed Project in a “ready to finance” condition. LACF is expected that a lease-back revenue bond will be issued by the LACF. However, LACF will work closely with the County in finalizing all financial documents, and the structure and issuer of the Bonds may be altered at County’s discretion.

#### Deliverables

- Guaranteed Project Budget & Schedule
- Fully Negotiated Ground Lease Document (ready for consideration by the Board)
- Fully Negotiated Facility Lease Document (ready for consideration by the Board)
- Bond Issuance Documents and all necessary underlying funding documents (ready for consideration by the Board)
- Fully Negotiated Development Agreement between LACF & TCLA

**Exhibit B**  
**Estimated Pre-Development Costs**

**Vermont-Corridor-Pre-Development-Budget**  
22-June-16

	GSF
Below Grade Parking	52,400
Podium Parking	386,120
Podium Parking	508,389
Shatto Parking Structure	337,095
<hr style="border: 1px solid black;"/>	
	<b>1,284,004</b>

BUDGET LINE ITEM	Budget
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<b>Project Scoping</b>	
<b>Project Scoping</b>	
Architect	\$300,000
Structural	\$29,000
Civil	\$6,750
Audio Visual	\$11,700
Consultant Mark-Up	\$4,745

<b>Project Scoping Total</b>	<b>\$352,195</b>
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**Site Due Diligence**

<b>Site Due Diligence</b>	
Phase I	\$25,000
Phase II Environmental	\$100,000
Geotechnical	\$85,000
ALTA Survey	\$20,000
Site Construction Survey	\$25,000
Site Utility Study	\$50,000

<b>Site Due Diligence Total</b>	<b>\$305,000</b>
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**Schematic Design and Basis of Design Deliverables**

**Schematic Design and Basis of Design**

Architect	\$825,000
MEP Engineering	\$227,333
Parking Structure Consultant	\$25,000
Structural	\$165,000
Vertical Transportation	\$45,000
LEED/Well	\$5,000
Landscape	\$29,000
Civil	\$27,000
AV	\$4,600
Acoustics	\$6,800
Consultant Mark-Up	\$28,240

<b>Schematic Design and Basis of Design Total</b>	<b>\$1,387,973</b>
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## Design Development

### Design Development

Architect	\$1,650,000
MEP Engineering	\$412,333
Parking Structure Consultant	\$62,500
Structural	\$182,500
Technology (IT & Security)	\$54,000
Architectural Lighting	\$32,000
Energy Modeling	\$40,000
LEED/Well	\$10,000
Landscape	\$36,250
Civil	\$27,000
Acoustics	\$4,300
Consultant Mark-Up	\$57,105
Commissioning	\$75,000

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**Design Development Total****\$2,642,988**

## Plan Check Ready Construction Documents

### Plan Check Ready Construction Documents

Architect	\$1,050,000
MEP Engineering	\$296,834
Parking Structure Consultant	\$62,500
Structural	\$397,500
Technology (IT & Security)	\$12,000
Vertical Transportation	\$65,000
Architectural Lighting	\$13,000
Energy Modeling	\$55,000
LEED/Well	\$15,000
Landscape	\$42,350
Civil	\$47,250
AV	\$48,000
Acoustics	\$17,000
Consultant Mark-Up	\$78,160
Commissioning	\$75,000

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**Plan Check Ready Construction Documents Total****\$2,274,594**

## Entitlements

### Entitlements

Land Use Legal	\$250,000
Traffic Study	\$120,000
Water and Sewer Study	\$70,000
Water Supply Assessment	\$50,000
Drainage and Water Quality	\$15,000
Community Outreach	\$210,000
Document Control	\$50,000
Planning Fees for Entitlement	\$100,000
CEQA Consultants/Report	\$350,000

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**Entitlements Total****\$1,215,000**

**Construction Agreement and Costs**

**Construction Agreement and Costs**

GC Pre-Construction Fees	\$600,000
Project Reimbursement (including architect reimbursements for all)	\$77,933

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**Development Team Total** **\$677,933**

**Transactional & Financing**

**Transaction & Financing**

Transactional Legal	\$185,000
Development Management	\$240,000
Financial	\$100,000

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**Transactional Total** **\$525,000**

**PRE-DEVELOPMENT BUDGET TOTAL**

**\$9,380,683**

## Exhibit C

### **DISCLOSURE AGREEMENT FOR CALIFORNIA ENVIRONMENTAL QUALITY ACT REVIEW OF THE VERMONT CORRIDOR PROJECT**

This Disclosure Agreement for California Environmental Quality Act Review of the Vermont Corridor Project (this “**Agreement**”) is made by and between TC LA Development, Inc. (“**Developer**”), and \_\_\_\_\_ (“**CEQA Consultant**”), as of the date of \_\_\_\_\_, in connection with the environmental review pursuant to the California Environmental Quality Act (California Public Resources Code sections 21000, *et seq.*) (“**CEQA**”) for a project to located in Los Angeles, California (“**City**”) at (i) 510, 526 and 532 South Vermont Avenue and 523 Shatto Place, (ii) 550 South Vermont Avenue and 3175 West 6<sup>th</sup> Street and (iii) 433 South Vermont Avenue (the “**Project**”).

#### **RECITALS**

(i) The County of Los Angeles (“**County**”) is the fee owner of the property on which the Project would be located.

(ii) County and Developer have entered into certain agreements pertaining to the management and development of the Project.

(iii) County is the lead agency pursuant to CEQA with discretionary approval over the Project.

(iv) Developer has retained CEQA Consultant to undertake the environmental review for the Project pursuant to CEQA and related statutes and laws.

(v) Although CEQA Consultant has not contracted with County to conduct the environmental review for the Project, Developer and CEQA Consultant wish to acknowledge and verify their understanding that CEQA Consultant owes certain duties to County, as set forth herein, with respect to its work on the Project;

(vi) Developer and CEQA Consultant desire to acknowledge and verify their understanding that work performed by CEQA Consultant must be subject to the ultimate direction and discretion of County, consistent with the provisions and requirements of CEQA, which require County as lead agency to exercise ultimate decision-making authority and discretion with respect to the environmental review for the Project.

G. Developer and CEQA Consultant desire to memorialize their understanding that privileged attorney-client information shared by and among them related to the Project will remain privileged and confidential, and shall not be disclosed, subject to the conditions and limitations set forth herein.

NOW, THEREFORE, in view of the foregoing, Developer and CEQA Consultant hereby agree as follows:

## **AGREEMENT**

### 1. Duty of Disclosure

#### 1.1 CEQA Consultant agrees and acknowledges:

- (a) CEQA Consultant has to provide a complete and accurate environmental document for the Project for the purposes of County's review of the Project pursuant to CEQA; and
- (b) CEQA Consultant shall require and ensure that all sub-consultants it hires or retains in connection with the environmental review for the Project comply with (i) of this Section 1.A.i.

### 2. County Authority as Lead Agency

- 2.1 County as lead agency shall have final discretion over the scope and content of any environmental document prepared by CEQA Consultant, and CEQA Consultant shall reasonably comply with any directions from County with respect thereto.
- 2.2 County as lead agency shall have final discretion over any and all procedures related to the environmental review for the Project, including but not limited to any decision whether to recirculate, review, or withdraw and environmental documents, and CEQA Consultant shall reasonably comply with any directions from County with respect thereto.
- 2.3 County as lead agency shall have final discretion over the extent of any studies, tests, evaluations, reviews, or other technical analyses, and CEQA Consultant shall reasonably comply with any directions from County with respect thereto.
- 2.4 Any disagreement regarding the environmental review for the Project shall be resolved by County in the exercise of its authority as lead agency.

### 3. Common Interest Doctrine

- 3.1 The parties have the mutual intent to prepare environmental review documents that comply with CEQA. To achieve these mutual intentions, the parties and County may, but are under no obligation to, share and exchange confidential advice from their respective attorneys. Such confidential advice shall be clearly marked "**CONFIDENTIAL ATTORNEY-CLIENT COMMUNICATIONS – COMMON INTEREST DOCTRINE.**" Except as set forth in Sections 3.A and 3.B, the parties agree to treat such communications as privileged and confidential, and will not disclose such communications to any person other than the parties or

County except where agreed to by the parties or otherwise required by applicable law, including but not limited to the Public Records Act, or court order.

- 3.2 Notwithstanding Section 3.A, the parties acknowledge the Public Records Act (Government Code sections 6250, *et seq.*) compels County to disclose public records to any person requesting such records, with limited exceptions. Consistent with Government Code sections 6253.3 and 6270, County shall determine in its sole and exclusive discretion whether any document or record, including but not limited to documents or records marked as confidential pursuant to Section 3.A, are disclosable, whether in whole or in part, pursuant to the provisions of the Public Records Act.
- 3.3 Notwithstanding Section 3.A, County has the right in its sole and subjective discretion to disclose any information it deems necessary or desirable to disclose in the public interest.
- 3.4 Prior to any public disclosure by County pursuant to Section 3.B or 3.C, of documents or records marked confidential pursuant to 3.B, County shall make a reasonable, good faith effort to notify the CEQA Consultant and Developer of the extent of any planned disclosure. CEQA Consultant and Developer agree to hold County harmless for any and all damages, claims, or injury of any kind arising from or relating to a disclosure of documents by County pursuant to Section 3.B or 3.C, except that nothing herein prevents CEQA Consultant or Developer from filing an action in equity to enjoin the disclosure of any documents, records, or information. The parties shall not be entitled to an award of damages or attorneys' fees in connection with any such action.

#### 4. Ownership of Documents and Records

Without limiting the duties of disclosure described in Section 1, nothing in this Agreement grants or shall be construed as granting County actual or constructive ownership, possession, custody, or control over the documents, materials, and/or records of or prepared by CEQA Consultant, Developer, and/or any of their third-party contractors or subcontractors, until such time as the documents, materials, and/or records are provided or submitted to County. By way of example only and without limitation or exclusion, documents, materials, and records for the purposes of this Section 4 include emails, memoranda, invoices, billing, studies, drafts of technical reports, or drafts of CEQA review documentation.

#### 5. Indemnification

Developer shall indemnify, defend and hold harmless County, its Special Districts, and its elected and appointed officials, officers, directors, commissioners, agents, employees and contractors from and against any and all liability, loss, injury or damage, including, but not limited to, demands, claims, actions, fees, costs, and expenses (including attorneys' and expert witness fees), arising from or connected with any challenges by third-parties to County approvals or actions related to the Project and/or the validity of

any lease, sublease, or assignment of any rights to Developer, including without limitation, challenges arising under CEQA.

6. Expiration

This Agreement shall expire at the time that the Project and the EIR Documents become administratively final, and after all legal challenges associated with the Project and the EIR Documents have been finally adjudicated.

7. Counterparts

This Agreement may be executed in counterparts.

**CEQA Consultant**

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

**Developer**

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

**Exhibit D**  
**Site Access Agreement**

**RIGHT OF ENTRY PERMIT**

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

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

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

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

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

7. INDEMNIFICATION: Permittee agrees to indemnify, defend and save harmless County, the Community Development Commission of the County of Los Angeles (“CDC”) Housing Authority of the County of Los Angeles (“Housing Authority”) and the County of Los Angeles and their agents, elected and appointed officers and employees from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage, including damage to County property, arising from or connected with Permittee’s operations, or its services hereunder, including any Workers’ Compensation suits, liability, or expense, arising from or connected with services performed by or on behalf of Permittee by any person pursuant to this Permit.
8. GENERAL INSURANCE REQUIREMENTS: While this permit is in effect, Permittee or its contractor shall, at its sole cost and expense, obtain and maintain in full force and effect throughout the term of this Permit, insurance, as required by County, in the amount and coverages specified on, and issued by insurance companies as described in Exhibit “B”.

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

9. RESERVED
10. RESERVED
11. OPERATIONAL RESPONSIBILITIES: Permittee shall:
  - a. Comply with and abide by all applicable rules, regulations and directions of County.
  - b. Comply with all applicable County ordinances and all State and Federal laws, and in the course thereof obtain and keep in effect all permits and licenses required to conduct the permitted activities on the Premises.
  - c. Maintain the Premises and surrounding area in a clean and sanitary condition to the satisfaction of County.
  - d. Conduct the permitted activities in a courteous and non-profane manner; operate without interfering with the use of the Premises by County. County has the right to request Permittee to remove any agent, servant or employee who fails to conduct permitted activities in the manner heretofore described.

- e. Assume the risk of loss, damage or destruction to any and all fixtures and personal property belonging to Permittee that are installed or placed within the area occupied.
- f. Repair or replace any and all County property lost, damaged, or destroyed as a result of or connected with the conduct or activities of the Permittee. In the event utility services, including but not limited to sewer services, for the Premises are interrupted, Permittee shall promptly make repairs. Should Permittee fail to promptly make any and all repairs required by County during or following completion of Permittee's project, County may have repairs made at Permittee's cost and Permittee shall pay costs in a timely manner.
- g. Pay charges for installation and service costs for all utilities used for the conduct of the permitted activities, if needed.
- h. Except for the purpose described in Section 2, Permittee agrees to restore the Premises, prior to the termination of this Permit, and to the satisfaction of County, to the conditions that existed prior to the commencement of the permitted activities, excepting ordinary wear and tear or damage or destruction by the acts of God beyond the control of Permittee. This shall include removal of all rubbish and debris, as well as structures placed on the Premises by Permittee in order that the Premises will be neat and clean and ready for normal use by County on the day following the termination of this Permit. Should Permittee fail to accomplish this, County may perform the work and Permittee shall pay the cost.
- i. Allow County to enter the Premises at any time to determine compliance with the terms of this Permit, or for any other purpose incidental to the performance of the responsibilities of County.
- j. Provide all security devices required for the protection of the fixtures and personal property used in the conduct of the permitted activities from theft, burglary or vandalism, provided written approval for the installation thereof is first obtained from County.
- k. Prohibit all advertising signs or matter from display at the Premises, other than signs displaying the name of Permittee.
- l. Prohibit the sale of food.
- m. Keep a responsible representative of the Permittee available on the Premises during the times that Permittee is using said Premises for the purposes stated in Section 2 above. This person shall carry copies of this Permit for display upon request.
- n. Prior to entry onto the Premises pursuant to this Permit, notify County, in writing, of the times and dates the work or activity is to take place.

- o. Request permission of County to enter occupied portions of the Premises not less than twenty-four (24) hours in advance, together with a description of the nature and extent of activities to be conducted on the Premises.
  - p. At Permittee's sole cost and expense, be responsible for the cost of repairing the parking lot, sidewalks, driveways, landscaping and irrigation systems on the Premises which may be damaged by Permittee or Permittee's agents, employees, invitees or visitors, during and/or following the construction of Permittee's project, to County's satisfaction. Said repairs shall include the restoration of said landscaping and rerouting of said irrigation systems affected by Permittee's work on the Premises, if necessary.
12. **INDEPENDENT STATUS:** This Permit is by and between County and Permittee and is not intended and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture or association as between County and Permittee. Permittee understands and agrees to bear the sole responsibility and liability for furnishing Workers' Compensation benefits to any person for injuries arising from or connected with services performed on behalf of Permittee pursuant to this Permit.
  13. **EMPLOYEES:** All references to the "Permittee" in the Permit are deemed to include the employees, agents, assigns, contractors, and anyone else involved in any manner in the exercise of the rights therein given to the undersigned Permittee.
  14. **LIMITATIONS:** It is expressly understood that in permitting the right to use said Premises, no estate or interest in real property is being conveyed to Permittee, and that the right to use is only a nonexclusive, revocable and unassignable permission to enter the Premises in accordance with the terms and conditions of the Permit for the purpose of conducting the activities permitted herein.
  15. **ASSIGNMENT:** This Permit is personal to Permittee, and in the event Permittee shall attempt to assign or transfer the same in whole or part all rights hereunder shall immediately terminate.
  16. **AUTHORITY TO STOP:** In the event that an authorized representative of County finds that the activities being held on the Premises unnecessarily endanger the health or safety of persons on or near said property, the representative may require that this Permit immediately be terminated until said endangering activities cease, or until such action is taken to eliminate or prevent the endangerment.
  17. **DEFAULT:** Permittee agrees that if default shall be made in any other terms and conditions herein contained, County may forthwith revoke and terminate this Permit.
  18. **ALTERATIONS AND IMPROVEMENTS:** Permittee has examined the Premises and knows the condition thereof. Permittee accepts the Premises in the present state and condition and waives any and all demand upon County for alteration, repair, or improvement thereof. Permittee shall make no alteration or improvements to the Premises, except those identified in Section 2 hereof, without prior written approval from County, and any fixtures and/or personal property incidental to the purposes described in

Section 2 hereof shall be removed by Permittee prior to the termination of this Permit, and in the event of the failure to do so, title thereto shall vest in County. All betterments to the Premises shall become the property of County upon the termination of this Permit.

19. COUNTY LOBBYIST ORDINANCE: Permittee is aware of the requirements of Chapter 2.160 of the Los Angeles County Code with respect to County Lobbyists as such are defined in Section 2.160.010 of said Code, and certifies full compliance therewith. Failure to fully comply shall constitute a material breach upon which County may terminate or suspend this Permit.
20. INTERPRETATION: Unless the context of this Permit clearly requires otherwise: (i) the plural and singular numbers shall be deemed to include the other; (ii) the masculine, feminine and neuter genders shall be deemed to include the others; (iii) "or" is not exclusive; and (iv) "includes and "including" are not limiting.
21. ENTIRE AGREEMENT: This Permit contains the entire agreement between the parties hereto, and no addition or modification of any terms or provisions shall be effective unless set forth in writing, signed by both County and Permittee.
22. TIME IS OF THE ESSENCE: Time is of the essence for each and every term, condition, covenant, obligation and provision of this Permit.
23. POWER AND AUTHORITY: The Permittee has the legal power, right and authority to enter into this Permit, and to comply with the provisions hereof. The individuals executing this Permit on behalf of any legal entity comprising Permittee have the legal power, right and actual authority to bind the entity to the terms and conditions of this Permit.
24. SURVIVAL OF COVENANTS: The covenants, agreements, representations and warranties made herein are intended to survive the termination of the Permit.

**PERMITTEE:**

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

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

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

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

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

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

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

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

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

WITNESS my hand and official seal.

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

[Signatures continue on the next page]

This Permit has been executed on behalf of County on the \_\_\_\_ day of \_\_\_\_\_, 2016.

**COUNTY:**

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

APPROVED AS TO FORM:

Mary C. Wickham, County Counsel

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

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

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

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

**EXHIBIT “B”  
INSURANCE REQUIREMENTS**

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

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

The insurance policies set forth herein shall be primary insurance and non-contributory with respect to County, CDC and Housing Authority. The insurance policies shall contain a waiver of subrogation for the benefit of County, CDC and Housing Authority. Failure on the part of Permittee, and/or any entities with which Permittee contracts, to procure or maintain the insurance coverage required herein may, upon County’s sole discretion, constitute a material

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

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

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

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

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

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

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

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

C. AUTOMOBILE LIABILITY INSURANCE (written on ISO policy form CA 00 01 or its equivalent) with a limit of liability of not less than one million dollars (\$1,000,000) for each

incident. Such insurance shall include coverage of all “owned”, “hired”, and “non-owned” vehicles, or coverage for “any auto.”

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

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

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

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

**VERMONT CORRIDOR**

**EXCLUSIVE NEGOTIATING AGREEMENT**

by and between

**THE COUNTY OF LOS ANGELES**

and

**TC LA DEVELOPMENT, INC.**

**VERMONT CORRIDOR  
EXCLUSIVE NEGOTIATING AGREEMENT**

THIS VERMONT CORRIDOR EXCLUSIVE NEGOTIATING AGREEMENT (this “**Agreement**”) is effective this \_\_\_\_\_ day of \_\_\_\_\_, 2016 (the “**Effective Date**”), by and between the COUNTY OF LOS ANGELES, a public body, corporate and politic (“**County**”) and TC LA DEVELOPMENT, INC., a Delaware corporation (“**TCLA**”), on the terms and conditions set forth below. County and TCLA are sometimes referred to collectively herein as the “**Parties**” and each individually as a “**Party**.”

**RECITALS**

- A. County is the fee owner of properties located in Los Angeles, California (“**City**”) at (i) 550 South Vermont Avenue and 3175 West 6<sup>th</sup> Street (the “**6<sup>th</sup> St. Site**”) and (ii) 433 South Vermont Avenue (“**Vermont Site**,” and collectively with the 6<sup>th</sup> St. Site, the “**Properties**”).
- B. Pursuant to a County solicitation issued on August 18, 2015, TCLA was the highest ranked proposer for development on the DMH Site (defined in Recital F) and Properties (the “**TCLA Response**”) pursuant to Government Code Section 25549.1 *et seq.* TCLA is a national real estate development firm with experience in the oversight and management of design, permit processing and construction of office and residential buildings. Pursuant to the foregoing, County has selected TCLA initially to be the master developer of the Proposed Master Project (defined in Recital G).
- C. Pursuant to the TCLA Response, after the construction of the Proposed DMH Building (defined in Recital F), TCLA has proposed to adaptively reuse the existing County building on the 6<sup>th</sup> St. Site as approximately one hundred seventy two (172) market-rate rental housing units and approximately five thousand (5,000) square feet of retail space and to construct a five (5) story parking garage containing approximately two hundred twenty-five (225) parking spaces and approximately three thousand five hundred (3,500) square feet of retail space.
- D. Pursuant to the TCLA Response, TCLA has proposed to construct approximately seventy-two (72) senior, affordable rental housing units and a community center approximately twelve thousand five hundred (12,500) square feet in size together with ninety-two (92) parking spaces on the Vermont Site. The proposed improvements to the 6<sup>th</sup> St. Site and the Vermont Site are referred to collectively as the “**Proposed Project**.”
- E. County and TCLA contemplate entering into options (the “**Options to Ground Lease**”) by which TCLA could, (i) assign the right to ground lease the 6<sup>th</sup> St. Site from County (the “**6<sup>th</sup> St. Ground Lease**”) to an entity related to TCLA (“**6<sup>th</sup> St. Tenant**”), which would adaptively reuse the existing structures on the 6<sup>th</sup> St. Site for market-rate rental housing and (ii) assign the right to ground lease the

Vermont Site from County (the “**Vermont Ground Leases**” and collectively with the 6<sup>th</sup> St. Ground Lease, the “**Ground Leases**”) to one or more nonprofit entities selected by TCLA and approved by County (“**Vermont Tenants**”), which would construct and operate senior, affordable for-rent housing as well as a community center on the Vermont Site. The Options to Ground Lease would include the form of fully negotiated Ground Leases. 6<sup>th</sup> St. Tenant would pay County base rent and a percentage of its gross receipts from subleases. Vermont Tenants would pay ground rent to County. The Options to Ground Lease and the Ground Leases together with all associated agreements are sometimes referred to collectively as the “**Project Agreements**.”

- F. County is the fee owner of properties located in City at 510, 526 and 532 South Vermont Avenue and 523 Shatto Place (the “**DMH Site**”). County contemplates ground leasing the DMH Site to Los Angeles County Facilities Inc., a California nonprofit corporation (“**LACF**”), which would construct a building (the “**Proposed DMH Building**”) to be leased by LACF to County for use by County’s Department of Mental Health. As of the Effective Date, County acting by and through its agent, the Community Development Commission of the County of Los Angeles (“**Commission**”), shall enter into a Pre-Development Agreement with LACF, and LACF will enter into a Pre-Development Agreement with TCLA (the “**LACF/TCLA Agreement**”).
- G. The construction of the Proposed DMH Building is a necessary condition of County entering into the Ground Leases and is a part of the overall master development of the Vermont Corridor properties owned by County. The DMH Site is referred to collectively with the 6<sup>th</sup> St. Site and the Vermont Site as (the “**Master Project Site**”), and the Proposed DMH Building is referred to collectively with the Proposed Project as the (the “**Proposed Master Project**”).
- H. The entering into of the Project Agreements is subject to and contingent upon the Los Angeles County Board of Supervisors’ (the “**Board**”) future (i) certification of the Environmental Impact Report (the “**EIR**”) for the Proposed Master Project in compliance with the California Environmental Quality Act, Public Resources Section 21000 *et seq.* (“**CEQA**”), (ii) approval of the Proposed Master Project, (iii) approval of the terms of the Project Agreements, and (iv) approval of the terms of a ground lease, sublease, financing, and related documents for the Proposed DMH Building and the DMH Site.

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

## **AGREEMENT**

### **1. Agreement to Negotiate Exclusively.**

1.1 **Exclusive Negotiation.** During the Term (defined in Section 2.1), so long as TCLA is negotiating in a commercially reasonable manner and is not otherwise in material default of its obligations under this Agreement, County will not solicit offers or proposals from other parties concerning potential development of the Properties. The Parties will negotiate exclusively and in good faith in accordance with this Agreement regarding the Project Agreements. Notwithstanding the foregoing, County may, from time to time, be contacted by other developers regarding the Properties and that such contact is expressly permitted so long as County does not initiate the contact and indicates to such developers that County has executed this Agreement and that County is prohibited from: (a) discussing anything concerning these negotiations with such developers; (b) considering any offer or proposal from such other developers; or (c) negotiating with any such developers, until this Agreement expires or is terminated pursuant to its terms.

1.2 **Essential Terms.** The Parties acknowledge and agree that this Agreement does not establish all the essential terms of the Project Agreements and that although they have set forth herein a framework for negotiation of the essential terms of the Project Agreements: (a) they have not set forth herein nor agreed upon many of the essential terms of Project Agreements, including, among other things, the rent under the Ground Leases and the terms and conditions of the Ground Leases or Options to Ground Lease; (b) they do not intend this Agreement to be a statement of the essential terms of the Project Agreements; and (c) the essential terms of the Project Agreements, if agreed to by the Parties, shall be set forth, if at all, in documentation and agreements negotiated, approved and executed by duly authorized representatives of each of the Parties after any and all applicable requirements of CEQA have been successfully completed and necessary determinations/findings made by County as the Lead Agency.

### **2. Duration of this Agreement.**

2.1 **Term.** The term of this Agreement (the “**Term**”) shall commence on the Effective Date and terminate on the earliest of (a) January 31, 2018, (b) twenty (20) business days after TCLA has received written notice from County stating that County desires to terminate this Agreement at its sole and absolute discretion, (c) twenty (20) business days after either Party has received written notice from the other Party stating that such Party desires to terminate this Agreement as a result of an uncured Default under Section 10, or (d) the effective date of the Options to Ground Lease. If the Term is going to terminate pursuant to Clause (a) of this Section 2.1, the Parties may elect, at each Party’s discretion, to extend the Term for an additional ninety (90) days.

2.2 **Execution.** No agreement or documentation that may hereafter be negotiated between the Parties with respect to the Project Agreements shall become final and binding unless and until: (a) County and TCLA have successfully complied with all applicable requirements of CEQA pertaining to the transactions and development

contemplated by the Project Agreements; (b) the Project Agreements are approved by the Board; and (c) the Project Agreements are executed by the authorized representatives of each of the Parties.

2.3 Approval of the Potential County Actions. Prior to the satisfaction of the terms set forth in Section 2.2 none of: (a) negotiation or preparation of any the Project Agreements, including without limitation, any specific terms and provisions or any form of document; (b) review or approval by County of various stages of proposed plans and specifications for the Proposed Project; nor (c) cooperation or participation by County in development applications or submittals for the Proposed Project (including, County's execution of any such applications or submittals), shall constitute County's approval of the Proposed Project or the Project Agreements or a commitment by the County to take any action whatsoever.

### 3. Agreements to be Negotiated.

3.1 Options and Ground Lease(s). County and TCLA shall work in good faith to negotiate and jointly prepare the Project Agreements. The Project Agreements shall include, without limitation, provisions relating to the design and development of the Proposed Project, a schedule of performance, and the Parties' obligations during the term of the Options to Ground Lease including the conditions for the consummation of the Ground Leases. The Ground Leases shall include, among other things, provisions relating to the term, rent, Proposed Project construction, Proposed Project operation, transfers and assignments, encumbrances, and subleases.

3.2 Other Agreements. If other agreements, such as reciprocal easements, licenses, or dedications are required to effectuate the objectives of the Proposed Project and the Project Agreements, each of those agreements shall be addressed in the Options to Ground Lease and negotiated in accordance with applicable County policies and procedures under the Board's authority.

### 4. County Responsibilities.

4.1 Exclusive Negotiations. So long as TCLA is negotiating in a commercially reasonable manner and is not otherwise in Default (defined in Section 11.3) under this Agreement, County shall negotiate exclusively and in good faith with TCLA, as set forth in Section 1.1.

4.2 Schedule of Performance. County shall endeavor to meet the milestones required of it, as set forth in the schedule of performance attached hereto as Exhibit A, which schedule may be modified during the Term as agreed in writing between the Parties (the "**Schedule of Performance**").

4.3 Funding. County has not agreed to fund, subsidize or otherwise financially contribute in any manner toward the Proposed Project.

4.4 County Discretion. County is not approving, committing to, or agreeing to undertake: (a) the Proposed Project or any development; (b) disposition, sale or lease

of land to TCLA; or (c) any other acts or activities requiring the subsequent independent exercise of discretion by County.

4.5 Other Covenants. County shall perform such other covenants and obligations required of County as explicitly set forth in this Agreement.

## 5. TCLA's Responsibilities.

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

5.1 Proposed Project Information. County, together with City and all other agencies having regulatory jurisdiction over the Proposed Project will require planning and design approval for the Proposed Project. TCLA shall meet with representatives of County and City to review and come to a clear understanding of the planning and design requirements of County, together with City and all other agencies having regulatory jurisdiction over the Proposed Project.

5.2 Schedule of Performance. TCLA shall meet the milestones required of TCLA, as set forth in the Schedule of Performance.

5.3 Notice of Governmental Meetings. TCLA shall provide one (1) weeks' written notice to County of any substantive meetings with governmental officials (including staff), of governmental agencies other than County, relating to the Proposed Project, and allow County to attend such meetings, at County's sole discretion. TCLA shall keep County fully informed during the Term regarding all substantive matters and meetings affecting the Proposed Project.

5.4 Environmental Documents and Entitlements. TCLA shall provide to County in accordance with the Schedule of Performance, conceptual plans, renderings, schematic drawings, programmatic plans and all other information and documentation (the "**Project Plans**") necessary for County to prepare and certify the EIR. TCLA shall bear all costs and expenses associated with the preparation of the Project Plans. County is preparing an EIR for the Proposed Master Project. County will be the Lead Agency for the EIR and will exercise independent judgment and analysis in connection with any required environmental reviews or determinations required by CEQA for the Proposed Master Project.

5.5 Further Information. County reserves the right, at any time, to request from TCLA, and TCLA shall provide in a timely manner, additional or updated information about TCLA or the Proposed Project as requested by County.

5.6 Design Review Process. TCLA shall engage and coordinate with County on the design of the Proposed Project, and the design shall be subject to County's review and approval as set forth in the Project Agreements.

5.7 Cost Reimbursements. TCLA shall reimburse County for all reasonable costs, fees and expenses actually incurred in association with the negotiation, documentation and execution of this Agreement, the Options to Ground Lease, the Ground Leases and any other associated agreement or document, including all reasonable costs and expenses actually incurred relating to the review, development, design, construction and planning of the Proposed Project, as well as all related third party costs and expenses, including, but not limited to, reasonable consultants', engineers', architects,' and attorneys' fees incurred by County.

5.8 Other Covenants. TCLA shall perform such other covenants and obligations required of TCLA as explicitly set forth in this Agreement.

## 6. No Commitment to Any Project; Independent Judgment.

6.1 No Commitment to Any Project. The Parties acknowledge and agree that County: has not committed to, authorized or approved the development of the Proposed Master Project or any other proposed improvements on the Properties; retains the absolute sole discretion to modify the Proposed Master Project as may be necessary to comply with CEQA or for any other reason; as Lead Agency, may modify the Proposed Master Project, or decide not to proceed with the Proposed Master Project, as may be necessary to comply with CEQA, or for any other reason as determined in County's sole and absolute discretion; and is not precluded from rejecting the Proposed Master Project, or from weighing the economic, legal, social, technological, or other benefits of the proposed Master Project against its unavoidable environmental risks when determining whether to approve the proposed Master Project. Further, the Parties acknowledge and agree that no activities that would constitute a project under CEQA, including the Proposed Master Project, may be commenced until necessary findings and consideration of the appropriate documentation under CEQA are considered by the Board and feasible mitigation measures and alternatives to the Proposed Master Project, including the "no project" alternative, required in connection with CEQA, may be adopted by the Board.

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

## 7. Inspections.

During the Term, TCLA may conduct such inspections, tests, surveys, and other analyses ("**Inspections**") as TCLA and County deem reasonably necessary to determine the condition of the Properties or the feasibility of designing, developing, constructing, leasing and financing the Proposed Project and shall complete such

Inspections as promptly as reasonably possible within the Term. Any entry onto the Properties by TCLA or its employees, agents, contractors, successors and assigns, shall be in accordance with a Right of Entry Agreement (“ROE”), in the form attached hereto as Exhibit B. Pursuant to the ROE, TCLA shall coordinate and schedule the time(s) of its entry on to the Properties to meet County’s reasonable requirements. TCLA’s and its contractors’ access to the Properties shall not materially interfere, conflict with or impair any other operations or activities on the Properties as set forth in the ROE.

## 8. **Plans, Reports, Studies, and Entitlements.**

8.1 County Information. County, in its commercially reasonable discretion, may make available to TCLA, upon TCLA’s written request, existing information and plans regarding County’s existing improvements on the Properties.

8.2 Provision of Development Documents. All plans and any reports, investigations, studies (including reports relating to the soil, geotechnical, subsurface, environmental, and groundwater conditions of the Properties, entitlement applications, Project Plans, and reports filed in connection therewith) with respect to the Properties, Proposed Project and TCLA’s intended use of the Properties (collectively, the “**Development Documents**”) shall be prepared at TCLA’s sole cost and expense. TCLA shall timely provide County, subject to the confidentiality provisions in Section 13, without cost or expense to County, copies of all Development Documents prepared by or on behalf of TCLA. TCLA shall include in its contractors’ and consultants’ contracts the right of TCLA to assign the Development Documents to County.

8.3 Entitlements. County shall cooperate with TCLA in TCLA’s attempt to procure the necessary entitlements for the Proposed Project, provided (a) such entitlements and any related applications, submittals, and/or covenants do not encumber County’s fee interest in the Properties or place obligations on County and (b) TCLA timely provides County with copies of all proposed and final filings, submittals and correspondence relating to any entitlement applications. Should TCLA abandon an entitlement application (for any reason including termination of this Agreement), County shall have the right to take over such application and TCLA shall cooperate with County to complete any such entitlement process started by TCLA. If the Proposed Project is not built, at County’s election, TCLA shall cooperate with County to seek removal of any entitlement obtained by TCLA for the Properties. The obligations contained in this Section 7.3 shall survive termination, expiration or revocation of this Agreement.

## 9. **Indemnity and Insurance.**

9.1 General Indemnity. TCLA shall Indemnify (defined in Section 9.3(d)) County Indemnified Parties (defined in Section 9.3 (b)) from and against all Claims (defined in Section 9.3 (a)) caused by or arising directly or indirectly from (a) any acts or omissions of any TCLA Party which constitute (i) a material breach of any TCLA obligation under this Agreement, (ii) negligence by a TCLA Party or (iii) willful misconduct by a TCLA Party, including Claims that accrue or are discovered before or

after termination of this Agreement; (b) any dispute among the TCLA Parties, in each case without requirement that such Claims be paid first by any County Indemnified Party; and (e) TCLA's or any TCLA Party's willful misconduct or negligence in connection with the pursuit of entitlements and/or approvals of the Proposed Project issued by County or the City. TCLA shall not be liable to any County Indemnified Party for any Claim to the extent that such Claim is caused by the negligence or willful misconduct of any County Indemnified Party. In the event any dispute as to the nature of County's conduct with respect to any Claim, TCLA shall defend County until such dispute is resolved by final judgment.

9.2 Third Party Challenges. Without limiting the generality of the indemnity set forth in Section 9.1, TCLA shall Indemnify County from and against any and all liability, loss, injury or damage including (but not limited to) demands, claims, actions, fees, costs and expenses (including attorneys' and expert witness fees), arising from or connected with any challenges by third parties to (a) County's approvals of this Agreement, any of the Project Agreements, or any entitlement or plan for Site 2 or Site 3, (b) County's certification of the EIR as the Lead Agency (with regard to any aspect of the planned development of Site 2 or Site 3), (c) the City's approval of any entitlement or plan for Site 2 or Site 3, or (d) the City's certification of the EIR as a Responsible Agency (with regard to any aspect of the planned development of Site 2 or Site 3). The indemnity obligations set forth in this Section 9.2 shall exclude County's own consequential losses. For indemnity obligations arising under this Section 9.2, TCLA shall have the right to select counsel and to direct the defense of any such claim or suit, provided that any settlement shall require the prior written consent of County, with such consent to be granted or withheld in County's reasonable discretion.

9.3 Definitions. The following terms shall have the following meanings:

(a) **"Claim"** means any claim, loss, demand, action, liability, penalty, fine, judgment, lien, forfeiture, cost, expense, damage, or collection cost (including reasonable fees of attorneys, consultants, and experts related to any such claim).

(b) **"County Indemnified Parties"** means collectively, for purposes of indemnification only, County and its affiliates, including the Commission and any nonprofit corporation or other entity in which County is a member, and its and their respective subsidiaries, members, shareholders, beneficiaries, attorneys, agents, trustees, successors, assigns, and any individual (employee, officer, partner, director, member, commissioner or board member) employed by or acting on behalf of any of the above entities.

(c) **"TCLA Party"** means, for purposes of indemnification only, TCLA, or any entity or person acting on TCLA's behalf or anyone employed by or contracted with TCLA in the course of such employment or contracted work.

(d) **"Indemnify"** means collectively indemnify, defend (by counsel reasonably acceptable to indemnified Party), protect, and hold harmless, without requirement that the indemnified Party first pay any amounts.

9.4 Survival. Notwithstanding anything to the contrary elsewhere in this Agreement, the indemnity obligations under this Agreement shall survive any expiration, termination or assignment of this Agreement.

9.5 Insurance. Prior to TCLA's or its employees', contractors' or consultants' entry onto the Properties, TCLA shall provide County with evidence of insurance in the form and subject to the requirements set forth in the ROE.

10. **Failure to Reach Agreement**.

This Agreement is an agreement to enter into exclusive negotiations with respect to the Project Agreements. Each Party expressly reserves the right to decline to enter into any other agreement (including any of the Project Agreements), if the Parties fail to agree to terms satisfactory to both Parties with respect to the Project Agreements. Except as expressly provided in this Agreement, neither Party shall have any obligation, duty or liability hereunder in the event the Parties fail to timely agree upon and execute the Project Agreements or any other agreement. If the Parties have not executed the Options to Ground Lease prior to the expiration or termination of this Agreement, then upon expiration or termination of this Agreement, any rights or interest that TCLA may have under this Agreement shall cease without requiring any notice from County, and County shall have the right thereafter to use, develop (alone or with any other entity) or dispose of the Property as County shall determine appropriate in its sole and absolute discretion.

11. **Default and Remedies**.

11.1 Right to Terminate. In addition to any other right of termination set forth in this Agreement, either Party may terminate this Agreement upon written notice to the other Party, if such terminating Party in good faith determines any of the following: (a) a successful consummation of the Project Agreements is not likely, (b) the Proposed Master Project is not feasible, (c) the Proposed Master Project is not capable of being financed in a commercially reasonable manner, or (d) the Proposed Master Project is not likely to be developed and constructed in a timely manner.

11.2 Breach. The occurrence of any one or more of the following events shall constitute a breach under this Agreement (each a "**Breach**"):

(a) The failure of a Party to perform any obligation, or to comply with any covenant, restriction, term, or condition of this Agreement;

(b) The failure of a Party to meet the milestones set forth in the Schedule of Performance;

(c) Any material representation or warranty made by a Party proves to be false or misleading in any material respect at the time made; or

(d) Any default by TCLA under the LACF/TCLA Agreement.

11.3 Default. A Breach shall become a default under this Agreement (each a “**Default**”) if the Party committing the Breach fails to cure the Breach within the following time periods:

(a) For all monetary Breaches, five (5) business days after the date such payment is due;

(b) For all non-monetary Breaches, twenty (20) business days after receipt of written notice (“**Cure Notice**”) thereof from the aggrieved Party specifying such non-monetary Breach in reasonable detail, delivered in accordance with the provisions of this Agreement, where such non-monetary Breach could reasonably be cured within such twenty (20) business day period; or

(c) Where such non-monetary Breach could not reasonably be cured within such twenty (20) business day period, such reasonable additional time as is necessary to promptly and diligently complete the cure but in no event longer than forty (40) business days (“**Outside Date**”); provided that the breaching Party promptly commences to cure such non-monetary Breach after receiving the Cure Notice and thereafter diligently and continuously pursues completion of such cure.

11.4 Unavoidable Delay. “**Unavoidable Delay**” means a delay beyond the control of the Party claiming the delay, and must satisfy each of the following requirements:

(a) The delay would prevent or hinder the performance or satisfaction of any obligation under this Agreement by any reasonable person similarly situated and is not a delay peculiar to the Party claiming the delay.

(b) The delay must arise out of:

(i) A force majeure event;

(ii) Governmental restrictions or a delay in the issuance of any governmental approval that could not be reasonably anticipated (including without limitation any unusual or uncommon delay by a governmental authority in processing or approving any application made by TCLA in connection with the Proposed Project);

(iii) Delay in performance of any term, covenant, condition or obligation under this Agreement as a result of a Breach, Default or delay of the other Party, whether in rendering approvals or otherwise; or

(iv) Any lawsuit, action or other proceeding by any person (other than by or at the direction of TCLA or any affiliate of TCLA) that is filed after the Effective Date that challenges (1) the EIR or other governmental approval; or (2) any action taken by either Party (or the ability of either Party to take any action) under or in connection with this Agreement that prevents performance by the TCLA.

11.5 The delay is detailed in a written notice given by the Party claiming such delay to the other Party within fifteen (15) days after the Party claiming such delay reasonably should have known of the event giving rise to the claim of delay, which notice shall, at a minimum, reasonably specify the (i) nature of the delay, (ii) the date the delay commenced and (if not ongoing) ended and (iii) the reason(s) such delay is an Unavoidable Delay.

11.6 If a non-monetary Breach is due to an Unavoidable Delay, then the Party claiming the delay shall have the right to extend the Outside Date by a period equal to the duration of the Unavoidable Delay by written notice to the other Party. The duration of the Unavoidable Delay shall be deemed to commence only after written notice of such Unavoidable Delay is delivered to the other Party, provided that if written notice of such Unavoidable Delay is given within five (5) business days after the commencement of the delay, then the date of the commencement of the Unavoidable Delay shall be retroactive to the actual commencement date of the delay. A written notice of Unavoidable Delay must reasonably specify: (a) the nature of the delay; (b) the date the delay commenced and (if not ongoing) ended; and (c) the reason(s) such delay is an Unavoidable Delay. Upon the documentation of an Unavoidable Delay pursuant to this Section 11.6, the Outside Date shall be delayed by the period of the Unavoidable Delay; provided, however, under no circumstances may the Outside Date be extended by more than a total of forty (40) Business Days as a result of Unavoidable Delay without the written consent of both TCLA and County.

11.7 Remedies. If any Default occurs, the non-defaulting Party shall have the right, but not the obligation, to avail itself of any one or more of the following remedies:

(a) The non-defaulting Party may, at its sole election, terminate this Agreement by written notice of termination provided to the defaulting Party.

(b) Unless otherwise provided herein, in addition to the foregoing, the non-defaulting Party may exercise any right or remedy it has under this Agreement, or which is otherwise available at law or in equity or by statute. All rights, privileges and elections or remedies of the Parties are cumulative and not alternative to the extent permitted by law (including suit for damages) or in equity.

11.8 Upon Termination of Agreement. Upon termination of this Agreement, any rights or interest that TCLA may have hereunder shall cease and County shall have the right thereafter to use, develop (alone or with any other entity) or dispose of the Properties as it shall determine appropriate in its sole and absolute discretion. In any event, the Development Documents shall become the property of County.

## 12. Entire Agreement.

This Agreement and the Exhibits hereto are the entire agreement between the Parties with respect to the subject matter hereof, and supersede all prior verbal or written agreements and understandings between the Parties with respect to the items set forth herein.

13. **Covenant Against Discrimination.**

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

14. **Confidentiality.**

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

14.2 **Public Disclosure.** Notwithstanding the foregoing **Section 14.1**, TCLA acknowledges and agrees that County, as a government agency, (a) is subject to broad disclosure obligations under applicable law, including the California Public Records Act (Gov. Code Sections 6250 *et seq.*), and (b) holds County Board meetings which are open to the public and at which information concerning the Proposed Project may be disclosed including reports to the County Board describing the Proposed Project, and including any documents to be approved by the County Board. Nothing in this Agreement shall prohibit any disclosure required by law.

15. **Compliance with Laws.**

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

16. **Successors and Assigns.**

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

17. **Notices.**

All notices shall be in writing and either (a) personally served at the appropriate address (including by means of professional messenger service or recognized overnight delivery service, provided that any such delivery is confirmed by written receipts signed on behalf of the receiving Party or by adequate proof of service) or (b) deposited in the

United States mail, postage prepaid, certified or registered mail, return receipt requested, addressed to the appropriate addressee and shall be deemed received and effective on the day such notice is actually received if received before 5:00 p.m. on a regular business day, or on the following business day if received at any other time. All addresses of the Parties for receipt of any notice to be given pursuant to this Agreement are as follows:

County:

Community Development Commission of the  
County of Los Angeles  
700 West Main Street  
Alhambra, CA 91801  
ATTENTION: Sean Rogan, Executive Director

With a copy to:

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

TCLA:

TC LA Development, Inc.  
2221 Rosecrans Ave., Suite 200  
El Segundo, CA 90245  
Attention: Greg Ames

18. **Interpretation.**

18.1 **Construction.** This Agreement shall be construed in accordance with its fair meaning, and not strictly for or against either Party.

18.2 **Gender.** When the context of this Agreement requires, (a) the neuter gender includes the masculine and feminine and any entity, and (b) the singular includes the plural.

18.3 **Section Headings.** The headings of the Sections of this Agreement are inserted solely for convenience of reference and are not intended to govern, limit or aid in the construction of any term or provision hereof. Unless otherwise explicitly provided, all references to "Sections" are respectively to articles or sections of this Agreement.

18.4 **Interpretation.** The word "including" shall be construed as though the words "but not limited to" were, in each case, appended thereafter, and shall not be deemed to create a limitation to the list that follows "including."

18.5 Incorporation of Recitals. The Recitals of this are incorporated herein by reference.

18.6 Exhibits. All references in this Agreement to exhibits shall be construed as though the words “hereby made a part hereof and incorporated herein by this reference” were, in each case, appended thereto. In the event of a conflict between this Agreement and any of the exhibits attached hereto, the terms of this Agreement shall govern.

18.7 No Third-Party Beneficiaries. Except as expressly set forth in this Agreement, no parties other than the Parties and their successors and assigns, shall be a beneficiary of the rights conferred in this Agreement, and no other party shall be deemed a third-party beneficiary of such rights.

18.8 Severability. If (a) any provision of this Agreement is held by a court of competent jurisdiction as to be invalid, void or unenforceable and (b) the invalidity or unenforceability of such a provision does not deny a Party the material benefit of this Agreement, then the remainder of this Agreement which can be given effect without the invalid provision shall continue in full force and effect and shall in no way be impaired or invalidated.

18.9 No Partnership. Nothing in this Agreement shall be deemed or construed as creating a partnership, joint venture, or association between the Parties, or cause either Party to be responsible in any way for the debts or obligations of the other Party.

18.10 No Assignment by TCLA. The Parties acknowledge and agree that County has entered into this Agreement in reliance on TCLA's unique abilities to develop the Proposed Project; consequently, TCLA shall have no right to assign its rights or duties under this Agreement.

18.11 Prevailing Party. In the event that either Party to this Agreement brings an action to enforce the terms of this Agreement or declare the Party's rights under this Agreement, each Party shall bear its own costs and expense, including attorneys' fees, regardless of prevailing Party.

19. **Limitations of this Agreement.**

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

*(Signature Page to Follow)*

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

**COUNTY:**

COUNTY OF LOS ANGELES  
a public body, corporate and politic

---

By: Sean Rogan  
Executive Director

**APPROVED AS TO FORM:**

MARY C. WICKHAM  
County Counsel

By: \_\_\_\_\_  
Behnaz Tashakorian, Senior Deputy

**TCLA:**

TC LA DEVELOPMENT, INC.  
a Delaware corporation

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(Name and Title)

**EXHIBIT A**

**Schedule of Performance**

(To be attached)

**EXHIBIT B**

**Form of Right of Entry Agreement**

**RIGHT OF ENTRY PERMIT**

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

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

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

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

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

7. **INDEMNIFICATION:** Permittee agrees to indemnify, defend and save harmless County, the Community Development Commission of the County of Los Angeles (“CDC”) Housing Authority of the County of Los Angeles (“Housing Authority”) and the County of Los Angeles and their agents, elected and appointed officers and employees from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage, including damage to County property, arising from or connected with Permittee’s operations, or its services hereunder, including any Workers’ Compensation suits, liability, or expense, arising from or connected with services performed by or on behalf of Permittee by any person pursuant to this Permit.
8. **GENERAL INSURANCE REQUIREMENTS:** While this permit is in effect, Permittee or its contractor shall, at its sole cost and expense, obtain and maintain in full force and effect throughout the term of this Permit, insurance, as required by County, in the amount and coverages specified on, and issued by insurance companies as described in Exhibit “B”.  
  
Notification of Incidents, Claims or Suits: Permittee shall report to County any accident or incident relating to Permittee’s entry which involves injury or property damage which may result in the filing of a claim or lawsuit against Permittee and/or County in writing within three business days of occurrence.
9. **RESERVED**
10. **RESERVED**
11. **OPERATIONAL RESPONSIBILITIES:** Permittee shall:
  - a. Comply with and abide by all applicable rules, regulations and directions of County.
  - b. Comply with all applicable County ordinances and all State and Federal laws, and in the course thereof obtain and keep in effect all permits and licenses required to conduct the permitted activities on the Premises.

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

- l. Prohibit the sale of food.
  - m. Keep a responsible representative of the Permittee available on the Premises during the times that Permittee is using said Premises for the purposes stated in Section 2 above. This person shall carry copies of this Permit for display upon request.
  - n. Prior to entry onto the Premises pursuant to this Permit, notify County, in writing, of the times and dates the work or activity is to take place.
  - o. Request permission of County to enter occupied portions of the Premises not less than twenty-four (24) hours in advance, together with a description of the nature and extent of activities to be conducted on the Premises.
  - p. At Permittee's sole cost and expense, be responsible for the cost of repairing the parking lot, sidewalks, driveways, landscaping and irrigation systems on the Premises which may be damaged by Permittee or Permittee's agents, employees, invitees or visitors, during and/or following the construction of Permittee's project, to County's satisfaction. Said repairs shall include the restoration of said landscaping and rerouting of said irrigation systems affected by Permittee's work on the Premises, if necessary.
12. **INDEPENDENT STATUS:** This Permit is by and between County and Permittee and is not intended and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture or association as between County and Permittee. Permittee understands and agrees to bear the sole responsibility and liability for furnishing Workers' Compensation benefits to any person for injuries arising from or connected with services performed on behalf of Permittee pursuant to this Permit.
13. **EMPLOYEES:** All references to the "Permittee" in the Permit are deemed to include the employees, agents, assigns, contractors, and anyone else involved in any manner in the exercise of the rights therein given to the undersigned Permittee.
14. **LIMITATIONS:** It is expressly understood that in permitting the right to use said Premises, no estate or interest in real property is being conveyed to Permittee, and that the right to use is only a nonexclusive, revocable and unassignable permission to enter the Premises in accordance with the terms and conditions of the Permit for the purpose of conducting the activities permitted herein.
15. **ASSIGNMENT:** This Permit is personal to Permittee, and in the event Permittee shall attempt to assign or transfer the same in whole or part all rights hereunder shall immediately terminate.

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

24. SURVIVAL OF COVENANTS: The covenants, agreements, representations and warranties made herein are intended to survive the termination of the Permit.

**PERMITTEE:**

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

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

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

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

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

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

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

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

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

WITNESS my hand and official seal.

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

[Signatures continue on the next page]

This Permit has been executed on behalf of County on the \_\_\_\_\_ day of \_\_\_\_\_, 2016.

**COUNTY:**

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

APPROVED AS TO FORM:

Mary C. Wickham, County Counsel

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

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

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

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

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

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

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

The insurance policies set forth herein shall be primary insurance and non-contributory with respect to County, CDC and Housing Authority. The insurance policies shall

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

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

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

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

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

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

B. WORKERS' COMPENSATION and EMPLOYER'S LIABILITY insurance providing workers' compensation benefits, as required by the Labor Code of the State of California. This must include a waiver of subrogation in favor of the Public Agencies

and their Agents. In all cases, the above insurance also shall include Employer's Liability coverage with limits of not less than the following:

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

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

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

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

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

- (i) The retroactive date must be shown on the policy and must be before the date of this Permit or the beginning of the work or services that are the subject of this Permit;
- (ii) Insurance must be maintained and evidence of insurance must be provided for the duration of this Permit or for five (5) years after completion of the work or services that are the subject of this Permit, whichever is greater;
- (iii) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of this Permit, then the contractor must purchase an extended period coverage for a minimum of five (5) years after completion of work or services that are the subject of this Permit;

- (iv) A copy of the claims reporting requirements must be submitted to County for review; and
- (v) If the work or services that are the subject of this Permit involve lead based paint or asbestos identification/remediation, then the pollution liability shall not contain any lead-based paint or asbestos exclusions.